

# Energy Technology Partners, LLC

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Part 2A of Form ADV: Firm Brochure  
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*This brochure provides information about the qualifications and business practices of Energy Technology Partners, LLC. If you have any questions about the contents of this brochure, please contact us at (202) 536-3920 and/or [inquiries@ngpetp.com](mailto:inquiries@ngpetp.com). 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 Energy Technology Partners, LLC also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). An investment adviser’s registration with the SEC does not imply a certain level of skill or training.*

**Item 2 – Material Changes**

During 2016, there were no material changes affecting the descriptions of the Firm in this brochure.

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#### **Item 4 – Advisory Business**

Energy Technology Partners, LLC, a Delaware limited liability company (“ETP”), was formed and began its operations in September 2005. ETP is 100% owned by its Chief Executive Officer, Philip Deutch.

ETP currently is the investment manager of, and provides investment advisory services to, two private investment funds (each, a “Fund”) that are exempt from registration under the Investment Company Act of 1940, as amended, and the Securities Act of 1933, as amended. The general partners of each Fund, NGP ETP, L.L.C. and NGP ETP II, L.L.C. (each, a “General Partner”) each are related to ETP. The principal owners of each General Partner are NGP Energy Capital Management, L.L.C. (“NGP ECM”) and Philip Deutch. NGP ECM is a SEC-registered adviser and information on its ownership structure may be obtained from its Form ADV filed with the SEC.

The General Partners are not separately registered as investment advisers with the SEC on the basis that their activities and ownership substantially overlap with those of ETP. They are “relying advisers” under applicable SEC no-action guidance. The General Partners also have undertaken to operate in conformance with all rules and regulations under the Investment Advisers Act of 1940 (the “Advisers Act”) and the compliance policies and procedures maintained by ETP on its and their behalf.

The Carlyle Group, (together with its affiliates, “TCG”) entered on December 19, 2012 into a strategic partnership with NGP ECM, whereby TCG, through a subsidiary, acquired a 47.5 percent revenue interest in NGP ECM. Pursuant to the terms of the original transaction agreement, on January 5, 2015, TCG acquired an additional 7.5 percent revenue interest in NGP ECM bringing its total revenue interest to 55 percent. TCG is entitled to 40% of the carried interest in NGP Natural Resources X, L.P., 47.5% of the carried interest in NGP Natural Resources XI, L.P., and has the right to invest in 47.5% of the carried interest in all future funds managed by NGP ECM. Pursuant to the terms of the amended agreement entered on March 3, 2017, TCG has an option to acquire the remaining interest in NGP ECM only under certain extenuating circumstances resulting from the occurrence of a limited partner initiated material adverse event involving a NGP ECM managed fund. Except for two non-voting observer seats on the Investment Committee for NGP Natural Resources XI, L.P., TCG presently has no involvement in the governance or operation of NGP ECM and does not control NGP ECM or its funds for purposes of the Advisers Act. This strategic partnership between TCG and NGP ECM has not altered the direct ownership structure or operations of ETP.

The portfolios of the Funds predominantly consist of private equity investments in companies that provide products and services to the oil and gas, power, energy efficiency, alternative energy and environmental sectors. Although the primary focus of each Fund is on private equity investments, ETP may from time to time recommend other types of investments consistent with the relevant Fund’s investment strategy and objectives.

ETP provides investment advisory services to each of the Funds pursuant to separate management and administrative services agreements (each, a “management agreement”) entered into between ETP and each of the General Partners and the limited partnership agreements governing the Funds. As investment adviser to the Funds, ETP evaluates investment proposals and submits promising proposals to the General Partner, assists the General Partner in transactions in which the Fund acquires the investments, and monitors the operations and performance of the Funds’ investments. The management agreements and limited partnership agreements include restrictions on: (i) the types of securities and other assets in which the Funds may invest; (ii) the amount of Fund assets that may be invested in a single portfolio company; and (iii) the geographies in which a Fund may invest, among others. The General Partners are advised by their respective Investment Committees, each made up of one professionals from ETP and one from NGP ECM. NGP ECM has the right to appoint a representative to the Investment Committee of each Fund. As a result of such

representation, NGP ECM's approval is required for new ETP investments; however, NGP ECM has no control over ETP's day-to-day management and has no say on investment exit decisions. NGP ECM owns a 50% interest in the General Partners of each Fund.

As of December 31, 2016, ETP (together with the General Partners for this purpose) manages a total of \$260.2 million of assets in the Funds on a discretionary basis.

## **Item 5 – Fees and Compensation**

### *Management Fees*

ETP receives from each Fund an annual asset-based management fee that is payable quarterly in advance. The General Partners generally make capital calls on the Funds' limited partners for the amount of ETP's management fees and pay the amounts received to ETP.

The management agreements may be terminated for cause. If a management agreement is terminated before the end of a quarter, ETP will be entitled to the management fees earned up to the date of termination and will repay to each Fund the unearned portion, computed on the basis of the number of days elapsed, of such fees.

### *Performance-Based Fees*

The General Partners are also entitled to receive a carried interest allocation from each Fund pursuant to the Fund's limited partnership agreements. Such carried interest represents a portion of each Fund's net investment profit (on an investment by investment basis) and is allocated to the relevant General Partner's capital account.

### *Other Compensation*

To the extent that ETP, the General Partner or any of their affiliates receive any financing fees, commitment fees, closing fees or other fees (such as directors' fees, advisory fees, investment banking fees, structuring fees, break-up fees and success fees) received in connection with a Fund's investments in portfolio companies, all or a portion of such fees will be shared with the relevant Fund through offsets or reductions against (i) unreimbursed expenses associated with the transaction, (ii) the Fund's general reimbursable expenses and (iii) the management fee.

### *Expenses*

Each Fund will generally pay all expenses (other than administrative and overhead expenses of ETP and the General Partner) attributable to the Fund's activities, including but not limited to legal, auditing, consulting and accounting expenses, expenses and transaction costs associated with the preparation of the Fund's financial statements, tax returns and K-1 forms, other expenses associated with the acquisition, holding and disposition of Fund investments (including brokerage costs), extraordinary expenses (such as litigation, if any), and expenses relating to transactions which are not consummated. The out-of-pocket expenses incurred in connection with a consummated portfolio company transaction may be reimbursed by the portfolio company; however, such expenses will generally be reimbursed by the Fund to the extent not otherwise recovered.

Please also see Item 12 below regarding ETP's brokerage practices.

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

As described further in Item 5 above, the General Partners are entitled to receive performance-based compensation in the form of a carried interest allocation from each Fund pursuant to the Fund's limited partnership agreements. Such carried interest allocation entitles the General Partner to a percentage of the net profits generated by the applicable Fund, but it does not have to bear a same percentage of the net losses, if any, suffered by such Fund. This provides a financial incentive to the General Partner to make investments with a greater risk/reward profile than would be the case in the absence of the carried interest allocation. The code of ethics adopted by ETP, which is described in more detail in Item 11 below, sets forth policies and procedures to address this conflict. Such policies and procedures require ETP and its personnel to act in the Funds' best interests.

## **Item 7 – Types of Clients**

As described in Item 4 above, ETP currently provides investment advisory services to two private investment funds. Both Funds are structured as limited partnerships. Investment advisory services are provided directly to the Funds and not to the Funds' limited partners. The limited partners participating in the Funds include "Accredited Investors" and "Qualified Purchasers" and primarily include institutional investors such as pension plans, trusts, foundations and endowments, investment companies, other financial institutions as well as high net worth individuals and their investment vehicles. The Funds and their investors that are subject to a performance-based compensation must be "qualified clients" for Advisers Act purposes.

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

### *Methods of Analysis and Investment Strategies*

As described in Item 4 above, ETP advises private investment funds that make private equity investments in companies that provide products and services to the oil and gas, power, energy efficiency, alternative energy and environmental sectors.

ETP believes that the key to successful private equity investing in the energy industry is discipline, and its investment team has developed an investment process that begins at deal sourcing and encompasses key phases of an investment's life cycle. ETP's investment process includes the following steps: (i) sourcing of new investment opportunities; (ii) due diligence and structuring of the investment; (iii) review and approval process; (iv) active monitoring and value creation with portfolio companies; and, (v) execution of exit strategies.

ETP employs various methods of analysis, including fundamental and valuation methods such as the analysis of historical and projected cash flows, financial statements and competitive advantages. The Funds' investments are made based on rigorous due diligence that aims to make a realistic assessment of a company's actual business prospects. In conducting its analysis, ETP uses available public information, confidential information obtained upon the signing of appropriate non-disclosure agreements, and information obtained from its extensive relationships with former and current management teams, vendors and suppliers to portfolio companies, consultants, competitors and investment bankers.

Both Funds are fully invested, meaning they are not making additional investments at this time. Remaining investment decisions for the Funds therefore generally relate only to exits from current investments. Discussions of risks and investment decisions that suggest continuing new investments should be understood as generally applicable to ETP and potential future funds and accounts but not the two Funds.

### *Risk of Loss*

Investing in securities generally, and investing in the Funds, involves substantial risk of loss that investors should be prepared to bear. Below is a summary of the material risks of the significant investment strategies and methods of analysis employed by ETP. The offering documents of each Fund include additional information on these risks and other risks, which should be reviewed carefully by all participating investors. The following discussion of certain risk factors does not purport to be an exhaustive list or a complete explanation of all of the risks involved in private equity investments.

*The Loss of Key Personnel May Adversely Affect the Funds.*

The success of the Funds will be highly dependent on the financial and managerial expertise of the ETP and the continuing involvement of NGP ECM. See Item 10 below. The interests of these entities and individuals in the General Partners should tend to discourage them from withdrawing from participation in the Funds' investment activities. However, there can be no assurance that such individuals will continue to be associated with the General Partners or its affiliates throughout the life of the Funds.

*The Funds' Investments Will Not Be Well-Diversified.*

The Funds will focus on private equity investments regarding technology, products and services related to the energy industry. In addition, the Funds will participate in a limited number of investments within these industries. As a consequence, if any large position has a material loss, then returns to the Funds' investors may be lower than if they had invested in a well-diversified portfolio.

*The Funds' Investments Will Not Be Liquid and May Not Be Transferable.*

Most investments made by the Funds initially will not have a readily available public market. In addition, the transferability of certain investments may be restricted under the terms of the documents governing the Funds' investments. There can be no assurance that a Fund will be able to liquidate a particular security or investment at the time and upon the terms it desires. There is no assurance that the Funds' investments can ultimately be resold and, in such event, an investor may receive a distribution of illiquid securities from the Funds.

*Suitable Investment Opportunities May Not Be Available.*

The Funds will be dependent solely on ETP to identify suitable investments. It is possible that such opportunities may not in fact prove to be available. In addition, the availability of investment opportunities generally will be subject to market conditions as well as, in some cases, the prevailing regulatory or political climate. Therefore, identification of attractive investment opportunities is difficult and involves a high degree of uncertainty.

*The Funds May Face Future Competition From Other Similar Funds.*

The business of investing in technology and related industries is competitive. Any number of new funds with similar investment objectives may be formed by other parties at any time and well established funds with more generalized investment capabilities may enter into the energy sector at any time. Therefore, competition for suitable investment opportunities may become more intense in the future. This may adversely affect the terms upon which the Funds make investments and may decrease the number of suitable investment opportunities.

*The Funds' Investments May Be Subject to Litigation and Claims.*

The Funds and the members of ETP will be subject to the risk of litigation in connection with their ongoing business activities, particularly claims and suits brought against directors and controlling persons of the Funds' portfolio companies. Generally, it is anticipated that investments made by the Funds will be structured to require that the portfolio company provide indemnification for any claims or suits brought against the Funds, their affiliates and employees; provided, however, there can be no assurance that such indemnification will be sufficient to fully cover all such liabilities and costs. In addition to any portfolio company indemnification, typically the Funds fully indemnify the General Partners, ETP, NGP ECM and their affiliates, employees and agents against costs and expenses (including legal fees), as incurred, in connection with their activities on behalf of the Funds, except in cases where an indemnified liability has been finally determined to have resulted from an indemnified party's gross negligence, willful malfeasance, fraud or willful violation of the Funds' limited partnership agreements. To the extent indemnification from a portfolio company is not available, the Funds' indemnification would be called upon by the General Partner, NGP ETP and their affiliates, employees and agents. Accordingly, the Funds could be materially and adversely affected by their obligation to fund such indemnification.

*Unspecified Use of Proceeds; Limited Recourse.*

Investors in the Fund generally will not know what specific investments will be made at the inception of the relationship. Investors have limited rights to withdraw from a Fund, cease to make further capital contributions or terminate ETP as manager, even if such investors are dissatisfied with the investments made or investment results. The governing documents of the Funds contain provisions limiting ETP's liability to investors, and provide for broad indemnification of ETP against liability, all subject to the requirements of applicable law, including the federal securities laws.

*The Funds' Investments May Be Impaired by Availability of, or Default Under, Debt Issued to Portfolio Companies.*

Should sources of debt capital not be available to the Funds' portfolio companies to provide sufficient liquidity for working capital needs, the financial results of the portfolio companies could be materially and adversely affected. To the extent that debt capital is available upon attractive terms, the Funds' investments in portfolio companies will be subject to the risks inherent in any business that uses debt as a component of its capital structure. Such investments involve a degree of risk that adverse fluctuations in cash flow or increased interest rates may impair the ability of these companies to meet their obligations, which could result in a loss of all or a substantial portion of a Fund's equity investment.

*Evaluating Potential Investments May Be Difficult Due to Rapid and Evolving Changes in the Companies in Which the Funds Will Invest.*

Some of the companies in which the Funds will invest are rapidly evolving and experiencing technological advances. Their business models and technology may be unproven and may not gain market acceptance. As a result, the Funds' limited partners should consider that the Funds' investments will be subject to these companies' risks, expenses and challenges that they will face as early-stage companies seeking to develop and manufacture new products in a growing and rapidly evolving market.

*Management Fees and Expenses.*

The Funds bear management fees and expenses. The investment return on the underlying investments therefore must be sufficient to offset both levels of fees and expenses before investors will earn a positive investment return. In addition, to the extent a management fee is based on committed rather than invested



capital, investors pay management fees on both called and uncalled capital, resulting in high effective fee rates (i.e., fees on invested capital) at the beginning of an investment when little capital has been called and invested. Because of the extensive due diligence and ongoing management activity required for many private equity investments, expenses aside from management fees are generally higher than those of portfolios invested in public markets.

*Widely Fluctuating Commodity Prices May Affect the Funds' Investments.*

Some of the companies that the Funds will invest in will provide technology, services or products to oil and natural gas companies or to companies in the power industry. Significant changes in commodity prices for an extended period may reduce the revenues, operating income and cash flow of these companies, thus adversely affecting their ability to purchase technology, products or services from the portfolio companies of the Funds. The Funds cannot predict future commodity price movements and prices often vary significantly.

*The Fund May Invest in Foreign Investments, Which Typically Involve More Risks than Domestic Investments.*

The Funds may make investments in countries outside of the United States. Investments in securities of foreign companies entail risks in addition to the risks of investment in U.S. companies. As foreign securities normally are denominated and traded in foreign currencies, the value of the Funds' foreign investments may be affected favorably or unfavorably by currency exchange rates, currency control regulations, foreign withholding taxes and restrictions or prohibitions on the repatriation of foreign currencies. Additional risks of investing outside the United States may include economic dislocations in the host country, less publicly available information, less developed regulatory institutions, the existence of foreign settlement procedures and trade regulations that involve risks and expenses not present in the settlement of domestic investments and a greater difficulty of enforcing legal rights in a foreign jurisdiction. Furthermore, political or social instability or diplomatic developments could have an adverse impact on the Funds' investments in foreign countries.

## **Item 9 – Disciplinary Information**

ETP and its management persons have not been involved in any material legal or disciplinary events.

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

### *Other Registrations*

None of ETP or any of its management persons are registered, or have an application pending to register, as a broker-dealer, a futures commission merchant, a commodity pool operator, a commodity trading advisor, or a registered representative or an associated person of the foregoing entities.

### *Affiliated Advisers*

As noted above, NGP ECM is registered with the SEC and thus is considered an Affiliated Advisor. ETP and NGP ECM conduct their investment activities independently, but together they may share an extensive personal network and access to expertise within the energy industry. ETP and NGP ECM have different investment strategies; however, such investment strategies may overlap from time to time.

ETP has adopted policies and procedures that require it to act in the Funds' best interests with respect to any potential conflicts of interests. Certain provisions of the Funds' limited partnership agreements are designed to protect the interests of their limited partners in situations where conflicts may exist. In addition, the advisory board of each Fund is responsible for resolving any questions that are presented to it by the General Partner relating to a conflict of interest or a potential conflict of interest between the General Partner, NGP ECM or its affiliates, on one hand, and the Fund or its limited partners, on the other hand, and to approve any contract or other transaction between the Fund, on one hand, and the General Partner, NGP ECM or its affiliates, on the other hand. The Funds may from time to time co-invest with funds managed by NGP or its affiliates. If such co-investment presents a conflict of interest, approval will be sought from the Advisory Committee pursuant to the relevant Fund's governing documents.

As noted above, NGP ECM owns a 50% interest in the General Partners of each Fund. NGP ECM has the right to appoint a representative to the Investment Committee of each Fund. As a result of such representation, NGP ECM's approval is required for new investments by ETP on behalf of the Funds; however, NGP ECM has no control over ETP's day-to-day management and no vote with respect to investment exit decisions.

Please also see Item 11 below for a discussion of potential conflicts of interests.

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

### *Code of Ethics*

ETP has adopted a Code of Ethics for all "access persons" (as defined for Advisers Act purposes) of the firm describing its high standard of business conduct, and fiduciary duty to its clients. The firm's Code of Ethics includes provisions relating to the confidentiality of fund information, a prohibition on insider trading, reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All ETP access persons must acknowledge the terms of the Code of Ethics annually, or as amended. Investors may request a copy of the firm's Code of Ethics by contacting ETP at the phone number or email address on the cover page of this brochure.

### *Conflicts of Interests*

The governing documents of the Funds managed by ETP generally provide that key management members for the Fund must offer to the Fund each investment opportunity that involves an investment within the parameters specified for the Fund.

### *Investments by the Funds and Other Funds Managed by the Affiliated Advisers*

Under certain circumstances, the Funds may be offered an opportunity to make an investment in connection with a transaction in which an investment fund managed by the Affiliated Advisers or other affiliates of NGP ECM already has made, or concurrently will make or seek to make, an investment. Conflicts of interest may exist between the Funds' interests and the interests of such co-investors in managing these investments and approving significant corporate matters. All conflicts of interest are resolved in accordance with the Funds' respective governing documents.

### *Conflicts with Portfolio Investments*

Officers and employees of the Affiliated Advisers and other affiliates of NGP ECM may serve as directors of certain portfolio companies and, in that capacity, will be required to make decisions that they consider to be in the best interests of such portfolio companies and their shareholders. In certain circumstances, for

example in situations involving bankruptcy or near-insolvency of a portfolio company, actions that may be in the best interest of the portfolio company may not be in the best interests of the Funds, and vice versa. Accordingly, in these situations, there will be conflicts of interests between such individual's duties as an officer or employee of the Affiliated Adviser or NGP ECM affiliate and such individual's duties as a director of the portfolio company.

#### *Allocation of Investment Opportunities*

Certain investment opportunities may fall within the investment objective of the Funds and funds managed by the Affiliated Advisers and other affiliates of ETP. Allocations of such investment opportunities typically will take into account the investment return, geographic scope, investment strategies, investment size and such other factors as ETP, the Affiliated Advisers and such affiliates of NGP ECM may deem relevant. None of the Affiliated Advisers and other NGP ECM affiliates are obligated to offer or share any investment opportunity with ETP or the Funds and neither ETP nor the Funds will have any priority in respect of investment opportunities provided or created by the Affiliated Advisers or other NGP ECM affiliates.

#### *The Funds' Investments May Not Be In the Best Interests of Some Limited Partners.*

Each Fund is likely to have a diverse range of limited partners that may have conflicting interests that stem from differences in investment preferences, domicile, tax status and regulatory status. The investment committee of the Fund will attempt to consider the objectives of the Fund as a whole when making decisions with respect to the selection, structuring and sale of portfolio investments, but it is inevitable that such decisions may be more beneficial for some limited partners over others.

### **Item 12 –Brokerage Practices**

#### *Selection and Recommendation of Broker-Dealers*

The Funds, by nature of their private equity focus, invest primarily in private companies. However, the Funds may invest in public companies subject to limitations set forth in the relevant Fund's governing documents. In addition, a portfolio company may go public or be acquired by a public company for cash and/or publicly-traded securities. As part of an exit strategy, any publicly-traded securities acquired on behalf of a fund may be sold in the public markets. When a fund decides to transact in publicly-traded securities in the open market as part of a portfolio company acquisition or exit strategy, investment professionals will evaluate strategies for trading in such public securities. Strategies may include holding securities over the short or long term, selling securities over the short or long term, or distributing securities to investors, among other things. The investment professionals will seek best execution for any open market purchase or sale of securities in connection with the implementation of these strategies.

Many types of private equity investments are transacted solely on a direct buyer-seller negotiated basis and so do not require or utilize the services of broker-dealers. In these cases, ETP does not anticipate recommending any broker-dealers for the transaction. At times, however, even in privately negotiated transactions, an investment bank, finder or other intermediary may be required or desired and typically would be compensated for services rendered, often on a commission basis.

When ETP participates in the selection of such a broker-dealer or such other intermediary, ETP anticipates that it will consider principles of "best execution" and seek to appropriately balance the cost of service against the totality of the service delivered. Also at times, typically when disposition of an asset on a traditional trading market is sought, executing broker-dealers will be used.

“Best execution” is not synonymous with lowest brokerage or other transaction costs. When ETP participates in the selection of an executing broker-dealer, ETP expects that it will generally take into account the following factors:

- listed bids and asks;
- the opportunity for price improvement;
- transaction costs;
- anonymity;
- liquidity;
- speed of execution;
- expertise with difficult securities;
- trading style and strategy;
- geographic location; and
- frequency of errors.

#### *Research and Other Soft Dollar Benefits*

Section 28(e) of the Securities Exchange Act of 1934 provides a safe harbor that allows an investment adviser to pay more than the lowest available transaction cost in order to obtain brokerage and research services (commonly referred to as a “soft dollar” arrangement).

ETP may receive products or services from broker-dealers and other counterparties that to the company’s knowledge are generally made available to all institutional clients doing business with these counterparties, provided that these products and services are made available to ETP on an unsolicited basis and without regard to transaction costs paid by the funds or the volume of business the company directs to these counterparties.

#### *Brokerage for Client Referrals*

ETP does not consider, in selecting or recommending broker-dealers, whether it or a related person receives client referrals from a broker-dealer or third party.

#### *Directed Brokerage*

ETP does not recommend, request or require that a client direct ETP to execute transactions through a specified broker-dealer.

#### *Aggregated Transactions*

The governing documents of the Funds managed by ETP provide terms for aggregating transactions among Funds, parallel investment entities, funds managed by affiliates and other co-investors. To accommodate investment by non-U.S. investors, a fund may establish a parallel investment entity or other alternative investment entities to facilitate such investments. The administration and allocation of investments among these entities will be made in accordance with the respective Fund’s governing documents.

### **Item 13 –Review of Accounts**

#### *Portfolio Monitoring and Review*

ETP's investment professionals generally meet on a weekly basis to discuss the Funds' portfolios, potential investment opportunities and other important matters. In addition, ETP's investment professionals share important information on such topics on an ongoing basis via email and informal discussions. ETP also generally reviews the Funds' portfolios on a quarterly basis in conjunction with its review of unaudited account statements, and on an annual basis in conjunction with the preparation of the Funds' financial statements. In addition, Fund portfolios are reviewed with the Funds' limited partners at least once per year, typically at an annual meeting of limited partners. Lastly, each Fund's portfolio is reviewed by the Fund's advisory board in conjunction with their annual review and approval of the valuation of the portfolio.

### *Reports*

The Funds' limited partners are provided with unaudited account statements on a quarterly basis and audited Fund financial statements on an annual basis. In addition, ETP prepares quarterly letters containing summaries of Fund holdings and transactions that are provided to the Funds' limited partners in conjunction with their quarterly account statements.

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

### *Economic Benefits from Non-Clients*

As described in Item 5 above, ETP, the General Partners and their affiliates may receive financing fees, commitment fees, closing fees or other fees (such as directors' fees, advisory fees, investment banking fees, structuring fees, break-up fees and success fees) in connection with a Fund's investments in portfolio companies. All or a portion of any such fees will be shared with the relevant Fund through offsets or reductions against (i) unreimbursed expenses associated with respect to the Investment in question; (ii) the next quarterly payment of the Management Fee.

### *Compensation for Client Referrals*

As a matter of current policy, ETP will not engage paid solicitors to refer clients to ETP.

## **Item 15 –Custody**

By virtue of the control over the Funds attributable to their respective General Partners, ETP may be deemed to have custody of the assets of the Funds. ETP maintains assets of the Funds with independent third-party qualified custodians, except for certain privately issued non-certificated instruments (which are excepted from the general qualified custodian requirement under the Advisers Act and which at times may comprise the majority of a Fund's portfolio). An independent public accountant audits the Funds annually and the audited financial statements are distributed to the limited partners of the Funds.

## **Item 16 – Investment Discretion**

ETP, through the General Partners of the Funds, has discretionary authority to determine the securities or other investments and the amounts thereof to be bought or sold by the Funds. Such authority is subject to the limitations set forth in the limited partnership agreements of the Funds. Such limitations include restrictions on certain securities or types of securities, geographies and leverage.

## **Item 17 –Voting Client Securities**

ETP has adopted policies and procedures regarding its exercise of proxy votes in connection with the Funds' portfolio companies. ETP's policy is to exercise votes in the best interests of the Funds, taking into consideration all relevant factors, including without limitation, acting in a manner that ETP believes will (i) maximize the economic benefits to the Funds and (ii) generally promote sound corporate governance by the relevant issuer. ETP has adopted policies and procedures to address potential material conflicts of interest associated with proxy votes between itself and the Funds, which in certain circumstances may include the engagement of outside counsel for recommendations and/or abstaining from voting. Clients may obtain a copy of such voting policies and procedures upon request at the phone number or email address on the cover of this brochure.

ETP maintains records in connection with each proxy vote in accordance with the Advisers Act.

#### **Item 18 –Financial Information**

No management fees are payable to ETP by the funds more than six months in advance. As such, under relevant SEC rules ETP is not required to include its balance sheet for the most recent fiscal year or disclose information about its financial position.

ETP is not aware of any financial conditions that are reasonably likely to impair its ability to meet its contractual obligations to the Funds. ETP has never been the subject of a bankruptcy petition.

#### **Item 19 –Requirements for State-Registered Advisers**

Not applicable