

Form ADV Part 2A: Client Brochure

Waterous Energy Fund Management (US), LLC

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This brochure provides information about the qualifications and business practices of Waterous Energy Fund Management (US), LLC (“Waterous” or the “Firm”). If you have any questions about the contents of this brochure, please contact us at david.roosth@waterous.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

Additional information about Waterous is available at www.waterous.com and is also available on the SEC’s website at www.adviserinfo.sec.gov.

Registration with the SEC does not imply that Waterous has a certain level of skill or training.

Item 2: Material Changes

This brochure serves to amend the brochure last filed on March 30, 2023. There are no material changes to disclose since the previous Brochure's filing date.

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Item 4. Advisory Business

Waterous was founded in 2017 by Adam Waterous, an investment professional who has been active in the oil and gas market since 1991. Waterous is organized as a Delaware limited liability company, wholly-owned by Waterous Energy Fund Management Corp., an Alberta, Canada, corporation managed by Mr. Waterous.

Waterous provides advisory services to Waterous Energy Fund Management Corp., (“Canadian Adviser”). The Canadian Adviser provides management and advisory services to privately offered pooled investment vehicles (each a “Fund,” and collectively, the “Funds”). Through a sub-advisory relationship with the Canadian Adviser, Waterous also provides sub-advisory services to the Funds. Investors in the Funds include, but are not limited to, global investment funds, corporate entities, family offices, high net-worth individuals and financial institutions. The advisory services provided by Waterous include advising and investigating potential investments, advising on the merits, risks, structure and financing of the acquisition and disposition of investments, and monitoring investments. Waterous will provide investment management advice in accordance with the particular investment objectives, restrictions, applicable law, and guidelines set forth in each Fund’s constituent documents and offering memoranda (“Governing Documents”). Capitalized terms used herein, but not defined, are defined in the Governing Documents.

Waterous does not currently participate in any wrap fee programs and does not anticipate doing so in the future. Currently, Waterous only offers its advisory services to the Canadian Adviser and the Funds and neither enters into nor offers investment management or advisory services to individuals or institutions that may be investors within the Funds. In accordance with common industry practice, a Fund or its general partner may from time to time enter into a “side letter” or similar agreement with an investor pursuant to which the Fund or its general partner grants the investor specific rights, benefits or privileges that are not generally made available to all investors. See “*Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss*” below for more details.

As of December 31, 2023, Waterous advises approximately \$3,966,342,875 in regulatory assets on a non-discretionary basis. Waterous does not currently manage any regulatory assets on a discretionary basis.

Item 5. Fees and Compensation

Waterous receives reimbursement for relative costs incurred in connection with providing advisory services to the Canadian Adviser determined on an annual basis. The payments are calculated quarterly in advance and generally paid to Waterous on the first day of each calendar quarter. Waterous does not automatically deduct fees. The Funds pay the Canadian Adviser a management fee that is described in the Governing Documents and in the advisory agreement between the Canadian Adviser and the Funds. Detailed information regarding the costs incurred with providing advisory services that are charged to the Funds are provided in the Governing Documents.

For providing services to the Funds, affiliates of Waterous will be entitled to performance-based fees over a specified hurdle rate. Performance fees generally reflect the capital appreciation of a Fund. Detailed information regarding the performance-based fees that are charged to the Funds are provided in the Governing Documents.

The Funds will bear all expenses directly related to their own operations, including without limitation, administrative expenses, third party valuation expenses, fees paid for professional advisory services (including legal, tax and auditing services), custodian expenses, regulatory compliance costs, duties, taxes, fees and other governmental charges, interest on and fees and expenses arising out of all

permitted borrowings, litigation expenses, all expenses relating to indemnification and insurance, transaction costs incurred in locating, identifying and considering investment transactions, whether or not consummated (including due diligence costs and broken deal expenses) and in acquiring, holding and disposing of Partnership Investments (including closing costs), all expenses associated with the holding of any annual or special meeting of all investors, liquidation expenses, all fees paid to Waterous and the Canadian Adviser and all other reasonable third party charges and expenses.

Item 6. Performance-Based Fees

As described in Item 5 of this Brochure, affiliates of Waterous are generally entitled to performance-based compensation in the form of “carried interest” from the Funds, as specified in each Fund’s Governing Documents. Compensation paid to affiliates of Waterous is negotiable and some investors have different fee arrangements pursuant to individually negotiated side letters. The General Partners maintain the discretion to waive or reduce carried interest allocable to any limited partner.

Although the carried interest generally is used to align Waterous’s interests with the interests of the investors in the Funds, the carried interest may create an incentive for Waterous to make investments on behalf of the Funds that are riskier or more speculative than would be the case in the absence of such compensation. Carried interest may also incentivize Waterous to make different decisions regarding the timing and manner of the realization of the Funds’ portfolio investments than would be the case if carried interest did not exist. However, Waterous seeks to address conflicts that may arise by employing policies and procedures governing the identification, assessment and monitoring of conflicts of interest. Waterous undertakes a thorough and careful vetting of investment opportunities by its investment professionals. Waterous is committed to acting at all times in the best interests of the Funds, and, to this end, Waterous has implemented internal controls to address the potential conflicts associated with performance-based fees, as more fully described in the Governing Documents.

Certain related persons of Waterous and of the Canadian Adviser are limited partners in the Funds. Certain related persons of Waterous, of the Canadian Adviser, or their affiliated entities are entitled to receive a portion of carried interest.

Item 7. Types of Clients

Waterous provides advisory services to the Canadian Adviser, an entity that provides management and advice to its clients. Waterous provides advisory services to the Funds through a sub-advisory relationship with the Canadian Adviser. The Funds are pooled investment vehicles exempt from registration under the Investment Company Act of 1940 (the “Investment Company Act”). Investors in the Funds must generally meet the definition of Qualified Purchaser as set forth in the Investment Company Act, Qualified Client as set forth in the Advisers Act, or Accredited Investor as set forth in the Securities Act of 1933 (the “Securities Act”). The Funds generally require a minimum initial investment of \$10,000,000 however, the General Partners may waive or reduce such initial investment minimum in their sole discretion.

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

Waterous employs methods of analysis and investment strategies that are consistent with the Funds’ Governing Documents. Waterous’s strategy focuses primarily on the Funds’ acquisitions of energy assets and debt or equity securities of public or private companies which participate directly or indirectly in the energy business in North America, including (a) investments in oil and gas properties or assets and (b) investments in controlling or non-controlling positions and/or operated or non-operated positions in the working interest of producing and non-producing public or private oil and gas companies.

An investment in a private fund involves a significant degree of risk, including a significant risk of financial loss. Any investor or potential investor in a Fund should be capable of evaluating the merits and risk of an investment therein and bearing the risk of loss of their entire investment.

The Governing Documents set forth risk factors with respect to investment in the Funds, including the following:¹

Risks related to the business of the Funds

Industry Concentration Risk

The Funds will invest exclusively in the securities and assets of companies in the oil and natural gas industry. Fluctuations in commodity prices and many other domestic and international factors that affect the oil and gas industry in general and that are outside the control of the General Partner and the Manager will affect the Funds' investments and negative changes in any one or more such factors could have a material adverse effect on the value of the Funds. The Funds' portfolio of investments will not be diversified against risks associated with the oil and gas industry.

Fund Concentration Risk

The Funds will be invested in a limited number of investments and have at times held investments in a single entity. The Funds investment will further be limited to the oil and gas industry. As a result, the Funds' investment portfolio could become highly concentrated and the aggregate performance of the Funds may be adversely affected by the unfavorable performance of one or a small number of investments.

Liquidity Risk in Investor Interests

The transferability of investor interests will be subject to several restrictions, including a requirement to receive the consent of the General Partner prior to transfer, which are contained in the Governing Documents and will be further restricted by federal, provincial and foreign securities laws. No public market currently exists for the investor interests and none is expected to develop. Therefore, there can be no assurance that investors will be able to sell their interests at any time and such interests are not redeemable under any circumstances.

Liquidity Risk in Investments

It is anticipated that some of the Funds' investments will be acquired on a private placement basis and will be in securities that will not be registered under provincial or federal securities laws or listed for trading on any public exchange. In such circumstances, the sale of such securities may be subject to certain resale conditions. Even where not subject to such restrictions, no public market will exist for such securities. Therefore, there can be no assurance that the Funds will be able to sell their investments at any time.

Risk of Reliance on General Partner and the Manager

The Funds will be managed exclusively by the General Partner and the Manager, which will have full authority to make all investment decisions for and on behalf of the Funds. The loss of the services of the principals or other members of the General Partner's or the Manager's management team could have a material adverse effect on the Funds' business and the value of the investor interests. In addition, the management of the General Partner and the Manager may, at a future date, devote some of its time and

¹ For the below risk sections only, use of term "Manager" refers to both Waterous and the Canadian Adviser.

attention to the business and affairs of one or more funds that may succeed the Funds. Therefore, the full time and attention of the management of the General Partner and the Manager will not be focused exclusively on the business and affairs of the Funds.

Risk of Reliance on Investee Company Management

The Funds may hold non-controlling interests in investee companies. Although the General Partner and the Manager will monitor the performance of each investment and, in many instances, will have one or more seats on an investee company's board of directors, it will remain primarily the responsibility of the management of each investee company to operate each such company on a day-to-day basis. The loss of the services of one or more members of the management team of an investee company could have a material adverse effect on such company's business and ultimately on the value of the Funds' investment in such company.

Risk of Sourcing Investment Opportunities

There is no assurance that the General Partner will be able to identify suitable investment opportunities for the Funds. In addition, even if the General Partner identifies suitable investment opportunities, there is no assurance that it will be able to secure an investment in such opportunities. Further, the ability of the Funds to realize a return on their investments will depend in large part on the financial health and prospects of the businesses in which it invests. There is no assurance that the Funds' investment objectives will be attained or that the value of the investments will not decline or that there will be any return of capital. Regardless of the extent to which the General Partner is able to invest, the Funds will be required to pay the General Partner Advance and the General Partner Distribution (both defined in the Governing Documents) until the termination of the Funds.

Risk in Timing of Distributions

It is anticipated that distributions to investors will occur upon either the partial or complete disposition of Fund investments. While the General Partner will have the discretion to sell an investment at any time, it is expected that in most instances this will not occur for a number of years after investment. In addition, even upon such a sale, the proceeds of disposition may in certain circumstances be retained by the Funds and not distributed to investors. Therefore, there can be no assurance as to the timing of distributions.

Risk in Quantum of Distributions

All return on an investment in investment interests will be earned through distributions made by the Funds to the investors. There is no assurance that the Funds' investment objectives will be achieved or that investors will receive distributions from the Funds. The Funds have no historical results by which its performance can be measured.

Market Recovery Risk

The Funds' investment strategy for certain assets may rely, in part, upon local market recoveries during the term of the Funds. No assurance can be given that any such markets will recover since this will depend, in part, upon events and factors outside the control of the General Partner or the Manager. As a result, significant additional risks exist for the Funds and the investors. Those risks include, among others, (i) the possibility that the prices at which the Funds' investments can be sold will have deteriorated from their effective purchase price, (ii) the possibility that opportunities for the Funds to sell their assets in an appropriate market may be impaired, and (iii) a decrease in the availability of financing for the acquisition of investments or acquisitions where the financing is materially different than originally expected.

Furthermore, the Funds' ability to sell their investments in an appropriate market may be impaired by a decrease in demand for such investments due to changes in global financial markets. Factors that may cause a decrease in demand for the Funds' investments include, among others, (x) the availability of alternative investments that offer higher yields or are perceived as being a better credit risk, having a less volatile market value or being more liquid, (y) investors' perceptions regarding the markets for the various asset classes in which the Funds participates, and (z) investors' perceptions regarding credit, liquidity and the capital markets in general, which may be adversely affected by political, social and economic events that may be completely unrelated to the commercial markets. These additional risks may reduce the Funds' expected rates of return on its investments or otherwise adversely affect investors in the Funds.

Indemnification Risk

The Funds will indemnify the General Partner and its affiliates (including the Manager) against any claims or liabilities in respect of their activities on behalf of the Funds, subject to certain limitations set out in the Governing Documents. Accordingly, certain actions successfully brought against any such party will be satisfied solely from the assets of the Funds, and the Funds will have no recourse against the General Partner or its affiliates, except under the limited circumstances set forth in the Governing Documents.

Investments Longer than Term

The Funds may make investments that may not be advantageously disposed of prior to the date that the Funds will be dissolved, either by expiration of the Fund's term or otherwise. Although the General Partner expects that investments will be disposed of prior to dissolution, the General Partner has a limited ability to extend the term of the Funds and the Funds may have to sell, distribute or otherwise dispose of investments at a disadvantageous time as a result of dissolution.

Risk Related to Borrowing

As described in the Offering Documents, the Funds are permitted to utilize borrowing up to certain limits. The interest expense and other costs incurred in connection with such borrowing may not be recovered by income from investments purchased on behalf of the Funds. If investment results fail to cover the cost of borrowings, the value of the portfolio held by the Funds will decrease faster than if there had been no such borrowings. Additionally, if the investments fail to perform to expectation, the investor interests will be subordinated to such borrowings, which will compound any such adverse consequences. Further, to the extent income received from investments is used to make interest and principal payments on such borrowings, Investors may be allocated income, and therefore tax liability, in excess of cash received by them in distributions. Borrowings may be secured by assignment by the General Partner of its right to require the Investors to make capital contributions to the Funds and/or a security interest in one or more investments. Failure to satisfy the terms of debt incurred by the Funds can have negative consequences, including forced liquidation of other investments in order to satisfy the borrower's obligations.

Risk Related to an Ability to Realize Exit Strategies

The feasibility and terms of any proposed exit strategy for the investments will depend in part on factors that are not within the control of the Funds, including, without limitation, the time of the proposed disposition, the effect of applicable legislation, and economic conditions. At any particular time, one or all of these exits may not be open to the Funds, or timing with respect to these exit mechanisms may be inopportune. As such, the ability to exit from and liquidate investments may be constrained at any particular time. Consequently, the precise timing of the disposition of an investment and the manner of disposition are impossible to predict, and no assurance can be given that such disposition will be achieved on terms favorable to the Funds.

Risk Related to Public Company Holdings

The Funds' investment portfolio contains, and may in the future contain, securities and debt issued by publicly held companies. Such investments may subject the Funds to risks that differ in type or degree from those involved with investments in privately-held companies. Such risks include greater volatility in the valuation of such companies, increased obligations to disclose information regarding such companies, limitations on the ability of the Funds to dispose of such securities and debt at certain times, increased likelihood of shareholder litigation and insider trading allegations against such companies' executives and board members, and increased costs associated with each of the aforementioned risks.

Taxation of the Funds and the Investors

The Funds or its investors could be subject to tax in jurisdictions in which the Funds invest. In addition, income from investments held by the Funds could be reduced by withholding taxes or other taxes imposed by jurisdictions in which the Funds invest, and there can be no assurance that tax credits will be available to the Funds with respect to taxes imposed on it, if any, or to any particular partner with respect to such partner's share of any such taxes incurred. The Funds may have investors with varying tax characteristics. In particular, the Funds may have both taxable and tax-exempt investors. It may not be possible to structure investments in a manner that suits the tax needs of each investor in the Funds and there can be no assurance that the structure of the Funds or any investment made by the Funds will be tax efficient for any particular investor. When considering a potential investment, the General Partner and the Manager will consider the investment objectives of the Funds as a whole, not the investment objectives of any investor individually. Consequently, the General Partner and the Manager may make decisions from time to time that may be more beneficial to one type of investor than another.

Legal, Tax and Regulatory Risks

Legal, tax and regulatory changes may occur during the term of the Funds that could have an adverse effect on the Funds, its investor or the Fund investments. See "Legal and Regulatory Considerations" and "Certain Tax Considerations" in the Governing Documents.

Cybersecurity.

The operations of the Manager and the Funds are dependent on technology, information and communication systems. A failure of any such system, a security breach or cyber-attack could significantly disrupt the Manager's operations. The service providers of the Manager and the Funds are subject to the same cyber-security threats as the Manager and the Funds.

Risks Related to Counterparties

There are risks involved in dealing with the banks and custodians as well as other securities intermediaries engaged by the Manager. Although the Manager monitors the banks, custodians, and other securities intermediaries, and believes that they are appropriate banks, custodians, and other securities intermediaries, there is no guarantee that the banks, custodians, and securities other intermediaries, or any other banks, custodians, or securities intermediaries that the Funds may use from time to time, will not become bankrupt, insolvent, or otherwise cease to operate normally. The Funds could be materially adversely affected by the inability to withdraw or access funds for a prolonged period of time, or in the event of bankruptcy or insolvency, the inability to receive complete repayment of assets held by any counterparty.

Side Letters

As noted in Item 4 above, in connection with or as a condition to an investor's agreement to invest in a Fund, the Fund or its general partner may from time to time enter into a "side letter" or similar agreement with an investor pursuant to which the Fund or its general partner grants the investor specific rights, benefits or privileges that are not generally made available to all investors. Such rights, benefits or privileges include waivers or discounts on management fees and/or carried interest, "most favored nation" clauses, access to co-investment opportunities, notice rights upon the occurrence of certain events, seats on a Fund's limited partner advisory committee, rights related to the ability of the investor to transfer its interest in the Fund, additional representations and warranties from the Fund, its general partner and/or the Firm, and other benefits. While the ability of a Fund or its general partner to enter into a side letter or similar agreement affording preferential rights to certain investors is generally disclosed to other investors in the Fund, the terms of such "side letters" or similar agreements are generally not disclosed to other investors in the Fund, except to investors that have separately negotiated for the right to review such agreements.

Risks Related to the Companies in which the Funds Invest

Risks in this section relate to companies in which the Funds may invest (defined herein as an "investee company" or collectively, as "investee companies").

Commodity Price Risk

An important factor in the success of an investee company is the price that it receives for its production of oil and natural gas and the assumptions that are used concerning the price of its future production of oil and natural gas (i.e., its reserves). Such prices are determined by many factors, some of which relate directly to the company (e.g., the quality of its oil and natural gas production), but most of which do not relate directly to the company (e.g., geo-political events, world-wide and North American demand for and supply of oil and natural gas, foreign exchange rates, etc.). Any substantial and extended decline in the price of oil and natural gas would have an adverse effect on an investee company's carrying value of its reserves, borrowing capacity, revenues, profitability and cash flows from operations, and may have a material adverse effect on the investee company's business, financial condition, results of operations and prospects.

From time to time an investee company may enter into agreements to receive fixed prices on its oil and natural gas production to offset the risk of revenue losses if commodity prices decline; however, if commodity prices increase beyond the levels set in such agreements, the investee company will not benefit from such increases and the company may nevertheless be obligated to pay royalties on such higher prices. There can be no assurance that an investee company will profit or receive the full intended benefit of its hedging activities.

Acquisition, Discovery, Development and Production Risk

An important factor in the success of an investee company is its ability to acquire, discover, develop and commercially produce oil and natural gas reserves. There can be no assurance that an investee company will be able to acquire, discover, develop or produce commercial quantities of oil and natural gas. In addition, investee companies may be start-up or early-stage companies that have little or no producing assets and where the risks associated with the foregoing factor are accentuated. Such companies may also involve risks greater than those that are generally associated with investments in more established companies. For example, less established companies tend to have smaller capitalizations and fewer resources and, therefore, are often more vulnerable to financial failure and have shorter operating histories on which to judge future performance.

Reserves Estimates Risk

An important factor in the success of an investee company is the estimation of its reserves of oil and natural gas. In general, estimates of economically recoverable oil and natural gas reserves and the future net cash flows are based upon a number of variable factors and assumptions, such as historical production from the subject properties, production rates, ultimate reserve recovery, timing and amount of future capital expenditures, marketability of oil and natural gas, royalty rates, the assumed effects of regulation by governmental agencies and future operating costs, all of which may vary materially from actual results. Future operating results and changes in other assumptions (e.g., commodity prices) that are less favorable than those predicted in an investee company's reserve estimates could result in a write-down of those reserves and the future net cash flows therefrom and a related decrease in the company's related net asset value, and the decrease in such value could be material.

Key Personnel Risk

An important factor in the success of an investee company is its ability to retain key personnel. The loss by an investee company of the services of such key personnel may have a material adverse effect on such investee company's business, financial condition, results of operations, and prospects. There can be no assurance that an investee company will be able to retain or, where not retained, replace any or all of its key personnel.

Capital Risk

An important factor in the success of an investee company is its ability to secure the capital required to fund its ongoing oil and gas operations. The ability of an investee company to secure capital will be determined by a number of factors, some of which relate directly to the company (e.g., the value of its oil and gas properties and other assets, the level of its production, the quantum of its cash flows, the level of its debt, etc.) and some of which do not relate directly to the company (e.g., the overall condition of the equity and debt markets). There can be no assurance that the capital required to fund an investee company's ongoing oil and gas operations will be available or, if available, that it will be available on terms acceptable to the company.

Management of Growth Risk

As an investee company grows from its early stage of development, it must implement and improve its operational and financial systems and expand, train and manage its employee base. There can be no assurance that an investee company will be able to effectively manage its growth.

Access to Equipment and Services Risk

An important factor in the success of an investee company is its ability to access the third-party equipment and services necessary to drill, complete and tie-in oil and natural gas wells. There can be no assurance that an investee company will be able to secure such equipment and services in a timely fashion.

Operational Risk

All phases of an investee company's operations are subject to normal industry risks and hazards such as fire, explosion, blowouts, cratering, sour gas releases and spills, each of which could result in substantial damage to oil and natural gas wells, production facilities, other property and the environment or personal injury. In accordance with industry practice, an investee company may not fully insure against all of these risks, nor are all such risks insurable. Although an investee company may maintain insurance

liability in an amount that is consistent with industry practice, the nature of these risks is such that liabilities could exceed policy limits, in which event the company could incur significant costs. Oil and natural gas production operations are also subject to all the risks typically associated with such operations, including encountering unexpected formations or pressures, premature decline of reservoirs and the invasion of water into producing formations. Losses resulting from the occurrence of any of these risks may have a material adverse effect on an investee company's business, financial condition, results of operations and prospects.

Environmental, Health & Safety Risk

All phases of an investee company's operations present environmental, health & safety risks and hazards and are subject to regulation pursuant to a variety of federal, provincial and local laws and regulations. The trend in such laws (e.g., those designed to reduce "greenhouse gases" that are produced by many oil and natural gas operations) is towards tighter standards. Compliance with such legislation may require significant expenditures and a breach of such legislation may result in the imposition of fines and penalties, some of which may be material.

Other Regulatory Risk

All phases of an investee company's operations are subject to extensive controls and regulations imposed by various levels of government. Governments may regulate or intervene with respect to price, taxes, royalties and the exploration for and production of oil and natural gas. Such regulations may be changed from time to time in response to economic or political conditions. The implementation of new regulations or the modification of existing regulations affecting the oil and natural gas industry could increase an investee company's costs and could have a material adverse effect on the company's business, financial condition, results of operations, and prospects. In order to conduct oil and gas operations, an investee company will require licenses from various governmental authorities. There can be no assurance that an investee company will be able to obtain all of the licenses and permits that may be required to conduct operations that it may wish to undertake.

Risks Related to Due Diligence of and Conduct at Investee Companies

Before making investments, the General Partner and/or the Manager will typically conduct due diligence that they deem reasonable and appropriate based on the facts and circumstances applicable to each investment. Due diligence may entail evaluation of important and complex business, financial, tax, accounting, environmental, and legal issues. Outside consultants, legal advisors, accountants, investment banks and other third parties may be involved in the due diligence process to varying degrees depending on the type of investment. Such involvement of third-party advisors or consultants may present risks relating to the General Partner's and/or the Manager's reduced control of the functions that are outsourced. When conducting due diligence and making an assessment regarding an investment, the General Partner and/or the Manager will rely on the resources available to it, including information provided by the prospective investee company and, in some circumstances, third-party investigations. The due diligence investigation that the General Partner and/or the Manager carries out with respect to any investment opportunity may not reveal or highlight all relevant facts that may be necessary or helpful in evaluating such investment opportunity. Moreover, such an investigation will not necessarily result in the investment being successful. There can be no assurance that attempts to provide downside protection with respect to investments will achieve their desired effect and potential investors should regard an investment in the Funds as being speculative and having a high degree of risk. There can be no assurance that the General Partner and/or the Manager will be able to detect or prevent irregular accounting, employee misconduct or other fraudulent practices during the due diligence phase or during its efforts to monitor the investee company on an ongoing basis. In the event of fraud by any investee company or any of its affiliates, the Funds may suffer a partial or total loss of capital invested in that investee company. An additional concern is the possibility of material

misrepresentation or omission on the part of the investee company or the seller. Such inaccuracy or incompleteness may adversely affect the value of the Funds' securities and/or instruments in such investee company. The Funds will rely upon the accuracy and completeness of representations made by investee companies and/or their former owners in the due diligence process to the extent reasonable when it makes its investments but cannot guarantee such accuracy or completeness. Under certain circumstances, payments to the Funds may be reclaimed if any such payment or distribution is later determined to have been a fraudulent conveyance or a preferential payment.

Risk of Involvement in Portfolio Companies

The Funds may play the role of an active investor in its investee companies and may have an influential stake, board seat or officer position in its investee companies. While this provides the Funds with more opportunity to positively influence an investee company's success, it can also produce greater exposure to the Funds' assets. This activity may increase the likelihood that the General Partner and/or the Manager (or their affiliates or designees) or the Funds may be named as defendants in civil proceedings relating to such investee companies. For example, membership on the board of directors of a company or being an executive officer can result in being named as a defendant in litigation. Typically, investee companies will have insurance to protect directors and officers, but this insurance may not be adequate. Thus, the expense of defending against claims by third parties and paying any amount pursuant to settlements or judgments may be partially or fully borne by the Funds which would reduce net assets or could require investors to return to the Funds distributed capital and profits. Additionally, in the event that material, non-public information is obtained with respect to such companies or the Funds become subject to trading restrictions pursuant to the internal trading policies of such companies or as a result of applicable law or regulations, the Funds may be prohibited for a period of time from purchasing or selling the securities of such companies, which prohibition may have an adverse effect on the Funds. The Funds will indemnify the General Partner and the Manager (and their affiliates and designees) for claims arising from such board representation. Finally, as a result of serving as a director or officer, the General Partner, and the Manager (or their affiliates or designees) will have fiduciary duties to the relevant investee company and such fiduciary duties may cause the General Partner, the Manager (and their affiliates and designees) to act in a manner that may conflict with the interests of the Funds.

Risk Related to Leverage of Portfolio Companies

Certain investee companies may have capital structures that have significant leverage. Such leverage increases both the potential profit and the potential loss of investments, and therefore could impact the Funds' net assets. The cumulative effect of the use of leverage by an investee company is increased exposure to adverse economic factors such as rising interest rates, downturns in the economy or deterioration in the condition of the investee companies. Such investee companies are inherently more sensitive to declines in revenue and to increases in expenses.

Liquidity Risk

Certain of the Funds' investments will be investments for which there is no, or a limited, liquid market. The fair value of such investments may not be readily determinable. Because such valuations, and particularly valuations with respect to securities of private companies, are inherently uncertain, may fluctuate over short periods of time, and may be based on estimates, the General Partner's determinations of fair value may differ materially from the actual values obtainable in an arm's length sale of such investments to a third party. The Funds' financial condition and results of operations could be adversely affected if the Funds' fair value determinations were materially higher than the values that the Funds ultimately realize upon the disposition of such investments.

An investment in the Funds is subject to many of the normal risks associated with investing in private equity. Additional risk factors are listed in the Funds' Governing Documents. Investors and prospective investors should consult with their own legal, tax and financial advisers before deciding whether to invest.

Co-Investment

When a Fund is provided the opportunity to make an investment that is in excess of the amount that the General Partner determines to invest for and on behalf of the Fund, then the General Partner of such Fund may (but is under no obligation to) offer such excess to limited partners in such Fund to participate directly in such investment. The General Partners may also make such opportunities available to third parties. The General Partners may receive management fees, performance-based fees or "carried interest" allocations with respect to certain co-investments, and neither any Fund nor its investors shall have any interest in such performance-based fees or "carried interest" allocations.

It is Waterous's policy to treat each client in a fair and equitable manner, depending on the particular facts and circumstances and the needs and financial objectives of each client, such that allocations are not based upon account performance, applicable fee structures or the appearance of otherwise preferential treatment. Waterous shall perform this allocation in a transparent manner amongst its clients. It is Waterous's policy to avoid any action that could result in an unfair or inequitable disadvantage to any client, presenting to each client all privately negotiated investment opportunities that Waterous reasonably believes to be suitable for the client.

Making an investment in a Fund does not give any investor the right to be allocated co-investment opportunities. Such opportunities may be offered, and most typically will be offered, to certain investors but not to others, and/or they may be offered to third parties who are not investors in any Fund. It is not required that investors participate in co-investments offered by Waterous.

Item 9. Disciplinary Information

Waterous and its principals have no legal or disciplinary events to disclose with respect to this item.

Item 10. Other Financial Industry Activities and Affiliates

Waterous is a wholly-owned subsidiary of the Canadian Adviser. WEF GP (Canadian) Corp. (the "Canadian GP") serves as the general partner of Waterous Energy Fund (Canadian) LP, WEF GP (International) Ltd. serves as the general partner of Waterous Energy Fund (International) LP, WEF GP (US) Ltd. serves as the general partner of Waterous Energy Fund (US) LP, WEF II GP (US) Corp. serves as the general partner of Waterous Energy Fund II (US) LP, WEF II GP (Canadian) Corp. serves as the general partner of Waterous Energy Fund II (Canadian) LP, WEF II GP (International) Ltd. serves as the general partner of Waterous Energy Fund II (International) LP, WEF III GP (Canadian) Corp. serves as the general partner of Waterous Energy Fund III (Canadian) LP, WEF III GP (US) Corp. serves as the general partner of Waterous Energy Fund III (US) LP, WEF III GP (Canadian FI) Corp. serves as the general partner of Waterous Energy Fund III (Canadian FI) LP, WEF III GP (International FI) Corp. serves as the general partner of Waterous Energy Fund III (International FI) LP, WEF Co-Investment GP (Canadian) Corp. serves as the general partner of Waterous Energy Fund Co-Invest (Canadian) LP, WEF Co-Investment GP (International) Corp. serves as the general partner of Waterous Energy Fund Co-Invest (International) LP, WEF Osum I GP Ltd serves as the general partner of WEF Osum Co-Invest I LP, WEF Osum II GP Ltd serves as the general partner of WEF Osum Co-Invest II LP, and WEF Osum III GP Ltd serves as the general partner of WEF Osum Co-Invest III LP (collectively, the "General Partners"). Each of the General Partners is a related person of Waterous. Each of the General Partners has delegated the management of its

Fund to the Canadian Adviser. The Canadian Adviser in turn has retained Waterous to provide management services to the General Partners for the benefit of the Funds.

Neither Waterous nor any of its management persons are registered, or have an application pending to register, as (i) a broker-dealer or registered representative of a broker-dealer or (ii) a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

Waterous does not recommend or select other investment advisers for the Funds.

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

The firm has adopted a Code of Ethics (“Code”) as part of its Compliance Manual (“Manual”) pursuant to Rule 204A-1 under the Advisers Act, which imposes ethical standards and duties on all persons that may become subject to the firm’s control and supervision (collectively referred to as “Covered Persons”).

The Code, and the Manual more generally, sets forth certain minimum standards of conduct for all Covered Persons. Each Covered Person is expected to conduct Waterous’s business in full compliance with both the letter and the spirit of the law and the Manual and Code. Any Covered Person who fails to comply with the Firm’s procedures is subject to immediate disciplinary action by the Firm. The Firm provides each Covered Person with a copy of the Manual and Code and any updates or supplements, and annually requires Covered Persons to complete a compliance certification and sign a statement attesting to his or her continued compliance.

The Code includes policies and procedures concerning “inside information” that are designed to prevent the misuse of material, non-public information. Accordingly, the Firm forbids any Covered Person from trading, either personally or on behalf of others (including clients), on material non-public information or communicating material non-public information to others in violation of the law. The Firm’s policy applies to every Covered Person and extends to activities within and outside their duties at the Firm. To ensure compliance with these policies, the Firm maintains a list of companies (the “Restricted List”) in which transactions in such companies’ securities are prohibited due to possession of material, non-public information about the particular company.

The Code also addresses conflicts that may arise from personal securities trading by any Covered Persons. Covered Persons are required to check the Restricted List prior to executing any personal securities transactions in “Employee Related Accounts,” as defined in the Code. If the issuer’s name appears on the Restricted List, the Covered Person is prohibited from executing the trade.

The Firm’s Chief Compliance Officer has overall responsibility for implementing and monitoring the Firm’s overall compliance program, including ensuring the effectiveness of the policies and procedures contained in the Manual.

The Firm provides copies of the section of the Manual containing the Code to the Funds and, upon request, to the Funds’ investors or other prospective investors.

Waterous does not engage in principal or cross trades at this time.

Item 12. Brokerage Practices

Waterous does not have any financial arrangements with broker-dealers, does not effect transactions on behalf of the Funds, and does not have discretionary authority with respect to any choice of broker-dealer. Accordingly, the Firm does not pay commissions to effect securities transactions and does not engage in soft dollar arrangements.

Item 13. Review of Accounts

At the request of the Canadian Adviser, Waterous will participate in the preparation of written quarterly statements for the Funds. However, Waterous does not have responsibility for preparing those written statements.

Item 14. Client Referrals and Other Compensation

Waterous does not receive any economic benefits from non-clients for providing investment advice or other advisory services to the Funds. Waterous does not compensate any persons who are not supervised persons for client referrals.

The Canadian Adviser may engage, or cause the Funds to engage, placement agents to market and sell interests or shares in such Funds to prospective investors. The Canadian Adviser requires placement agents to have all appropriate licenses and registrations to conduct its business. In addition, the Canadian Adviser may compensate placement agents for introducing investors to the Funds.

Item 15. Custody

Waterous has custody of client assets for purposes of Rule 206(4)-2 under the Advisers Act (the “Custody Rule”) by virtue of its relationship with the General Partners of the Funds.

Waterous relies on the audit exemption set forth in Rule 206(4)-2(b)(4). Accordingly, the Canadian Adviser and the Funds’ General Partners arrange for the timely delivery of a copy of audited financial statements and account statements for each of the Funds to that Fund’s investors. The audited financial statements are prepared in accordance with generally accepted accounting standards by an independent public accountant that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board (“PCAOB”).

Item 16. Investment Discretion

Waterous does not have discretionary authority to determine whether a Fund will purchase or sell an investment, and instead only makes recommendations regarding the type, amount and price of such investments.

Item 17. Voting Client Securities

Waterous does not vote proxies on behalf of its clients.

Item 18. Financial Information

Waterous has no financial commitment that will impair its ability to meet contractual and fiduciary commitments to clients and has not been the subject of a bankruptcy proceeding.