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Part 2A of Form ADV: Firm Brochure  
March 27, 2013

This brochure provides information about the qualifications and business practices of JVL Advisors, L.L.C. ("JVL"). Information provided herein is provided in response to instructions and guidance issued in connection with Form ADV Part 2A. You should refer to those materials, including defined terms used therein, in reviewing this brochure. If you have any questions about the contents of this brochure, please contact Kinsye Weaver, our Chief Compliance Officer, by phone at (713) 579-2618 or via electronic mail at [kweaver@jvladvisors.com](mailto:kweaver@jvladvisors.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 JVL is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

JVL is a registered investment adviser. Registration of an investment adviser does not imply any level of skill or training. The oral and written communications of an adviser provide you with information with which you may determine to hire or retain advisory services.

## ITEM 2. MATERIAL CHANGES

The following material changes have been made to the Brochure dated March 30, 2012:

1. The general partners to certain of the partnerships to which JVL serves as investment advisers are applying for registration with the SEC by way of and in reliance upon the registration of JVL, which is applying for registration with the SEC. The Adviser and the general partners are filing a single Form ADV based upon the SEC's expressed position in the No-Action Letter published on January 18, 2012 entitled "American Bar Association, Business Law Section."
2. Partnerships that are now managed by JVL since the last filing of the Brochure have been listed.
3. Additional disclosure has been added to reflect conflicts of interest engendered when managing accounts that have performance-based fees.
4. As is consistent with the instructions to Form ADV, disclosure regarding certain risks has been removed in that the risks described are not related to investment strategies or methods of analysis.
5. Additional disclosure was added to reflect affiliation with the general partners to partnerships managed by JVL, conflicts engendered as a result of such affiliation and managing additional accounts and how such conflicts are managed.
6. Disclosure was added regarding how JVL handles its custody obligations by obtaining audits of the partnerships it manages and distributing the resulting financial statements to partnership investors.
7. Disclosure was added regarding the manner by which JVL obtains investment discretion from its clients.
8. Disclosure was added to describe JVL's proxy voting policies and practices; how it addresses conflicts of interest between JVL and its clients with respect to voting proxies.
9. Language was added to reflect that JVL has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding

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## ITEM 4. ADVISORY BUSINESS

### *Summary Description*

JVL has provided investment supervisory services on a discretionary basis to private investment partnerships since the first quarter of 2003. The sole managing member and principal owner of JVL is John V. Lovoi, an individual residing in Houston, Texas.

Asklepios Energy GP, LP; Hephaestus Energy Fund GP; JVL Partners, L.P.; Luxiver GP, LP, Panakeia Energy Fund GP, LP; and TJS Energy Fund GP, LP (collectively, the “General Partners”) are affiliated entities of the Adviser and serve as general partners of certain of the partnerships to which JVL serves as investment adviser. The General Partners are applying for registration with the SEC by way of and in reliance upon the registration of the Adviser. The Adviser and General Partners are filing a single Form ADV based upon the SEC’s expressed position in the No-Action Letter published on January 18, 2012 entitled “American Bar Association, Business Law Section.”

### *Types of Advisory Services Offered*

The investment supervisory services that we provide include: (1) establishing each client's investment objectives, (2) buying or selling portfolio securities on behalf of each client and, from time to time, reallocating securities among client portfolios to balance securities among such portfolios, and (3) periodically reporting to each client's investors the applicable client's current investment holdings, valuations, transactions, capital gains or losses, investment income and performance.

Our clients are private investment partnerships that primarily invest in securities tied to the oil and gas industry. They are Asklepios Energy Fund, LP; Hephaestus Energy Fund, L.P.; JVL Partners, L.P.; Luxiver, LP; Navitas Fund LP; Navitas Fund (QP), L.P.; Panakeia Energy Fund, LP; and TJS Energy Fund, LP (each a “partnership” and collectively “partnerships”). One or more of our clients may invest in securities of small capitalization public companies that can be relatively illiquid. Additionally, our partnership clients invest in private partnerships that invest in and/or maintain oil and gas interests. The advisory services that we provide to these clients is limited to these types of investments.

We do not tailor our advisory services to the individual needs of our partnership-clients. Our clients, which are private investment partnerships as described above, may not impose restrictions on investing in certain securities or types of securities. We do not participate in wrap fee programs.

### *Amount of Client Assets Managed*

As of March 5, 2013, JVL managed discretionary client assets of \$292,550,000. We do not manage any client assets on a non-discretionary basis.

## **ITEM 5. FEES AND COMPENSATION**

We generally charge our clients a management fee for our advisory services, which is payable quarterly in advance. In most instances, the value of the account on which this fee is based is the market value as of the first business day of the quarter in which the management fee is payable.

We may also charge an annual performance fee or performance allocation of an account's net annual return for its fiscal year (taking into account the payment of the quarterly management fee described above).

Our fee schedule for each client is as follows:

- Maximum 2% management fee for assets under management; and
- Maximum 25% performance fee based on performance of assets under management.

Generally, fees are not negotiable and payment is due quarterly. We deduct these fees from client assets rather than invoice each client. For any fees payable in advance, to the extent the client is permitted to withdraw its funds prior to the end of a quarter, the client's account will be credited back the management fee for the remaining months of that quarter. The amount to be credited back per month is calculated by dividing the quarterly management fee deducted at the beginning of the quarter by three.

We are also permitted to charge clients any of the following types of fees or expenses in connection with the provision of advisory services to the client: governmental, regulatory, licensing or registration fees, partnership legal expenses, audit expenses, accounting expenses, research and technology expenses, and reporting expenses. Additionally, clients will incur brokerage and other transaction costs. Please see Item 12 for further detail on such transactions.

We do not charge our clients a commission-based fee on trades or sales of securities.

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

JVL, through the General Partners, receives a performance allocation with respect to each investor as of each December 31 (or the earlier withdrawal by an investor of his/her/its interest in a partnership or the termination of a partnership) in an amount ranging from 20% to 25% of the increase in the net asset value of the investor's interest in each partnership, subject to a high water mark concept. The performance allocation may create an incentive for us to make investments that are riskier or more speculative than would be the case in the absence of such performance allocation. JVL, through the General Partners, also receives an asset based fee in the amount of up to 0.5% of each partnership's net asset value quarterly (up to 2.0% per annum) as of the commencement of each partnership (pro rated) and as of the beginning of each fiscal quarter thereafter. We may vary the performance fee or asset-based fee for any investor, in our discretion. As JVL accepts performance-based fees from each of the partnerships, JVL does not face the

conflicts of interest that may arise when an investment adviser accepts performance-based fees from some clients, but not from others clients.

Mr. Lovoi may participate in performance fees, and as such, the firm has provided, and will continue to provide, a credit to certain clients to prevent duplication of performance fees to Mr. Lovoi and JVL. For further detail on the performance-based fees that we charge our clients, please refer to Item 5.

## **ITEM 7. TYPES OF CLIENTS**

Our clients are private investment partnerships that primarily invest in securities tied to the oil and gas industry. For further detail on our clients, please refer to Item 4.

We generally require investors in our clients to invest a minimum initial subscription of \$1,000,000 although investments for a lesser amount may be accepted at our discretion.

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

### *Investment Strategy*

Our investment strategy is concentrated in the oil and gas sector, is long-biased, and is mostly focused on small capitalization public securities as well as private oil and gas investments. The overall investment philosophy of the firm can best be described as directional, opportunistic and hybrid. We focus on fundamental research, stock selection and investment in proprietary private opportunities. We use little, if any, leverage and will carry significant excess cash when warranted.

### *Methods of Analysis*

We utilize a variety of different methodologies used in the valuation of oil and gas properties, which include without limitation discounted cash flow, cash flow multiple, dollar value per barrel of oil and natural gas reserves, dollar value per barrel of oil and natural gas produced per day, and so on. In general, the discounted cash flow method is used for valuing oil and gas properties, discounted at an appropriate discount factor based on market conditions and comparable market transactions as of the time of the valuation.

### *Investment Risks*

## **INVESTING IN SECURITIES INVOLVES RISK OF LOSS THAT CLIENTS SHOULD BE PREPARED TO BEAR.**

Investors and prospective investors should consider the following risk factors and other important factors when investing in our partnership-clients:

1. *Uncertainty of Predictions.* The profitability of a significant portion of each partnership's investment program depends to a great extent upon correctly assessing the future course of the

price movements of securities and other investments. There can be no assurance that we will be able to predict accurately these price movements. Past performance of each partnership or its affiliated entities is not an indication of future performance.

2. *Illiquidity in Investments/Distributions in Kind.* Many of the investments made by each partnership are likely to be illiquid, and are expected to consist to a significant degree of interests in private oil and gas limited partnerships. Those limited partnership interests generally will not provide liquidity until such time as the underlying assets are developed and sold, which may take several years from the date of the initial investment. Moreover, since there is no recognized market for these interests in private oil and gas limited partnerships, each partnership may have limited or no liquidity in such investments for an extended period of time. In view of this illiquidity in the underlying investments of such partnership, investors redeeming their interests as of the end of any calendar quarter may receive distributions in kind of securities in lieu of or in addition to cash, upon redemption by an investor. In the event we make distributions of securities in kind, such securities could be illiquid or subject to legal, contractual and other restrictions on transfer that will be binding on the investor.

There are also restrictions on transfers of investors' interests in each partnership. Among other restrictions, the partnership agreement governing each partnership provides that our prior written consent is required for a transfer of an investor's interest in the partnership.

Because of the restrictions on withdrawals and transfers, an investment in each partnership is an illiquid investment and involves a high degree of risk. A subscription for interests in each partnership should be considered only by persons financially able to maintain their investment and who can accept a loss of all of their investment.

In addition, illiquidity in the underlying investments of each partnership may result from the absence of an established market for the investments as well as legal, contractual or other restrictions on their resale by the partnerships and other factors. Furthermore, the nature of each partnership's investments may require a long holding period prior to profitability.

3. *Certain Market Risks.* Substantial risks may be involved in trading securities, options, and in making the other investments permitted of each partnership. Trading may in some circumstances be speculative, prices may be volatile, and market movements are difficult to predict. In addition, government activities, especially those of the Federal Reserve Board, have a profound effect on interest rates, which, in turn, can affect securities and other asset prices in the area of each partnership's planned activities. Politics, inflation, war and other unforeseen events can also have significant effects. Each partnership will have a "non-diversified" portfolio, as such term is defined under the Investment Company Act of 1940, as amended (the "Investment Company Act"). Each partnership is expected, from time to time, to concentrate its investments in a limited number of positions. The lack of investment diversification that will exist in the make-up of each partnership's portfolio increases the risk of loss.

4. *Government Regulation and Proprietary Rights of Energy Companies.* The operation of energy companies and oil service companies are generally subject to extensive regulation by federal, state and local governmental agencies. Companies in which each partnership invests may need to obtain

licenses and approvals from government regulators to operate or sell their products or technologies. Licenses granted may be revoked and applications for new licenses are subject to delays for substantial periods of time. Government regulation can include rate regulation as well as limiting available services and products, ownership, and geographic territories served. Such regulation can result in limited returns, increased costs, and decreased economic incentive to develop new products. Government regulation may be unpredictable and is subject to political, economic, social and market developments. There can be no assurance as to the level or effect on companies in the energy and oil and gas sector of government regulation in the future.

*5. Energy Exposure.* A significant portion of each partnership's capital will be invested in equities and other instruments of energy companies. As a result, each partnership will be exposed to risks associated with energy commodity price fluctuations as such fluctuations impact energy companies. Such commodity interest prices are highly volatile and no assurance can be given that our investment strategy will result in profitable trades or that the partnerships will not incur substantial losses.

*6. Short Sales.* Each partnership will at times take short positions. A partnership may incur a loss as a result of a short sale if the price of the asset increases between the date of the short sale and the date on which the partnership replaces the borrowed security. Possible losses from short sales differ from losses that could be incurred from a purchase of an asset, because losses from short sales involve unlimited loss potential since the market price of securities sold short may continuously increase. A partnership may mitigate such losses by replacing the securities sold short before the market price has increased significantly. Under adverse market conditions, a partnership might have difficulty purchasing securities to meet its short sale delivery obligations, and might have to sell portfolio securities to raise the capital necessary to meet its short sale obligations at a time when fundamental investment considerations would not favor such sales.

*7. Derivative Instruments.* "Derivatives," include futures, options, swaps, structured securities and other instruments and contracts that are derived from, or the value of which is related to, one or more underlying securities, financial benchmarks, currencies or indices. Derivatives allow an investor to hedge or speculate upon the price movements of a particular security, financial benchmark currency or index at a fraction of the cost of investing in the underlying asset. The value of a derivative depends largely upon price movements in the underlying asset. Therefore, many of the risks applicable to trading the underlying asset are also applicable to derivatives of such asset. However, there are a number of other risks associated with derivatives trading. For example, because many derivatives are "leveraged," and thus provide significantly more market exposure than the money paid or deposited when the transaction is entered into, a relatively small adverse market movement can not only result in the loss of the entire investment, but may also expose an investor to the possibility of a loss exceeding the original amount invested.

Derivatives may also expose investors to liquidity risk, as there may not be a liquid market within which to close or dispose of outstanding derivatives contracts, and to counterparty risk. The counterparty risk lies with each party, known as a counterparty, with whom one of our partnership-clients contract for the purpose of making derivative investments. In the event of a counterparty's default, our partnership will only rank as an unsecured creditor and risks the loss of all or a portion of the amounts it is contractually entitled to receive.



8. *Foreign Securities.* Investments in foreign securities involve certain factors not typically associated with investing in U.S. securities, such as risks relating to (i) currency exchange matters, including fluctuations in the rate of exchange between the U.S. dollar (the currency in which the books of each partnership are maintained) and the various foreign currencies in which each partnership's portfolio securities will 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 the absence of uniform accounting, auditing and financial reporting standards and practices and disclosure requirements, and less government supervision and regulation; (iii) political, social or economic instability; (iv) potential uncertainty of tax laws and imposition of withholding taxes; and (v) the extension of credit, especially in the case of sovereign debt.

9. *Use of Leverage.* Subject to applicable margin and other limitations, each partnership may borrow funds in order to make additional investments and thereby increase both the possibility of gain and risk of loss. Consequently, the effect of fluctuations in the market value of each partnership's portfolio would be amplified. Interest on borrowings will be a portfolio expense of each partnership and will affect the operating results of each partnership. Also, each partnership could potentially create leverage via the use of instruments such as options and other derivative instruments.

10. *Options Investing.* Investing in options can provide a greater potential for profit or loss than an equivalent investment in the underlying asset. The value of an option may decline because of a change in the value of the underlying asset relative to the strike price, the passage of time, changes in the market's perception as to the future price behavior of the underlying asset, or any combination thereof. In the case of the purchase of an option, the risk of loss of an investor's entire investment (i.e., the premium paid plus transaction charges) reflects the nature of an option as a wasting asset that may become worthless when the option expires. Where an option is written or granted (i.e., sold) uncovered, the seller may be liable to pay substantial additional margin, and the risk of loss is unlimited, as the seller will be obligated to deliver, or take delivery of, an asset at a predetermined price which may, upon exercise of the option, be significantly different from the market value.

Investors are urged to read the partnership agreement governing the partnership(s) in which they may invest in their entirety prior to subscribing for interests and becoming subject to the partnership agreement as a limited partner. Each partnership agreement will govern the rights of investors as limited partners in the applicable partnership.

## **ITEM 9. DISCIPLINARY INFORMATION**

This disclosure item is not applicable to our firm or any management person associated with our firm.

## **ITEM 10. OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

### *Related Investment Advisers*

We have a material relationship with Peninsula-JVL Capital Advisors, LLC ("Pen-JVL"), which is another investment adviser. John V. Lovoi, our sole managing member and principal owner, is also a managing member of Pen-JVL, which is the general partner of, and investment adviser to, its sole client, Belridge Energy Advisors, LP ("Belridge"). Belridge is a private investment partnership that invests primarily in securities in the oil and gas sector, which are similar, and sometimes identical to, the securities that our private investment partnership clients invest in.

We also have a material relationship with Lobo Baya LLC ("Lobo Baya"), which is another investment adviser. Mr. Lovoi is one of six managers of, and owns a 20% interest in, Lobo Baya. Lobo Baya provides investment advice with respect to Luxiver, LP ("Luxiver"), which is a private investment partnership that invests primarily in securities in the oil and gas sector as well as securities of small-capitalization public companies. Luxiver may invest in securities that are similar or identical to securities that our private investment partnership clients invest in.

### *Related Sponsor or Syndicator of Limited Partnerships*

Because he is our sole managing member, JVL also has a material relationship with Mr. Lovoi, an individual who sponsors or syndicates limited partnerships for the purpose of investing in the oil and gas sector. Mr. Lovoi participates in the development of private oil and gas partnerships that invest in assets and properties in the oil and gas sector. As such, Mr. Lovoi may participate in the performance fees (described above in Item 5) paid by the partnerships, and the firm implements certain credits or reductions relating to these performance fees so that no duplication of fees is paid to Mr. Lovoi and JVL with respect to a specific investment (as further described in Item 6).

In each of these instances, we use market-based pricing and third party asset evaluations to reduce the effect of any conflicts of interest with our clients resulting from these material relationships.

Mr. Lovoi is the managing member of the Adviser and a limited partner of each of the General Partners. In addition, the General Partners or Adviser may in the future manage partnerships or other pooled investment entities and accounts including, without limitation, investment vehicles for the benefit of employees, with investment objectives that are the same as, similar to or different from those of the partnerships. Additionally, the General Partners or the Adviser (and their respective principals or affiliates) may serve as investment advisers or investment managers to other client accounts and conduct investment activities for their own accounts. Such other entities or accounts may have investment objectives or may implement investment strategies similar to those of the partnerships. The General Partner or the Adviser (or their respective principals or affiliates) may give advice or take action with respect to such other entities or accounts that differs from the advice given with respect to a partnership. We will act in a manner that we consider fair, reasonable and equitable in allocating investment opportunities to each partnership but do not otherwise impose any specific obligations or requirements concerning the allocation of time, effort or investment opportunities to each partnership or any restrictions on the nature or timing of

investments for the account of each partnership and for our own account or for other accounts that we or our affiliates may manage.

We are not obligated to devote any specific amount of time to the affairs of each partnership and are not required to accord exclusivity or priority to any partnership in the event of limited investment opportunities arising from the application of speculative position limits or other factors.

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

### *Code of Ethics*

We have adopted a Code of Ethics which is contained in our Compliance Manual that we adopted in July 2011. We will provide a copy of our Code of Ethics to any client or prospective client upon request by contacting Kinsye Weaver, Chief Compliance Officer, by phone at (713) 579-2618 or via electronic mail at [kweaver@jvladvisors.com](mailto:kweaver@jvladvisors.com)

### *Participation in Client Transactions*

From time to time, we may trade between partnerships managed by JVL to ensure that the partnerships maintain the same relative positions; however, we do not trade between partnerships in the ordinary course of business. Additionally, we enter and exit asset pools at the same time for each partnership to ensure consistent investments across the partnerships. Also, we do not take hedging positions relative to the partnerships. We use market-based pricing and third party asset evaluations to reduce the effect of any conflicts of interest that may occur as a result of trading between the partnerships.

We will act in a manner that we consider fair, reasonable and equitable in allocating investment opportunities to each partnership but do not otherwise impose any specific obligations or requirements concerning the allocation of time, effort or investment opportunities to each partnership or any restrictions on the nature or timing of investments for the account of each partnership and for our own account or for other accounts that we or our affiliates may manage.

When we determine that it would be appropriate for a partnership and one or more other investment accounts to participate in an investment opportunity, we will seek to execute orders for all of the participating investment accounts on an equitable basis. If we have determined to invest at the same time for more than one of the investment accounts, we will generally place combined orders for all such accounts simultaneously and if all such orders are not filled at the same price, it will generally average the prices paid. Similarly, if an order on behalf of more than one account cannot be fully executed under prevailing market conditions, we will allocate the trade among the different accounts on a basis that it considers equitable. Situations may occur where the partnerships could be disadvantaged because of the investment activities conducted by us for other investment accounts.

### *Personal Trading*

JVL and its officers, personnel and affiliates may personally invest in securities previously purchased for clients and may own securities that are subsequently purchased for clients. These persons or entities may also buy or sell specific securities for their own accounts based on personal investment considerations, which JVL may or may not deem appropriate for its clients. The principals of JVL and the General Partners, as well as the employees and officers thereof and of organizations affiliated with us, may buy and sell securities for their own account or the account of others, but may not buy securities from or sell securities to a partnership.

We maintain records of these personal securities transactions, which include: a description and amount of the securities transaction; the date and nature of the transaction; the price at which it was effected; and the name of broker, dealer, or bank that effected the transaction. Personal securities transactions must be reported to the firm not more than 10 days after the end of the calendar quarter in which the transaction was effected.

As is consistent with the provisions of our Code of Ethics, from time to time, Mr. Lovoi has been permitted to invest, directly and on a no-load basis, in the securities in which our clients also invest. As described in Item 6, the firm has provided, and will continue to provide, a credit to certain partnerships to prevent duplication of performance fees to Mr. Lovoi and JVL.

We use market-based pricing and third party asset evaluations to reduce the effect of any conflicts of interest that may occur as a result of these personal trading practices.

## **ITEM 12. BROKERAGE PRACTICES**

We select brokers for our direct securities transactions based on a number of factors, including the following: the ability to effect prompt and reliable executions at favorable prices (including applicable dealer spread or commission, if any); the operational efficiency with which the transactions are effected, taking into account the size of order and difficulty of execution; the financial strength, integrity and stability of the broker; the broker's risk in positioning a block of securities; the quality, comprehensiveness and frequency of available research services and other services considered by us to be of value; and the competitiveness of commission rates in comparison with other brokers satisfying our other selection criteria.

Research services may include both services generated internally by a broker's own research staff and services obtained by the broker from a third party research firm. Research may include reports and analyses concerning specific issuers, industries or sectors; market, financial and economic forecasts and other data; and statistics and pricing services. It may also include hardware, software, databases, equipment and facilities (such as quotation equipment) that we use for research purposes.

In addition to research services, we may be offered other monetary or non-monetary benefits by brokers that we may engage to execute direct securities transactions on behalf of our clients. These benefits may take the form of special execution, clearance and settlement capabilities, as well as payment of all or a portion of our or our affiliates' operational costs and expenses, such as meals

and entertainment, placement fees and other marketing costs, news wire and data processing charges, quotation services, periodical subscription fees and all other trading related expenses.

When engaging in direct securities transactions, we may pay broker commissions that are higher than another broker might have charged for the same transaction, in recognition of our assessment of the value of the research and other services provided to us by the broker. However, we believe that commission costs borne by client accounts are reasonable in relation to the overall services provided. The client account that bears the cost of such commission for a particular trade will not necessarily be the sole beneficiary of such research. Subject to being satisfied that we are obtaining best execution, we may consider referrals of investors in selecting among brokers that otherwise satisfy our selection criteria.

Prior to 2011, we had been party to certain "soft dollar" arrangements with various brokerage firms, pursuant to which the cost of certain research and other services and products we and our affiliates use were paid for with commissions generated by direct securities transactions for client accounts. We had used soft dollar credits generated by a client account to pay for services and products we or our affiliates used for unrelated accounts from which the soft dollars were generated. We had also entered into arrangements with brokers to have soft dollar credits rebated to the client accounts or to have commissions recaptured by the client accounts from which the credits or commissions were generated, or use soft dollars to pay expenses otherwise payable by client accounts. Either of such uses of soft dollars would have the effect of enhancing the returns associated with such client accounts from the returns that would exist absent such uses.

During 2011, we terminated all soft dollar arrangements. Permitted research expenses, such as quote services (including Bloomberg and/or Thomson Reuters), as well as associated exchange fees and certain oil and gas research services, are now directly expensed to the partnerships.

The firm may aggregate client sale and purchase orders with similar orders being made contemporaneously for other accounts. In such event, the average price of all securities purchased or sold in such transactions may be determined and a client may be charged or credited, as the case may be, the average transaction price. As a result, the price may be less favorable to the client than it would be if similar transactions were not being executed concurrently for other accounts.

### **ITEM 13. REVIEW OF ACCOUNTS**

Each account is reviewed and valued on a daily basis. Mr. Lovoi, the portfolio manager for each accounts, reviews each account in a manner consistent with the investment goals of each account and the compliance policies set forth in our Compliance Manual.

Performance data and account balances are supplied at least quarterly to clients. Audited financial statements will be provided to clients annually. These reports are written.

### **ITEM 14. CLIENT REFERRALS AND OTHER COMPENSATION**

Please refer to the disclosures in Items 11 and 12 above.

We do not accept any direct or indirect compensation for client referrals.

## **ITEM 15. CUSTODY**

We have an established third party custody arrangement with qualified custodians, BNP Paribas and BNY Mellon (the “custodians”), which hold each partnership's funds and securities. We have certain authority to direct the transfer or withdrawal of such funds and securities held by the custodians for the partnerships. Each partnership receives monthly account statements from the custodians, which statements should be reviewed carefully. JVL satisfies its custody obligations by ensuring that all partnerships are audited as required by the rule and that investors in the partnerships receive the financial statements resulting from such audits.

## **ITEM 16. INVESTMENT DISCRETION**

Each partnership grants JVL the discretionary authority to manage a client’s account through a limited partnership agreement.

## **ITEM 17. VOTING CLIENT SECURITIES**

JVL has proxy voting policies and procedures which we believe are reasonably designed to ensure that proxies are voted in the best interest of its clients and in accordance with our fiduciary duties.

JVL undertakes to:

- Keep a record of each proxy received.
- All proxies received by JVL will be sent to the Chief Compliance Officer or her designee.
- Determine which accounts managed by JVL hold the security to which the proxy relates.
- Forward the proxy to the person who makes the voting decision (“proxy voter”).
- Provide the proxy voter with a list of accounts that hold the security, together with the number of votes each account controls (reconciling any duplications), and the date by which JVL must vote the proxy in order to allow enough time for the completed proxy to be returned to the issuer prior to the vote taking place.
- Absent material conflicts of interest (see Conflicts of Interest below), the proxy voter will either (i) vote proxies in accordance with the instructions of the client or (ii) in the absence of specific instructions from the client, vote the proxy in accordance with JVL’s guidelines.

In the absence of specific voting guidelines or instructions from the client, JVL will vote proxies in the best interests of the client, which may result in different voting results for proxies for the same issuer. JVL believes that voting proxies in accordance with the following guidelines generally is in the best interests of its clients:

- Generally, JVL votes in favor of routine corporate housekeeping proposals, including election of directors (where no corporate governance issues are implicated), selection of auditors, and increases in or reclassification of common stock.

- Generally, JVL will vote against proposals that make it more difficult to replace members of the issuer's board of directors, including proposals to stagger the board, cause management to be overrepresented on the board, introduce cumulative voting, introduce unequal voting rights, and create supermajority voting.

#### Conflicts of Interest

- The Chief Compliance Officer or designee undertakes to identify any conflicts of interest between the interests of JVL and its clients. This examination will include a review of the relationship of JVL and its affiliates with the issuer of each security and any of the issuer's affiliates to determine if the issuer is a client of JVL or an affiliate of JVL or has some other relationship with JVL or another client of JVL.
- If a material conflict exists, JVL will determine whether voting in accordance with the voting guidelines and factors described above is in the best interests of the client. JVL will also determine whether it is appropriate to disclose the conflict to the affected clients and give the clients the opportunity to vote their proxies themselves.

#### Obtaining Proxy Records and Policies

Clients or investors may obtain information from us regarding how JVL voted client proxies and may also request a copy of our proxy voting policies and procedures by contacting Kinsye Weaver, our Chief Compliance Officer, by phone at (713) 579-2617 or via electronic mail at [kweaver@jvladvisors.com](mailto:kweaver@jvladvisors.com).

### **ITEM 18. FINANCIAL INFORMATION**

A registered investment adviser is required to provide clients with certain financial information or disclosures about its financial condition. JVL has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.

### **ITEM 19. REQUIREMENTS FOR STATE-REGISTERED ADVISERS**

John V. Lovoi is our sole managing member and management person. Mr. Lovoi was born in 1961. He received a Bachelor of Science in 1984 from Texas A&M University and a Master of Business Administration in 1988 from the University of Texas. Mr. Lovoi has been the portfolio manager of our firm since its inception in 2002. Prior to starting our firm, Mr. Lovoi gained valuable business experience as the managing director of Morgan Stanley's Global Oil and Gas Investment Banking practice and Global Energy Research practice.

Performance-based compensation may create an incentive for us to recommend an investment that may carry a higher degree of risk to our clients.

The remaining disclosure items of this Item 19 are inapplicable to JVL.