

Part 2A of Form ADV: *Firm Brochure*

Salient Capital Advisors, LLC

4265 San Felipe, 8th Floor
Houston, TX 77027-2920

Telephone: 713-993-4675
Email: pbachtold@salientpartners.com
Web Address: www.salientpartners.com

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This brochure provides information about the qualifications and business practices of Salient Capital Advisors, LLC. If you have any questions about the contents of this brochure, please contact us at 713-993-4675 or 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.

Additional information about Salient Capital Advisors, LLC also is available on the SEC's website at 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 153914.

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 03/31/2011. This section only reflects material changes since the last annual amendment of the Brochure.

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 5 "Fees and Compensation" includes a revised fee schedule. (Revised 04/12/2011)
- Item 7 "Types of Clients" discloses requirements for opening an account. (Revised 04/12/2011)
- Item 12 "Brokerage Practices" discloses requirements for opening an account. (Revised 04/12/2011)
- Item 4 "Advisory Business" includes a new pooled investment vehicle, the Salient MLP and Energy Infrastructure Fund. (Revised 06/20/2011)
- Item 5 "Fees and Compensation" includes fees for the Salient MLP and Energy Infrastructure Fund. (Revised 06/20/2011)
- Item 8 "Methods of Analysis, Investment Strategies and Risk of Loss" includes information for the Salient MLP and Energy Infrastructure Fund. (Revised 06/20/2011)

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Item 4 Advisory Business

Salient Capital Advisors, LLC (the “Adviser”) is a SEC-registered investment adviser with its principal place of business located in Texas. Salient Capital Advisors, LLC began conducting business in 2010.

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

- Salient Partners, L.P., Member

Salient Capital Advisors, LLC offers the following advisory services to our clients:

INVESTMENT SUPERVISORY SERVICES INDIVIDUAL PORTFOLIO MANAGEMENT

Our firm provides continuous advice to clients regarding the investment of client funds based on the individual needs of the client. Through personal discussions in which goals and objectives based on a client's particular circumstances are established, we develop a client's personal investment policy and create and manage a portfolio based on that policy. Our clients will sign a written advisory agreement to begin the supervision process.

During our data-gathering process, we determine the client's individual objectives, time horizons, risk tolerance and liquidity needs. As appropriate, we also review and discuss a client's prior investment history, as well as family composition and background.

We manage these advisory accounts on a discretionary basis. Account supervision is guided by the client's stated objectives (i.e., maximum capital appreciation, growth, income, or growth and income), as well as tax considerations.

Clients may impose reasonable restrictions on investing in certain securities, types of securities, or industry sectors.

Our investment recommendations are not limited to any specific product or service offered by a broker-dealer or insurance company. Our firm may recommend investments in funds managed by us or our affiliated advisers and will generally include advice regarding the following securities:

- Exchange-listed securities
- Securities traded over-the-counter
- Foreign issuers
- Warrants
- Corporate debt securities (other than commercial paper)
- Commercial paper
- Certificates of deposit
- Municipal securities
- Mutual fund shares

- Closed-end funds
- United States governmental securities
- Options contracts on securities
- Interests in partnerships investing in real estate
- Interests in partnerships investing in oil and gas interests
- Interests in our affiliated partnerships and funds

Because some types of investments involve certain additional degrees of risk, they will only be recommended and implemented when consistent with the client's stated investment objectives, tolerance for risk, liquidity and suitability.

INVESTMENT MANAGEMENT SERVICES POOLED INVESTMENT VEHICLES

The Adviser provides investment advisory services to the Salient MLP Fund, L.P. and the Salient MLP and Energy Infrastructure Fund.

The Salient MLP Fund, L.P., a Delaware limited partnership, is not registered under the Investment Company Act of 1940 in reliance on the Section 3(c)(7) exemption under the 1940 Act. Furthermore, investment interests are not registered under the Securities Act of 1933 in reliance on Section 4(2) and Regulation D thereunder. The investment advisory services provided to the Salient MLP Fund, L.P. are governed by an investment management agreement between the Salient MLP Fund, L.P., Salient Capital Advisors, LLC and the Fund's General Partner, RDG MLP Fund GP LP. The Investment Management Agreement may be terminated by any party thereto, without penalty, upon at least seventy-five (75) days' prior written notice.

The Salient MLP Fund, L.P. invests in a diversified portfolio of Master Limited Partnerships ("MLPs") and other high income yield equity and debt securities.

The Salient MLP and Energy Infrastructure Fund, a Delaware statutory trust, is a non-diversified, closed-end management investment company registered under the Investment Company Act of 1940, as amended and the Securities Act of 1933, as amended. The investment advisory services provided to the Salient MLP and Energy Infrastructure Fund are governed by an investment management agreement between the Salient MLP and Energy Infrastructure Fund and Salient Capital Advisors, LLC. The Investment Management Agreement may be terminated by either party, without penalty, upon sixty (60) days' prior written notice.

The Salient MLP and Energy Infrastructure Fund invests at least 80% of its total assets in securities of MLPs and Energy Infrastructure Companies.

The Adviser has an Investment Committee which oversees its operations and investment advisory services. The Committee is comprised of John A. Blaisdell, J. Cole Dawson, Andrew B. Linbeck, Lee G. Partridge, Jeremy Radcliffe, Gregory A. Reid and A. Haag Sherman.

These individuals, and other associated 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 Adviser and affiliates of Salient Partners, L.P.

Salient Capital Advisors' clients are solicited to invest in the Salient MLP Fund, L.P. and the Salient MLP and Energy Infrastructure Fund.

THIRD-PARTY MONEY MANAGER PROGRAMS

We also offer advisory management services to our clients through Envestnet's Private Wealth Management Program.

Our firm provides the client with an asset allocation strategy developed through personal discussions in which goals and objectives based on the client's particular circumstances are established. This asset allocation strategy is drafted into the client's Personal Investment Policy Statement ("PIPS").

Based on the client's individual circumstances and needs (as exhibited in the client's PIPS), we will then perform management searches of various unaffiliated registered investment advisers to identify which registered investment adviser's portfolio management style is appropriate for the client. Factors considered in making this determination include account size, risk tolerance, the opinion of each client and the investment philosophy of the selected registered investment adviser. Clients should refer to the selected registered investment adviser's Firm Brochure or other disclosure document for a full description of the services offered. We are available to meet with clients on a regular basis, or as determined by the client, to review the account.

Once we determine the most suitable investment adviser(s) for the client, we provide the selected adviser(s) with the client's PIPS. The adviser(s) then creates and manages the client's portfolio based on the client's individual needs as exhibited in the PIPS.

We monitor the performance of the selected registered investment adviser(s). If we determine that a particular selected registered investment adviser(s) is not providing sufficient management services to the client, or is not managing the client's portfolio in a manner consistent with the client's PIPS, we may suggest that the client contract with a different registered investment adviser and/or program sponsor. Under this scenario, our firm assists the client in selecting a new registered investment adviser and/or program. However, any move to a new registered investment adviser and/or program is solely at the discretion of the client.

There is a minimum annual fee to participate in this program, which is discussed in Item 5, below.

ADMINISTRATIVE SERVICES

We may provide services to accounts that are purely administrative in nature and not related to our investment management capabilities. These services primarily include performance reporting, but may entail other services as specified in the client's administrative services agreement.

Amount of Managed Assets:

As of 01/31/2011, we were actively managing \$544,481,883 of clients' assets on a discretionary basis plus \$433,509,252 of clients' assets on a non-discretionary basis.

Item 5 Fees and Compensation**INVESTMENT SUPERVISORY SERVICES
INDIVIDUAL PORTFOLIO MANAGEMENT**

Our annual fees for Investment Supervisory Services are based upon a percentage of assets under management.

Our fees are billed quarterly, in advance, at the beginning of each calendar quarter based upon the value (market value or fair market value in the absence of market value) of the client's account at the end of the previous quarter. Fees will be debited from the account in accordance with the client authorization in the Investment Management Agreement ("IMA").

The applicable fee schedule is determined based on the overall management style, not each asset type in the account. The Adviser shall also charge an annual maintenance fee of \$150 per account.

Managed Accounts

1.25 % on First \$2 Million
1.00% on Next \$3 Million
0.90% on Next \$5 Million
0.75% Assets above \$10 Million

Managed accounts encompass balanced portfolios of fixed income, equities and alternative investments held in one or more accounts.

Taxable and Tax Exempt Fixed Income Assets Only

For clients with only fixed income assets managed by the Adviser, the annual fee will be 0.50% for the first \$1 million, 0.40% for the next \$2 million, 0.35% for the next \$2 million, and 0.30% for assets in excess of \$5 million.

Alternative Investments**Adviser Affiliated Funds**

See Fund Prospectus for Fees and Charges. Managed Account fees do not apply to funds invested in Adviser Affiliated Funds.

Non-Affiliated Funds (Third Party)

Management or Advisory Fees charged by non-affiliated managers are separate and apart from our Managed Account Fees on such managers. We aggregate the assets managed by third party managers in calculating our Managed Account fee break points. Any rebates, fee participation, or placement fees paid by the respective Managers to the Adviser shall credit or offset the Managed Account fees.

Institutional Separately Managed Accounts

Fees are negotiable. Certain institutional accounts may be charged a 20% performance fee subject to 5% annual preferred return and high water mark.

Third Party Referral Arrangements

Evaluated by the Adviser on a case by case basis.

Limited Negotiability of Advisory Fees:

Although Salient Capital Advisors, LLC has established fee schedule(s), we retain the discretion to negotiate alternative fees on a client-by-client basis. Client facts, circumstances and needs will be considered in determining the fee schedule. These include the complexity of the client, assets to be placed under management, anticipated future additional assets, related accounts, portfolio style, account composition and reports, among other factors. The specific annual fee schedule will be identified in the IMA between the adviser and each client.

We may group certain related client accounts for the purpose of achieving the minimum account size requirements and determining the annualized fee.

Discounts, not generally available to our advisory clients, may be offered to family members and friends of associated persons of our firm.

INVESTMENT MANAGEMENT SERVICES POOLED INVESTMENT VEHICLES

Fees for the Salient MLP Fund, L.P. are billed at an annual rate of one and one half percent (1.5%) of each Limited Partner's capital account balance, calculated and payable quarterly in advance.

In addition, the Salient MLP Fund, L.P. charges performance incentive fees. The incentive fee: 20% performance fee subject to 5% annual preferred return and high water mark.

Fees for the Salient MLP and Energy Infrastructure Fund are computed and paid monthly at an annual rate of 1.20% of the average monthly total assets. During the first two years of the Fund's investment activities, the Adviser has agreed to waive or reimburse the Fund for fees in an amount equal on an annual basis to 0.20% of the Fund's average monthly total assets.

When appropriate to the needs of its clients, Salient Capital Advisors, LLC may recommend (or invest) client assets in affiliated pooled investment vehicles. In this situation, Salient Capital Advisors, LLC will not include client assets invested in these affiliated pooled investment vehicles when calculating its advisory fees. However, the Adviser may receive a servicing fee from affiliated advisers for servicing investors in such pooled investment

vehicles. This may present a conflict of interest due to the incentive to recommend affiliated pooled investment vehicles based on the receipt of direct or indirect compensation.

THIRD-PARTY MONEY MANAGER PROGRAMS

Clients participating in Envestnet's Program pay a program fee out of which Salient Capital Advisors, LLC, Envestnet, any sub-managers and the account administration fee are paid. Fees are payable quarterly, in advance, based on the market value of the account at the end of the previous quarter and are prorated to the end of the quarter upon inception of the account. There is a minimum annual fee of \$1,500. Services may be terminated by any party upon five days' prior written notice to the other parties.

ADMINISTRATIVE SERVICES

Services to accounts that are purely administrative in nature and not related to our investment management capabilities will be billed and charged as specified in the clients' administrative services agreement. Fees are based on the level of administrative services provided, and will vary depending on the level of complexity.

GENERAL INFORMATION

Termination of the Advisory Relationship: A client agreement may be canceled at any time, by either party, for any reason upon receipt of 5 days written notice. As disclosed above, certain fees are paid in advance of services provided. Upon termination of any account, any prepaid, unearned fees will be promptly refunded. In calculating a client's reimbursement of fees, we will pro rate the reimbursement according to the number of days remaining in the billing period. Clients who are charged an Incentive Fee who elect to terminate their contracts will be charged an Incentive Fee based on the performance of the account for the measuring period going back from the termination date and pro-rated from the date on which the Incentive Fee was last assessed.

Mutual Fund Fees: All fees paid to Salient Capital Advisors, LLC for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and/or ETFs to their shareholders. These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. If the fund also imposes sales charges, a client may pay an initial or deferred sales charge. A client could invest in a mutual fund directly, without our services. In that case, the client would not receive the services provided by our firm which are designed, among other things, to assist the client in determining which mutual fund or funds are most appropriate to each client's financial condition and objectives. Accordingly, the client should review both the fees charged by the funds and our fees to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

Wrap Fee Programs and Separately Managed Account Fees: Clients participating in separately managed account programs may be charged various program fees in addition to the advisory fee charged by our firm. Such fees may include the investment advisory fees of the independent advisers, which may be charged as part of a wrap fee arrangement. In a wrap fee arrangement, clients pay a single fee for advisory, brokerage and custodial services. Client's portfolio transactions may be executed without commission charge in a wrap fee

arrangement. In evaluating such an arrangement, the client should also consider that, depending upon the level of the wrap fee charged by the broker-dealer, the amount of portfolio activity in the client's account, and other factors, the wrap fee may or may not exceed the aggregate cost of such services if they were to be provided separately. We will review with clients any separate program fees that may be charged to clients.

Additional Fees and Expenses: In addition to our advisory fees, clients are also responsible for 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 with which an independent investment manager effects transactions for the client's account(s). Please refer to the "Brokerage Practices" section (Item 12) of this Form ADV for additional information.

Grandfathering of Minimum Account Requirements: Pre-existing advisory clients are subject to Salient Capital Advisors, LLC's minimum account requirements and advisory fees in effect at the time the client entered into the advisory relationship. Therefore, our firm's minimum account requirements will differ among clients.

ERISA Accounts: Salient Capital Advisors, LLC is deemed to be a fiduciary to advisory clients that are employee benefit plans or individual retirement accounts (IRAs) pursuant to the Employee Retirement Income and Securities Act ("ERISA"). As such, our firm is subject to specific duties and obligations under ERISA and the Internal Revenue Code that include among other things, restrictions concerning certain forms of compensation. To avoid engaging in prohibited transactions, Salient Capital Advisors, LLC may only charge fees for investment advice about products for which our firm and/or our related persons do not receive any commissions or 12b-1 fees, or conversely, investment advice about products for which our firm and/or our related persons receive commissions or 12b-1 fees, however, only when such fees are used to offset Salient Capital Advisors, LLC's advisory fees.

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: Under no circumstances do we require or solicit payment of fees in excess of \$1200 more than six months in advance of services rendered.

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

PERFORMANCE-BASED FEES

As we disclosed in Item 5 of this Brochure, our firm accepts a performance-based fee from the Salient MLP Fund, L.P. and institutional accounts. Such performance-based fees are calculated based on a share of capital gains on or capital appreciation of the assets of the client. To qualify for a performance-based fee arrangement, a client (or Fund investor, as applicable) must either demonstrate a net worth of at least \$1,500,000 or must have at least \$750,000 under management immediately after entering into a management agreement with us.

Clients should be aware that performance-based fee arrangements may create an incentive for us to recommend investments which may be riskier or more speculative than those which would be recommended under a different fee arrangement.

Furthermore, as we also have clients who do not pay performance-based fees, we have an incentive to favor accounts that do pay such fees because compensation we receive from these clients is more directly tied to the performance of their accounts.

The Incentive fee is typically calculated as of December 31 of each year and billed directly to the client's account.

Item 7 Types of Clients

Salient Capital Advisors, LLC provides advisory services to the following types of clients:

- Individuals (other than high net worth individuals)
- High net worth individuals
- Pension and profit sharing plans (other than plan participants)
- Registered investment companies
- Other pooled investment vehicles (e.g., hedge funds)
- Charitable organizations
- Corporations or other businesses not listed above

Clients are required to have a minimum of a two (2) million dollar liquid net worth and a five (5) million dollar total net worth. However, Adviser may exercise its discretion to waive this requirement.

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

METHODS OF ANALYSIS INDIVIDUAL PORTFOLIO MANAGEMENT

We use the following methods of analysis in formulating our investment advice and/or managing individual client accounts:

Charting: In this type of technical analysis, we review charts of market and security activity in an attempt to identify when the market is moving up or down and to predict how long the trend may last and when that trend might reverse.

Fundamental Analysis: We attempt to measure the intrinsic value of a security by looking at economic and financial factors (including the overall economy, industry conditions, and the financial condition and management of the company itself) to determine if the company is underpriced (indicating it may be a good time to buy) or overpriced (indicating it may be time to sell).

Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the stock.

Technical Analysis: We analyze past market movements and apply that analysis to the present in an attempt to recognize recurring patterns of investor behavior and potentially predict future price movement.

Technical analysis does not consider the underlying financial condition of a company. This presents a risk in that a poorly-managed or financially unsound company may underperform regardless of market movement.

Cyclical Analysis: In this type of technical analysis, we measure the movements of a particular stock against the overall market in an attempt to predict the price movement of the security.

Third-Party Money Manager Analysis: We examine the experience, expertise, investment philosophies, and past performance of independent third-party investment managers in an attempt to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions. We monitor the manager's underlying holdings, strategies, concentrations and leverage as part of our overall periodic risk assessment. Additionally, as part of our due-diligence process, we survey the manager's compliance and business enterprise risks.

A risk of investing with a third-party manager who has been successful in the past is that he/she may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in a third-party manager's portfolio, there is also a risk that a manager may deviate from the stated investment mandate or strategy of the portfolio, making it a less suitable investment for our clients. Moreover, as we do not control the manager's daily business and compliance operations, we may be unaware of the lack of internal controls necessary to prevent business, regulatory or reputational deficiencies.

METHODS OF ANALYSIS POOLED INVESTMENT VEHICLES

The Investment Manager of the Salient MLP Fund, L.P. and the Salient MLP and Energy Infrastructure Fund believes that security selection is the most important part of the portfolio management process. The Investment Manager primarily uses a fundamental, bottom-up research process to determine security selection. The Investment Manager screens a large universe of high income yield equity securities for potential investment opportunities for the Funds, ranking the most attractive to the least attractive securities based upon current yield, expected dividend or distribution growth, coverage ratios and cash flow multiples. However, there is a great deal of variability in the attribution of returns from individual stocks in the high income yield equity securities universe, so the Investment Manager's goal is to draw on the experience of its management team to identify investments that it believes will generate the highest total returns for investors. Also, portfolio allocation is a dynamic process. The Investment Manager intends to update its models continuously to assess the attractiveness of each security in the universe. The Investment Manager believes that this bifurcation of

returns will continue for the foreseeable future, providing the Funds with opportunities to profit on both the long and short side of the market.

Prior to investing, the officers of the Investment Manager will conduct due diligence based on, among other things, public information and information obtained from its relationships with management teams, suppliers, investment bankers, consultants and other advisors. However, primary emphasis will be placed on proprietary analysis and valuation models conducted and maintained by the Investment Manager.

For a more detailed discussion of the Funds' methods of analysis and material risks, please refer to the Funds' respective prospectus and SAI or offering document.

Risks for all forms of analysis: Our 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 we are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information.

INVESTMENT STRATEGIES INDIVIDUAL PORTFOLIO MANAGEMENT

We use the following strategy(ies) in managing individual client accounts, provided that such strategy(ies) are appropriate to the needs of the client and consistent with the client's investment objectives, risk tolerance and time horizons, among other considerations:

Long-term purchases: We purchase securities with the idea of holding them in the client's account for a year or longer. Typically we employ this strategy when:

- we believe the securities to be currently undervalued, and/or
- we want exposure to a particular asset class over time, regardless of the current projection for this class.

A risk in a long-term purchase strategy is that by holding the security for this length of time, we may not take advantages of short-term gains that could be profitable to a client. Moreover, if our predictions are incorrect, a security may decline sharply in value before we make the decision to sell.

Short-term purchases: When utilizing this strategy, we purchase securities with the idea of selling them within a relatively short time (typically a year or less). We do this in an attempt to take advantage of conditions that we believe will soon result in a price swing in the securities we purchase.

A short-term purchase strategy poses risks should the anticipated price swing not materialize; we are then left with the option of having a long-term investment in a security that was designed to be a short-term purchase, or potentially taking a loss.

In addition, this strategy involves more frequent trading than does a longer-term strategy, and will result in increased brokerage and other transaction-related costs, as well as less favorable tax treatment of short-term capital gains.

Trading: We purchase securities with the idea of selling them very quickly (typically within 30 days or less). We do this in an attempt to take advantage of our predictions of brief price swings.

Utilizing a trading strategy creates the potential for sudden losses if the anticipated price swing does not materialize. Moreover, under those circumstances, we are left with few options:

- having a long-term investment in a security that was designed to be a short-term purchase, or
- the potential of having to taking a loss.

In addition, because this strategy involves more frequent trading than does a longer-term strategy, there will be a resultant increase in brokerage and other transaction-related costs, as well as less favorable tax treatment of short-term capital gains.

Short sales: We borrow shares of a stock for your portfolio from someone who owns the stock on a promise to replace the shares on a future date at a certain price. Those borrowed shares are then sold. On the agreed-upon future date, we buy the same stock and return the shares to the original owner. We engage in short selling based on our determination that the stock will go down in price after we have borrowed the shares. If we are correct and the stock price has gone down since the shares were purchased from the original owner, the client account realizes the profit.

Margin transactions: We may use margin transactions as part of an investment strategy. We may recommend, where appropriate, that a client establish a margin account with the client's broker. In this situation, if we are selling one stock and purchasing another stock with the proceeds, we can use the margin account to make certain that you are not left out of the purchase if we have difficulty completing the sale.

A risk in margin trading is that, in volatile markets, securities prices can fall very quickly. If the value of the securities in your account minus what you owe the broker falls below a certain level, the broker will issue a "margin call", and you will be required to sell your position in the security purchased on margin or add more cash to the account. In some circumstances, you may lose more money than you originally invested.

Option writing: We may use options as an investment strategy. An option is a contract that gives the buyer the right, but not the obligation, to buy or sell an asset (such as a share of stock) at a specific price on or before a certain date. An option, just like a stock or bond, is a security. An option is also a derivative, because it derives its value from an underlying asset.

The two types of options are calls and puts:

- A call gives us the right to buy an asset at a certain price within a specific period of time. We will buy a call if we have determined that the stock will increase substantially before the option expires.
- A put gives us the holder the right to sell an asset at a certain price within a specific period of time. We will buy a put if we have determined that the price of the stock will fall before the option expires.

We will use options to speculate on the possibility of a sharp price swing. We will also use options to "hedge" a purchase of the underlying security; in other words, we will use an option purchase to limit the potential upside and downside of a security we have purchased for your portfolio.

We use "covered calls", in which we sell an option on security you own. In this strategy, you receive a fee for making the option available, and the person purchasing the option has the right to buy the security from you at an agreed-upon price.

We use a "spreading strategy", in which we purchase two or more option contracts (for example, a call option that you buy and a call option that you sell) for the same underlying security. This effectively puts you on both sides of the market, but with the ability to vary price, time and other factors.

A risk of covered calls is that the option buyer does not have to exercise the option, so that if we want to sell the stock prior to the end of the option agreement, we have to buy the option back from the option buyer, for a possible loss.

A risk of spreading strategies is that the ability to fully profit from a price swing is limited.

INVESTMENT STRATEGIES POOLED INVESTMENT VEHICLES

The Salient MLP Fund, L.P.'s primary objective is to invest in a diversified portfolio of Master Limited Partnerships ("MLPs") and other high income yield equity and debt securities to produce both attractive current income and potential for capital appreciation. The Investment Manager's primary focus will be on investing in publicly traded, energy infrastructure MLPs offering the prospect of payment of dividends or distributions at rates greater than the average dividend yield on S&P 500 securities, regardless of the tax characterization of such dividends or distributions.

The Investment Manager intends to achieve diversification for the Fund by investing in a diversified portfolio of MLPs with an expected low correlation to the broader equity and fixed income markets generally. The Investment Manager believes that this universe of potential investments currently includes interests in MLPs and related entities, as well as corporate income-producing securities (including high dividend common stocks, closed-end funds, business development companies and convertible securities). The Investment Manager expects that most of the Fund's investments will be in MLP securities.

The Salient MLP and Energy Infrastructure Fund's investment objective is to provide a high level of total return with an emphasis on making quarterly cash distributions to shareholders.

The Fund seeks to achieve that objective by investing at least 80% of its total assets in securities of MLPs and Energy Infrastructure Companies. The Fund expects the majority of its portfolio investments will be in securities of Midstream MLPs and Midstream Energy Infrastructure Companies. There can be no assurance that the Fund will achieve its investment objective.

There is a substantial risk that each Fund's investment objective will not be achieved and its investment strategies will not be successful. For a more detailed discussion of each Fund's investment strategies and material risks, please refer to the Fund's respective prospectus and SAI or offering document.

Risk of Loss: Securities investments are not guaranteed and you may lose money on your investments. We ask that you work with us to help us understand your tolerance for risk.

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

Salient Capital Advisors, LLC is affiliated with a related broker-dealer, Salient Capital, L.P. Salient Capital, L.P. does serve as placement agent/distributor for funds for which affiliates of Salient Capital Advisors, LLC serve as investment adviser and/or general partner or managing member.

Neither Salient Capital Advisors, LLC nor investment managers it recommends will use Salient Capital, L.P. to place trades in client accounts. However, associated persons of the Adviser are licensed as registered representatives of Salient Capital, L.P. These individuals, in their separate capacity, can effect securities transactions for which they may receive separate, yet customary compensation.

While Salient Capital Advisors, LLC and these individuals endeavor at all times to put the interest of the clients first as part of their fiduciary duty, clients should be aware that the receipt of additional compensation from Salient Capital, L.P. may create a conflict of interest, and may affect the judgment of these individuals when making recommendations.

As discussed in Item 4, above, the Adviser's clients include investment companies and unregistered private partnerships.

Associated persons of Salient Capital Advisors, LLC are also owners, officers and/or employees of Endowment Advisers, L.P.; GHE Advisers, L.P.; Integrity Capital, LLC and Salient Advisors, L.P. 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; Global Hedged Equity Master Fund, L.P.; Global Hedged Equity Fund, L.P.; Global Hedged (Offshore) Equity Fund, Ltd.; Salient Absolute Return Master Fund; Salient Absolute Return Fund; Salient Absolute Return Institutional Fund; Salient Absolute Return 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 MLP Fund, L.P.; Salient MLP and Energy Infrastructure Fund; The Salient Zarvona Energy Fund, L.P.; Sustainable Woodlands Fund, L.P.; Sustainable Woodlands Fund II, L.P.; BCM Partners I; BCM Partners II; BCM Partners III; Blaze Partners; Thistle Hill Partners, Ltd.

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.

When appropriate to the needs of its clients, Salient Capital Advisors, LLC may recommend (or invest) client assets in the pooled investment vehicles listed above. In this situation, Salient Capital Advisors, LLC will not include client assets invested in these pooled investment vehicles when calculating its advisory fees. However, the Adviser may receive a servicing fee from affiliated advisers for servicing investors in such pooled investment vehicles. This may present a conflict of interest due to the incentive to recommend affiliated pooled investment vehicles based on the receipt of direct or indirect compensation.

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

Endowment Advisers, L.P., which provides investment advice to investment companies and pooled investment vehicles;

GHE Advisers, L.P., which provides investment advice to pooled investment vehicles;

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 Trust Co., LTA is an affiliate of Salient Capital Advisors, LLC. The Adviser may recommend Salient Trust Co., LTA to clients seeking trust and traditional fiduciary services.

Clients Solicited to Invest in Related Partnerships. Related persons of the Adviser are members of the general partner of various private investment vehicles (as discussed above), in certain of which clients of the Adviser are solicited to invest (by the related persons).

While Salient Capital Advisors, LLC and these individuals endeavor at all times to put the interest of the clients first as part of our fiduciary duty, clients should be aware that the

receipt of additional compensation itself creates a conflict of interest, and may affect the judgment of the Adviser and these individuals when making recommendations.

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

We have 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 associated person by calling (713) 993-4675.

In summary, the Code sets forth our 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 must report their personal securities transactions (quarterly) and their securities holdings (at least annually) for review;
- All employees must report any violations of the Code;
- We provide each employee with a copy of the Code and any amendments; and
- All employees must provide a written acknowledgement of their receipt of the Code and any amendments.

We strive to ensure that all employees act in accordance with our 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.

Our related persons may invest with investment managers or investment partnerships that we recommend to clients. It is possible that such managers or investment partnerships may have capacity constraints that could limit further investment by clients.

Our firm and/or individuals associated with our firm may buy or sell for their personal accounts securities identical to or different from those recommended to our clients. In addition, any related person(s) may have an interest or position in a certain security(ies) which may also be recommended to a client.

It is the expressed policy of our firm that no person employed by us may purchase or sell any security prior to a transaction(s) being implemented for an advisory account, thereby preventing such employee(s) from benefiting from transactions placed on behalf of advisory accounts.

We have established the following policies and procedures for implementing our firm's Code of Ethics, to establish that our firm complies with its regulatory obligations and provides our clients and potential clients with full and fair disclosure of such conflicts of interest:

1. No principal or employee of our firm may put his or her own interest above the interest of an advisory client.

2. No principal or employee of our firm may buy or sell securities for their personal portfolio(s) where their decision is a result of information received as a result of his or her employment unless the information is also available to the investing public.
3. It is the expressed policy of our firm that no person employed by us may purchase or sell any security prior to a transaction(s) being implemented for an advisory account. This prevents such employees from benefiting from transactions placed on behalf of advisory accounts.
4. Our firm requires prior approval for any MLP, IPO or private placement investments by related persons of the firm.
5. We maintain a list of all reportable securities holdings for our firm and anyone associated with this advisory practice that has access to advisory recommendations ("access person"). These holdings are reviewed on a regular basis by our firm's Chief Compliance Officer or his/her designee.
6. We have established procedures for the maintenance of all required books and records.
7. All of our principals and employees must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices.
8. We require delivery and acknowledgement of the Code of Ethics by each supervised person of our firm.
9. We have established policies requiring the reporting of Code of Ethics violations to our senior management.
10. Any individual who violates any of the above restrictions may be subject to termination.

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

Salient Capital Advisors, LLC requires clients to provide us with written authority to determine the broker-dealer to use and the commission costs that will be charged to these clients for these transactions.

Salient Capital Advisors, LLC has an arrangement with Fidelity Institutional Wealth Services and Fidelity Brokerage Services, LLC (together with all affiliates, "Fidelity") through which Fidelity provides our firm with their "platform" services. The platform services include, among others, brokerage, custodial, administrative support, record keeping and related services that are intended to support intermediaries like Salient Capital Advisors, LLC in conducting business and in serving the best interests of our clients, but that may also benefit us.

Fidelity charges brokerage commissions and transaction fees for effecting certain securities transactions (i.e., transactions fees are charged for certain no-load mutual funds, commissions are charged for individual equity and debt securities transactions). Fidelity enables Salient Capital Advisors, LLC to obtain many no-load mutual funds without transaction charges and other no-load funds at nominal transaction charges. Fidelity's commission rates are generally considered discounted from customary retail commission rates. However, the commissions and transaction fees charged by Fidelity may be higher or lower than those charged by other custodians and broker-dealers.

The Adviser may, at its discretion, use other broker-dealers outside of the Fidelity platform to execute clients' transactions. As a result, clients may receive less favorable pricing for execution of some transactions than might be obtained from other broker-dealers.

Morgan Stanley serves as the prime broker for the Salient MLP Fund, L.P. and certain institutional accounts. In addition, transactions may be executed through other approved executing broker-dealers for the advised pooled investment vehicles.

Fidelity makes available to our firm, at no additional charge to us, certain research and brokerage services, including research services obtained by Fidelity directly from independent research companies, as selected by Salient Capital Advisors, LLC (within specified parameters). These research and brokerage services presently include services such as software and databases that provide investment research and securities pricing, software that provides analysis of securities portfolios and account performance, and reports and analysis of issuers and securities relating to proxy voting decisions. These services are used by our firm to manage accounts for which we have investment discretion. Without this arrangement, we might be compelled to purchase the same or similar services at our own expense.

As a result of receiving such services for no additional cost, we may have an incentive to continue to use or expand the use of Fidelity. We reviewed this potential conflict of interest when we entered into the relationship with Fidelity and have determined that the relationship is in the best interest of Salient Capital Advisors, LLC's clients and satisfies our client obligations, including our duty to seek best execution.

A client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where we determine in good faith that the commission is reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, while Salient Capital Advisors, LLC will seek competitive rates, to the benefit of all clients, we may not necessarily obtain the lowest possible commission rates for specific client account transactions.

Although the investment research products and services that may be obtained by us will generally be used to service all of our clients, a brokerage commission paid by a specific client may be used to pay for research that is not used in managing that specific client's account. Salient Capital Advisors, LLC and Fidelity are not affiliated and no broker-dealer affiliated with us is involved in the relationship between Salient Capital Advisors, LLC and Fidelity.

Salient Capital Advisors, LLC will block trades where possible and when advantageous to clients. This blocking of trades permits the trading of aggregate blocks of securities composed of assets from multiple client accounts, so long as transaction costs are shared equally and on a pro-rated basis between all accounts included in any such block.

Block trading may allow us to execute equity trades in a timelier, more equitable manner, at an average share price. Salient Capital Advisors, LLC will typically aggregate trades among clients whose accounts can be traded at a given broker, and generally will rotate or vary the

order of brokers through which it places trades for clients on any particular day. Salient Capital Advisors, LLC's block trading policy and procedures are as follows:

- 1) Transactions for any client account may not be aggregated for execution if the practice is prohibited by or inconsistent with the client's advisory agreement with Salient Capital Advisors, LLC or our firm's order allocation policy.
- 2) The trading desk in concert with the portfolio manager must determine that the purchase or sale of the particular security involved is appropriate for the client and consistent with the client's investment objectives and with any investment guidelines or restrictions applicable to the client's account.
- 3) The portfolio manager must reasonably believe that the order aggregation will benefit, and will enable Salient Capital Advisors, LLC to seek best execution for each client participating in the aggregated order. This requires a good faith judgment at the time the order is placed for the execution. It does not mean that the determination made in advance of the transaction must always prove to have been correct in the light of a "20-20 hindsight" perspective. Best execution includes the duty to seek the best quality of execution, as well as the best net price.
- 4) Prior to entry of an aggregated order, a written order ticket must be completed which identifies each client account participating in the order and the proposed allocation of the order, upon completion, to those clients.
- 5) If the order cannot be executed in full at the same price or time, the securities actually purchased or sold by the close of each business day must be allocated pro rata among the participating client accounts in accordance with the initial order ticket or other written statement of allocation. However, adjustments to this pro rata allocation may be made to participating client accounts in accordance with the initial order ticket or other written statement of allocation. Furthermore, adjustments to this pro rata allocation may be made to avoid having odd amounts of shares held in any client account, or to avoid excessive ticket charges in smaller accounts.
- 6) Generally, each client that participates in the aggregated order must do so at the average price for all separate transactions made to fill the order, and must share in the commissions on a pro rata basis in proportion to the client's participation. Under the client's agreement with the custodian/broker, transaction costs may be based on the number of shares traded for each client.
- 7) If the order will be allocated in a manner other than that stated in the initial statement of allocation, a written explanation of the change must be provided to and approved by the Chief Compliance Officer no later than the morning following the execution of the aggregate trade.
- 8) Salient Capital Advisors, LLC's client account records separately reflect, for each account in which the aggregated transaction occurred, the securities which are held by, and bought and sold for, that account.
- 9) Funds and securities for aggregated orders are clearly identified on Salient Capital Advisors, LLC's records and to the broker-dealers or other intermediaries handling the transactions, by the appropriate account numbers for each participating client.

10) No client or account will be favored over another.

Item 13 Review of Accounts

INVESTMENT SUPERVISORY SERVICES INDIVIDUAL PORTFOLIO MANAGEMENT

Reviews: While the underlying securities within Individual Portfolio Management Services accounts are continually monitored, these accounts are reviewed at least annually or as market conditions warrant. Accounts are reviewed in the context of each client's stated investment objectives and guidelines. More frequent reviews may be triggered by material changes in variables such as the client's individual circumstances, model account changes or the market, political or economic environment.

These accounts are reviewed by Investment Adviser Representatives of Salient Capital Advisors, LLC.

Reports: Monthly statements and confirmations of transactions are provided by the client's broker-dealer or custodian, summarizing account performance, balances and holdings.

INVESTMENT MANAGEMENT SERVICES POOLED INVESTMENT VEHICLES

Reviews: The underlying securities within the pooled investment accounts are monitored in the context of each Fund's stated investment objective and guidelines. More frequent reviews may be triggered by material changes in variables such as the market, political or economic environment.

The pooled investment vehicles are reviewed by the Adviser's Investment Committee.

Reports: Salient MLP Fund, L.P.'s and Salient MLP and Energy Infrastructure Fund's monthly investor statements are compiled and delivered to investors by a third-party administrator.

THIRD-PARTY MONEY MANAGER PROGRAMS

Reviews: These client accounts should refer to the independent registered investment adviser's Firm Brochure (or other disclosure document used in lieu of the brochure) for information regarding the nature and frequency of reviews provided by the independent registered investment adviser.

Salient Capital Advisors, LLC will provide reviews as contracted at the inception of the advisory relationship.

These accounts are reviewed by Investment Adviser Representatives of Salient Capital Advisors, LLC.

Reports: These clients should refer to the independent registered investment adviser's Firm Brochure (or other disclosure document used in lieu of the brochure) for information regarding the nature and frequency of reports provided by that independent registered investment adviser.

Salient Capital Advisors, LLC does not typically provide reports in addition to those provided by the independent registered investment adviser selected to manage the client's assets.

Item 14 Client Referrals and Other Compensation

CLIENT REFERRALS

Our firm may pay referral fees to independent persons or firms ("Solicitors") for introducing clients or investors to us. Whenever we pay a referral fee, we require the Solicitor to provide the prospective client with a copy of this document (our *Firm Brochure*) and a separate disclosure statement that includes the following information:

- the Solicitor's name and relationship with our firm;
- the fact that the Solicitor is being paid a referral fee;
- the amount of the fee; and
- whether the fee paid to us by the client will be increased above our normal fees in order to compensate the Solicitor.

As a matter of firm practice, the advisory fees paid to us by clients referred by solicitors are not increased as a result of any referral.

It is Salient Capital Advisors, LLC's policy not to accept or allow our related persons to accept any form of compensation, including cash, sales awards or other prizes, from a non-client in conjunction with the advisory services we provide to our clients.

Item 15 Custody

We previously disclosed in the "Fees and Compensation" section (Item 5) of this Brochure that our firm directly debits advisory fees from client accounts.

As part of this billing process, the client's custodian is advised of the amount of the fee to be deducted from that client's account. On at least a quarterly basis, the custodian is required to send to the client a statement showing all transactions within the account during the reporting period.

Because the custodian does not calculate the amount of the fee to be deducted, it is important for clients to carefully review their custodial statements to verify the accuracy of the calculation, among other things. Clients should contact us directly if they believe that there may be an error in their statement.

Our firm does not have actual or constructive custody of individual client accounts.

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. The Adviser requires the relevant Funds to be audited by an independent, PCAOB accountant, and will distribute the audited financial statement to all fund investors within 120 days after the relevant Fund's fiscal year end (180 days for funds of funds). Salient MLP Fund, L.P.'s and Salient MLP and Energy Infrastructure Fund's monthly investor statements are compiled and delivered to investors by a third-party administrator.

Item 16 Investment Discretion

Clients may hire us to provide discretionary asset management services, in which case we place trades in a client's account without contacting the client prior to each trade to obtain the client's permission.

Our discretionary authority includes the ability to do the following without contacting the client:

- Determine the security to buy or sell; and/or
- Determine the amount of the security to buy or sell

Clients give us discretionary authority when they sign a discretionary agreement with our firm, and may limit this authority by giving us written instructions. Clients may also change/amend such limitations by once again providing us with written instructions.

Item 17 Voting Client Securities

We vote proxies for client accounts, where applicable; however, you always have the right to vote proxies yourself. You can exercise this right by instructing us in writing to not vote proxies in your account.

We will vote proxies in the best interests of clients and in accordance with our established policies and procedures. Our firm will retain all proxy voting books and records for the requisite period of time, including a copy of each proxy statement received, a record of each vote cast, a copy of any document created by us that was material to making a decision how to vote proxies, and a copy of each written client request for information on how the adviser voted proxies. If our firm has a conflict of interest in voting a particular action, we will notify the client of the conflict and retain an independent third-party to cast a vote.

Clients may obtain a copy of our complete proxy voting policies and procedures by contacting us by phone at (713) 993-4675 or in writing at the following:

Salient Capital Advisors, LLC
Attn: Compliance Department
4265 San Felipe, 8th Floor
Houston, Texas 77027

Clients may request, in writing, information on how proxies for his/her shares were voted. If any client requests a copy of our complete proxy policies and procedures or how we voted

proxies for his/her account(s), we will promptly provide such information to the client.

Clients may, at their election, choose to receive proxies related to their own accounts. With respect to ERISA accounts, we will not vote proxies.

Our firm may not vote proxies with respect to foreign companies if the costs to the client outweigh the benefits or, in certain cases, where the company is in a country which prohibits shareholders who vote proxies from trading the company's shares within a given period of time around the shareholder meeting date ("share blocking"). In addition, the Adviser may not vote proxies if the voting guidelines are unclear, the matter is not covered by the voting guidelines or the voting guidelines call for case-by-case review.

We will neither advise nor act on behalf of the client in legal proceedings involving companies whose securities are held in the client's account(s), including, but not limited to, the filing of "Proofs of Claim" in class action settlements. If desired, clients may direct us to transmit copies of class action notices to the client or a third party. Upon such direction, we will make commercially reasonable efforts to forward such notices in a timely manner.

Item 18 Financial Information

Salient Capital Advisors, LLC has no additional financial circumstances to report.

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.

Salient Capital Advisors, LLC has not been the subject of a bankruptcy petition at any time during the past ten years.