



## **Form ADV Part 2A**

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**This brochure provides information about the qualifications and business practices of Harvest Fund Advisors LLC. If you have any questions about the contents of this brochure, please contact us at (610) 341-9700 and/or info@harvestmlp.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 Harvest Fund Advisors LLC also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

## **Material Changes**

This section currently is not applicable. This Brochure dated March 31, 2011, has been prepared in accordance with new regulatory requirements. As a result, it is different in structure and content from our previous Form ADV, Part II.

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## **ADVISORY BUSINESS [Item 4]**

### **Principal Owners [Item 4.A.]**

Harvest Fund Advisors LLC, a Delaware limited liability company (“Harvest”, “Adviser”, the “Company” or “We”), was founded in 2005 and offers investment management services to various categories of institutions and sophisticated high net worth investors with respect to alternative asset investments. Our services are offered on a discretionary basis directly through separate accounts (“Clients”) and privately-offered pooled investment vehicles (“Fund” or “Funds”).

Harvest is employee-owned. David J. Martinelli, Harvest’s Managing Partner, is the only individual who owns more than 25% of the Company.

### **Types of Advisory Services [Item 4.B.]**

Harvest manages separate accounts and Funds focusing on energy and energy infrastructure assets with a particular focus on U.S. master limited partnerships. The Funds may be organized in the United States or in a foreign jurisdiction as limited liability companies, limited partnerships, trusts, or offshore corporations, partnerships, trusts or any other legal entity. Harvest generally seeks to achieve the investment objectives of a Fund by managing and executing investment strategies on its own.

### **Investment Restrictions [Item 4.C.]**

Harvest’s principal investment area is energy and energy infrastructure assets with a particular focus on U.S. master limited partnerships. The investment objectives and the investment strategies of each Fund managed by Harvest are described in detail in the Fund’s offering and subscription documents or investment management agreement.

Separate account management is guided by the stated objectives of the Client (i.e., capital preservation, income, growth, etc.). Client investment objectives are identified by assessing the Client’s risk tolerance based upon various criteria like need for cash flow, investment goals and the like. These objectives are then typically documented via the investment guidelines contained within an investment management agreement. When a Client grants the Adviser investment discretion, Harvest is authorized to invest, sell, and reinvest proceeds in the Client’s account without obtaining the Client’s prior confirmation of any proposed action. Harvest will manage the account in accordance with the investment guidelines and/or restrictions that have been provided by the Client.

Harvest provides investment advice to Funds. Information about a Fund’s investment objective and strategies, fees and expenses, and other material information may be found in the Fund’s private placement memorandum.

### **Wrap Fee Programs [Item 4.D.]**

Harvest does not participate in wrap programs.

**Assets Under Management [Item 4.E.]**

Harvest has \$502 million in discretionary assets under management as of February 28, 2011.

## **FEES AND COMPENSATION [Item 5]**

### **Fee Schedules [Item 5.A.]**

Clients pay a fee based upon the percentage of assets under management at fixed annual rates, generally 1% and subject to negotiation. The compensation method is explained and agreed with the Client in advance before any services are rendered. Management fees may be billed monthly or quarterly in arrears pursuant to the written investment management agreement.

Fees for our Funds depend upon the vehicle and strategy (long-only, long-short, etc.). Funds typically pay a management fee based upon the percentage of assets under management at fixed annual rates, generally in a range from 1% to 2%, subject to negotiation, and depending upon the strategy of the privately offered vehicle.

Performance fees, if any, generally will be an annual percentage rate of the net realized and unrealized profits for each year (the “Performance Fee”). In certain cases, the Performance Fee may be charged after restoration of any losses carried forward from prior years and, in certain cases, after achieving a threshold annual return on invested capital at varying rates. Generally the annual percentage rate of Performance Fee will approximate 20% of the net realized and unrealized profits, subject to negotiations. Performance Fees generally will be billed after the close of each calendar year.

### **Deduction of Fees [Item 5.B.]**

Clients typically are billed quarterly in arrears for fees incurred. For our Funds, fees are typically deducted monthly in arrears from a Fund’s account.

### **Other Fees and Expenses [Item 5.C.]**

Harvest does not charge additional types of fees or expenses for separate account Clients. Funds also pay their own fund-level expenses (e.g., fund administration, audit, tax and legal) in connection with operating the Fund.

All Clients and Funds incur brokerage and other transaction costs; see “Brokerage Practices.”

### **Prepaid Fees [Item 5.D.]**

None of our Clients or Funds prepay fees.

### **Compensation for the Sale of Securities [Item 5.E.]**

Neither Harvest nor any of its supervised persons accepts compensation for the sale of securities or other investment products.

## **PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT [Item 6]**

Harvest manages some separate accounts and Funds that charge performance fees or asset-based fees as well as performance fees.

Harvest has adopted Trading and Trade Allocation policies that govern the treatment of Funds with different fee structures and the potential conflicts of interest that these fee structures might present. As a general rule, trades from similar strategies are allocated to our various Clients or Funds pro rata based on assets under management. The intent of this policy is that assets cannot be allocated on a preferential basis to any one account. It is possible for the allocation policy to be applied differently in instances where one Client or Fund has a higher cash position as compared to other Clients or Funds using a similar strategy due to, among other reasons, account funding.

## **TYPES OF CLIENTS [Item 7]**

Harvest provides investment advice to:

- Privately offered funds;
- Pension and profit sharing plans;
- Trusts, estates, or charitable organizations;
- Corporations or other business entities; and
- State and municipal government entities.

Generally, the minimum dollar value of assets required to establish an investment advisory account ranges from \$500,000 to \$1 million. However, Adviser reserves the authority to waive the account minimum as it deems appropriate.

Details concerning applicable suitability criteria for investment in the Funds are set forth in the respective Fund's prospectus and subscription application materials or investment management agreement.

## **METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS [Item 8]**

### **General Description [Item 8.A.]**

We use our fundamental, value-oriented, bottoms-up research, analysis, and industry knowledge to attempt to generate returns (alpha) in the energy and energy infrastructure assets within our investment universe with a particular focus on U.S. master limited partnerships (MLPs). In addition to the fundamental quantitative analysis noted, we frequently undertake technical and quantitative analysis to assess optimal portfolio size and balancing.

Harvest may, for certain of its Funds or Clients, purchase or sell, among other things, derivatives instruments or swaps, provided that all eligibility criteria for acquisition of such instruments are satisfied.

### **Material Risks for Significant Investment Strategies and Securities [Items 8.B. and 8.C]**

Investment in any securities, including an investment in our Funds or separate accounts, involves significant risk. Each prospective investor should carefully consider the risk factors inherent in investing. Investors must be able to bear the economic risk of loss of value or loss of their investment.

Investments in MLPs involve some risks that differ from an investment in the common stock of a corporation. Holders of MLPs have limited control and voting rights on matters affecting the partnership. In addition, there are certain tax risks associated with an investment in MLP Interests and conflicts of interest exist between common unit holders and the general partner, including those arising from incentive distribution payments.

MLPs that provide crude oil, refined product and natural gas services are subject to supply and demand fluctuations in the markets they serve that will be affected by a wide range of factors, including fluctuating commodity prices, weather, increased conservation or use of alternative fuel sources, increased governmental or environmental regulation, depletion, rising interest rates, declines in domestic or foreign production, accidents or catastrophic events and economic conditions, among others. These supply and demand fluctuations can cause the value of MLP interests to be more volatile than interests in companies in other types of industries.

The use of derivatives involves risks different from, and possibly greater than, the risks associated with investing directly in the investments underlying the derivatives. Whether the use of derivatives is successful will depend on, among other things, whether we correctly forecast market values, interest rates and other applicable factors. If we incorrectly forecast these and other factors, the investment performance of an account will be unfavorably affected. In addition, the derivatives market is largely unregulated. Developments in the derivatives market could adversely affect an account's ability to successfully use derivative instruments.

Like most derivative instruments, the use of swaps is a highly specialized activity that involves investment techniques and risks different from those associated with ordinary portfolio securities transactions. In addition, the use of swaps requires an understanding not only of the referenced asset, rate or index, but also of the swap itself. Because they are two-party contracts and because they may have terms of greater than seven days, swap agreements may be considered to be



illiquid. Moreover, an account bears the risk of loss of the amount expected to be received under a swap agreement in the event of the default or bankruptcy of a swap agreement counterparty. Developments in the swaps market, including proposed government regulation, could adversely affect an account's ability to terminate existing swap agreements or to realize amounts to be received under such agreements.

**DISCIPLINARY INFORMATION [Item 9]**

Neither Harvest nor any Management Persons have ever been the subject of any disciplinary event or action.

## **OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS [Item 10]**

### **Broker-Dealer Registration [Item 10.A.]**

Neither Harvest nor any management persons are registered or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.

### **Commodity Pool Operator, Commodity Trading Adviser, Futures Commission Merchant Registration [Item 10.B.]**

Neither Harvest nor any management persons are registered or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

### **Other Material Relationships [Item 10.C.]**

Harvest has no relationships or arrangements with affiliates that are material to our advisory business or to our clients.

### **Receipt of Compensation from Investment Advisers [Item 10.D.]**

Harvest does not recommend or select other investment advisers for our clients or receive compensation, either directly or indirectly from other advisers.

## **CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING [Item 11]**

### **Code of Ethics [Item 11.A.]**

Harvest has adopted a Code of Ethics as part of its Compliance Policy that addresses personal trade reporting, standards of conduct, and limitation and restrictions on gifts and entertainment. Business ethics are also a component of Harvest's Employee Policies and Procedures Manual. All Harvest employees must adhere to the Compliance Policy and all employee policies and procedures in place at the Advisor. In short, at Harvest we are committed to maintaining the highest legal and ethical standards in the conduct of our business. We have built our reputation on client trust and confidence in our professional abilities and our integrity. As fiduciaries, we place our clients' interests above our own. Meeting this commitment is the responsibility of our firm and each and every one of our employees.

A copy of our Code of Ethics, as well as our compliance and policy manuals, are available to any Client or prospective Client upon request.

### **Participation or Interest in Client Transactions, Recommendations, and Trading [Items 11.B., C., and D.]**

Principals, officers and employees of Harvest and its related persons and affiliates are or may be investors in our Funds. As such, it is possible that Harvest could cause an investor or Client to buy or sell securities in which the Adviser or one of its related persons has a financial interest. For example, Harvest could recommend that a client or investor invest in a Fund for which Harvest or an affiliate serves as investment manager, general partner, managing member or manager. Harvest also could recommend that a Fund invest in a portfolio company in which another Fund previously has invested. Because Harvest will have a nominal ownership interest in both Funds, Harvest could have a potential conflict of interest in making such a recommendation, which Harvest addresses through disclosure to Clients and Fund investors.

Harvest has adopted a Personal Trading Policy that governs employees' ability to trade securities, including when employees seek to trade the same securities as Clients are trading, at the same or at different times. Harvest also has adopted a policy and procedures to prevent the misuse of material, inside information, both of which are designed to avoid conflicts of interest that may arise when Harvest personnel and members of their family engage in securities transactions for their own account. All Harvest employees must adhere to the Personal Trading Policy, the Insider Trading Policy and all other employee policies and procedures in place at the Advisor.

## **BROKERAGE PRACTICES [Item 12]**

### **Broker-Dealer Selection [Item 12.A.]**

In the course of providing our services, we will execute trades for our clients through broker-dealers. When a client has given us broker discretion, there is no restriction on the brokers we may select to execute client transactions. Our general guiding principle is to trade through broker-dealers who offer the best overall execution under the particular circumstances. With respect to execution, we consider a number of factors, including if the broker has custody of client assets, the actual handling of the order, the ability of the broker-dealer to settle the trade promptly and accurately, the financial standing of the broker-dealer, the ability of the broker-dealer to position stock to facilitate execution, our past experience with similar trades, and other factors which may be unique to a particular order. Based on these judgmental factors, we may trade through broker-dealers that charge fees that are higher than the lowest available fees.

Neither Harvest nor any of its Clients or Funds may enter into any “soft dollar” arrangement (that term is used under Section 28(e) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”)) with a broker-dealer.

### **Brokerage for Client Referrals [Item 12.A.2.]**

Neither Harvest nor any of its Clients or Funds may select or recommend a broker-dealer based on whether Harvest or a related person receives client referrals from a broker-dealer or third party.

### **Directed Brokerage [Item 12.A.3.]**

Harvest does not recommend, request or require a Client or Fund to execute transactions through a specified broker-dealer.

At times, a client may direct Harvest to use certain brokerage firms as part of a commission recapture or minority brokerage program. As a result of directed brokerage the Client may pay higher brokerage commissions because Harvest may not be able to aggregate orders to reduce transaction costs, or the client may receive less favorable prices because Harvest cannot use a broker-dealer offering a better price.

### **Aggregation of Trades [Item 12.B.]**

We will typically aggregate numerous Clients’ or Funds’ purchases or sales as a single transaction. Transactions are usually aggregated to seek a lower commission, lower costs, or a more advantageous net price. The benefits, if any, obtained as a result of such aggregation, are generally allocated pro-rata among the accounts of the Clients or the Funds that participated in the aggregated transaction by charging all clients the same price per unit of the security acquired.

The Adviser is not obligated to acquire for all Client or Funds a security that we may acquire for the account of a particular Client or Fund, if in the Adviser’s absolute discretion it is not practical or desirable to acquire a position in such security.

## **REVIEW OF ACCOUNTS [Item 13]**

### **General Description [Item 13.A.]**

Harvest's investment team monitors capital market conditions and client circumstances and makes portfolio adjustments as appropriate. Client and Fund accounts are formally reviewed quarterly for compliance with investment guidelines. At a minimum, the Portfolio Manager and Chief Operating Officer participate in the review.

### **Client Reports [Item 13.C.]**

Investors in the Funds receive monthly written performance reports from Harvest and audited financial statements annually from the Funds' accountants. Clients receive written performance reports monthly from Harvest and account statements from their custodian.

## **CLIENT REFERRALS AND OTHER COMPENSATION [Item 14]**

### **Other Compensation [Item 14.A.]**

Harvest does not receive any benefits, economic or otherwise, from non-clients for providing investment advice or other advisory services.

### **Compensation for Client Referrals [Item 14.B.]**

Harvest may compensate its own personnel or employees who refer potential investors or Clients to Harvest. Any such compensation will be paid by Harvest from its assets and will not be charged to its clients. Any such arrangement with a solicitor who refers capital fee clients will comply with Rule 206(4)-3 under the Investment Advisers Act of 1940, as amended.

**CUSTODY [Item 15]**

Investors in our Funds receive account statements monthly directly from the Fund Administrator. Investors should carefully review the account statements received. Our Clients receive monthly account statements directly from their custodian, as well as monthly performance reports from Harvest. Clients should carefully review the account statements received from both the custodian and Harvest to make certain that the information in each is consistent.



## **INVESTMENT DISCRETION [Item 16]**

Harvest routinely accepts discretionary authority to manage securities on behalf of its Clients in the advisory agreement with the Client. When a Client grants Harvest investment discretion, Harvest is authorized to invest, sell, and reinvest proceeds in the Client's account without obtaining the Client's prior confirmation of any proposed action. Harvest does, however, manage the account in accordance with the investment guidelines and/or restrictions that have been provided by the Client.

Harvest provides investment advice to Funds. Information about a Fund's investment objective and strategies, investment guidelines and restrictions, fees and expenses, and other material information may be found in the Fund's private placement memorandum.

## **VOTING CLIENT SECURITIES [Item 17]**

### **Proxy Voting Policies – Authority to Vote [Item 17.A.]**

Unless directed otherwise by contract, Harvest generally is responsible for voting proxies with respect to securities held in Client and Fund accounts, including Clients that are pension plans (“plans”) subject to the ERISA. As part of our Compliance Policy we have implemented a proxy voting policy which is designed to ensure that we vote proxies in the best interest of our Clients and Funds.

From time to time, proxy voting proposals may raise conflicts between the interests of our Clients and Funds and the interests of Harvest. Harvest takes certain steps designed to ensure, and demonstrate that those steps resulted in a decision to vote the proxies that was based on the clients' best interests and was not the product of such conflicts. Those steps may include voting a proxy according to a third party's recommendations, or requesting that a Client direct us as to the manner of voting the proxy.

A copy of our Proxy Voting Policy is available to upon request. Clients may also request information regarding how we voted on a particular proxy upon request.

### **Proxy Voting Policies - No Authority [Item 17.B.]**

Some of our Clients maintain the authority to vote their own proxies. In these circumstances, the Client receives proxies directly from the custodian. We will sometimes forward our view and recommendation on a particular proxy or solicitation to a Client for their consideration, but the Client is under no obligation to consider our views. Alternatively, we also respond to proxy questions from Clients as needed.

## **FINANCIAL INFORMATION [Item 18]**

### **Balance Sheet [Item 18.A.], Financial Conditions [Item 18.B.], Bankruptcy Petition [Item 18.C.]**

Harvest does not require or solicit prepayment of more than \$1,200 in fees per Client or Fund six months or more in advance and thus has not included a balance sheet of its most recent fiscal year. Harvest is not aware of any financial condition that is reasonably likely to impair its ability meet its contractual commitments to Clients or Funds, nor has Harvest been the subject of a bankruptcy petition at any time during the past ten years