

HERONETTA MANAGEMENT, L.P.

Disclosure Brochure

March 24, 2023

This brochure provides information about the qualifications and business practices of Heronetta Management, L.P. (“Heronetta”). If you have any questions about the contents of this brochure, please contact Heronetta’s Chief Compliance Officer, Jeffrey J. Scott, at (212) 601-5333. 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 Heronetta is also available on the SEC’s website at: www.adviserinfo.sec.gov.

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

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Item 2: Material Changes

There have been no material changes since Heronetta's last annual update on March 25, 2022.

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Item 4: Advisory Business

Heronetta Management, L.P. (“Heronetta”), an investment advisory firm headquartered in New York, NY, was established in December 2007 by Henry R. Breck, who owns the majority of the firm.

Heronetta manages assets for high-net-worth individuals and associated trusts, family offices, and insurance companies (“Investors”) employing a tax-advantaged income investment strategy centered on actively managed energy-related midstream infrastructure, Master Limited Partnerships and C-Corporations (collectively “MLPs”), which are publicly-traded vehicles. (Also see Section 8 for additional details of the strategy). Heronetta’s management has over 48 years of personal investment experience in the asset class, along with decades of industry experience in both oil and gas and investment management. Heronetta invests a substantial amount of its liquid net worth in this same sector and strategy. Heronetta also advises a separate account portfolio of relatively high-yielding diversified Canadian listed securities.

Heronetta serves as the investment manager for the Heron Income Fund, L.P., a pooled vehicle (“HIF” or the “Fund”). An affiliate of Heronetta serves as the general partner to the Fund. Heronetta also advises separately managed accounts for individuals, institutions and family. The Fund, along with the managed accounts, are Heronetta’s clients (the “Clients”).

Heronetta may accommodate investors that have investment parameters and objectives and wish to impose restrictions not compatible with the Fund by opening a separately managed account.

As of December 31, 2022, Heronetta managed approximately \$271,076,891 on a discretionary basis.

Item 5: Fees and Compensation

Heronetta charges the Fund a management fee, typically payable in advance on the first business day of each fiscal quarter as described in the Fund’s offering documents, which is deducted directly from the Fund. Heronetta, as the investment manager, may, in its sole discretion, elect to reduce, waive or calculate differently the management fee with respect to any limited partner, including, without limitation, limited partners that are affiliates or employees of the general partner or the investment manager, members of the immediate families of such persons, trusts or other entities for their benefit and strategic investors, or pay a portion of the management fee to a third person (including to persons who are instrumental in the sale of interests in the partnership).

Heronetta charges fees for separately managed accounts at generally the same level as charged to the Fund, but fees may be negotiable based upon the size of the account, relationship and/or the nature and level of services provided. At its discretion, Heronetta may waive or reduce the management fee. Heronetta bills separately managed accounts for the investment management fee quarterly in arrears.

In addition to paying investment management fees, Client accounts will also be subject to other investment expenses, custodial charges and brokerage fees.

Investors in the Fund will bear their pro rata share of the Fund's operating and other expenses including, in addition to those listed above: legal, accounting, audit, tax preparation and organizational.

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

Heronetta does not charge performance-based fees.

Item 7: Types of Clients

Heronetta's Clients are (i) an unregistered private fund that relies on a safe harbor provided by Regulation D of the Securities Act of 1933, as amended ("1933 Act"), and (ii) separately managed accounts.

Heronetta's strategies are targeted towards qualified and accredited investors who are high-net-worth individuals and associated trusts, family offices and insurance companies.

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

Investment Strategy/Methods of Analysis

Heronetta's investment strategies focus on yield investments with growth potential through investments in publicly-traded master limited partnerships and C- Corporations.

Master Limited Partnerships are public companies that are listed and traded on major U.S. exchanges and deal in the transportation, storage, gathering and processing of natural resources. They are fully liquid to the extent of the company's daily trading volume, as with any stock. When a unit is purchased, the purchaser receives a partnership interest in the underlying business activities, rather than a share in the public market equity, as with a corporation. Examples of MLP activities include ownership of oil and natural gas pipelines, storage and processing facilities, propane delivery systems, shipping, and coal exploration and production. The United States Tax Code grants MLPs limited partnership status based on their activities.

There are also a number of MLPs that have converted to C-corps in recent years, some of which Heronetta continues to own. This can be attributed to the sharp reduction in U.S. corporate tax rates, along with the desire to increase a company's investor base to include tax-advantaged accounts (i.e. IRAs) and foreign investors. Generally, upon conversion, there is a tax-shelter for a number of years from certain income via depreciation expense, wherein dividends are treated as return of capital. Subsequently, income is taxed at the corporate level and is taxed again when it is distributed.

Portfolio construction starts with a universe of approximately 80 MLPs and C-Corps. This number is pared down by excluding certain sub-groups of the MLP sectors which are below average in terms of consistency, growth, and quality resulting in a coverage universe of approximately 40 companies. Heronetta's strategies focus on midstream investments (mainly pipelines, terminals and storage facilities) with some participation

in the gathering and processing area. After the most attractive candidates have been identified, our focus is on reliability of distributions, growth rate, current yield, and credit quality. Other important areas of emphasis are quality of income streams and focus towards consistent growth. This process generally results in portfolios of 10-20 investments.

The main sources of information Heronetta use include company press releases, SEC filings, analysis of corporate activities, management presentations and interviews, research material provided by third parties, corporate rating services and annual reports.

These strategies and investments involve risk of loss to investors and investors must be prepared to bear the loss of their entire investment.

Material Risks

An investment in the strategy requires a long-term commitment with no certainty of return. There is no assurance that the strategy will be able to generate attractive returns for its Investors or that the returns will be commensurate with the risks of investing in the type of companies and transactions described herein. Any past performance of persons or investment entities associated with Heronetta and its affiliates is not necessarily indicative of future results and may not be construed as an indication of future results of an investment in Heronetta's strategy. There can be no assurance that targeted returns for the strategy will be achieved.

The strategy operates in a highly competitive market for investment opportunities. Heronetta's Clients will compete with, among other entities, business development companies, public funds and private funds, including private equity and hedge funds and commercial and investment banks which may have a lower cost of funds, more available capital to make similar investments and access to funding sources that are not available to the Clients.

In addition, some of Heronetta's competitors may have higher risk tolerances or different risk assessments, which could allow them to consider a wider variety of investments and different return targets than Heronetta's strategy. The competitive pressures Heronetta faces in this strategy may have a material adverse effect on its business, financial condition, results of operations and prospects. It is possible that competition for appropriate investment opportunities may increase, thus reducing the number of investment opportunities available and adversely affecting the terms upon which investments can be made.

An investment in MLPs involves risks that differ from those associated with investments in similar equity securities, such as in common stock of a corporation. Holders of MLP units usually have the rights typically afforded to limited partners in a limited partnership and have limited control and voting rights on matters affecting the partnership. In addition, there are certain tax risks associated with an investment in MLPs and conflicts of interest may exist between common unit holders, subordinated unit holders and the general partner of the MLP, including those arising from incentive distribution payments.

The world is in a long-term shift to lower-carbon energy sources. An obvious question is what the risks are for MLPs, which transport oil, natural gas, and NGLs. Many environmentalists oppose all oil and gas development and use. Much can be written and said about this problem. Heronetta's position is that the energy and raw materials that hydrocarbons provide will be indispensable for the transition to a low carbon future and will be major factors in the world's economy for decades to come.

All investments of Heronetta operate oil, gas or petroleum facilities, or other facilities in the energy sector. Heronetta will therefore be susceptible to adverse economic, environmental or regulatory occurrences affecting that sector. A downturn in the energy sector could have a larger impact on Heronetta than on other investments that are broadly diversified across many sectors and industries including, but not limited to, the following: fluctuations in commodities prices; reduced volumes of energy commodities available for transporting, processing, storing or distributing; new construction risk and acquisition risk which can limit growth; a sustained reduced demand for crude oil, natural gas and refined petroleum products resulting from a recession or an increase in market price or higher taxes; depletion of the natural gas reserves, crude oil or other commodities if not replaced; changes in the regulatory environment; extreme weather; rising interest rates which could result in a higher cost of capital and drive investors into other opportunities and; threats of attacks by terrorists.

A decrease in the production of natural gas, crude oil or other energy commodities or a decrease in the volume of such commodities available for transportation, processing, storage or distribution may adversely impact the financial performance of energy companies. Production declines and volume decreases could be caused by various factors, including catastrophic events affecting production, depletion of resources, labor difficulties, environmental or other governmental regulation, equipment failures and unexpected maintenance problems, import supply disruption, increased competition from alternative energy sources, international politics and political circumstances (particularly of key energy producing countries), policies of OPEC and depressed commodity prices. These supply and demand fluctuations can cause the value of MLP interests to be more volatile than interests in companies in other types of industries.

There may be material and adverse consequences if Heronetta's management was unable to participate in developing and implementing the strategy to achieve its investment objective.

The Fund is not required and does not intend to register under the Investment Company Act of 1940, as amended (in reliance upon an exemption available to privately offered investment companies). Accordingly, the provisions of that Act (which may provide certain regulatory safeguards to investors) will not be applicable.

An investment in the Fund provides limited liquidity since the interests are not freely transferable and may only be withdrawn at limited times as provided in the offering documents. An investment in the Fund is suitable only for sophisticated investors who do not need liquidity with respect to their investment.

Item 9: Disciplinary Information

There is no disciplinary information applicable to Heronetta.

Item 10: Other Financial Industry Activities and Affiliations

Heronetta does not have any other business activities and is not engaged in any other financial industry activities or affiliations.

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

Code of Ethics and Personal Trading

Heronetta has adopted a Code of Ethics in accordance with Section 206 of the Investment Advisers Act of 1940 and Rule 204A-1 under the Advisers Act (the “Code”). The Code provides for a high level of ethical conduct applicable to Heronetta’s partners and employees (“Access Persons”) and obligates all Access Persons to put Clients’ interest over their own. The purposes of the Code are to (i) educate Access Persons about Heronetta’s expectations and the laws governing their conduct, (ii) remind Access Persons that they are in a position of trust, (iii) protect Heronetta’s reputation, (iv) guard against violation of the federal securities laws, (v) protect Clients by deterring misconduct, and (vi) establish procedures to assess whether Access Persons are complying with these ethical principles. All Access Persons must certify that they have received, read and understood the Code, annually, or when it is amended. Heronetta’s Chief Compliance Officer (“CCO”) or his delegate monitors compliance with the Code by reviewing the required reporting of personal securities transactions, gifts and entertainment, political contributions, outside business activities and other affirmations of compliance by Access Persons.

Potential or existing investors may request a copy of the Code by contacting Heronetta’s offices at (212) 601-5333 or by electronic mail at: info@heronmgmt.com.

Participation or Interest in Client Transactions

Heronetta’s employees may invest in securities owned by its Clients. Such investments are subject to restrictions and must be pre-cleared. Records will be maintained of all securities bought or sold by the firm and its employees.

Conflicts of Interest

Heronetta may be subject to a number of actual and potential conflicts of interest. Although Heronetta and its members, officers and employees will devote as much of their time to the activities of the Clients as they deem necessary and appropriate, Heronetta is not restricted from forming additional investment funds, from

entering into other investment advisory relationships or from engaging in other business activities even though such activities may be competitive and/or may involve substantial time and resources.

Heronetta and its affiliates may engage in investment activities for their own accounts and for related accounts. Certain of these accounts may invest a portion of their assets in the same securities as Heronetta's Clients.

Heronetta's policy with respect to allocation of investment opportunities is to act in a manner that is fundamentally fair to Clients. Investment opportunities may be allocated *pro rata*, or in some other manner, which may include consideration of cash positions, and overall exposure to a particular investment.

Item 12: Brokerage Practices

Heronetta has full discretion with respect to selecting its brokers to achieve best execution for its Clients and takes into consideration execution capability, commission rate, financial responsibility and responsiveness.

Before Heronetta enters into a new brokerage relationship, Heronetta will consider the following: disciplinary history, financial soundness, length, depth and scope of expertise, capacity to manage Heronetta's trades, and any other factors that may be relevant, including execution quality, overall price and market access.

Heronetta may also consider the products or services provided by executing brokers such as research services. Heronetta will limit the use of "soft dollars" to obtain research that is within the meaning of Section 28(e) of the Securities Exchange Act of 1934 ("Section 28(e)"). Research services within Section 28(e) may include, but are not limited to: research reports including market research; certain financial newsletters and trade journals; software providing analysis of securities; corporate governance research and rating services; attendance at certain seminars and conferences; discussions with research analysts; meetings with corporate executives; consultants' advice on portfolio strategy; data services (including services providing market data, company financial data and economic data); advice from broker-dealers on order execution; and certain proxy services.

Heronetta does not permit Clients to direct brokerage transactions.

Item 13: Review of Accounts

Heronetta Client accounts are monitored monthly by management for performance, adherence to investment strategy, current positioning and outlook, and risk management. Events such as significant changes in underlying investment/asset values, major market movements or macroeconomic events, legal or regulatory developments, a change in business structure, and revised investment terms can trigger an investment review. Risk management review parameters include, but are not limited to, sector/industry/security concentration, liquidity, beta to broad market movements, volatility and currency exposure. Monthly letters

are sent to Clients with market, sector and MLP updates. The Fund's Investors also receive monthly statements from the Fund's administrator.

Item 14: Client Referrals and Other Compensation

Heronetta does not currently have any referral fee agreements with non-employee solicitors or agents.

Heronetta receives certain research or other products or services from broker-dealers through "soft-dollar" arrangements. Please see Item 12 for further information on Heronetta's "soft-dollar" practices.

Item 15: Custody

Heronetta is deemed to have custody of the Fund's assets because an affiliate serves as the Fund's general partner. All Client assets are maintained by a third-party qualified custodian.

Generally, audited financial statements are prepared and issued annually to the Fund's Investors by an independent accounting firm, which is registered and subject to inspection by the Public Company Accounting Oversight Board. Investors receive audited financials within 120 days of the Fund's fiscal year end. Heronetta may rely on a surprise examination for a fund in certain circumstances and will comply with the relevant provisions of the Custody Rule including arranging for the delivery of statements from the custodian to Investors at least quarterly. Heronetta urges Investors to compare statements received from Heronetta with statements received directly from the custodian.

Item 16: Investment Discretion

Heronetta provides investment advisory services on a discretionary basis to (1) qualified clients, (2) accredited investors and, (3) insurance companies via separately managed accounts and a pooled investment vehicle. A separately managed account agreement or fund offering documents sets forth the scope of Heronetta's discretion. In its discretionary relationships, Heronetta has the authority to determine which investment transactions to enter into on behalf of the Clients, without seeking or receiving the Client consent.

Item 17: Voting Client Securities

Pursuant to its obligations under Rule 206(4)-6 of the Advisers Act, Heronetta, when delegated the authority to vote proxies on behalf of a Client, has established policies and procedures that are reasonably designed to ensure that proxies are voted in the best interest of each particular Client. In general, Heronetta will vote proxies with company management. Heronetta will determine whether a proposal is in the best interests of its Clients and may take into account (1) management's recommendation of the proposal, (2) whether the proposal will entrench existing management, and (3) whether management will be fairly compensated for past and future performance.

As a matter of policy, Heronetta will not be influenced by outside sources whose interests conflict with the interest of the Client. However, Heronetta may occasionally be subject to conflicts of interest in the voting of proxies because of business or personal relationships it maintains with persons having an interest in the outcome of specific votes. The firm and its employees may also occasionally have business or personal relationships with other proponents of proxy proposals, participants in proxy contests, corporate directors, or candidates for directorships. If at any time, the responsible voting parties become aware of any type of potential conflict of interest relating to a particular proxy proposal, they will promptly report such conflict to the CCO. Generally, any conflict of interest will be resolved in the best interest of the Client.

Clients may obtain a copy of Heronetta's complete proxy voting policies and procedures upon request. Clients may also obtain information from Heronetta about how it voted any proxies on behalf of its Clients. Please contact our offices at (212) 601-5333 for any questions or for more information.

Item 18: Financial Information

In each of 2020 and 2021, Heronetta received a Paycheck Protection Plan loan through the Paycheck Protection Program. In 2021, Heronetta received forgiveness for both loans.