



ITEM 1. COVER PAGE

FORM ADV PART 2A - FIRM BROCHURE

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This brochure provides information about the qualifications and business practices of QEM Advisers, LLC (the "Company" or "QEM Advisers"). QEM Advisers is the investment adviser to certain private funds sponsored by QEM Management, LLC and its affiliates ("QEP" or the "Firm"). If you have any questions about the contents of this brochure, please contact us at (713) 452-2000. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority. Additional information about the Company is also available on the SEC's website at www.adviserinfo.sec.gov. Registration of an investment adviser does not imply any level of skill or training.

ITEM 2. MATERIAL CHANGES

There have been no material changes to this brochure since the last annual update.

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ITEM 4. ADVISORY BUSINESS

QEM Advisers, LLC, a Delaware limited liability company, was formed in December 2011 to be the SEC registered investment adviser providing advisory services to investment funds sponsored by QEP prior to 2008 (each, an “Advisory Client”¹). QEM Advisers is wholly owned by QEM Management, LLC, whose principal indirect owner is S. Wil VanLoh, Jr.

QEP was founded in 1998 and has become one of the leading providers of private equity capital to the global energy industry, managing a family of energy-focused investment funds with a primary emphasis in the oil and gas, midstream, power generation and oilfield service sectors. These funds and related investment vehicles, including parallel and co-investment entities, are the Advisory Clients for which QEM Advisers and its related persons will direct the investment activities in accordance with the terms and provisions of the documents governing such entities.

Interests in QEP-sponsored investment funds are privately offered only to qualified investors (institutional investors and high net worth individuals) pursuant to exemptions available under the Securities Act of 1933, as amended (the “Securities Act”), and the regulations promulgated thereunder. None of the funds are registered with the SEC as investment companies based on specific exclusions from the Investment Company Act of 1940, as amended (“1940 Act”). Affiliates of QEP may invest in or alongside such Advisory Clients. In addition, a limited number of qualified individuals who are not employees of QEP but who have pre-existing business relationships with QEP or possess specific industry expertise may also invest in or alongside Advisory Clients.

Mr. VanLoh, together with James Baird, Dheeraj Verma, Garry Tanner and Bill Montgomery, serve on QEP’s Executive Committee, which is responsible for overall management of QEP’s activities. QEP has also established an Investment Committee, chaired by Mr. VanLoh and comprising Toby Neugebauer and other key members of QEP, which is responsible for making recommendations with respect to investments to be made by Advisory Clients.

QEP is managed by a small core of energy experts consisting of QEP founders and professionals who have spent most of their careers evaluating, managing and financing investments across multiple energy sectors complemented by a highly qualified team of energy investment professionals, each of whom has made or is expected to make a significant capital commitment to QEP-sponsored funds.

As of December 31, 2018, QEM Advisers managed approximately \$336,153,123 in regulatory assets under management, all of which was managed on a discretionary basis.

¹ “Advisory Client” means any account or fund for which QEM Advisers provides investment advice on a discretionary or nondiscretionary basis. The investors and other persons who invest in QEM Advisers’ Advisory Clients are generally referred to herein as “investors.” Unless otherwise expressly stated herein, the term “Advisory Clients” does not include “investors.”

ITEM 5. FEES AND COMPENSATION

Management Fees

The Company or its affiliated general partners receive management fees from Advisory Clients. For most Advisory Clients that are pooled investment funds, the annual management fee is typically in the range of 1-2 percent of investors' committed capital during the relevant Advisory Client's investment period. At some time on or after the termination or expiration of the investment period, the fee percentage is typically applied only to the amount of investor capital actually invested in portfolio investments that have not been realized. The management fee percentage may also be reduced depending on whether another Advisory Client commences to pay a management fee. Management fees are paid by or on behalf of an Advisory Client and may be funded by requiring investors in such Advisory Client to make capital contributions in respect of such fees or by having the Advisory Client pay such fee from other assets, including investment proceeds or short term borrowings.

The percentage rate and the amount to which such rate is applied to determine the management fees payable by an Advisory Client are generally established at the time an Advisory Client is organized by QEP and are paid proportionately by all third-party investors. If the management fees are changed subsequent to an interim closing, such changes are generally applicable to all third-party investors. The management fees are generally paid in advance and the documents governing the Advisory Client provide that if either the term for which the fees are paid or the manner in which the fees are calculated changes subsequent to any advance payment, adjustments to such fees will be made, including refunding overpayments, based on the number of days remaining in the applicable period. The manner of calculation and application of management fees are detailed in the documents governing the Advisory Client and disclosed in the offering documents by which interests in the Advisory Client were or are offered and sold.

The general partner (or similar managing fiduciary) of an Advisory Client, and affiliates and equity owners of QEP that invest in or alongside an Advisory Client generally do not pay any management fees. Qualified individuals who are not employees of QEP but who have pre-existing business relationships with QEP or possess specific industry expertise that invest in or alongside an Advisory Client may, but need not, pay management fees.

Transaction Fees

Advisory Clients, or companies in which they make investments, may pay to QEP or its affiliates transaction fees, advisory fees, break-up fees, monitoring fees and other similar fees relating to specific transactions or portfolio investments (collectively, "Transaction Fees"). To the extent QEP or any its affiliates are entitled to receive any Transaction Fees, all of such fees will reduce the management fees otherwise payable by the Advisory Client. QEP believes that this dollar-for-dollar management fee offset substantially mitigates any potential conflict QEP or any of its affiliates may have to the extent that it has an opportunity to earn a Transaction Fee from any acquisition, disposition or other transaction relating to an Advisory Client.

Expenses

Advisory Clients may bear out-of-pocket expenses incurred by the Company and/or its affiliates in connection with the services provided to such Advisory Clients. The investors in QEP-sponsored Advisory Clients are generally required to pay all costs and expenses related to the organization and operation of such Advisory Client, including the costs of investigating, acquiring and disposing of portfolio investments. The costs relating to portfolio investments will also include costs and expenses incurred in connection with deals that are not ultimately completed. The total amount of the organizational costs, including costs of soliciting investors, that these investors are required to pay may be capped in the governing documents for an Advisory Client with any excess to be borne by QEP.

Advisory Client Credit Facilities

Pursuant to the authority granted in the governing agreement of an Advisory Client, the general partner of such Advisory Client may cause the Advisory Client to enter into a credit facility secured by capital commitments of investors in such Advisory Client (a “Credit Facility”). Borrowings may be made under a Credit Facility from time to time for various purposes, including (i) to make portfolio investments, including providing letters of credit or other credit support for the obligations of portfolio investments, including derivative transactions and (ii) to pay management fees and other expenses of the Advisory Client (each, a “Bridge Loan”). A Bridge Loan is not intended to be permanent financing but rather allows for managing the number of capital calls made to investors in Advisory Clients, or to move quickly to fund portfolio investments. Accordingly, Bridge Loans are typically repaid out of capital calls made following such borrowings. Because a capital call repaying a Bridge Loan will occur after an underlying portfolio investment is made and because the interest cost of a Bridge Loan may be less than the preferred return on an investor capital contribution, the calculation of the returns on investor capital contributions and the performance fee payable to an Advisory Client’s general partner may be higher as a result of the use of Bridge Loans.

Brokerage Fees

As discussed in Item 12, the Company does not routinely trade public securities on behalf of Advisory Clients or utilize “soft” dollars. However, to the extent public securities are traded on behalf of Advisory Clients, the costs associated with such transactions, including brokerage fees, will be borne by Advisory Clients. Please refer to Item 12 for more information.

ITEM 6. PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

Generally, an affiliate of QEP that serves as the general partner (or similar managing fiduciary) of an Advisory Client is entitled to receive a carried interest or similar profit allocation out of distributions made to third-party investors in Advisory Clients. These profit allocations occur once an investor's invested capital, including allocable fees and expenses, plus a minimum return on such invested capital has been distributed to the investor. This determination is generally made each time an investment is sold. However, any interim profit allocations may be subject to being returned to any investor by the recipient if all of the investor's capital invested in the Advisory Client plus the minimum return thereon is not ultimately distributed to such investor. The amount and manner of calculation of these performance-based fees or carried interest profit allocations are detailed in the documents governing the Advisory Client and disclosed in the offering documents by which interests in the Advisory Client were or are offered and sold.

Performance-based fees or carried interest profit allocations are subject to regulation under Rule 205-3 under the Advisers Act. Therefore, QEP seeks to ensure that any Advisory Client or investors in an Advisory Client that are directly or indirectly assessed performance fees or are subject to carried interest profit allocations satisfy the qualifications of Rule 205-3 under the Advisers Act and have been advised of such fees or allocations and their risks.

In general, the Advisory Clients of the Company and its affiliates share the same overall energy-focused investment objectives but potential portfolio investments are generally allocated to the Advisory Clients whose investment periods are currently active. In some cases, however, an investment opportunity may be appropriate for two or more groups of Advisory Clients. In allocating such investment opportunities, there could be incentives to favor Advisory Clients with potential performance fees or carried interest allocations that are higher or may be realized sooner over Advisory Clients with potential performance fees or carried interest allocations that are lower or make take longer to be realized.² As discussed in Item 11, any such allocation of investment opportunities must be made in accordance with the Company's written policies and procedures and take into account the applicable provisions of the Advisory Client's governing agreement.

The general partner (or similar managing fiduciary) of an Advisory Client, and affiliates and equity owners of QEP and qualified individuals who are not employees of QEP but who have pre-existing business relationships with QEP or possess specific industry expertise that invest in or alongside an Advisory Client generally do not bear any performance-based fees or carried interest profit allocations.

² For example, if one Advisory Client is in a net loss position and another Advisory Client is in a net gain position, the Advisory Client in the net loss position will either (i) not generate a carried interest from such investment, or (ii) generate less carried interest from such investment to the extent profits are required to make up for previous losses.

The Company currently acts as investment adviser to Advisory Clients, and related persons typically act as a general partner (or similar managing fiduciary) of such Advisory Clients. The known or reasonably anticipated conflicts of interest involving the Company or its affiliates, are disclosed in the offering documents of the applicable Advisory Client provided to potential investors prior to their investment.

ITEM 7. TYPES OF CLIENTS

The Company's current Advisory Clients are generally pooled investment vehicles but the Company may in the future also provide advisory services on a separately managed account basis to, among others, select institutional investors, including governmental entities. The Company and its affiliates require that each third-party investor in an Advisory Client be an "accredited investor" as defined in Regulation D under the Securities Act and a "qualified purchaser" as defined in the 1940 Act. Typically, a minimum investment amount of \$10 million is imposed on third parties investing in the investment vehicles for which the Company acts as investment adviser. This minimum may be subject to reduction upon prior agreement by the Company or an affiliate (subject to applicable legal requirements).

ITEM 8. METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

Methods of Analysis and Investment Strategies

QEP seeks to make privately negotiated equity or equity-related investments in companies run by proven management teams that have sustainable competitive advantages within well-defined sectors of the energy industry. QEP actively seeks opportunities in sectors where it possesses domain expertise, such as oil and gas, midstream, power generation and transmission (including coal, renewable and alternative energy), and oilfield services and equipment manufacturers.

QEP analyzes and assesses investment opportunities using a range of methods. A portfolio investment opportunity begins with a management team. QEP seeks out strong chief executive officers with (i) a demonstrated track record of value creation, (ii) a proven and successful approach to capital allocation, (iii) a focused strategy based on sustainable competitive advantages, and (iv) an opportunistic approach to buying and selling. Then focus is placed on surrounding this chief executive officer with key professionals that collectively possess a strong combination of strategic decision making, technical, operational, commercial, financial and managerial capabilities. Acquisitions by these teams are reviewed in detail by QEP. In addition to financial modeling, including cash-flow models and risk sensitivity analyses, QEP utilizes the expertise of its in-house technical teams to evaluate the technical aspects of potential investments, primarily oil and gas. QEP may use outside advisers to supplement or provide additional expertise outside of the oil and gas area in reviewing opportunities.

While QEP seeks to make control investments, when appropriate it will make strategic minority investments in compelling situations provided it can successfully negotiate acceptable corporate governance controls. In structuring investments, QEP will seek to minimize downside risk through active portfolio management and risk management tools while generating long-term capital appreciation.

In considering opportunities, QEP focuses on maintaining a disciplined approach with regard to the following: (i) invest at a reasonable valuation, (ii) ensure that management's interests are directly aligned with investors, (iii) focus on making investments where QEP has appropriate corporate governance, (iv) use appropriate financial leverage and aggressively protect acquisition and drilling economics through a consistent commodity price hedging program and (v) identify likely and viable exit strategies before making an investment.

Investment Risks

An investment in an Advisory Client involves a high degree of risk, and is suitable only for those investors who have the financial sophistication and expertise to evaluate the merits and risks of an investment in such Advisory Client and for which such Advisory Client does not represent a complete investment program. There can be no assurance that the investment objective of any Advisory Client will be achieved, that any Advisory Client will otherwise be able to successfully carry out its investment program, or that an investor will receive a return of its

capital contributed to any Advisory Client. The discussion below enumerates certain risk factors that apply generally to an investment in any Advisory Client. Prior to making any investment in an Advisory Client, investors should carefully review the applicable offering documents for a more complete description of the risk factors and conflicts of interest relating to such Advisory Client.

Business Risks

Nature of Investments. Portfolio investments may be highly leveraged and therefore may be more sensitive to adverse business or financial developments or economic factors. Moreover, rising interest rates may have a more pronounced effect on the profitability or survival of such companies. If for any of these reasons a portfolio investment is unable to generate sufficient cash flow to meet principal or interest payments on its indebtedness, the value of Advisory Client's investment in such portfolio company could be significantly reduced or even eliminated.

General Economic Conditions. General economic conditions may affect an Advisory Client's activities. Interest rates, general levels of economic activity, the price of securities and participation by other investors in the financial markets may affect the value and number of investments made by an Advisory Client or considered for prospective investment.

Illiquid and Long-Term Investments. Although an Advisory Client's investments may generate current income, the return of capital and the realization of gains, if any, from an investment generally will most likely occur only upon the partial or complete disposition of such investment. While an Advisory Client's investments may be sold at any time, it is generally expected that the disposition of most of the portfolio's investments will not occur for a number of years after such investments are made.

Highly Competitive Market for Investment Opportunities. The activity of identifying, completing and realizing on attractive investments is highly competitive and involves a high degree of uncertainty. There can be no assurance that an Advisory Client will be able to identify and complete investments that satisfy its investment objective, or realize the value of such investments, or that it will be able to invest fully its capital. However, investors in such Advisory Client will be required to pay management fees. An Advisory Client will be competing for investment opportunities against various other groups, including industry participants.

Portfolio Company Management Risks. With respect to management at the portfolio company level, many portfolio companies rely on the services of a limited number of key individuals, the loss of any one of whom could significantly adversely affect the portfolio company's performance.

Absence of Operating History. Each QEP-sponsored Advisory Client is initially a newly formed entity and has no prior operating history upon which an investor can base its prediction of future success or failure. Although QEP has had experience and success in making prior investments in portfolio companies, the past performance of these investments is not

necessarily indicative of the future results of Advisory Client's investments. Investors should have the ability to sustain the loss of their entire investment.

Concentration of Investments. Each Advisory Client will participate in a limited number of investments and, as a consequence, the aggregate returns may be affected by the performance of a single investment. Furthermore, to the extent that the capital raised is less than the targeted amount, the Advisory Client may invest in fewer portfolio companies and thus be less diversified. An Advisory Client typically has the ability to concentrate its investments by investing 20% of the Advisory Client's aggregate capital commitments in a single investment and an unlimited amount of its assets in a single industry, the overall adverse impact on the Advisory Client of adverse movements in the value of a single portfolio investment will be considerably greater than if the Advisory Client was not permitted to concentrate its investments to such an extent.

Disposition of Private Investments. Many of an Advisory Client's investments involve private portfolio investments. In connection with the disposition of such investments, the Advisory Client may be required to make representations about the business and financial affairs of the portfolio company typical of those made in connection with the sale of a business. The Advisory Client also may be required to indemnify the purchasers of such investment to the extent that any such representations turn out to be inaccurate. These arrangements may result in the incurrence of contingent liabilities that may ultimately yield funding obligations that must be satisfied by the investors to the extent of distributions made to such investors.

Control Position. QEP-sponsored Advisory Clients will generally seek investment opportunities that allow the Advisory Client to have significant influence on the management, operations and strategic direction of the portfolio companies in which it invests. The exercise of control and/or significant influence over a company imposes additional risks of liability for environmental damage, failure to supervise management and other types of liability in which the limited liability general characteristic of business operations may be ignored. The exercise of control and/or significant influence over a portfolio company could expose the assets of an Advisory Client to claims by such portfolio company, its security holders and its creditors. While the Company and its affiliates intend to manage an Advisory Client in a way that will minimize exposure to these risks, the possibility of successful claims cannot be precluded.

Cybersecurity Risk. The Company, the Advisory Clients' service providers, and other market participants increasingly depend on complex information technology and communications systems to conduct business functions. These systems are subject to a number of different threats or risks that could adversely affect Advisory Clients and their investors, despite the efforts of the Company and service providers to adopt technologies, processes, and practices intended to mitigate these risks and protect the security of their computer systems, software, networks, and other technology assets, as well as the confidentiality, integrity, and availability of information belonging to an Advisory Client and its investors. For example, unauthorized third parties may attempt to improperly access, modify, disrupt the operations of, or prevent access to these systems of the Company, the Advisory

Clients' service providers, counterparties, or data within these systems. Third parties may also attempt to fraudulently induce employees, customers, third-party service providers, or other users of the Company's systems to disclose sensitive information in order to gain access to the Company's data or that of the Advisory Clients' investors. A successful penetration or circumvention of the security of the Company's systems could result in the loss or theft of an investor's data or an Advisory Client's data, the inability to access electronic systems, loss or theft of proprietary information or corporate data, physical damage to a computer or network system, or costs associated with system repairs. Such incidents could cause Advisory Clients, the Company, or their service providers to incur regulatory penalties, reputational damage, additional compliance costs, or financial loss. In addition, the Company may incur substantial costs related to forensic analysis of the origin and scope of a cybersecurity breach, increased and upgraded cybersecurity, identity theft, unauthorized use of proprietary information, adverse investor reaction or litigation.

Similar types of operational and technology risks are or may also be present for the companies in which Advisory Clients invest, which could have material adverse consequences for such companies, and may cause Advisory Clients' investments to lose value.

Risk Factors Related to the Oil and Gas Industry

Volatility of Oil and Gas Prices and Markets. The profitability of the portfolio companies in which an Advisory Client will invest is substantially dependent on prevailing prices for oil and natural gas. The volume of oil and gas produced and the prices obtainable therefore will be affected by market factors beyond the control of the Advisory Client. Such factors include the extent of domestic production, the level of imports of foreign oil and gas, the general level of market demand on a regional, national and worldwide basis, domestic and foreign economic conditions that determine levels of industrial production, political events in foreign oil-producing regions and variations in governmental regulations and tax laws or the imposition of new governmental requirements upon the energy industry. Prices for oil and gas are subject to wide fluctuation in response to relatively minor changes in supply of and demand for oil and gas, market uncertainty and a variety of additional factors that are beyond the control of the Advisory Client. A substantial and prolonged decline in oil and gas prices could have a material adverse effect on the portfolio investments of an Advisory Client, and thus on an Advisory Client.

Operating Hazards and Uninsured Risks. Each of than an Advisory Client portfolio companies will be subject to substantial operating risks, such as unusual or unexpected geologic formations, pressures, downhole fires, mechanical failures, blow-outs, cratering, explosions, pipe failure, uncontrollable flow of oil, gas or well fluids and pollution and other environmental risks. These hazards could result in substantial losses to a portfolio company due to injury and loss of life, severe damage to and destruction of property and equipment, pollution and other environmental damage, suspension of operations and costs of remediation. Any offshore operations of a portfolio company will be subject to a variety of operating risks peculiar to the marine environment, such as hurricanes or other adverse weather conditions, to more

extensive governmental regulation, including regulations that may, in certain circumstances, impose strict liability for pollution damage, and to interruption or termination of operations by governmental authorities based on environmental or other considerations. Portfolio company operations could result in liability for personal injuries, property damage, oil spills, discharge of hazardous materials, remediation and clean-up costs, and other environmental damages. A portfolio company could be liable for environmental damages caused by previous property owners. As a result, substantial liabilities to third parties or governmental entities may be incurred, the payments of which could have a material adverse effect on the portfolio companies of an Advisory Client, and thus on the Advisory Client. Each portfolio company will be encouraged to carry insurance in accordance with customary and prudent business practices. However, portfolio companies will not be able to fully insure against all risks associated with their business, either because such insurance is not available or because the cost of such insurance would be prohibitive.

Demand for Oil and Gas. The success of the companies in which an Advisory Client will invest is materially dependent upon the demand for oil and gas. The availability of a ready market for an Advisory Client's portfolio companies' oil and gas production depends on a number of factors beyond the control of the Advisory Client or the portfolio companies', including the demand for, and supply of, oil and gas, the availability of alternative energy sources, the proximity of reserves to, and the capacity of, oil and gas gathering systems, pipelines, or trucking and terminal facilities. An Advisory Client's portfolio companies may also have to shut-in some of its wells temporarily due to a lack of market or adverse weather conditions including hurricanes. In addition, federal and state regulation of oil and gas production and transportation, general economic conditions, and changes in supply and demand could adversely affect an Advisory Client's portfolio companies' ability to produce and market its oil and gas on a profitable basis. Any significant change in an Advisory Client's portfolio companies' ability to produce and market its oil and gas production could have a material adverse effect on an Advisory Client's portfolio companies' financial condition and results of operations.

Drilling and Engineering Risks. The revenues and operating results of an Advisory Client's portfolio companies will be dependent upon the success of their respective exploitation, development, and drilling activities. These oil and gas activities involve numerous risks, including the risk that no commercially productive oil or natural gas reservoirs will be encountered. The timing and cost of drilling, completing, and operating wells is often uncertain, and drilling operations may be curtailed, delayed, or canceled as a result of a variety of factors, including unexpected drilling conditions, pressure or irregularities in formations, equipment failures or accidents, adverse weather conditions, compliance with governmental requirements, and shortages or delays in the availability of drilling rigs and the delivery of equipment.

Hedging. Each of an Advisory Client's portfolio companies may seek to reduce exposure to the volatility of oil and gas prices by actively hedging a portion of production. Certain types of hedging contracts could prevent a portfolio company from receiving the full advantage of increases in oil and gas prices above the fixed amount specified in the hedge agreement. In a

typical hedge transaction, a portfolio company has the right to receive from the hedge counterparty the excess of the fixed price specified in the hedge agreement over a floating price based on a market index, multiplied by the quantity hedged. If the floating price exceeds the fixed price, the portfolio company must pay the counterparty this difference multiplied by the quantities hedged even if the portfolio company had insufficient production to cover the quantities specified in the hedge agreement. Accordingly, if the portfolio company has less production than it has hedged when the floating price exceeds the fixed price, the portfolio company must make payments against which there are no offsetting sales of production. If these payments become too large, the remainder of the portfolio company's business may be adversely affected. In addition, hedging agreements expose an Advisory Client's portfolio companies to the risk of financial loss if a counterparty to a hedging contract defaults on its contract obligations.

Unavailability of Equipment or Personnel. The energy industry is cyclical and, from time to time, there is a shortage of drilling rigs, equipment, supplies, or qualified personnel. During these periods, the cost and delivery times of rigs, equipment, and supplies are substantially greater. In addition, demand for, and wage rates of, qualified drilling rig crews rises with increases in the number of active rigs in service. If the unavailability or high cost of drilling rigs, equipment, supplied, or qualified personnel were particularly severe an Advisory Client's business could be materially and adversely affected.

Terrorist Activities. The continued threat of terrorism and the impact of military or other action have led to and will likely lead to increased volatility in prices for oil and gas and could affect an Advisory Client's portfolio companies' financial results.

Taxation. Investments in properties in the energy sector may be subject from time to time to numerous taxes and fees levied by the jurisdictions in which such companies are organized or operate. Portfolio companies engaged in oil and gas operations, in particular, may be subject to specific tax regimes, such as petroleum revenue taxes, fees for drilling rights and exploration licenses, oil production fees, real estate taxes, stamp duties and various state and local taxes.

Environmental Liabilities. The oil and gas business is subject to environmental hazards, such as oil spills, gas leaks and ruptures, discharges of petroleum products and hazardous substances, and historic disposal activities. These environmental hazards could expose an Advisory Client's portfolio companies to material liabilities for property damages, personal injuries, or other environmental harm, including costs of investigating and remediating contaminated properties. In addition, the portfolio companies may also be liable for environmental damages caused by the previous owners or operators of properties it purchases. A variety of stringent federal, state, and local laws and regulations govern the environmental aspects of the oil and gas business. Any noncompliance with these laws and regulations could subject the portfolio companies to material administrative, civil or criminal penalties, or other liabilities. Additionally, compliance with these laws may, from time to time, result in increased costs of operations or decreased production, and may affect acquisition costs.

Governmental and Environmental Regulation. The oil and gas industry is subject to extensive regulation under a wide range of United States federal and state statutes, rules, orders and regulations. In addition, various federal, state and local laws and regulations relating to the protection of the environment may affect the operations and costs of the companies in which an Advisory Client invests. If a portfolio company has operations abroad, it will be subject to the laws and regulations of the country in which it is doing business. These regulations may have a significant adverse impact on the financial condition, prospects and profitability of an Advisory Client's portfolio companies.

Risk Factors Related to Midstream and Natural Gas Storage Industry. The profitability of the portfolio companies in which an Advisory Client will invest that are principally engaged in business in the midstream or natural gas storage industry will also be dependent upon any pipeline, storage or related assets that they may own. The demand for use of pipeline, storage and related assets is dependent on prevailing prices and demand for oil, natural gas and natural gas liquids and the availability of third-party interconnections to the pipeline, storage and related assets of such portfolio companies. Such portfolio companies will not own all of the land on which their pipeline, storage or related assets are located and will therefore be subject to the possibility of increased costs or the inability to retain necessary land use. Additionally, new and existing environmental regulations and increased regulation of pipeline, storage and related assets by federal, state or local regulatory agencies, including the Federal Energy Regulatory Commission, may increase operating costs or limit the rates that such portfolio companies can charge for their services. All or any of these factors in addition to the factors described elsewhere in this section may have a significant adverse impact on the financial condition, prospects and profitability of such portfolio companies.

Risk Factors Related to Power Industry. The profitability of the portfolio companies in which an Advisory Client will invest that are principally engaged in business in the power industry will also be subject to risks specific to that industry, including the ability to obtain regulatory, environmental or other approvals or permits, the availability of necessary equipment and spare parts, operating and other contracts and technical and design risks. All or any of these factors in addition to the factors described elsewhere in this section may have a significant adverse impact on the financial condition, prospects and profitability of such portfolio companies.

Management Risks

Reliance on Management Team. The success of an Advisory Client depends in substantial part upon the skill and expertise of the QEP management team and others providing investment advice with respect to the Advisory Client. There can be no assurance that these key investment professionals will continue to be associated with QEP throughout the life of the Advisory Client. The loss of key personnel could have a material adverse effect on the Advisory Client's ability to realize its investment objectives. In addition, the members of the management team also provide services to related parties, including other Advisory Clients, so they will have demands made on their time for these services.

Board Participation. An Advisory Client may be represented on the boards of directors of certain of its portfolio companies or may have its representatives serve as observers to such boards of directors. Although such positions in certain circumstances may be important to the Advisory Client's investment strategy and may enhance the ability to manage the investments, they may also have the effect of impairing the Company or its affiliates' ability to sell the related securities when, and upon the terms, it may otherwise desire, and may subject the them and the Advisory Client to claims they would not otherwise be subject to as an investor, including claims of breach of duty of loyalty, securities claims and other director-related claims. In general, each Advisory Client will indemnify its general partner (or similar managing fiduciary) and the Company from such claims.

Advisory Client Risks

Passive Investment in Interests. Investors will be relying entirely on the general partner (or similar managing fiduciary) and the Company to conduct and manage the affairs of the Advisory Client in which they invest.

Exculpation and Indemnification. Certain exculpation and indemnification provisions contained in the documents governing an Advisory Client may limit the rights of action otherwise available to investors and other parties against the general partner (or similar managing fiduciary) absent such a limitation in the documents. In addition, each Advisory Client will be obligated to indemnify the general partner (or similar managing fiduciary) and its owners, agents, employees and affiliates, in respect of the operations of the Advisory Client, subject to certain limited exceptions generally involving willful misconduct or gross negligence.

Recourse to Assets. The assets of an Advisory Client, including any investments made by the Advisory Client and any funds held by the Advisory Client are available to satisfy all liabilities and other obligations of the Advisory Client. If the Advisory Client becomes subject to a liability, parties seeking to have the liability satisfied may have recourse to the Advisory Client's assets generally and may not be limited to any particular asset, such as the asset representing the investment giving rise to the liability.

Liability for Return of Distributions. Under Delaware and other applicable law, if an Advisory Client is otherwise unable to meet its obligations, the investors may be obligated to return cash distributions with interest previously received by them if such distributions are deemed to be wrongfully paid to them and such investors knew at the time of such distributions that they were wrongfully paid. In addition, an investor may be liable under applicable federal or state bankruptcy laws to return a distribution made during the insolvency of an Advisory Client. The investors may also be required to return amounts distributed to them to fund an Advisory Client's indemnity obligations, as well as for other obligations and expenses.

Failure to Make Capital Contributions. If any investor fails to fund its subscription obligation or make required capital contributions when due, an Advisory Client's ability to complete its investment program or otherwise continue operations may be substantially

impaired. A default by a substantial number of investors would limit opportunities for investment diversification and likely reduce returns to the Advisory Client. Any partner that defaults in making a required capital contribution will be subject to certain adverse consequences pursuant to the provisions of the documents governing an Advisory Client.

Lack of Transferability of Interests in an Advisory Client; No Right of Withdrawal. The interests in an Advisory Client have not been registered under the Securities Act, the securities laws of any state or the securities laws of any other jurisdiction and, therefore, cannot be resold unless they are subsequently registered under the Securities Act and other applicable securities laws or an exemption from registration is available. It is not contemplated that registration of the Interests under the Securities Act or other securities laws will ever be affected. There is no public market for these interests and one is not expected to develop. The documents governing an Advisory Client generally provide that an investor's interest is not generally transferable and voluntary withdrawal is not allowed. An investor will typically not be permitted to assign or transfer its interests without the prior written consent of the general partner (or similar managing fiduciary), which consent may be given or withheld in the general partner's (or similar managing fiduciary's) sole and absolute discretion. Other restrictions contained in the governing documents of the Advisory Client may also apply. Investors must be prepared to bear the risks of owning interests in an Advisory Client and contributing capital for an extended period of time.

Side Letters. The general partner (or similar managing fiduciary) of a QEP-sponsored Advisory Client, may enter into letter agreements or other similar agreements (collectively, "Side Letters") with one or more investors which provide such investors with additional or different rights (including with respect to access to information and liquidity terms) than such investors would have generally under the governing documents of an applicable Advisory Client. As a result of such Side Letters, certain investors may receive additional benefits which other investors will not receive.

Tax Risks. There are a number of tax considerations with respect to an investment in any Advisory Client. Investors should refer to the specific materials by which interests in an Advisory Client were offered for a more detailed discussion of such risks. Changes in any tax laws could have an adverse impact on an Advisory Client and its investors.

Financial and Tax Situation. The results of an Advisory Client's activities may affect individual investors differently, depending upon their individual financial and tax situations because, for instance, of the timing of a cash distribution or of an event of realization of gain or loss and its characterization as long-term or short-term gain or loss.

Securities Laws. Interests in an Advisory Client are not registered under the Securities Act, or any state or other U.S. or non U.S. securities laws. An Advisory Client will not be registered under the Investment Company Act.

Regulatory Risks. Regulatory changes could occur during the term of an Advisory Client that may adversely affect the Advisory Client and its investors.

Non-U.S. Investments. An Advisory Client may invest globally, including in portfolio companies located in emerging markets. Foreign securities involve certain risks not typically associated with investing in U.S. securities, including risks relating to (i) currency exchange matters including fluctuations in the rate of exchange between the U.S. dollar and the various foreign currencies in which the foreign investments may be denominated, and costs associated with conversion of investment principal and income from one currency into another, (ii) differences between the U.S. and foreign securities markets, including potential price volatility in and relative illiquidity of some foreign securities markets, (iii) the absence of uniform accounting, auditing and financial reporting standards, practices and disclosure requirements and less government supervision and regulation, (iv) certain economic and political risks, including potential exchange control regulations and restrictions on foreign investment and repatriation of capital and the risks of political, economic or social instability, (v) obtaining foreign governmental approvals and complying with foreign laws and (vi) the possible imposition of foreign taxes on income and gains recognized with respect to such securities. Anti-fraud and anti-insider trading legislation in these countries may be rudimentary. There may be no prohibitions or restrictions on the ability of management to terminate existing business operations, sell or otherwise dispose of a portfolio company's assets, or otherwise materially affect the value of the company without the consent of the company's shareholders. Anti-dilution protection also may be very limited. In these countries, the concept of fiduciary duty on the part of the management or directors of companies to shareholders may be limited. The legal systems in these countries may offer no effective means to seek to enforce rights or otherwise seek legal redress or to seek to enforce foreign legal judgments.

Expedited Transactions. Investment analyses and decisions by the general partner (or similar managing fiduciary) may frequently be required to be undertaken on an expedited basis to take advantage of investment opportunities. In such cases, the information available at the time an investment decision is made may be limited, and the general partner (or similar managing fiduciary) may not have access to detailed information regarding the investment.

Conflicts of Interest

Performance Allocation. The existence of the performance-based fees or carried interest profit allocations described in Item 6 – “Performance-Based Fees and Side-By-Side Management” above may create an incentive for QEP to make more speculative investments than it would otherwise make in the absence of such performance-based arrangement.

Allocation of Personnel. QEP personnel will actively manage the activities of multiple Advisory Clients. In addition, such personnel may work on investments unrelated to any Advisory Clients and, therefore, conflicts may arise in the allocation of the time of such personnel.

Allocation of Investment Opportunities. Certain conflicts could arise in the allocation of investment opportunities and in connection with the acquisition and/or disposition of investments by an Advisory Client and its portfolio investments. In addition, there are certain restrictions on the ability of an Advisory Clients to invest in portfolio companies of other

Advisory Clients except as permitted by the governing documents of the applicable Advisory Clients.

Diverse Membership. The investors may have conflicting investment, tax and other interests with respect to their investments in an Advisory Client. The conflicting interests of individual investors may relate to or arise from, among other things, the nature of the investments made by the Advisory Clients, the structuring or the acquisition of investments and the timing of the disposition of investments. As a consequence, conflicts of interest may arise in connection with decisions to be made with respect to such investments, including with respect to the nature or structuring of investments, that may be more beneficial for one investor than for another investor, especially with respect to investors' individual tax situations.

ITEM 9. DISCIPLINARY INFORMATION

Neither the Company, its affiliates nor any of their professionals have been the subject of any legal or disciplinary finding of an investment-related nature that would be material to the business of QEP. QEP and certain of its affiliates and management persons have, however, been named in private civil actions relating to its or their portfolio investment activities. QEP's policy is to vigorously contest all actions.

ITEM 10. OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS
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Quantum Advisers, LLC and QEP Advisers, LLC, each a registered investment adviser, are related parties. To the extent that there are transactions between these advisory clients, the parties have arrangements in place, either in the governing documents for the advisory clients or otherwise, for independent parties to consent to or approve any such transactions.

QEP currently acts as investment adviser or collateral manager to a number of Advisory Clients, and related persons typically act as a general partner (or similar managing fiduciary) of such Advisory Clients. The Company may face a number of potential conflicts of interest including, (i) allocation of investment opportunities among Advisory Clients, (ii) Advisory Clients making investments in portfolio companies in which other Advisory Clients have an interest and (iii) allocation of time of QEP personnel to the business affairs of its Advisory Clients. Such conflicts of interest are discussed in more detail in Items 6, 8 and 11.

Employees of QEP and its affiliates may serve on the boards of directors of portfolio companies of Advisory Clients. Serving in such capacity may give rise to conflicts to the extent that an employee's fiduciary duties to a portfolio company as a director may conflict with the interests of an Advisory Client.

ITEM 11. CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

Code of Ethics

QEP has adopted a Code of Ethics that prescribes standards of ethical conduct for its employees and other personnel and is designed to address and avoid potential conflicts of interest as required under Rule 204A-1 of the Advisers Act. The Code of Ethics provides guidance in specific areas, including but not limited to, confidentiality of QEP information, personal investments, gifts and entertainment and personal political activities. This Code of Ethics is available to clients, investors or prospective clients by writing to QEM Advisers, LLC, 800 Capitol Street, Suite 3600, Houston, TX 77002, Attn: Investor Relations.

Financial Interests in Advisory Client Recommendations

As described in Item 5 – “Fees and Compensation”, and Item 6 – “Performance-Based Fees And Side-By-Side Management” in addition to management fees payable and carried interest allocable to the Company and its affiliates, the Company and its affiliates may receive acquisition, disposition and ongoing fees with respect to advisory and related services provided in connection with investments by Advisory Clients. The Company may have a conflict of interest to the extent that it has an opportunity to earn a fee from an acquisition or disposition by an Advisory Client. However, the Company believes that the management fee offset provisions described in Item 5 and the substantial equity commitment by the Company and its affiliates in Advisory Clients substantially mitigates this incentive.

Allocation of Investment Opportunities

When allocating investment opportunities across Advisory Clients, there could be differences in the financial structure of the Advisory Clients potentially participating in the opportunity that could introduce an incentive for the Company to favor one Advisory Client over another. In general, the governing documents of the applicable Advisory Clients provide that the general partner (or similar managing fiduciary) will allocate investment opportunities in a manner that it believes is fair and equitable. The governing documents of the Advisory Clients also set forth the manner in which transactions between or involving multiple Advisory Clients may be carried out.

Possession of Material, Non-Public Information and other Trading Restrictions

QEP, its affiliates, and their professionals may come into contact with material, non-public information in connection with their activities for QEP, the Company or their affiliates. QEP has established policies and procedures to prevent the abuse of material, non-public information, which includes procedures for, among other things, the use and maintenance of restricted trading lists. Under no circumstances may a professional trade on material, non-

public information for his or her own account, the accounts of certain family members or the account of an Advisory Client.

ITEM 12. BROKERAGE PRACTICES

The Company does not routinely trade public securities on behalf of Advisory Clients. The Company has discretion to select brokers and dealers to execute securities transactions for Advisory Clients and in making any such selection will consider such quantitative and qualitative factors as it may determine. Although the Company will seek competitive commissions and spreads, it may not necessarily obtain the most competitive terms for any particular transaction. From time to time, brokerage firms may provide services with respect to portfolio investments in addition to securities execution. In particular, certain investment banks may provide underwriting services with respect to securities offerings of portfolio investments.

ITEM 13. REVIEW OF ACCOUNTS

Each portfolio investment of a QEP-sponsored Advisory Client is monitored by one or more members of QEP's executive leadership team, who typically serve on the board of directors or equivalent governing body of such investment. In addition, all of the portfolio investments are regularly reviewed by the members of QEP's Executive Committee and Investment Committee. This review generally includes monitoring the operations and financial performance of the portfolio investments as well as the overall strategic direction and performance of each Advisory Client as a whole.

Investors in QEP-sponsored Advisory Clients typically receive quarterly financial reports, audited annual reports and required tax information. New Advisory Clients or investors in QEP-sponsored investment vehicles will receive a copy of this Brochure prior to or at the time of entering into an advisory contract.

ITEM 14. CLIENT REFERRALS AND OTHER COMPENSATION

The Company does not currently compensate any person for referring clients to QEP. The Company may enter into cash compensation arrangements with unaffiliated placement agents for introducing investors to QEP-sponsored Advisory Clients.

ITEM 15. CUSTODY

The Company or its affiliates may be deemed to have custody of the underlying assets of many of its Advisory Clients. To the extent any such person is deemed to have such custody, it relies on an exception from the reporting and surprise audit obligations imposed by the SEC that is available to “pooled investment vehicles”. In addition to using unaffiliated, qualified, third-party custodians to hold the public company securities of its Advisory Clients, the Advisory Clients are audited annually by a major accounting firm that is a member of, and examined by, the Public Company Accounting Oversight Board (“PCAOB”). The audited financial statements are then provided to the underlying investors of these Advisory Clients within 120 days of the end of each fiscal year.

ITEM 16. INVESTMENT DISCRETION

The Company provides investment advice to its Advisory Clients on a discretionary basis, either directly or indirectly through sub-advisory arrangements. An affiliate of the Company serves as the general partner of the applicable Advisory Client and in that capacity has discretionary investment authority for each Advisory Client. Generally this discretion is subject only to the investment guidelines set forth in the governing agreements of an Advisory Client. Such governing agreements generally expressly provide that the applicable general partner has the authority to make all decisions concerning the investigation, evaluation, selection, negotiation, structuring, commitment to, monitoring of and disposition of investments. An Advisory Committee of a limited number of investors is typically established for each Advisory Client to, among other things, receive notice of, advise on and provide consent to certain conflicts of interest matters.

ITEM 17. VOTING CLIENT SECURITIES

While the documents governing the QEP-sponsored Advisory Clients allow for the acquisition of public securities, such acquisitions are not typically made. Public securities may, however, be acquired in connection with an exit transaction. The Company intends to adopt policies and procedures reasonably designed to ensure that any public securities will generally be voted in a manner that serves the best interest of its Advisory Clients, as determined in its discretion, taking into account relevant factors.

ITEM 18. FINANCIAL INFORMATION

At this time, the Company is not aware of any financial condition that could impair its ability to meet its contractual obligations to Advisory Clients. The Company has not been the subject of any bankruptcy petitions, including in the past ten years.