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This brochure provides information about the qualifications and business practices of Chambers Energy Management, LP. If you have any questions about the contents of this brochure, please contact Samuel Barrett, Chief Compliance Officer, at (713) 554-6706. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the "SEC") or by any state securities authority.

Additional information about Chambers Energy Management, LP also is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2. Material Changes

We are updating this Part 2A of Form ADV as part of an annual update to our registration as an investment adviser pursuant to the Investment Advisers Act of 1940, as amended.

Material changes to this Part 2A include (i) revising the assets under management amount as set forth in Item 4, which changed from an approximate \$1.6 billion to \$1.5 billion, and (ii) changes to the list of permitted securities transactions that are exempt from the general prohibition on personal securities trading by employees as set forth in Item 11(C) (corresponding changes were made to the Code of Ethics). As a summary, the list of permitted securities transactions was expanded to add certain transactions that are generally private in nature or do not represent active trading; Chambers Energy Management, LP still prohibits all employees from personal trading in individual securities or options on individual securities, including futures, forward contracts, and physical commodities.

Except for the foregoing material changes, there are no other material changes to this brochure since (i) the amended Part 2A filed with our annual update in March 2016, and (ii) the amended Part 2A filed with our Form ADV amendment in May 2016; we filed a Form ADV amendment and amended Part 2A in May 2016 to reflect the hiring of a new chief compliance officer.

We recommend that you review this brochure in its entirety.

Table of Contents

Item

4. Advisory Business	1
5. Fees and Compensation	2
6. Performance-Based Fees and Side-By-Side Management	4
7. Types of Clients.....	5
8. Methods of Analysis, Investment Strategies and Risk of Loss	5
9. Disciplinary Information	12
10. Other Financial Industry Activities and Affiliations	12
11. Code of Ethics, Participation or Interest in Client Transactions and Personal Trading	14
12. Brokerage Practices	17
13. Review of Accounts	18
14. Client Referrals and Other Compensation.....	18
15. Custody.....	19
16. Investment Discretion.....	20
17. Voting Client Securities	20
18. Financial Information	21
19. Requirements for State-Registered Advisers.....	21

ITEM 4. ADVISORY BUSINESS

A. Advisory Firm Description

Chambers Energy Management, LP (“CEM” or the “Firm”) has been in business since March 27, 2009. The principal owner is J. Robert Chambers. As used in this brochure, “we,” “us” and “our” refer to CEM and its investment advisory business, including CEM’s affiliates that serve as general partners of CEM’s clients. CEM is a registered investment adviser and the affiliated general partners are each registered as an investment adviser under the Investment Advisers Act of 1940, as amended (the “Advisers Act”).

B. Types of Advisory Services

CEM provides portfolio management to affiliated private equity funds (collectively referred to herein as the “Funds” or the “CEM Funds”) making credit and related investments in the energy sector. CEM has provided, and may in the future also provide (or agree to provide), certain investors or other persons the opportunity to participate in co-invest vehicles that will invest in certain portfolio companies alongside a Fund. Such co-invest vehicles would be expected to invest and dispose of their investments in the applicable portfolio company at substantially the same time and on substantially the same terms as the Fund making the investment.

The Funds are exempt from registration as “investment companies” under the Investment Company Act of 1940, as amended (the “Investment Company Act”), and the regulations promulgated thereunder. Interests in the Funds are offered only to qualified investors satisfying the applicable eligibility and suitability requirements in private placement transactions globally. Investors in the CEM Funds are typically institutional investors and eligible high-net-worth individuals. The relationship between CEM and each CEM Fund is governed by the Advisers Act as well as the governing documents of each CEM Fund and the terms of investment advisory agreements executed between CEM and each CEM Fund.

C. Tailored Advisory Services

CEM tailors its advisory services to the investment strategies, specific terms and conditions of the CEM Funds, as described in the private placement memoranda (“PPMs”), partnership agreements, and other governing agreements of each of the CEM Fund clients. Investors in the CEM Funds are generally expected to participate in the overall investment program for the applicable Fund, although they may be excused from a particular investment due to legal, regulatory or other applicable constraints.

These documents may include restrictions on investing in certain instruments or types of assets or debt, including concentration limits and geographical restrictions. CEM has entered, and may in the future enter, into side letters or other similar agreements with certain CEM Fund investors that have the effect of establishing rights under, supplementing or altering a CEM Fund’s partnership agreement or a CEM Fund investor’s subscription agreement. Such rights or alterations may relate to economic terms, fee structures, excuse rights, information rights, co-investment rights, or transfer rights. Certain such additional rights, terms or conditions may be elected by certain sizeable investors with “most favored nations” rights pursuant to such side letters. Please refer to each specific CEM Fund’s PPM and/or other offering materials for specific information regarding such Fund.

D. Wrap Fee Programs

No wrap fee programs are currently in place.

E. Client Assets Under Management

As of December 31, 2016, CEM had approximately \$1.5 billion of discretionary assets under management. As of December 31, 2016, the Firm did not manage any client assets on a non-discretionary basis.

ITEM 5. FEES AND COMPENSATION

A. Fees

This brochure will be delivered only to “qualified purchasers” as defined in the Investment Company Act. CEM receives compensation generally through two sources: a management fee, payable regularly by the Funds as a fixed percentage fee, and “carried interest,” a performance allocation due to CEM from successful investments made by the Funds, as further described below.

B. How Fees Are Billed

The Funds generally pay CEM a quarterly management fee (the “Management Fee”) in advance, at the annual rate of 1.5% of the value of each of each limited partner’s capital commitment to the CEM Funds (during the “investment period” of a given CEM Fund), or pro rata share of “assets under management” (lower of adjusted cost or fair market value) by such CEM Fund (subsequent to that period), provided that for purposes of the calculation of Management Fees, the “assets under management” will not be deemed to exceed the value of the capital commitments. All Management Fees are deducted directly from the capital accounts of the limited partners of the applicable CEM Fund. Generally, fees are not negotiable – *but see Item 10(C), Material Relationships*, regarding the Reservoir fee arrangement. Except as otherwise described in the applicable partnership agreement, expenses and investment advisory and other fees are expected to be paid over the term of the applicable CEM Fund and investors generally are not permitted to withdraw or redeem interests in such CEM Fund.

“Carried interest” or performance allocations are assessed periodically according to each CEM Fund’s governing documents, and in the discretion of the general partner or control vehicle of the applicable fund. The rate paid is typically 20% of profits of the Fund after meeting certain thresholds. These fees are paid out of cash otherwise distributable to investors, such as the receipt by the CEM Funds of proceeds from a portfolio investment.

Employees of CEM who are investors in Funds do not pay the management fee or carried interest allocations, and, as discussed under Item 10(C), investors affiliated with Reservoir pay a reduced management fee and carried interest.

The information provided in this Item 5 is general in nature. Actual terms of a particular Fund may differ. Investors should refer to the applicable offering documents of each Fund for specific details.

C. Other Fees and Expenses

In addition to management fees and performance allocations (which are discussed in Items 5(A) and 5(B) above), the client CEM Funds pay, or reimburse their general partners, CEM, or their respective affiliates, for all costs and expenses of the Funds and the general partners, CEM, and their respective affiliates (except for certain overhead costs of the general partners and CEM), as set forth in the offering documents of each of our client CEM Funds:

(i) organizational and offering expenses of the CEM Funds, which are be subject to maximum amounts stated in the applicable offering documents and particular terms as to the payment of expenses in excess of these maximums;

(ii) all cost and expenses incurred in connection with maintaining the existence of, winding-up and liquidating the Funds and all costs and expenses associated with any organization and operation of any alternative investment vehicle or parallel fund;

(iii) the fees and expenses of outside counsel, consultants, accountants, administrators, custodians, advisors, and other outside professionals, including, without limitation, all audit, certification, appraisal, banking and investment banking fees and all fees and expenses associated with the preparation and filing (as applicable) of the financial statements, valuations, tax returns and Schedule K-1s of the Fund and any expenses incurred or paid by the tax matters partner;

(iii) all fees, costs and expenses not reimbursed by portfolio companies, sellers or other third parties incurred in connection with the sourcing, investigation, identification, analysis, development, pursuit, negotiation, structuring, making, trading, settling, monitoring, purchasing, holding, management, sale, proposed sale or other disposition of any actual or proposed Fund investment (including, without limitation, travel and due diligence expenses), regardless of whether such investments are ultimately consummated;

(iv) private placement fees, brokerage fees, commissions, custody expenses, bank service fees, other investment fees, costs and expenses, break up fees and other similar expenses, interest, fees and any other obligations or expenses arising out of any borrowings or other indebtedness, including, without limitation, the arranging thereof; financing fees, out-of-pocket expenses of reporting to limited partners (including the costs of printing and distributing reports to investors), any taxes imposed on the Funds, fees or other governmental charges levied against the Funds or on their income or assets or in connection with their business or operations and all expenses incurred in connection with any tax audit, investigation, settlement or review of the Funds;

(v) costs and expenses of any meetings of partners, including the annual meeting, and the advisory committee members (including legal, travel and other advisory expenses of each Fund's advisory committee);

(vi) the costs of prosecuting any legal action for or on behalf of, or defending any legal action against, the Funds, their affiliates or the portfolio companies, the cost of any litigation, D&O liability or other insurance, and any indemnification or extraordinary expense or liability relating to the affairs of the Funds; and

(v) fees and expenses of placement agents (which fees and expenses are offset dollar-for-dollar against management fees).

Given the nature of the CEM Funds' investment program, we generally conduct transactions on an originated, negotiated basis, but CEM may periodically transact through broker-dealers or other intermediaries on behalf of the CEM Funds. In such instances, investors in CEM Funds generally bear brokerage costs indirectly through a security's trading price and not as a separate transaction fee. A discussion of our brokerage practices may be found at Item 12 of this brochure.

To the extent any expenses may be reasonably allocable to more than one Fund, CEM will generally allocate such expenses among the applicable Funds in a manner it believes is equitable as determined in its good faith and in accordance with the provisions of any applicable governing documents.

D. Refunds

Upon termination of the investment advisory agreement with a CEM Fund, CEM will return to such CEM Fund any paid but unearned portion of the management fee. In general, such fees are pro-rated from the date of termination to the end of the period to which the advance fee applied.

E. Compensation for Sale of Securities

Neither CEM nor its supervised persons accept compensation for the sale of securities or other investment products. CEM or its affiliates, however, generally receive certain fees from portfolio companies in which the CEM Funds invest in connection with the purchase, monitoring or disposition of investments or in connection with unconsummated transactions, such as break-up, monitoring, directors', organizational, set-up, advisory, investment banking, underwriting, syndication and other similar fees. Any such fees, when received, are offset against the Management Fees otherwise payable by investors in the CEM Funds, pursuant to the governing documents of the relevant CEM Fund.

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

In some situations, an affiliate of CEM will charge a performance allocation or similar compensation mechanism (e.g., "carried interest," which is subject to a clawback obligation under the operating agreement of the applicable CEM Fund). All such performance allocation arrangements are intended to comply with Rule 205-3 under the Advisers Act. These fees are also deducted directly from the limited partners' capital accounts. *See above, Item 5(B)*. "Carried interest" is negotiated separately for each CEM Fund.

Performance allocation arrangements create an incentive to favor higher fee paying accounts over other accounts in the allocation of investment opportunities. However, CEM follows procedures designed to procure the fair treatment of all Fund clients in the allocation of investment opportunities, and to prevent this potential conflict of interest from influencing the allocation of investment opportunities among or between client CEM Funds. CEM is not currently managing portfolios paying performance allocations side-by-side with those not paying such allocations, although it has the right to do so. CEM generally expects that any co-investment vehicles formed to invest alongside a Fund will not be subject to carried interest. CEM believes these arrangements do not generally create conflicts since a co-investment vehicle's ability to invest in a transaction would be subject to the governing documents of the applicable Fund, and such vehicles would generally be required to acquire and dispose of securities on substantially the same terms and at substantially the same time as the applicable Fund.

Although CEM has a similar fee structure for all investment partnerships, certain strategic and/or affiliated limited partners are charged discounted fees. CEM does not allocate investments among Funds based on the potential of CEM and its affiliates to earn carried interest.

CEM investment allocations are documented as part of our regular investment processes, and allocation decisions take into a variety of factors, including the size of the investment opportunity, the capital available for investment by each client, the sharing rules set forth in the applicable governing agreements and the terms of the governing documents of the applicable CEM Funds. Under no circumstances may we or any of our affiliates allocate investment opportunities based on anticipated compensation or profits to CEM or any of its affiliates or employees.

ITEM 7. TYPES OF CLIENTS

CEM provides investment management services solely for private investment funds it sponsors and raises in private placements conducted pursuant to applicable federal securities laws and regulations.

The CEM Funds have a minimum initial capital commitment of \$10,000,000, although investments of a lesser amount have been and may be accepted in the discretion of the applicable CEM Fund's general partner, provided that the acceptance of any such lesser amount will comply with the provisions of Rule 205-3 of the Advisers Act. CEM offers interests in the Funds only to qualified purchasers, as defined under the Investment Company Act and guidance related thereto, with certain firm executives also participating in the Funds.

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

The Funds' primary investment objectives are to seek to achieve current income and long-term capital appreciation, while emphasizing credit protection and risk mitigation, by taking advantage of credit investment opportunities within the energy sector. Such opportunities are predominately debt instruments, but may also be private equity, distressed company securities, or other structured energy interests. Specifically, the Funds generally originate new loans to energy companies, or invest in existing bonds and loans of distressed energy companies where CEM believes similarly attractive risk-adjusted returns can be generated.

CEM cannot guarantee the future performance of the client CEM Funds or any specific level of performance, or the performance of any investment decision or strategy that the Firm may use. Investing in complex financial instruments may entail the loss of an investor's entire investment, which the investor must be willing and qualified to bear.

Investment decisions CEM makes for the Funds are subject to various credit, market, currency, economic, political and business risks. Making large commitments to single companies exacerbates these risks. Additionally, purchasing investments with leverage increases the risk of losses to investors or clients. The Firm manages these risks by setting limits to leverage and concentration. These limits are monitored on an investment-by-investment basis. Specific risks of the Funds' investment strategy and types of investment generally include the following items. For more complete details, please refer to the appropriate Fund governing documents, including the private placement memoranda and partnership agreements.

Potential for Insufficient Investment Opportunities. The activity of identifying, completing and realizing attractive investments for the Funds is highly competitive and involves a high degree of uncertainty. The availability of investment opportunities generally will be subject to market conditions. The Funds compete for investments with other investors, including companies, public equity markets, individuals, financial institutions and other investors. Over the past several years, an increasing number of private investment funds have been formed, particularly in the energy and mezzanine sector (and many such existing funds have grown in size), resulting in greater capital available for investment in this sector. Additional funds with similar objectives may be formed in the future by other unrelated parties. Competition for appropriate investment opportunities may increase, thus reducing the number of investment opportunities available to the Funds and adversely affecting the terms upon which investments can be made. There can be no assurance that any of our Funds will be able to locate, consummate and exit investments that satisfy such Fund's return objectives or realize their values, or that the Funds will be able to invest fully their committed capital.

Concentration of Investments. The Funds generally seek to diversify their investment portfolios in a manner consistent with their investment objectives and strategy. However, each Fund may participate in a limited number of investments, and thus the aggregate return of such Fund may be substantially adversely affected by the unfavorable performance of even a single investment.

Investments with Terms Longer than the Fund. A Fund may make investments that may not be advantageously disposed of prior to the date such Fund will be dissolved, either by expiration of the Fund's term or otherwise. Although CEM generally expects that investments will be disposed of prior to a Fund's dissolution, or be suitable for in-kind distribution at dissolution, and the general partner of the given Fund has a limited ability to extend the term of the Fund, the Fund may have to sell, distribute or otherwise dispose of investments at disadvantageous terms as a result of dissolution.

Global Economic Conditions; Market Dislocation. General economic conditions may affect the Funds' activities. Interest rates, general levels of economic activity, fluctuations in the market prices of securities, and participation by other investors in the financial markets may affect the value of investments made by the Funds. Events of the past decade in significant sectors of the fixed income markets have caused significant dislocations, illiquidity and volatility in the structured credit, leveraged loan and high yield bond markets, as well as in the wider global financial markets. To the extent that the Funds' portfolio companies participate in such markets, the results of their operations may suffer. In addition, marketplace events could have an adverse impact on the availability of credit to businesses generally and could lead to an overall weakening of the U.S. and global economies. Any resulting economic downturn could adversely affect the financial resources of the Funds' portfolio companies and their ability to make principal and interest payments on, or refinance, outstanding debt when due. In the event of such defaults, our Funds could lose both invested capital in, and anticipated profits from, such portfolio companies.

In addition, current economic conditions may materially and adversely affect (i) the ability or willingness of certain counterparties to do business with the CEM Funds or their investment affiliates; (ii) the Funds' exposure to the credit risk of others in their dealings with various counterparties (for example, in connection with joint ventures or the maintenance with financial institutions of reserves in cash or cash equivalents); (iii) demand for the products and services offered by the Funds' portfolio companies; (iv) growth opportunities for the Funds' investments; (v) the Funds' ability to exit its investments at desired times, on favorable terms or at all; (vi)

availability of reliable insurance on favorable terms or at all; and (vii) the ability of the Funds' investors to meet their obligations to the Funds in a timely manner or at all.

Risks of Investment in the Energy Industry. The companies of investment interest to CEM are sensitive to fluctuations in commodities supply and demand, interest rates, special risks of constructing and operating facilities, lack of control over pricing, merger and acquisition activity and regulation. Such fluctuations may, among other things, increase compliance costs and other costs of doing business. Furthermore, the energy markets may be subject to short-term volatility due to a variety of factors, including weather, international political and economic developments, breakdowns in the facilities for the production, storage or transport of energy and energy-related products, acts of terrorism, changes in government regulation and sudden changes in fuel prices. The Funds may be affected to a greater extent by any of these developments than would be the case with a more diversified portfolio of investments.

Volatility of Oil and Natural Gas Prices; Energy Price Trends. The performance of investments of the Funds may be substantially dependent upon prevailing prices of oil and natural gas. Historically, the markets for oil and natural gas have been volatile, and such markets are likely to continue to be volatile in the future. Prices for oil and natural gas are subject to wide fluctuation in response to relatively minor changes in the supply of and demand for oil and natural gas, market uncertainty, speculation and a variety of additional factors that are beyond the control of CEM or the Funds. These factors include the level of consumer product demand, the refining capacity of oil purchasers, weather conditions, domestic and foreign governmental regulations, the price and availability of alternative fuels, political conditions in the Middle East, actions of the Organization of Petroleum Exporting Countries (OPEC), the foreign supply of oil and natural gas, the price of foreign imports and overall economic conditions.

Recently, oversupply in the oil and natural gas markets has caused a sharp decrease in the price of oil and natural gas, leading to pressure on companies operating throughout the industry. Oil or natural gas prices may return to historic levels, or may continue to fall, and this heightened volatility may have a material adverse effect on the Funds. There can be no assurance as to the duration of any market cycle or market dislocation.

Drilling, Exploration and Development Risks. The CEM Funds may invest in businesses that engage in oil and gas exploration and development, a speculative business involving a high degree of risk and the use of new technologies. Oil and gas drilling and fracturing may involve unprofitable efforts, not only from dry holes, but from wells that are productive but do not produce sufficient net revenues to return a profit after drilling, operating and other costs. Acquiring, developing and exploring for oil and natural gas involves many risks. These risks include encountering unexpected formations or pressures, premature declines of reservoirs, blow-outs, equipment failures and other accidents in completing wells and otherwise, cratering, sour gas releases, uncontrollable flows of oil, natural gas or well fluids, adverse weather conditions, pollution, fires, spills and other environmental risks. In addition, in making such investments, a Fund must rely on estimates of oil and gas reserves. The process of estimating oil and gas reserves is complex, requiring significant decisions and assumptions in the evaluation of available geological, geophysical, engineering and economic data for each reservoir. As a result, such estimates are inherently imprecise.

Regulation of Greenhouse Gases. Both in the United States and globally, emissions of greenhouse gases ("GHGs") are increasingly regarded as linked to global climate change; this may lead to more stringent regulation of GHGs in the future. Increased public concern and mounting political pressure may result in more federal, state or international requirements to reduce or mitigate the

effects of GHGs. Any such future laws and regulations imposing reporting obligations on, or limiting emissions of GHGs from, a portfolio company's equipment and operations could require it to incur costs to reduce emissions of GHGs associated with its operations. Substantial limitations on GHG emissions could also adversely affect demand for oil and natural gas. Changes in the regulation of GHGs could impact a Fund's portfolio company investment or make future investments undesirable.

Hydraulic Fracturing. Certain entities in which the Fund may invest may use hydraulic fracturing in their core programs, as a means of producing commercial quantities of oil and natural gas from reservoirs in which they operate. There have been a number of initiatives and proposed initiatives at the U.S. federal, state and local level to ban or regulate hydraulic fracturing and to study the environmental impacts of hydraulic fracturing and further regulation of the practice. Such initiatives at the federal, state or local levels to expand or implement regulation of hydraulic fracturing, together with the possible adoption of new laws or regulations that significantly restrict hydraulic fracturing, could result in delays, eliminate certain drilling and injection activities, make it more difficult or costly for a portfolio company to perform hydraulic fracturing, increase the portfolio company's costs of compliance and doing business, and delay or prevent the development of unconventional hydrocarbon resources from shale and other formations that are not commercial without the use of hydraulic fracturing. These effects on a portfolio company's operations could have a material adverse effect on the financial condition of the Fund and the value of its investments.

Cybersecurity Breaches and Identity Theft. Information and technology systems of CEM, its third-party service providers, its Funds, and the portfolio companies of its Funds may be vulnerable to damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches, usage errors by their respective professionals, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquakes. If any systems designed to manage such risks are compromised, become inoperable for extended periods of time or cease to function properly, CEM, a third-party service provider, a Fund, and/or a portfolio company may have to make a significant investment to fix or replace them. The failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in CEM's, a third-party service provider, a Fund's and/or a portfolio company's operations and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information relating to investors (and the beneficial owners of investors). Such a failure could harm CEM's, the third-party service provider's, the Fund's, and/or a portfolio company's reputation, subject them and their respective affiliates to legal claims, or otherwise affect their business and financial performance.

Risk of Loss. The Fund will invest in distressed securities and in other businesses, assets and instruments that may facilitate taking control of distressed issuers, assets and businesses. These securities, assets and instruments by their nature are issued by or relate to companies in unstable financial condition, and thus entail substantial inherent risks. Although CEM will attempt to manage these risks, there can be no assurance that the Fund's investments will increase in value or that the Fund will not incur significant losses. CEM anticipates that the Fund's investments may incur losses, and thus investors should be prepared to lose all or substantially all of their capital commitment to the Fund.

Ability to Lend on Advantageous Terms; Competition and Supply. The CEM Funds may make and purchase loans. A Fund's success in this area will depend, in part, on the Fund's ability to obtain or originate loans on advantageous terms. In making and purchasing loans, the CEM Funds

will compete with a broad spectrum of lenders, many of which have substantially greater financial resources and are better known than CEM and the CEM Funds. Increased competition for, or a diminution in the available supply of, qualifying loans could result in lower yields on such loans, which could reduce returns to investors.

Loan Participations and Assignments. Participations and assignments involve special types of risk, including credit risk, interest-rate risk, liquidity risk, and the risks of being a lender. Participations in commercial loans may be secured or unsecured. Loan participations typically represent direct participation in a loan to a corporate borrower, and generally are offered by banks or other financial institutions or lending syndicates. When purchasing loan participations, a CEM Fund assumes the credit risk associated with the corporate borrower and may assume the credit risk associated with an interposed bank or other financial intermediary, and may only be able to enforce its rights through the lender, and may assume the credit risk of the lender in addition to the borrower. The participation interests in which the Funds invest may not be rated by any nationally-recognized rating service.

Nature of Junior, Unsecured Investments. The CEM Funds invest in debt instruments that are unsecured and subordinated to substantial amounts of senior indebtedness, all or a significant portion of which may be secured. Such subordinated investments may be characterized by greater credit risks than those associated with the senior obligations of the same issuer. The ability of the Funds to influence a portfolio company's affairs, especially during periods of financial distress or following insolvency, frequently is substantially less than that of senior creditors. For example, under terms of subordination agreements, senior creditors are typically able to block the acceleration of the mezzanine debt securities held by a Fund, or other exercises by a Fund of its rights as a creditor. Accordingly, a Fund may not be able to take the steps necessary to protect its portfolio investments in a timely manner, or at all. In addition, the debt instruments in which the Funds invest may not be protected by financial covenants or limitations upon additional indebtedness and may have limited liquidity. Such debt securities may be low-rated or unrated by a recognized credit rating agency, or may be below investment grade, and are thus subject to greater risk of loss of principal and interest than higher-rated debt securities, due to a possible default by, or bankruptcy of, the issuers of the securities. Such debt securities are also subject to other creditor risks, including (i) the possible invalidation of an investment transaction as a "fraudulent conveyance" under relevant creditors' rights laws, (ii) environmental liabilities that may arise with respect to collateral securing the obligations, and (iii) significant risk of the issuer's inability to meet principal and interest payments on the obligations (credit risk). Additionally, adverse credit events with respect to any portfolio company, such as missed or delayed payment of interest and/or principal, bankruptcy, receivership or distressed exchange, can significantly diminish the value of the Funds' investments in any such company.

The investments of the CEM Funds may be subject to early redemption features, refinancing options, prepayment options or similar provisions which, in each case, could result in the issuer repaying the principal on an obligation held by a Fund earlier than expected. In addition, depending on fluctuations of the equity markets and other factors such as interest rate sensitivity, market perception of the creditworthiness of the issuer, warrants and other equity securities may become worthless (market risk). In addition, evaluating credit risk for debt securities involves uncertainty because credit rating agencies throughout the world have different standards, making comparison across countries difficult. Furthermore, the market for credit spreads is often inefficient and illiquid, which can make it difficult to accurately calculate discounting spreads for valuing financial instruments. There can be no assurance that attempts to provide downside protection through contractual or structural terms with respect to portfolio investments will achieve their desired effect.

Sub-Investment Grade and Unrated Debt Obligations. The investment strategy of the CEM Funds focuses on investing in instruments that may include first lien loans and notes, second lien loans and notes, senior unsecured and senior subordinated notes and capital leases, each of which may be sub-investment grade debt obligations. Investments in the sub-investment grade categories are subject to greater risk of loss of principal and interest than higher-rated instruments and may be considered to be predominantly speculative with respect to the obligor's capacity to pay interest and repay principal. Such investments may also be considered to be subject to greater risk than those with higher ratings in the case of deterioration of general economic conditions. Because investors generally perceive that there are greater risks associated with non-investment grade instruments, the yields and prices of such instruments may fluctuate more than those that are higher-rated. The market for non-investment grade instruments may be smaller and less active than those that are higher-rated, which may adversely affect the prices at which these investments can be sold and result in losses to the CEM Funds, which, in turn, could have a material adverse effect on the performance of the Funds.

In addition, the Funds may invest in debt investments which may be unrated by a recognized credit rating agency, which may be subject to greater risk of loss of principal and interest than higher-rated debt obligations or debt obligations which rank behind other outstanding investments of the obligor, all or a significant portion of which, may be secured on substantially all of that obligor's assets. The Funds may also invest in debt investments which are not protected by financial covenants or limitations on additional indebtedness. Any of these factors could have a material adverse effect on the performance of the Funds.

High Yield Debt. The CEM Funds may invest in debt securities that may be classified as "higher-yielding" (and, therefore, higher-risk) debt securities. In most cases, such debt will be rated below investment grade or will be unrated and will face both ongoing uncertainties and exposure to adverse business, financial or economic conditions and the issuer's failure to make timely interest and principal payments. The market for high yield securities has experienced periods of volatility and reduced liquidity. High yield securities may or may not be subordinated to certain other outstanding securities and obligations of the issuer, which may be secured by substantially all of the issuer's assets. High yield securities may also not be protected by financial covenants or limitations on additional indebtedness. The market values of certain of these debt securities may reflect individual corporate developments. General economic recession or a major decline in the demand for products and services in the industry in which the borrower operates would likely have a materially adverse impact on the value of such securities or could adversely affect the ability of the issuers of such securities to repay principal and pay interest thereon and increase the incidence of default of such securities. In addition, adverse publicity and investor perceptions, whether or not based on fundamental analysis, may also decrease the value and liquidity of these high yield debt securities.

Credit Ratings. Credit ratings of assets represent the rating agencies' opinions regarding their credit quality and are not a guarantee of quality. A credit rating is not a recommendation to buy, sell or hold assets and may be subject to revision or withdrawal at any time by the assigning rating agency. In the event that a rating assigned to any corporate debt obligation is lowered for any reason, no party is obligated to provide any additional support or credit enhancement with respect to such corporate debt obligation. Rating agencies attempt to evaluate the safety of principal and interest payments and do not evaluate the risks of fluctuations in market value; therefore, ratings may not fully reflect the true risks of an investment. Also, rating agencies may fail to make timely changes in credit ratings in response to subsequent events, so that an obligor's current financial

condition may be better or worse than a rating indicates. Consequently, credit ratings of any corporate debt obligation are only a preliminary indicator of investment quality, and not a completely reliable indicator of investment quality. Rating reductions or withdrawals may occur for any number of reasons and may affect numerous assets at a single time or within a short period of time, with material adverse effects upon the corporate debt obligation. It is possible that many credit ratings of assets included in or similar to the corporate debt obligation will be subject to significant or severe adjustments downward.

Lender Liability Considerations and Equitable Subordination. It is possible that lender liability or equitable subordination claims affecting the Fund's investments could arise without the direct involvement of the Funds.

Investments in Highly Leveraged Companies. The leveraged capital structure of highly leveraged companies will increase their exposure to certain factors such as rising interest rates, downturns in the economy, or deterioration in the financial condition of the company or the energy industry.

Illiquid Investments. There can be no assurances that purchasers of the Funds' privately held investments will be found, or otherwise as to the timing and amount of the distributions, if any, made by the Funds.

Reliance on Portfolio Company Management. Each portfolio company's day-to-day operations will be the responsibility of such company's management team. Although CEM is generally responsible for monitoring the performance of each investment of a Fund and the Funds generally invest in companies operated by strong management, there can be no assurance that the existing management team, or any successor, will be able to operate a given portfolio company in a successful manner.

Prepayment Risk. The value of the Funds' assets may be affected by prepayment rates on loans. Pre-payment rates are influenced by changes in interest rates and a variety of economic, geographic and other factors beyond the Funds' control. Therefore, the frequency at which prepayments (including voluntary prepayments by borrowers and liquidations due to defaults and insolvency) occur on the Funds' investments can adversely impact the Funds and prepayment rates cannot be predicted with certainty making it impossible to insulate the Funds from prepayment or other such risks. Early prepayments give rise to increased re-investment risk, including, for example, when the prevailing level of interest rates falls, the Fund may be unable to re-invest cash in a new investment with an expected rate of return at least equal to that of the Investment prepaid.

Credit Risk. The CEM Funds may invest in leveraged loans, high yield securities and other unsecured investments, each of which involves a higher degree of risk than senior secured loans. Furthermore, a Fund's right to payment and its security interest, if any, may be subordinated to the payment rights and security interests of the senior lender. Certain of these investments may have an interest-only payment schedule, with the principal amount remaining outstanding and at risk until the maturity of the investment. In addition, certain instruments may provide for payments-in-kind, which have a similar effect of deferring current cash payments. In such cases, a portfolio company's ability to repay the principal of an investment may be dependent upon a liquidity event or the long-term success of the portfolio company, the occurrence of which is uncertain. A Fund's return to its investors would be adversely impacted if such an issuer becomes unable to make principal and interest payments on outstanding debt when due.

If a Fund invests in the credit products of a borrower or issuer and such borrower or issuer breaches any of the covenants or restrictions under the indenture governing notes or the credit agreement that governs loans of such issuer or borrower, such breach could result in a default under the applicable indebtedness as well as the indebtedness held by such Fund. Such default may allow the creditors to accelerate the related debt and may result in the acceleration of any other debt to which a cross-acceleration or cross-default provision applies. This could result in an impairment or loss of the Fund's investment or result in a prepayment (in whole or in part) of the Fund's investment.

Spread Widening Risk. For reasons not necessarily attributable to any of the risks set forth herein (for example, supply/demand imbalances or other market forces), the prices of the debt instruments and other securities in which the CEM Funds invest may decline substantially. In particular, purchasing debt instruments or other assets at what may appear to be "undervalued" or "discounted" levels (due to perceived market dislocations or otherwise) is no guarantee that these assets will not be trading at even lower levels at a future time of valuation or at the time of sale. It may not be possible to predict, or to hedge against, such "spread widening" risk. Additionally, the perceived discount in pricing from previous environments described herein may still not reflect the true value of the assets underlying debt instruments in which the Funds invest.

ITEM 9. DISCIPLINARY INFORMATION

There are no disciplinary disclosures to report.

ITEM 10. OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

A. Broker-Dealer

Neither CEM nor any of its management persons is registered, or has an application pending to register, as a broker-dealer or a registered representative of a broker dealer.

B. Futures and Commodity Trading

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

C. Material Relationships

Chambers Energy Management, LP is affiliated with CEM Fund general partners that are also investment advisers registered in accordance with SEC guidance under the Advisers Act pursuant to the Chambers Energy Management, LP registration. These general partners are: CEC Fund I GP, LLC, CEC Fund II GP, LLC and CEC Fund III GP, LLC.

These affiliated investment advisers operate as a single advisory business together with Chambers Energy Management, LP and serve as managers or general partners of private investment funds, and share common owners, officers, partners, employees, consultants or persons occupying similar positions. Chambers Energy Management, LP and the general partners are under common control and subject to Chambers Energy Management, LP's code of ethics and compliance programs adopted pursuant to the requirements of the Advisers Act.

Reservoir Capital Group, L.L.C. (together with its affiliates, “Reservoir”) is a privately held investment firm located in New York. Certain investment funds managed by Reservoir participate in the CEM Funds. The interests owned by affiliates of Reservoir are generally subject to preferred terms, including, without limitation, a reduced rate of management fees and carried interest, the right to appoint a member of the advisory committee of the CEM Fund in which it invests, co-investment rights, and special reporting and informational rights.

Reservoir also has a minority interest in CEM and certain of its affiliates, including the entity which receives any allocations of “carried interest” (the “Minority Stake”). In prior years, Reservoir has participated on the investment committees of CEM Funds in which it invests either as a voting member or a non-voting observer. As of March 2016, Reservoir elected to forego its right to appoint a voting member or non-voting observer to the investment committee of each CEM Fund in which it invests. Notwithstanding the foregoing, Reservoir may at any time designate a representative as either a voting member or a non-voting observer to the investment committee of any CEM Fund.

While CEM expects Reservoir to maintain the Minority Stake for the foreseeable future, there is no assurance that Reservoir will retain this interest.

In connection with its investments in the CEM Funds and their affiliates and the Minority Stake, Reservoir has greater access to information than other investors about the Funds and is entitled to receive information regarding the Funds and CEM activities, including, without limitation, information about the performance of the Funds and the composition of their portfolios. Other investors generally do not have, and are not entitled to have, the same type, amount or timeliness of information about the Funds.

The current and future businesses of Reservoir may overlap with the business of CEM and/or the Funds, and Reservoir may engage in activities in the normal course of its businesses or establish new businesses that compete or conflict with the interests and activities of the Funds. Such activities could adversely affect the Funds, for example, by affecting the prices or availability of financial instruments in which the Funds may invest and the transactions in which the Funds may engage. Reservoir may be actively engaged in transactions in the same securities and instruments or with the same issuers in which the Funds, directly or indirectly, may be invested. Reservoir may compete with the Funds for investment opportunities, and is under no obligation to share any investment opportunity, idea or strategy with the Funds or CEM. Reservoir may also engage in trading activities -- for its own account or on behalf of its clients -- that are detrimental to the Funds.

Reservoir may have relationships with other investment vehicles and accounts that may give rise to potential conflicts. For example, Reservoir may sponsor, advise, underwrite, manage or invest in investment vehicles and accounts that pursue investment strategies similar to, or overlapping with, those of the Funds. Reservoir may also provide services or benefits to another investment vehicle, account or investment manager that competes with the Funds or CEM. In some cases, Reservoir may owe fiduciary duties to its clients that may result in actions on behalf of such clients that are materially adverse to the interests of the Funds, its portfolio companies or the limited partners. Other present and future activities of CEM, its affiliates and Reservoir may give rise to additional conflicts of interest.

The unique relationship with Reservoir described above, including the actual or potential conflicts of interest, has been described and disclosed in the private offering and subscription materials for each particular private offering and each Fund’s governing documents, and the investors in each

Fund have acknowledged the existence of, and waived any claims with respect to, such actual or potential conflicts of interest, in the governing documents and subscription materials for each Fund.

D. Other Investment Advisers

CEM does not recommend or select other investment advisors for our clients.

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

A. Code of Ethics

CEM adopted a Code of Ethics in 2012, consisting of policies and procedures reasonably designed to ensure compliance by CEM and its personnel with the Advisers Act and its rules and regulations, and to reflect CEM's fiduciary duties to its clients. The Code of Ethics describes the general standards of conduct that the Firm expects of all Firm personnel (collectively referred to as "employees") and focuses, among other things, on three specific areas where employee conduct has the potential to adversely affect clients: misuse of confidential or nonpublic information; outside business activities; and personal securities trading. Failure to uphold the Code of Ethics may result in disciplinary sanctions against employees, including termination of employment with the Firm.

Clients and prospective clients and investors in the CEM Funds may request a copy of the Code of Ethics by contacting Samuel Barrett, Chief Compliance Officer (the "CCO"), at 713-554-6706 or sbarrett@chambersenergy.com.

Fiduciary Duties. As a fiduciary, CEM must act in its clients' best interests. In other words, employees may not benefit at the expense of clients. To that end, employees must follow basic principles guiding all aspects of the Firm's business, as set forth in the Code of Ethics:

- Clients' interests come before employees' personal interests and before the Firm's interests.
- The Firm must fully disclose all material facts about conflicts of which it is aware between the Firm and its employees' interests on the one hand, and client interests on the other.
- Employees must operate on the Firm's behalf and on their own behalf consistently with the Firm's disclosures and to manage the impacts of those conflicts.
- The Firm and its employees must not take inappropriate advantage of their positions of trust with or responsibility to clients.
- The Firm and its employees must always comply with all applicable securities laws.

Misuse of Nonpublic Information. The Code of Ethics contains a policy against the use of nonpublic information in conducting business for the Firm, as well as in personal trading. The Firm and its employees may, from time to time, come into possession of material nonpublic or other confidential information which, if disclosed, might affect an investor's decision to buy, sell or hold a security. Under applicable law and Firm policy, the Firm and its employees are prohibited from improperly disclosing or using such information for their personal benefit or for the benefit of any person, regardless of whether such person is a client of the Firm.

Accordingly, should the Firm or its employees come into possession of material nonpublic or other confidential information, the Firm and its employees are prohibited from communicating such information to clients or investors, and the Firm and its employees have no responsibility or liability for failing to disclose such information to clients as a result of following their policies and procedures designed to comply with applicable law. Due to these restrictions, the Funds may not be able to initiate a transaction that they otherwise might have initiated and may not be able to sell an investment that they otherwise might have sold.

The Code of Ethics sets forth extensive requirements regarding misuse of material inside information and personal trading.

Outside Business Activities. CEM employees are required to report any outside business activities. If any are deemed to be in conflict with clients' interests, such conflicts will be fully disclosed or the employee will be directed to cease such activity. Holding board positions in a public company and/or any energy company that is not a portfolio company must be pre-approved by the CEO or CCO.

Personal Securities Trading. See Item 11(C) below.

B. Participation or Interest in Client Transactions

CEM complies with restrictions provided in the applicable governing agreements of the CEM Funds relating to principal transactions or other affiliated transactions, in which CEM or its personnel may have interests that are not aligned with the interests of one or more of its clients.

Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliate, buys from or sells any security to any advisory client. An agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser acts as broker for both the advisory client and for another person on the other side of the transaction.

Client cross transactions occur where an adviser executes a securities transaction between two (or more) of its clients. These can create conflicts of interest because, by not exposing such buy and sell transactions to market forces, clients may not receive the benefits of best price, or an adviser might seek to prop up the performance of one fund by selling under-performing assets to another fund in order, for example, to earn higher fees in the aggregate.

It is CEM policy not to execute any principal transactions for client accounts unless the investor advisory committee of the particular CEM Fund deems the transaction to be in the best interest of the particular client fund, the CCO and the client CEM Fund (by vote of the limited partners or advisory committee, as applicable) give prior consent, and the transaction complies with SEC requirements. CEM also generally refrains from cross trading between client accounts unless the consent of both CEM Fund clients is obtained from the respective advisory committees of the clients.

Principals and employees of CEM may serve, from time to time, as directors of certain portfolio companies and, in that capacity, will be required to make decisions that consider the best interests of such portfolio company and their respective shareholders. In certain circumstances (*e.g.*, situations involving bankruptcy or near-insolvency of a portfolio company), actions that may be in the best interests of the portfolio company may not be in the best interests of the Funds, and vice versa. Accordingly, in these situations, there may be conflicts of interests between such individual's duties as an employee of CEM and such individual's duties as a director of such portfolio company.

Certain affiliates of CEM, third party investors, and other persons may in some cases co-invest directly in a particular portfolio company. Generally, CEM will select which investors or other persons are informed of co-investment opportunities based on various factors, including (but not limited to) the sophistication of the investor, the ability of the investor to fund and complete the investment on a timely basis or the investor's expression of interest. Investors that co-invest in portfolio companies may be in a position to obtain additional information regarding the applicable portfolio company that may not generally be available to investors in the Fund.

C. Personal Securities Trading; Investment Alongside Client Funds

CEM has adopted insider trading policies in its Code of Ethics. CEM prohibits all employees from personal trading in individual securities or options on individual securities, including futures, forward contracts, and physical commodities, except for certain permitted transactions.

The following personal securities transactions are not subject to such prohibitions:

- Liquidating transactions of securities acquired prior to commencing employment with CEM, or received by inheritance or by marriage, subject to prior written approval by the CEO or the CCO.
- Transactions in broad-based, index-like products (such as exchange traded funds) and in real estate investment trusts, provided such transactions are not excessive or distracting to the employee as determined by the CCO.
- Transactions in government/municipal bonds, in broad-based open-ended or closed-ended mutual funds, and in foreign equivalent open-ended unit trusts (and similar instruments).
- Transactions in private securities which do not exceed \$1,000,000 in a particular private security (any transaction greater than \$1,000,000 will require the prior written approval of the CEO and the CCO and after such transactions are first offered to the CEM Funds, if applicable).

- Transactions in real estate for investment purposes, provided such transactions are not excessive or distracting to the employee as determined by the CCO.
- Transactions in private investment funds (e.g., hedge funds, private equity funds and other pooled investment vehicles), subject to prior written approval by the CEO or the CCO.
- Transactions in separately managed accounts with an outside investment manager where the employee does not have trading discretion. A determination of the CCO as to whether an employee does or does not have trading discretion over an account shall be conclusive for purposes of this policy.

An employee may execute and hold these permitted transactions either personally or through an entity (e.g., a limited liability company or limited partnership) established by such employee to hold the investments.

Employees are required to submit monthly statements of securities holdings directly from their broker or financial institution. These are reviewed by the CCO periodically to ensure compliance with the Firm's policies; the CCO must report any findings of unusual or unauthorized activity to the CEO. CEM reserves the right to cancel an employee's personal account order or transaction.

D. Personal Trading Contemporaneous with Client Transactions

See Items 11(A) through 11(C) above.

ITEM 12. BROKERAGE PRACTICES

A. Selection of Broker-Dealers

The CEM Funds do not regularly or frequently trade public securities; transactions are conducted generally on an originated, negotiated basis. However, for CEM Fund investments in which public or institutional securities are purchased or sold, CEM anticipates trading such securities through a broker or other intermediary providing a supply of securities of interest to the relevant CEM Fund clients.

Best Execution. CEM's policy is to attempt to obtain the "best execution" for all such transactions by the Funds. CEM will use its best judgment to select a broker-dealer most capable of providing "best execution" on an overall basis in the purchase or sale of a publicly-traded security on behalf of a Fund. When evaluating broker-dealers for a transaction, CEM executives will note that "best execution" does not mean the lowest dollar cost. "Best execution" is the execution of a trade at the most favorable net price, taking into account all reasonably relevant circumstances, and with a view to the maximization of value, broadly, of the Fund on behalf of which the trade is made. In selecting a broker to execute client transactions, CEM will consider a variety of factors, including, among other things: (i) execution capabilities with respect to the relevant type of order, including the ability of the broker to provide an adequate supply of the security; (ii) transaction costs; (iii) the reputation of the firm being considered; and (iv) responsiveness to requests for trade data and other financial information.

In general, CEM strives to eliminate or minimize the possibility of any trading errors. Examples of trade errors include: selling instead of buying; and buying or selling the wrong security (e.g., ABC rather than BAC). CEM's policies and procedures require an employee who believes a trade error has occurred to contact the CCO immediately (or a member of CEM management if the CCO is unavailable). CEM strives to resolve trade errors before the trade settles. If it is not possible to reverse the trade, the CCO will consult with the trader as to the proper resolution. The authorized CEM employee responsible for the transaction that leads to the trading error is required to prepare a written description of each error (that a broker cannot or will not "break") and the resolution thereof, and send such description to the CCO for record keeping and compliance purposes.

Soft Dollars. CEM occasionally may receive research and information from brokers. This is a benefit to CEM, because CEM does not have to produce or pay for the research or related services. Thus, CEM could conceivably have an incentive to select a broker-dealer based on this interest, rather than on its clients' interest in receiving most favorable execution. However, CEM does not participate in any soft dollar arrangements, and, as a result, the receipt of research or related services does not influence CEM's brokerage selection. CEM selects brokers solely based on the factors described above.

Brokerage for Client Referrals. CEM does not receive referrals for clients from any broker-dealers.

Directed Brokerage. As CEM's clients are all private investment funds, CEM selects all broker-dealers. CEM's clients do not direct brokerage.

B. Aggregation of Orders of Securities for Client Accounts

Because the CEM Funds generally conduct transactions on an originated, negotiated basis, CEM does not frequently place buy and sell orders on behalf of the CEM Funds with broker-dealers. CEM also does not aggregate the purchase or sale of securities for various client accounts other than investment vehicles that comprise a CEM Fund. However, when the CEM Funds conduct trading through a broker-dealer, orders are aggregated whenever practicable and cost-efficient. Such trades would be allocated separately to each participating CEM Fund.

ITEM 13. REVIEW OF ACCOUNTS

CEM's investment team professionals review the operations of the CEM Funds on a periodic basis. CEM regularly makes available to each investor in the CEM Funds, in accordance with the applicable partnership agreement of each client, reports containing (i) annual audited financial statements, (ii) quarterly unaudited estimates of the Funds' investment performance, and (iii) quarterly unaudited estimates of the balance of each investor's capital account in the client Fund. CEM may provide investors with more frequent reports. There are no specific triggers to launch a portfolio review on a non-periodic basis.

ITEM 14. CLIENT REFERRALS AND OTHER COMPENSATION

A. Non-Client Benefits

CEM does not receive economic benefits from persons who are not clients for providing investment advice or advisory services to our clients. CEM receives administrative agent fees in respect of credit investments where it serves as administrative agent and could receive other fees (including, but not limited to, underwriting fees, monitoring fees or other similar fees), with respect to portfolio companies in which a CEM Fund has invested. To address this potential conflict, any such fees, when received, are offset against the management fees otherwise payable by investors in the CEM Funds. These potential fee arrangements beyond receipt of the management fee or carried interest are disclosed in the private offering materials for each particular private offering and governed by the CEM Funds' governing documents. CEM employees, or other persons acting on CEM's behalf, who serve on the board of directors or in a similar capacity of the Funds' portfolio companies, typically do not receive any compensation from a portfolio company while acting in such capacity, but do receive reimbursements of certain expenses arising out of such board participation (including travel expenses).

B. Client Referrals and Compensation

CEM or its affiliates have, and may in the future, enter into arrangements in which third-parties will assist in the capital raising efforts of one or more of the CEM Funds in exchange for a fee (such person, a "placement agent"). The fee paid to the placement agent is generally calculated as a percentage of funds raised by the placement agent, as specifically negotiated between CEM and the placement agent and memorialized in a written agreement. Such fees are ultimately borne by the limited partners to whom such fees relate, but would offset management fees payable by such limited partners dollar-for-dollar. These types of placement agent arrangements are disclosed in the relevant private offering materials of each CEM Fund.

ITEM 15. CUSTODY

Custody is defined as having access to clients' (or investors') securities or funds. Since the general partners of the CEM Funds are affiliated with CEM, the Firm is considered to have custody of all CEM Funds' assets.

CEM manages this risk by:

- Requiring two-person approval process on investment-related wires;
- Engaging a Public Company Accounts Oversight Board-registered and inspected accounting firm to audit the Funds' financial statements annually;
- Sending each investor in a CEM Fund a copy of such CEM Fund's audited financial statements each year within 120 days such Fund's fiscal year end; and
- Using a qualified custodian to hold client assets or securities.

ITEM 16. INVESTMENT DISCRETION

CEM has discretionary authority to manage the investment activity of the CEM Funds, through the investment committees comprised of CEM employees. Additionally, Reservoir may appoint representative as a voting member or non-voting observer to any investment committee. While investors are expected to participate in a Fund's overall investment program, CEM has entered, and may in the future enter, into side letters or other similar agreements with certain CEM Fund investors that have the effect of establishing rights under, supplementing or altering a CEM Fund's partnership agreement or a CEM Fund investor's subscription agreement, including certain excuse rights.

The authority to deduct fees, make performance allocations, and/or make distributions from the accounts are granted in the Funds' governing documents, including the execution of a power of attorney by each Fund investor in order to participate in a Fund. The client Funds' governing documents limit the discretionary authority of CEM to manage the client Funds' investment portfolios, as negotiated with investors in each CEM Fund.

ITEM 17. VOTING CLIENT SECURITIES

Although CEM's investment program generally does not include holding and voting publicly-traded equity securities, CEM may be presented with the responsibility to vote proxies for certain securities held by the CEM Funds. Voting decisions may involve CEM personnel that are also active in the management of the Funds' investment portfolios. To the extent CEM exercises or is deemed to be exercising voting authority of client securities, it will vote those securities in accordance with its proxy voting policy.

It is the policy of CEM to vote proxy proposals, amendments, consents or resolutions in the best interests of its client Funds, taking into account relevant short-term and long-term factors, including (i) the impact on the value of the returns of the relevant CEM Fund; (ii) the alignment of portfolio company management's interest with such CEM Fund's interest, including establishing appropriate incentives for management; (iii) the ongoing relationship between the relevant Fund and the portfolio companies in which it invests, including the continued or increased availability of portfolio information; and (iv) industry and business practice.

In all circumstances, CEM will seek to avoid material conflicts of interest between the interests of CEM and the interests of the Fund clients. If CEM determines that it has, or may be perceived to have, a conflict of interest when voting a proxy, CEM will address matters involving such conflict of interest in the following manner: (i) if the proxy vote would be against CEM's own interest in the matter (i.e., against the perceived or actual conflict), then CEM may vote such proxy as it determines to be in the best interest of the Fund without taking any action described further herein, other than memorializing the rationale of such proxy vote in writing; (ii) If CEM believes it should vote in a way that may also benefit, or be perceived to benefit, its own interest, then CEM must take action in accordance with the relevant Fund's governing documents or as otherwise determined by CEM to be in the best interest of the Fund in voting such proxy, which may include, but is not limited to, seeking approval from the Fund's investor advisory committee.

CEM's proxy guidelines require the CCO or his designee to review all proxies related to a CEM Fund's publicly-traded securities prior to submission, and thus CEM will ensure that it is the designated party to receive proxy voting materials from portfolio companies or intermediaries. The CCO coordinates the receipt of each proxy, the communication of the votes to third parties, and the maintenance of all supporting documentation. The CCO will maintain written or electronic copies of each proxy statement received and of each executed proxy, including for at least two years in CEM's offices and an additional three years in an easily accessible off-site location, in the case of a publicly traded security. CEM Fund investors may receive a copy of CEM's proxy policies and procedures at any time upon request by contacting the Firm at (713) 554-6770 or info@chambersenergy.com.

ITEM 18. FINANCIAL INFORMATION

- A. CEM is not required to include a balance sheet in this brochure, as it does not require or solicit prepayment of fees six months in advance.
- B. There is no financial condition that is reasonably likely to impair CEM's ability to continue to meet its contractual commitments and provide services to its clients.
- C. CEM has not been the subject of a bankruptcy petition at any time during the past ten years.

ITEM 19. REQUIREMENTS FOR STATE-REGISTERED ADVISERS

This Item is inapplicable to CEM, as we are not registered with any state securities authority.