



RDG Capital Management LLC
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This Brochure provides information about the qualifications and business practices of RDG Capital Management LLC ("RCM"). If you have any questions about the contents of this Brochure, please contact Bill Cathriner, RCM Chief Compliance Officer, at 713-548-2611 or e-mail bcathriner@salientpartners.com. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority. RCM is an SEC registered investment adviser. Registration as an investment adviser does not imply any particular level of skill or training. The oral and written communications of an Adviser provide you with information you need to determine whether to hire or retain an Adviser.

Item 2 – Material Changes

There has been only one material change within the last year: Mr. Frank Gardner, Senior Portfolio Manager has acquired a 10% ownership interest in RCM Capital Management LLC. We will provide you with a new Brochure without charge as necessary based on changes or new information.

Currently, our Brochure may be requested by contacting Bill Cathriner, RCM Chief Compliance Officer, at 713-548-2611 or by e-mail: bcathriner@salientpartners.com.

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Item 4. Advisory Business

RCM offers investment supervisory services to pooled investment vehicles as well as institutional clients on a discretionary basis.

RCM's investment management strategies focus primarily on master limited partnerships ("MLPs") within the energy sector, and more particularly Midstream oil and gas MLPs within this sector. RCM believes the MLP asset class is attractive due to high expected returns and low correlations with both stocks and bonds. MLPs offer inflation protection energy infrastructure investments in pipelines and gathering systems may benefit during periods of higher inflation. RCM utilizes a combination of long and short positions, as well as swaps to achieve its MLP focused investment objectives. RCM is one of two investment advisers that jointly manage MLP investment strategy portfolios that utilize MLPs to accomplish the stated investment objectives. The other investment adviser with responsibility for management of the same MLP portfolios, is Salient Capital Advisors, LLC ("SCAL").

Item 5. Fees and Compensation

RCM has two types of clients and derives its compensation from only the incentive fee portion charged to both client types. The management fee portion charged to the two client types is paid to another investment adviser, Salient Capital Advisors, LLC. In first order, RCM has as a client, the Salient MLP Fund LP, a pooled investment vehicle, exempt from registration under the Investment Company Act of 1940 pursuant to sub-section, c(3)7. Secondly, RCM's has clients which are institutions, either themselves registered as investment advisers, or fiduciaries under the Employee Retirement Investment Savings Act. Such institutions are all "Qualified Purchasers" pursuant to the Investment Company Act, sub-section 2(a)(51)(A).

Performance based fees arrangements attributed to clients which are institutions, are accrued throughout the year, and paid to RCM once annually. On behalf of RCM, another investment adviser (Salient Capital Advisors, LLC) bills the clients which are institutions after each quarter-end. Upon receipt of performance based fees attributable to clients which are institutions, Salient Capital Advisors, LLC forwards incentive fee payments to RCM. In the case of the Salient MLP Fund, performance incentive fees are also accrued throughout the year, and payable annually in arrears based on 20% of the increase in the value of the client's account during a calendar year, which increase is attributed to investment performance of the account. The Incentive Fee is typically calculated as of December 31st each year and billed to and paid by the Client's custodian from the assets of the account thereafter and is pro-rated for periods less than a full calendar year. The custodian makes payment to another investment adviser Salient Capital Advisors, LLC, who in turn, forward the incentive fee payment portions to RCM. The performance based fee arrangement is subject to negotiation and variance to take account of such circumstances as RCM or the Salient MLP Fund may deem appropriate.

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

RCM receives the performance based fees charged to each of its clients while another investment adviser (Salient Capital Advisors, LLC) is the recipient of management fees charged to these same clients. In so much as all of RCM's clients are charged an incentive fee (and that is all they are charged by RCM) RCM does not have any clients that are charged anything other than an incentive fee.

While clients enter into an agreement with another investment adviser (Salient Capital Advisors, LLC) for the overall management of their portfolio, performance based fees arrangements attributed to clients, are accrued throughout the year, and collected by the other investment adviser (Salient Capital Advisors, LLC), and paid to RCM once annually. The Salient MLP Fund performance incentive fees are also accrued throughout the year, and payable annually in arrears based on 20% of the increase in the value of the client's account during a calendar year, which increase is attributed to investment performance of the account. The Incentive Fee is typically calculated as of December 31st each year and billed to and paid by the Client's custodian from the assets of the account thereafter and is pro-rated for periods less than a full calendar year. The custodian makes payment to another investment adviser Salient Capital Advisors, LLC, who in turn, forward the incentive fee payment portions to RCM. The performance based fee arrangement is subject to negotiation and variance to take account of such circumstances as RCM or the Salient MLP Fund may deem appropriate.

Item 7 Types of Clients

RCM provides investment management services to institutions, some of which may be defined benefit plans, other investment advisers and pooled investment vehicles. The Salient MLP Fund is a private investment limited partnership, exempt from registration under the Investment Advisers Act of 1940, Section 3(c)7.

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

Investment Process Summary

RCM concentrates its investment focus on the asset class of master limited partnerships (“MLPs”) primarily involved in the midstream oil and gas, Energy sector. RCM utilizes publically available research and develops its own proprietary research, through detailed analysis and discussions with the heads of various MLP industry participants. From research, RCM derives proprietary, in-house models on all of the approximately 70 publicly traded energy MLPs, focusing on cash flow and distribution growth for each name over the next three to five years. RCM maintains a detailed understanding of the nature of each MLP’s cash flows and organic growth projects. RCM also adjusts for expected debt and equity offerings when forecasting future distributions to arrive at an estimate of intrinsic value for each MLP considered.

With respect to investment portfolios, RCM divides portfolios into two groups – Those with Core and Opportunistic investments. For Core investment positions, RCM employs fundamental analysis to select MLPs which RCM believes will outperform their peers over the long term. RCM typically targets undervalued growth companies based on total expected returns on a risk-adjusted basis and then diversifies the portfolio across most MLP subsectors in order to maximize risk-adjusted performance. For the Opportunistic investments, RCM targets positive absolute returns using relative value pair-trades, dividend capture strategies and short selling of overvalued MLPs.

Investment Management Team and Personnel

RCM’s management team meets daily to assess new information and make any necessary changes to the portfolios. Research Analysts handle in-depth analysis at the company level while Portfolio Managers monitor the entire universe of 70 MLPs looking for unique opportunities to buy or sell positions. By design, the process is both bottoms up and top down in its perspective with regard to MLPs in general and idea generation for existing portfolios specifically.

Hedging, Leverage and Long and Short Positions

RCM seeks to maintain a desired net exposure at all times depending on valuations determined within the MLP seasonal quarterly cycle.

The use of short selling is incorporated in the overall investment strategy but is utilized more for risk and volatility management than seeking to derive specific portfolio, profit gain. RCM also actively monitors the number of days required to liquidate a position and seeks to limit the number of days to needed to liquidate to a maximum of five days to avoid risks of illiquidity.

Identification of Risk

Possible risk of loss is inherent in any investment strategy and the MLP vehicle as a market based security in the energy sector is no exception. For this reason, RCM only manages MLP portfolios for

qualified investors, for both its MLP Strategies and for the Salient MLP Fund LP. Further information can be accessed by reviewing the Private Placement Memorandum (“PPM”).

RCM, while seeking to monitor all risks that would influence its MLP portfolios, believes that the top 3 risks are (1) Credit risk measured by to spreads to U.S. Treasury Yields, (2) B. Concentration risk given the narrow universe of MLPs within the Energy Sector, and (3) Company specific risk which is unique for each company analyzed.

Risk of Loss and Risk Mitigation

RCM’s investment policy guideline is for leverage to average 150% over time with a 200% maximum when we increase our short positions to significantly protect our downside risk after a strong rally in the markets. RCM defines leverage as the sum of long and short positions as a percent of total equity. Typically RCM has approximately 100-120% of its portfolios in long positions and approximately 30-50% of its portfolios in positions short with net exposure maintained at, between 70-90% of the portfolio, on average. RCM utilizes leverage sparingly and limits its leverage usage to very low levels because it seeks to produce the optimum risk-adjusted returns, rather than leveraging its MLP portfolios in an attempt to amplify returns at the cost of significant downside risk.

RCM actively hedges its Long/Short Strategy portfolios by shorting individual MLP positions, MLP basket positions, shorting Exchange Traded Notes tied to the MLP sector, and by using options strategies such as protective collars.

During times of significant spreads widening, we typically short higher risk MLPs, financials, the S&P 500 and high yield bonds to hedge credit risk. RCM offsets its concentrated MLP exposure by shorting MLPs that it feels are fundamentally unsound, or that are overvalued relative to their peers. RCM manages its company specific risk by having detailed models which incorporate a wide range of assumptions, and limiting the overall portfolio exposure to any one security to a maximum of 10%. RCM seeks to maintain as diversified an MLP portfolio as possible, at all times.

Item 9. Disciplinary Information

There is no material disciplinary information involving RCM, or any of its employees, officers principals or employees.

RCM seeks to ensure that all executives and officers have obtained either relevant higher education and/or professional qualifications and/or have obtained experience in specific investment fields and, further, that all RCM personnel providing services are appropriately licensed to do so. Further, as noted in **Item 11. Code of Ethics**, below, RCM ensures that each of its associates adhere to its Code of Ethics at all times.

Item 10. Other Financial Industry Activities or Affiliations

RCM has three owners Gregory A. Reid, John Coleman Dawson III, and Frank Gardner who are Chief Executive Officer, President and Senior Portfolio Manager, respectively. Additionally, RCM has one other employee, William Cathriner who is Chief Compliance Officer. Each of the aforementioned four employees are also employees of Salient Partners, and have similar functional roles and ownership interests with Salient Partners in addition to full utilization of office space and infrastructure under the control of Salient Partners. Therefore RCM principals, owners and employees are also principals, owners and employees of Salient Partners L.P. (“Salient Partners”). RCM is the General Partner of a

partnership which has as its one of its limited partners, the RDG MLP Fund GP LP. In turn, the RDG MLP Fund GP LP is also the General Partner of the Salient MLP Fund LP. Additionally, RCM is also the General Partner for RDG Capital Holdings LP, a holding company and limited partnership of which Gregory A. Reid, and John Coleman Dawson III are the sole unit holders. In turn, RDG Capital Holdings LP is a minority owner of certain unit ownership interests in Salient Partners L.P.

Salient Partners owns several subsidiaries in the financial services industry, including a limited purpose broker-dealer and a trust company organized in the State of Texas. Salient Partners also owns investment advisers that are both advisors to registered and private investment funds as well as advisors to individual investors and institutions. In the latter category, Salient Partners owns Salient Capital Advisors, LLC which is the primary manager of each and every client of RCM. Gregory A. Reid as a Managing Director of Salient Partners and a principal of Salient Capital Advisors, LLC, is also the Chief Executive and an owner of RCM. In addition to his ownership interest in both RCM and Salient Partners, and in addition to his designated titles at each entity, he also serves most actively in the functional role of lead portfolio manager for all MLP investment activity for both RCM and Salient Partners. Similarly John Coleman Dawson III, who is President and CEO of Wealth Management for Salient Partners, is also an owner and President of RCM.

The portfolios managed by RCM utilize unaffiliated broker-dealers for the execution of portfolio trades as well unaffiliated custodians. Additionally, RCM also seeks to utilize outside service providers for other ancillary products and services and as such, RCM always seeks to mitigate potential for any actual conflicts of interest as well as minimize even the appearance of such conflicts. Both Salient Partners and RCM operate regularly under a well structured regime outlined in their respective codes of Ethics.

Item 11. Code of Ethics

Officers and employees of RCM may invest in shares of mutual funds and other securities that are recommended for purchase or sale by clients. Personal securities transactions by such officers and employees are subject to RCM's Code of Ethics, which includes various reporting and approval requirements described in summary below, in order to prevent actual or potential conflicts of interest in relationship to transactions recommended to clients. It is not uncommon for principals and employees of RCM to participate as investors in the same securities selected for clients. In all such cases however, it is always the policy and practice that client transaction come first and any related potential for a conflict must be mitigated prior to any such involvement. The Code of Ethics applies not only to transactions by the individual, but also to transactions for accounts in which such person has an interest individually, jointly or as guardian, executor or trustee, or in which such persons or the person's spouse, minor children or other dependents residing in the same household have an interest. Compliance with the Code of Ethics is a condition of employment.

As noted above, RCM has adopted a Code of Ethics as required by Rule 204A-1 under the Investment Adviser Act. RCM's Code of Ethics sets forth certain standards of business conduct that govern the personal investment activities of employees and officers of RCM, including the standard that the interests of advisory clients must be placed first at all times. The Code of Ethics requires all employees (each of whom is designated an "access persons" of RCM) to report their personal securities transactions to RCM on a quarterly basis and their securities holdings upon commencement of employment (or upon becoming an access person) and annually thereafter. Access persons also must obtain approval from RCM's Chief Compliance Officer before they acquire any ownership interest in any security in an initial public offering, limited offering or MLP security. The Code of Ethics requires all employees and officers of RCM Capital to comply with applicable federal securities laws and to promptly report any violation of the

Code to the Chief Compliance Officer. A copy of RCM's Code of Ethics may be obtained by contacting RCM's Chief Compliance Officer, at (713) 548-2611.

The aforementioned Code of Ethics for RCM functions in simultaneous and concurrent coordination with the Code of Ethics established by Salient Capital Advisors, LLC the investment adviser recipient of management fees derived from RCM's clients.

Each of the four employees of RCM also occupies positions in essentially the same role at Salient Capital Advisors, LLC. As such each of RCM's employees is obligated to more than one Code of Ethics. It is believed that, in keeping with each firm's respective Code of Ethics, and given the very limited purposed for which RCM serves as advisor to a small, subset portion of the same clients as Salient Capital Advisors, LLC, the potential for any conflicts of interest is very minimal.

Item 12. Brokerage Practices

RCM renders investment advice to clients on a discretionary basis, pursuant to written authorization. Such authorization provides that RCM is given the authority to determine the broker or dealer to execute securities transactions, which securities are bought and sold, the total amount to be bought and sold, and the commission rates at which the transactions will be effected.

The Salient MLP strategies function as separately managed accounts, but with a specific focus and specialization targeted to select MLP positions that the RCM favors pursuant to its . The MLP strategies utilize one prime brokerage relationship. For tax purposes, a great deal of the strategies' activities and/or positions take place within a SWAP vehicle owned and having custody at prime broker, on behalf of the MLP strategies, with the RCM MLP team maintaining full control of selection, price and timing of all trade activity that occurs within the SWAP. Other MLP securities positions outside of the SWAP function as would ordinarily occur for a given portfolio. The RCM MLP strategies do not participate in any soft dollar arrangements and always seek best execution for all trading activity that takes place.

The Salient MLP Fund, like the MLP Strategies, utilizes one prime brokerage relationship. Also similar to the Salient MLP Strategies, and also for tax purposes, the Salient MLP Fund conducts a great deal of its MLP positions' activity within a SWAP vehicle at the prime broker who owns the SWAP and also acts as custodian. In like fashion and with respect to all trading activity of the fund, the RCM MLP team maintains full control of selection, price and timing of all trade activity that occurs within the SWAP. Other MLP securities position outside of the SWAP function as would ordinarily occur for a given portfolio.

Trade Aggregation and Allocation Policies

RCM may aggregate multiple account orders into blocks for execution. Participating accounts will receive the average price of any execution, where multiple executions are effected at different prices or where there is a partial execution of the block order. Participating accounts will not receive any discounts on assessed commissions in addition to the discounted commission rates described below.

If there is a partial execution of an aggregated order, the aggregated executed order is allocated pro rata until the number of shares from the partial execution is utilized. All blocked equity orders rotate, every other trade, for first execution.

Soft Dollar Practices

The MLP strategies do not participate in any soft dollar arrangements.

The Salient MLP Fund LP adheres to an industry standard regime with respect to its receipt of services paid for with brokerage commission revenue (soft dollars). Specifically, the fund regularly utilizes services provided only by vendors that fall within the safe harbor provisions of Section 28e of the Securities and Exchange Act of 1934. Such vendors are primarily providers of research that is utilized by RCM's investment management team to manage the client's MLP portfolios. The Salient MLP Fund LP therefore, pays for its portion of such vendor costs with soft dollars, while use of the same vendors by either RCM or Salient Capital Advisors, LLC, to manage other portfolios may incur costs that will be paid for by Salient Capital Advisors, LLC.

Logistically, the Salient MLP Fund makes use of an accrual in order to manage its application of soft dollar research costs. The fund's execution costs are regularly accumulated by virtue of the fact that for every share trade commission executed by the fund, \$.01 is accumulated for soft dollar, research, and vendor related purposes. Such commission amount represents a \$.01 pay up for such soft dollar accrual. Knight Capital Markets is the agent for the funds transactions which are not within the SWAP vehicle held at Morgan Stanley. As such, the accumulation of 'soft dollars' occurs with Knight Capital Markets which has its own, separate approval process before proceeding with the payment for any of the fund's services listed above.

The fund is conscious of its obligations pursuant to the restrictions set forth in Securities and Exchange Act of 1934 ("the Act") and particularly Section 28(e) of the Act. As such the fund always ensures that services received and paid for with soft dollars meet the safe harbor provisions provided for within Section 28(e) of the Act.

Item 13. Review of Accounts

RCM reviews its few institutional accounts on basis of frequency that is almost daily and in conformity with the stated investment objectives of the clients. The clients are informed on a monthly basis regarding their account activity and performance. The custodian for the portfolios of the MLP Strategies delivers statements to clients on a monthly basis. For the Salient MLP Fund LP, the fund's administrator sends out monthly reports and the fund's appointed auditors send a report to clients annually.

Item 14. Client Referrals and other Compensation

RCM does not have any agreements or arrangements in place to compensate outside parties for client referrals. Any such agreements or arrangements that it may put in place in the future will be governed by the disclosure and other requirements of Rule 206(4)-3 under the Investment Advisers Act. Should RCM enter into any such arrangements or agreements to pay others for client referrals, RCM will always ensure that clients do not pay any greater fee as result of such arrangements.

Item 15. Custody

RCM utilizes the services of Prime Brokers who act in a brokerage capacity as well as serving as custodian to RCM's institutional clients. The custodian for the portfolios of the MLP Strategies delivers statements to clients on a monthly basis. For the Salient MLP Fund LP, the fund's administrator sends out monthly reports and the fund's appointed auditors send a report to clients annually. RCM regularly sends a newsletter to its clients to apprise them of the investment performance of MLP portfolios and to inform them regarding the current MLP investment environment. RCM encourages clients to carefully

review the account statements that they receive from the custodian and compare such information with that information received from RCM.

Item 16. Investment Discretion

RCM maintains full investment discretion of all accounts for which it has investment management responsibility.

Item 17. Voting Client Securities

RCM has adopted proxy voting procedures to ensure that necessary information is received and votes are cast in a timely manner. RCM recognizes that proxies have economic value and, in keeping with its fiduciary responsibilities, RCM votes in the best interest of the shareholder or plan beneficiary. When RCM has been granted the authority to vote proxies on behalf of clients, its investment management staff will review, analyze and note the appropriate vote to be cast. In the event of a material conflict of interest between RCM and its clients, shares are always voted in the best interest of the client.

Proxy material is received from various sources. RCM investment management staff reviews the proposals and a proxy representative votes on all proxies, utilizing the appropriate Proxy Voting Form as authorized, for each particular issue, as decided for the given clients affected. All signed proxy forms are maintained in the proxy files.

Clients may obtain information from RCM relating to the voting of proxies on client securities, by submitting a written request to:

RDG Capital Management LLC
Attn: Bill Cathriner - Compliance
4265 San Felipe, 8th Floor
Houston, Texas 77027

Item 18. Financial Information

RCM maintains a sound financial status as an investment advisor has no material, adverse circumstances that would impair, encumber or inhibit its practice of providing investment advice to its customers.