

**Part 2A of Form ADV: *Firm Brochure***

**Endowment Advisers, L.P.**

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This brochure provides information about the qualifications and business practices of Endowment Advisers, L.P. If you have any questions about the contents of this brochure, please contact us at 713-993-4675 or [pbachtold@salientpartners.com](mailto:pbachtold@salientpartners.com).

The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Endowment Advisers, L.P. is a Registered Investment Advisor. Registration of an Investment Adviser does not imply any level of skill or training.

Additional information about Endowment Advisers, L.P. also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. Our firm's CRD number is 129346.

## **Item 2    Material Changes**

The following is a summary of material changes to Part 2A of Form ADV since the last annual amendment filed with the SEC on 03/25/2013. This section only reflects material changes since the last annual amendment of the Brochure. Such changes are reflected in the substance of the narrative in the relevant Item indicated below.

We will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business' fiscal year. Furthermore, we will provide you with other interim disclosures about material changes as necessary.

### ***Summary of Material Changes:***

- Item 4 "Advisory Business" was revised to identify the members of the Adviser's Investment Committee and indicate the Adviser is no longer affiliated with Morgan Creek Capital Management, LLC. (Revised 03/20/2014)
- Item 10 "Other Financial Industry Activities and Affiliations" was revised to 1) disclose Salient Capital Advisors, LLC is registered as a CPO, 2) reflect the name change of Salient Risk Parity Fund GP, LLC to Salient Liquid Alts GP, LLC, 3) remove GHE Advisers, L.P. and Morgan Creek Capital Management, LLC as affiliated investment advisers, 4) disclose the Index Committee of Salient Index Management, LLC has approved a one-time six month extension to the transition rules, and 5) add affiliated pooled investment vehicles. (Revised 03/20/2014)
- Item 13 "Review of Accounts" was revised to identify the members of the Adviser's Investment Committee. (Revised 03/20/2014)

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## Item 4    Advisory Business

Endowment Advisers, L.P. is an SEC-registered investment adviser with its principal place of business located in Texas. Endowment Advisers, L.P. began conducting business in 2004.

Listed below are the firm's principal owners (i.e., those individuals and/or entities controlling 25% or more of this company).

- Salient Partners, L.P., Limited Partner

The Adviser has an Investment Committee which oversees its operations and investment advisory services. The Committee is comprised of Bill Enszer, Rusty Guinn, Ben Hunt, Lee G. Partridge and Jeremy L. Radcliffe.

These individuals, and other affiliated persons of the Adviser, are also owners, officers, and/or employees of Salient Partners, L.P. Research, analysis, and allocation of investment opportunities will be shared by the Adviser and affiliates of Salient Partners, L.P.

Endowment Advisers, L.P. offers the following advisory services to our clients:

Endowment Advisers, L.P. (the "Adviser") provides investment advisory services to a group of Investment Funds, which are organized in a "master-feeder" structure. The group is comprised of The Endowment Master Fund, L.P. ("Master Fund") and its feeder funds, which include The Endowment Registered Fund, L.P. ("TEF Registered"), The Endowment TEI Fund, L.P. ("TEF TEI"), The Endowment Institutional Fund, L.P. ("TEF Institutional") and The Endowment Institutional TEI Fund W, L.P. ("TEF Institutional TEI W"). These five funds are registered as non-diversified, closed-end management investment companies under the Investment Company Act of 1940. The Adviser also provides investment advisory services to five other non-registered feeder funds which include The Endowment (Domestic) Fund, L.P., The Endowment (Domestic QP) Fund, L.P., The Endowment (Exempt) Fund II, L.P., The Endowment (Exempt QP) Fund II, L.P. and The Endowment (International) Fund, Ltd. Such funds are not registered under the Investment Company Act in reliance upon the exemptions from such registration requirements contained in Section 3(c)(1) or 3(c)(7) of the Investment Company Act of 1940, or in the case of The Endowment (International) Fund, Ltd., in reliance on the fact that it is an offshore fund, the investors of which are limited exclusively to non-United States persons. All of the feeder funds invest substantially all of their assets into the Master Fund. Collectively, all of these funds are referred to by the term "TEF Complex" or "Funds". The Adviser also provides investor servicing to the TEF Complex.

The investment advisory services provided to the TEF Complex are governed by separate investment management agreements entered into by the Adviser and the feeder funds including an agreement between the Adviser and Master Fund and TEF Registered, a second agreement between the Adviser and TEF TEI, a third agreement between the Adviser and TEF Institutional, a fourth agreement between the Adviser and TEF Institutional TEI W, a fifth agreement between the Adviser and The Endowment (International) Fund, Ltd., and a sixth agreement between the Adviser and the remaining, unregistered feeder funds. In addition, five separate investor servicing agreements are in place between the Adviser and the feeder funds.

The Funds' investment objective is to preserve capital and to generate consistent long-term appreciation and returns across a market cycle (which is estimated to be five to seven years). To achieve their objective, the Funds provide the Partners with access to asset classes, Investment Managers and overall asset allocation services typically available on a collective basis to larger institutions. The Funds generally pursue their investment objective by allocating assets to the Investment Funds, with a focus on private partnerships, limited liability companies and other investment vehicles, managed by a group of Investment Managers identified by the Adviser to have investments that are allocated broadly across markets, asset classes, strategies and risk profiles.

***Publication of periodicals or newsletters:***

We also issue research reports and develop other products derived from market research. Our market research reports and other products differ from traditional investment research because they focus on macroeconomic conditions, business trends in particular industries and industry conditions, rather than on statistical analysis or financial valuation or earnings models of individual issuers. We use our research reports in connection with providing investment advice to the funds we manage. We also use our research reports in communications to fund investors and potential investors.

***Amount of Managed Assets:***

As of 01/31/2014, the Adviser was actively managing \$2,010,241,513 of clients' assets on a discretionary basis.

## **Item 5 Fees and Compensation**

In consideration of the advisory and other services provided by the Adviser to the Master Fund pursuant to the Investment Management Agreement, each of the Funds and the Master Fund pay the Adviser an Investment Management Fee, accrued monthly and payable monthly in arrears, equal to 1% on an annualized basis of the Master Fund's average net assets as of each month-end. In the case of a partial month, the Investment Management Fee is based on the number of days during the month in which the Adviser invested Fund or Master Fund assets. The Investment Management Fee is paid to the Adviser out of the capital account of each limited partner of the Master Fund and will decrease the net profits or increase the net losses of the Master Fund that are credited to or debited against the capital accounts of its limited partners. The Investment Management Fee is computed as a percentage of the capital account of each limited partner of the Master Fund, valued based on the net assets of the Master Fund as of the last business day of each month, and is due and payable in arrears within five business days after the end of the quarter. "Net assets" means the total value of all assets of the Master Fund, less an amount equal to all accrued debts, liabilities and obligations of the Master Fund.

In consideration for investor services and administrative assistance, each Fund pays Endowment Advisers, L.P., as Servicing Agent, a quarterly servicing fee ("Servicing Fee") based on the month-end net assets of the Fund over the course of the applicable quarter. The Servicing Fee equals 1% (on an annualized basis) of each Fund's average month-end net assets, payable quarterly in arrears. The Servicing Agent may engage one or more sub-servicing agents (each, a "Sub- Servicing Agent") to provide some or all of the

services. Compensation to any Sub-Servicing Agent is paid by the Servicing Agent. The Adviser or its affiliates also may pay a fee out of their own resources to Sub-Servicing Agents. Although Servicing Fees are paid for the provision of ongoing investor services and are intended primarily for such services, to any extent that the Servicing Fees could be considered to support the distribution of the Funds, Partners would be paying for distribution of Fund interests out of the Funds' assets. To any extent that the Servicing Fees could be considered to support distribution of the Funds, the Adviser would not have to pay such expenses from its other resources, which is an incentive to maintain Servicing Fees and considered a conflict of interest. The private placement memorandum of the relevant Fund contains important additional disclosures in this regard.

The Adviser does not have a stated minimum client investment amount, but it does not plan to accept any clients other than investment companies or unregistered investment funds. However, individual investors in the Investment Funds are subject to a minimum investment, which in certain circumstances is subject to waiver in our discretion. For The Endowment Registered Fund, L.P. and The Endowment Institutional Fund, L.P. the minimum initial investment is \$100,000 and the minimum additional investment is \$25,000. For The Endowment TEI Fund, L.P. and The Endowment Institutional TEI Fund W, L.P. the minimum initial investment is \$50,000 and the minimum additional investment is \$10,000. For The Endowment (International) Fund, Ltd. the minimum initial investment is \$50,000 and the minimum additional investment is \$25,000. For the non-registered feeder funds, the minimum initial investment is \$5,000,000 and the minimum additional investment is \$100,000. However, the funds, in their sole discretion, may accept investments below the minimum.

## GENERAL INFORMATION

***Termination of the Advisory Relationship:*** The initial term of the Advisory Agreements with the Master Fund, TEF Registered, TEF TEI, TEF Institutional and TEF Institutional TEI W funds is two (2) years, beginning with the registration of each of the Funds under the Investment Company Act. The Registered Fund and the Master Fund were both registered in March of 2004, the TEI Fund was registered in March of 2005, TEF Institutional Fund was registered in December of 2009 and TEF Institutional TEI W Fund was registered in September of 2010. At the end of the initial terms, the Agreements will renew on a year-to-year basis, as long as such continuance is specifically approved at least annually by the affirmative vote of: (i) a majority of the members of the Funds' Board who are not parties to the Agreements or interested persons (as defined in the 1940 Act) of any party to the Agreements; and (ii) a majority of the Funds' Board or the holders of a majority of the outstanding voting securities of the Funds. The Agreements may nevertheless be terminated at any time without penalty, on 60 days' written notice, by the Funds' Board, by vote of holders of a majority of the outstanding voting securities of the Funds, or by the Adviser. The Agreement governing the unregistered Feeder Funds does not have a defined term.

***Underlying Mutual Fund, ETF and Investment Fund Fees:*** All fees paid to the Adviser for investment advisory services are separate and distinct from the fees and expenses charged by underlying mutual funds, ETFs and Investment Funds fees that the Funds, as investors in such underlying mutual funds, ETFs and Investment Funds, must bear. These fees and expenses are described in each underlying mutual fund's or ETF's prospectus or such underlying Investment Fund's offering document, and are also described generally in each

Fund's private placement memorandum. These fees will generally include a management fee, other fund expenses, a possible performance fee or similar allocation, a possible distribution fee, and/or an initial or deferred sales charge and/or servicing fees.

***Additional Fees and Expenses:*** The Adviser's fees do not include the fees and expenses charged by custodians and imposed by broker dealers, including, but not limited to, any transaction charges imposed by a broker dealer. Please refer to the "Brokerage Practices" section (Item 12) of this Form ADV for additional information.

***Advisory Fees in General:*** Clients should note that similar advisory services may (or may not) be available from other registered (or unregistered) investment advisers for similar or lower fees.

***Limited Prepayment of Fees:*** The Adviser does not require payment of fees in excess of \$1200 more than six months in advance of services rendered.

***Compensation Received by Our Affiliated Persons who are also Affiliated Persons of Investment Advisers affiliated with us and who are Registered Representatives of Salient Capital, L.P.*** Certain affiliated persons of the Adviser are licensed as registered representatives of Salient Capital, L.P., a broker-dealer affiliated with the Adviser. Such individuals are also affiliated persons of other investment advisers that are affiliated with the Adviser and may receive separate compensation in respect of certain investors' investments in the Funds. See Item 10 for additional disclosure regarding such arrangements and the conflicts of interest they pose.

## **Item 6 Performance-Based Fees and Side-By-Side Management**

Endowment Advisers, L.P. does not charge performance-based fees. However, many underlying Investment Funds charge performance-based fees or similar allocations that the Funds, as investors in such Investment Funds, must bear. In addition, certain of our supervised persons manage accounts for other investment advisers with respect to which the advisory fee is based entirely or partially on performance. These performance fee arrangements may create a conflict of interest for us in that such supervised persons may have an incentive to allocate the investment opportunities that he or she believes might be the most profitable to such other accounts instead of allocating them to the Funds we advise. We have addressed such conflict of interest by adoption of an allocation policy, which is described in detail in Item 12, under the heading "Limited Capacity Opportunities in an Investment Fund."

## **Item 7 Types of Clients**

Endowment Advisers, L.P. provides advisory services to registered investment companies and other pooled investment vehicles. See item 5 for a discussion of minimum investment amounts applicable to investors in the Funds.

## Item 8     **Methods of Analysis, Investment Strategies and Risk of Loss**

### **METHODS OF ANALYSIS**

It is the responsibility of the Adviser to research and identify Investment Managers, to satisfy itself as to the suitability of the terms and conditions of the Investment Funds and to allocate or reallocate the Funds' assets among Investment Managers and Asset Classes. In the event that a Fund has one or more sub-advisers, it is also the responsibility of the Adviser to negotiate the investment sub-advisory agreements, subject to shareholder approval requirements or SEC exemptive relief from such requirements. There can be no assurance that the Funds will seek, or that the SEC will grant, such exemptive relief. The Adviser allocates the Funds' assets among Investment Managers using the diverse knowledge and experiences of the Investment Committee members to assess the capabilities of the Investment Managers and to determine an appropriate mix of investment strategies, asset classes, sectors and styles given the prevailing economic and investment environment. The Investment Managers with which the Funds invest may pursue various investment strategies and are subject to special risks.

The Investment Committee has developed a pool of potential Investment Funds to consider for investment. The Investment Committee identifies Investment Funds based on quantitative, qualitative or other due diligence criteria. Once a pool of potential Investment Funds has been identified, the Investment Committee determines an allocation for the Funds' assets across the pool, in such proportions of the Funds' assets as the Adviser may from time to time determine. This due diligence effort is then revisited from time to time for the life of the Funds.

For a more detailed discussion of the Fund's methods of analysis and material risks, please refer to the Fund's offering document.

***Risks for all forms of analysis:*** These securities analysis methods rely on the assumption that the companies whose securities we purchase and sell, the rating agencies that review these securities, and other publicly-available sources of information about these securities, are providing accurate and unbiased data. While the Analysts are alert to indications that data may be incorrect, there is always a risk that their analysis may be compromised by inaccurate or misleading information.

### **INVESTMENT STRATEGIES**

The Funds' investment objective is to preserve capital and to generate consistent long-term appreciation and returns across a market cycle (which is estimated to be five to seven years). In particular, it is intended that the Funds provide the Partners (through their investments in the Funds) with access to strategies, Investment Funds and overall asset allocation services that, on a collective basis, are typically available to larger institutions, such as major university endowments, in order to seek consistent returns and relatively low volatility.

The Funds seek to achieve their investment objective by investing substantially all of their assets in the securities of numerous Investment Funds, with the objective of adding additional Investment Managers as the Funds' assets grow and the need to diversify among additional Investment Managers increases. The Funds may also invest directly in securities and other



derivative instruments for hedging purposes, or to access exposure to a strategy than can be accessed more efficiently or with less cost on a direct basis. The strategies operated by these Investment Funds fall within 2 principal areas: Private Investments and Hedge Fund strategies. Hedge Fund strategies employed include (i) Global Macro and Trading Strategies, (ii) Relative Value Strategies and (iii) Event-Driven Strategies. Private Investments strategies employed include (i) Private Equity, (ii) Real Estate and (iii) Energy.

For certain Direct Investments other than through investment in Investment Funds, the Master Fund may use derivatives (including futures, forwards and swaps) and/or instruments such as total returns swaps (for example, in cases where banks have created rules-based indices that replicate certain investment strategies, or certain Investment Fund returns or strategies). The Adviser may utilize such investments, rather than investing through Investment Funds, to hedge existing exposure or in certain circumstances to access exposure to a strategy that can be accessed more efficiently or with less cost on a direct basis. The Master Fund also may to a limited extent use investment in ETFs in place of certain Investment Funds or as complements to certain strategies.

For a more detailed discussion of the Fund's investment strategies and material risks, please refer to the Fund's offering documents.

***Risk of Loss:*** Securities investments are not guaranteed and always carry a risk of loss.

## **Item 9     Disciplinary Information**

We are required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management. Our firm and our management personnel have no reportable disciplinary events to disclose.

## **Item 10    Other Financial Industry Activities and Affiliations**

Clients of the Adviser (the Funds) employ an affiliated broker-dealer, Salient Capital, L.P., as their Placement Agent in respect of the private placement of interests in the Funds.

Neither the Funds nor the Adviser uses Salient Capital, L.P. to place trades in client (Fund) accounts. Affiliated persons of the Adviser are licensed as registered representatives of Salient Capital, L.P. Such affiliated persons of the Adviser are also affiliated persons of our affiliated advisers. These individuals, in their separate capacity, can effect private placement securities transactions that result in a client of one of our affiliated advisers becoming an investor in a Fund. In connection with ongoing investor services provided to such investors, such individuals may receive a portion of the Servicing Fee paid to our affiliated adviser, as sub-servicing agent. Such arrangements result in separate, yet customary additional compensation to such individuals.

While we and these individuals endeavor at all times to put the interest of the clients first as part of our fiduciary duty, such clients of our adviser affiliates should be aware that the receipt of such additional compensation creates a conflict of interest, and may affect the judgment of these individuals when making recommendations. Further, more detailed

disclosure of such conflicts of interest is contained in Part 2A of Form ADV of the relevant adviser affiliate of Endowment Advisers, L.P.

Endowment Advisers, L.P. is affiliated with commodity trading advisors (“CTA”) and commodity pool operators (“CPO”). Salient Advisors, L.P. and Salient Capital Advisors, LLC are registered with the Commodity Futures Trading Commission (“CFTC”) as CTAs and CPOs and are members of the National Futures Association (“NFA”). In addition, Salient Liquid Alts GP, LLC is registered with the CFTC as a CPO and is a member of the NFA. Affiliated persons of the Adviser are principals and/or affiliated persons of the CTAs/CPOs.

As discussed in detail in Item 4, above, the Adviser’s clients are all investment companies or unregistered private partnerships.

Individuals on the Investment Committee and other affiliated persons of the Adviser are also owners, officers and/or employees of Integrity Capital, LLC; Salient Advisors, L.P.; Salient Capital Advisors, LLC and Sustainable Woodlands Partners. In these capacities, these individuals also provide investment advice to the following pooled investment vehicles:

The Endowment Master Fund, L.P.; The Endowment Registered Fund, L.P.; The Endowment TEI Fund, L.P.; The Endowment Institutional Fund, L.P.; The Endowment Institutional TEI Fund W, L.P.; The Endowment (Domestic) Fund, L.P.; The Endowment (Domestic QP) Fund, L.P.; The Endowment (Exempt) Fund II, L.P.; The Endowment (Exempt QP) Fund II, L.P.; The Endowment (International) Fund, Ltd.; The Endowment PMF Master Fund, L.P.; PMF Fund, L.P.; PMF TEI Fund, L.P.; PMF International Fund, Ltd.; Salient Alternative Strategies Master Fund; Salient Alternative Strategies I Fund; Salient Alternative Strategies Fund, L.P.; Salient Partners EV Fund LP; The Yield Master Fund I, L.P.; The Yield Master Fund II, L.P.; The Yield Fund, L.P.; The Yield (Exempt) Fund, L.P.; Salient Risk Parity Fund V15, L.P.; Salient Risk Parity Fund V12, L.P.; Salient Trend Institutional V20 Fund, L.P.; Salient Trend Institutional V10 Fund, L.P.; Salient Risk Parity Fund; Salient Alternative Beta Fund; Salient Trend Fund; Salient Global Equity Fund; Salient MLP Fund, L.P.; Salient MLP TE Fund, L.P.; Salient MLP Total Return Fund, L.P.; Salient Midstream & MLP Fund; Salient MLP & Energy Infrastructure Fund; Salient MLP & Energy Infrastructure Fund II; Salient MLP Fund; Eschelon Teton Partners I, L.P.; Eschelon Teton Secondary Partners I, L.P.; Teton Buyout Partners, L.P.; Teton Commodities Trading Partners, L.P.; Teton Consumer Partners, L.P.; Teton Health Partners, L.P.; Teton Midstream Infrastructure Fund II, L.P.; Teton Midstream & Resource Partners, L.P.; Teton Midstream & Resource Partners II, L.P.; Teton Midstream & Resource Partners III, L.P.; Teton Natural Resource Fund II, L.P.; Teton Natural Resource Fund III, L.P.; Teton Natural Resource Fund IV, L.P.; Teton Natural Resource Fund V, L.P.; Teton Royalty Partners, L.P.; Teton Royalty Partners II, L.P.; Teton Venture Partners, L.P.; Teton Venture Partners II, L.P.; TMRP II American Energy Co-Investment, L.P.; TMRP II Baffin Co-Investment, L.P.; TMRP II Utica Co-Investment, L.P.; TNRF III Co-Investment, L.P.; TNRF III Eclipse Co-Investment, L.P.; The Salient Zarvona Energy Fund, L.P.; Salient Zarvona Energy Fund II-A, L.P.; Salient Zarvona Energy Fund II-B, L.P.; Sustainable Woodlands Fund, L.P.; Sustainable Woodlands Fund II, L.P.

This presents a potential conflict of interest in that these individuals may have an incentive to favor the clients of these other advisory firms when identifying or allocating investment opportunities for the Adviser. To address this potential conflict, the Adviser regularly reviews the allocations of investment opportunities between affiliated Advisers.

The following investment advisers are under common ownership and share one or more affiliated persons with the Adviser:

Integrity Capital, LLC, which provides investment advice to public pension plans and corporate pension and profit sharing plans;

Salient Advisors, L.P., which provides investment advice to investment companies and pooled investment vehicles;

Salient Capital Advisors, LLC, which provides investment advice to individuals, pension and profit sharing plans, investment companies, pooled investment vehicles and other institutional clients;

Sustainable Woodlands Partners, LLC, which provides investment advice to pooled investment vehicles.

The following entities are under common ownership and share one or more affiliated persons with the Adviser:

Salient Trust Co., LTA is an affiliate of the Adviser. Salient Trust Co., LTA clients may be solicited to invest in one or more of the funds managed by the Adviser or an affiliate.

Salient Insurance Agency, LLC is an affiliate of the Adviser. Salient Insurance Agency, LLC clients may be solicited to invest in one or more of the funds managed by the Adviser or an affiliate.

Salient Select, LLC is an affiliate of the Adviser. Salient Select, LLC clients may be solicited to invest in one or more of the funds managed by the Adviser or an affiliate.

***Investors in the Adviser's Clients are Solicited to Invest in Affiliated Partnerships.***

Affiliated persons of the Adviser are members of the general partner of various private investment vehicles (as discussed above) and affiliated advisers, which themselves manage other registered investment companies and private pooled investment vehicles. Certain investors in feeder funds managed by the Adviser are solicited to invest (by the affiliated persons) in such other registered investment companies or private pooled investment vehicles, although the Adviser's clients themselves, which are all registered investment companies or pooled investment vehicles, are not. In such instances, our affiliated advisors and/or affiliated persons of our Adviser may receive additional compensation.

While we and these individuals endeavor at all times to put the interest of clients first as part of our fiduciary duty, clients of such adviser affiliates should be aware that the receipt of additional compensation itself creates a conflict of interest, and may affect the judgment of the adviser affiliate and these individuals when making recommendations. Further, more detailed disclosure of such conflicts of interest is contained in Part 2A of Form ADV of the relevant adviser affiliate of Endowment Advisers, L.P.

***Salient Index Management, LLC:*** In addition to the relationships above, an owner of Endowment Advisers, L.P., Salient Partners, L.P., is also the sole owner of Salient Index

Management, LLC (“Index Manager”). The Index Manager owns the Salient Trend Index, Salient Risk Parity Index, Salient Risk Parity V12+ Index, Salient Risk Parity V15 Index and Salient Risk Parity V15+ Index (each, a “Salient Index”, collectively, the “Salient Indices”). Each Salient Index employs a methodology seeking to balance risk across several positions, which may include credit default swaps and futures contracts. Certain officers of the Index Manager are also officers or employees of Endowment Advisers, L.P. This creates a conflict of interest with Endowment Advisers, L.P., and its clients given that the Index Manager and/or Endowment Advisers, L.P. may compare client account investment performance to the performance of one or more of the Salient Indices and may utilize one or more of the Salient Indices in marketing materials used in connection with soliciting potential investors. The relationship could create an incentive for Endowment Advisers, L.P., or its supervised persons to access information regarding the Salient Indices prior to that information becoming publicly available. In addition, a conflict exists with respect to the confidentiality of Endowment Advisers, L.P.’s client information. To address these conflicts of interest, both Endowment Advisers, L.P. and the Index Manager have implemented policies and procedures to address, among others, the following matters: employee personal securities trading and review, confidentiality requirements, and insider trading prohibitions. Salient Partners, L.P. does not have any direct decision-making responsibilities regarding the Salient Indices. Any changes to the Indices are pre-approved by a standing Index committee (the “Index Committee”) established by Index Manager and governed by a charter approved by the Board of Managers of Salient Partners, L.P. and its general partner, Salient Capital Management, LLC. Subject to certain transition rules, including an Index Committee approved one-time six month extension to the transition rules, the Index Committee is composed of not less than five (5) and not more than ten (10) members, of which not less than three (3) members must be independent members; provided, however, that for an interim, transitional period, only one member of the Index Committee is an independent member. No change to the objective or methodology for any Index shall be implemented without the approval of a majority of independent members of the Index.

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

The Adviser has adopted a Code of Ethics (the “Code”) to effectuate the purposes and objectives of Sections 204A and Rule 204A-1 of the Investment Advisers Act of 1940. A copy of our Code of Ethics can be obtained by requesting it from an advisory representative or affiliated person by calling (713) 993-4675.

In summary, the Code sets forth the Adviser’s standards of business conduct reflecting our fiduciary obligations to our clients and specifically requires all employees to comply with the Code and federal (and other applicable) securities laws. In addition, the Code contains the following specific provisions:

- All access persons to report their personal securities transactions (quarterly) and their securities holdings (at least annually) to the Adviser for review;
- All employees to report any violations of the Code to the Adviser;
- The Adviser to provide each employee with a copy of the Code and any amendments; and

- All employees to provide a written acknowledgement of their receipt of the Code and any amendments.

We strive to ensure that all employees act in accordance with the Adviser's internal policies and applicable regulations governing those rendering registered investment advisory services. Employees not in compliance with firm goals in this regard are subject to sanctions, which include possible termination.

The Adviser's affiliated persons may invest directly with or recommend to other clients of the affiliated persons (which may be investment programs, investment partnerships or separate accounts) that they invest directly with Investment Managers or Investment Funds recommended by the Adviser to the Funds. It is possible that Investment Funds that affiliated persons have invested in or may invest in may have capacity constraints that could limit further investment by the Adviser's clients.

From time to time supervised persons (employees) of the firm may make personal investments in securities that have been recommended to, and/or are currently held by, our client investment funds. Consistent with our fiduciary duties, Code of Ethics and Insider Trading policies and procedures, all such supervised persons of the firm that acquire knowledge of the Funds' intended or proposed portfolio investments in securities ("restricted securities") are strictly prohibited from effecting or engaging in any personal securities trading in such restricted securities. Restricted securities may not be purchased directly or indirectly by supervised persons in an employee account or employee related account (accounts of immediate family members of supervised persons) at any time while restricted.

Any persons found to have violated this policy will be subject to disciplinary actions including (but not limited to) warnings, sanctions, regulatory and/or Board reporting and/or possible termination.

## **Item 12 Brokerage Practices**

The Adviser manages the assets of its client Investment Funds per the terms of the Agreements and the investment objectives of the Funds. In this capacity it has the authority to determine the investments made by the Investment Funds, the amount of those investments, and use of any brokers, dealers and associated commission rates.

However, given the fact that most of the Funds' investments are in underlying Investment Funds that are structured as partnerships, the use of brokers or dealers and the payment of associated commissions is limited primarily to investments in registered investment companies, exchange traded funds, options, derivatives and other individual securities.

The Adviser will endeavor to select those brokers or dealers which will provide the best services at the lowest commission rates possible. The reasonableness of commissions is based on the broker's stability, reputation, ability to provide professional services, competitive commission rates and prices, trading platform, and other services which will help the Adviser in providing investment management services.

In the history of the Adviser there have been very few investments made for client investment funds where an affiliated broker-dealer would have been entitled (based upon then existing agreements) to receive servicing fees (or other compensation) from the issuer of the security in which the Adviser invested on behalf of its client investment funds. In all such limited situations the affiliated broker-dealer has waived, and will continue to waive (should such situations arise in the future), any servicing or other compensation fees it would otherwise be entitled to receive.

Endowment Advisers, L.P. does not have any soft-dollar arrangements and does not receive any soft-dollar benefits.

Because Adviser uses a master-feeder structure, it does not “block” trades, but places all trades for the Master Fund.

### ***Limited Capacity Investment Opportunities in an Investment Fund:***

#### **General Principles**

With regard to all allocation decisions:

1. Investment v. Allocation/Aggregation. Because an investment in an investment fund is made on the basis of the net asset value (“NAV”) of such investment fund, an investment determination typically involves only whether the Fund should invest, and if so how much, given the Fund’s objectives and current and desired portfolio composition. A “limited capacity” investment opportunity in an investment fund, however, may require a decision regarding allocation among more than one investor.
2. Review of Objectives. The Investment Committee or its individual members will review each Fund’s and any other applicable account’s investment objectives and restrictions, cash position, need for liquidity, concentration and other objective criteria, in determining whether a particular investment fund is an appropriate investment.
3. Best Execution Duty and Consistency with Advisory Agreement. Each transaction on behalf of a Fund or applicable other account must be consistent with the Adviser’s duties, including the duty of best execution (to the extent applicable to a private investment fund) and duties imposed by any applicable advisory agreement.
4. No Favoritism. Each participating Fund or other account must participate at the same unit price (NAV) of the particular investment fund.
5. No Additional Compensation to Adviser. The Adviser will receive no additional compensation or remuneration of any kind as a result of any aggregated transaction that is not shared pro rata with the other participants in the transaction.

#### **Policy:**

In determining any allocations among the Fund and other applicable accounts, in addition to the general principles set forth above, the Adviser will consider a number of other factors, which in particular may include, among others:

- The relative sizes of the Funds and any applicable other accounts;
- Expected future sizes of the Funds and any other applicable accounts;
- The expected future capacity of an applicable investment fund;
- The monies available for investment at any given time in relation to the investment objectives of the Funds and any applicable accounts.
- Allocation of investment opportunities will be made by the Adviser in a reasonable and equitable manner. The disposition of any such investments is subject to the same conditions.

Procedures:

1. Written Report.

- The Adviser will prepare a “Report on Allocation of Investment Opportunities” before or in conjunction with the Adviser indicating to an issuer the Funds’ interest in engaging in the transaction.
- The report will indicate whether an investment opportunity in an investment fund is “limited capacity” and, if so, an allocation determination will be made considering the above factors, among any other relevant considerations.
- The report will specifically show how an investment or proceeds will be allocated.
- The report will specifically note any conflicts with regard to a limited capacity investment fund, such as Investment Committee members’ investment in or potential benefits (in the form of fee differentials and/or performance fees) from other accounts.
- Such report will be provided to the Board of the Funds at each Board meeting.

2. Deviations from Allocation Statement. A transaction may be allocated on a basis different from that specified in the allocation statement if all participants receive fair and equitable treatment and the reason for the deviation is recorded in writing promptly and approved by a member of the Investment Committee in writing at or prior to the transaction. (For example, during the time between the allocation and investment, the investing entity no longer has the cash available to purchase an investment fund, or has exceeded limits in the same investment area as the originally intended investment.)

### **Item 13 Review of Accounts**

The Adviser has an Investment Committee which oversees its operations and investment advisory services. The Committee is comprised of Bill Enszer, Rusty Guinn, Ben Hunt, Lee G. Partridge and Jeremy L. Radcliffe.

The Adviser reviews the Investment Managers and Investment Funds that it recommends to the Funds on a monthly basis at a minimum. The Investment Committee meets formally on a monthly basis and reviews detailed reports on the asset allocation, performance and other investment characteristics of the Funds' portfolio. The Investment Committee has sole investment decision-making authority.

The Funds monthly investor statements are compiled and delivered to investors by a third-party administrator. In addition, on a monthly basis, the Adviser issues reports to investors in the Funds which detail performance broken down by asset class. On a quarterly basis, the Adviser reports in detail to the Funds' Board. These quarterly reports assess the overall performance of the Funds and the specific performance of the Investment Managers and Investment Funds within the Funds.

#### **Item 14 Client Referrals and Other Compensation**

Subject to a written agreement, both affiliated and non-affiliated persons may receive compensation for referring prospective investors to our investment fund clients. Such agreements will comply with the requirements set out in Rule 206(4)-3 of the Investment Advisers Act of 1940, including (among other things) the requirement that the relationship between the solicitor and the investment adviser be disclosed to the client at the time of the solicitation or referral. Solicitors' fees are a percentage of the annual management fee earned by the Adviser on the individual capital account of referred investors and represent no additional expense to such investor's account.

In any such case, applicable state laws may require these persons to become licensed either as investment adviser representatives of the advisers or as an independent investment adviser.

#### **Item 15 Custody**

As the Adviser or an affiliate is a general partner or managing member of most or all of the Funds managed by the Adviser, the Adviser is deemed to have custody of these Funds; however, in respect to the Master Fund, TEF Registered, TEF TEI, TEF Institutional and TEF Institutional TEI W, because these Funds are registered investment companies, such Funds have engaged a qualified custodian and the Adviser does not have custody of such Funds' respective assets. As to the Funds that are not registered investment companies, the Adviser requires the relevant Funds to be audited by an independent, PCAOB accountant, and will distribute the audited financial statements to all fund investors within 120 days after the relevant Fund's fiscal year end (180 days for funds of funds). The Funds' monthly investor statements are compiled and delivered to investors by a third-party administrator.

#### **Item 16 Investment Discretion**

Our discretionary authority includes the ability to determine the security to buy or sell and to determine the amount of the security to buy or sell. This authority is contained in each fund's operating agreements, which will also contain any limits on this authority.



## **Item 17 Voting Client Securities**

The Adviser generally does not receive or vote proxies relating to the individual securities held inside any of its Investment Funds. The Investment Managers of such investment funds generally vote those proxies. However, on occasion the Adviser may receive and vote proxies relating to the direct partnership interest held in its Investment Funds. In these cases, the Adviser relies on its Proxy Voting Policies and Procedures (which are generally designed to promote the interest of its investment fund clients) in determining its votes.

A copy of the Proxy Voting Policies and Procedures and information on the Adviser's actual proxy voting record may be obtained by calling (713) 993-4675.

## **Item 18 Financial Information**

Under no circumstances do we require or solicit payment of fees in excess of \$1200 per client more than six months in advance of services rendered. Therefore, we are not required to include a financial statement.

As an advisory firm that has discretionary authority and custody, we are also required to disclose any financial condition that is reasonably likely to impair our ability to meet our contractual obligations. Endowment Advisers, L.P. has no additional financial circumstances to report.

Endowment Advisers, L.P. has not been the subject of a bankruptcy petition at any time during the past ten years.