

**Item 1 – Cover Page**

**Talara Capital Management, LLC**

**25 North Fullerton Avenue**

**Montclair, NJ 07042**

**(646) 396-6040**

**[www.talaracapital.com](http://www.talaracapital.com)**

**March 30, 2018**

This Brochure provides information about the qualifications and business practices of Talara Capital Management, LLC (“Talara” or “Firm”). If you have any questions about the contents of this Brochure, please contact us at (646) 396-6040. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Talara is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.

Additional information about Talara also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. The CRD number for Talara is 158866.

## Item 2 – Material Changes

This Item of the Brochure will discuss only specific material changes that have been made to Talara’s Brochure since our last annual update on March 29, 2017 and provides clients with a summary of such changes. This update to our Brochure contains the following material changes:

- Item 1 “Cover Page” has been updated to reflect Talara’s new address Item 4 “Advisory Business,” Item 5 “Fees and Compensation” and Item 8 “Methods of Analysis, Investment Strategies and Risk of Loss” have been updated to address the addition of Talara Capital Energy Fund II, LP & Talara Capital Energy Fund II US, LP and the liquidation of Talara Real Asset Fund, LP, Talara Real Asset International Fund, Ltd., and Talara Real Asset Master Fund, Ltd.,
- Item 10 “Other Financial Industry Activities and Affiliations” was updated to remove reference to Talara GP, LLC and addition of Talara Capital Energy GP II, LLC and Talara Capital Energy GP II US, LLC.
- Item 15 “Custody” updated to clarify the circumstances in which Talara is deemed to have custody and further address compliance with Custody Rule requirements.
- Item 17 “Voting Client Securities” updated to more clearly and accurately describe Talara’s policies including addressing conflicts.

Currently, our Brochure may be requested by contacting us at (646) 396-6040.

(Date of our last Annual Updating Amendment: 03/29/2017)

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## Item 4 – Advisory Business

Talara is owned by David Zusman and Andrew Heyman and has been providing advisory services since January 1, 2011. As of December 31, 2017, Talara managed \$535,655,499 on a discretionary basis.

Talara provides investment advisory services on a discretionary basis to pooled investment vehicles including Talara Opportunities II, LP, Talara Opportunities III, LP, Talara Opportunities IV, LP, Talara Opportunities V, LP, Talara Capital Energy Fund, II LP, and Talara Capital Energy Fund II US, LP (each a "Fund" and, collectively, the "Funds") and for separately managed accounts (the "Accounts") intended for institutional investors and other sophisticated investors. Collectively, the Funds and Accounts advised by Talara are hereinafter referred to as "Clients."

Talara Real Asset Fund, LP, Talara Real Asset International Fund, Ltd., and Talara Real Asset Master Fund, Ltd. were liquidated as of December 31, 2017.

Talara Opportunities II, LP., Talara Opportunities III, LP, Talara Opportunities IV, LP and Talara Opportunities V, LP were established as special purpose vehicles to invest as a limited partner in private oil and gas limited partnerships and each structured in a "private equity" format. Talara may seek to establish additional "private equity" vehicles in the future.

Talara Capital Energy Fund II, LP's is a Cayman Islands exempted limited partnership established to make investments in middle market energy businesses in the United States and Canada. Talara Capital Energy Fund II US, LP is a "Parallel Fund" designed to invest alongside Talara Capital Energy Fund II, LP ("Offshore Fund") in each investment, except to the extent it is prohibited from doing so by tax, legal, accounting or other similar considerations. The Parallel Fund has been organized on terms substantially similar to the Offshore Fund and generally will co-invest with the Offshore Fund pro rata and pari passu on the basis of capital available for investment.

Prospective investors are requested to refer to the relevant Fund Offering Documents for complete details.

## Item 5 – Fees and Compensation

All investors and prospective investors should review the applicable Fund Offering Documents and/or investment management agreement in conjunction with this Brochure for further information regarding fees and compensation or expenses. Different Funds and Accounts may be subject to different management fees and performance-based compensation arrangements. In certain circumstances, the advisory fees payable to Talara and/or the incentive allocation payable to Talara's affiliated General Partner may be negotiable or waived. Management fees are payable quarterly in advance. Investors and prospective investors should note that similar advisory services may (or may not) be available from other investment advisers for similar or lower fees. All Clients are "qualified purchasers" as defined in Section 2(a)(51) of the Company Act.

Talara's fees for the Accounts are exclusive of expenses such as commissions, transaction fees, margin interest and other related costs and expenses which are incurred by the Client. Clients may incur certain charges imposed by custodians, brokers and other third parties, custodial fees, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Such charges, fees and commissions are exclusive of and in addition to Talara's fee. Item 12 further describes the factors that Talara considers in selecting or recommending broker-dealers for Client transactions and determining the reasonableness of their compensation (*e.g.*, commissions). In the event that Talara is not acting as Investment Manager for an entire quarter, the management fee for such quarter will be prorated to reflect the portion of such quarter in which the Investment Manager is acting as such under the investment management agreement.

### Talara Capital Energy Fund II, LP & Talara Capital Energy Fund II US, LP

The Funds bear legal and other organizational expenses, including the out-of-pocket expenses of Talara, incurred in the organization and formation of the Funds and any related entities (including marketing and offering of the interests therein, the "Organizational Expenses") up to an amount set forth in the Fund Offering Documents.

The Funds may also pay or reimburse Talara for all costs and expenses relating to the Funds activities (to the extent not reimbursed by a portfolio company) (collectively, the "Partnership Expenses"), including: (i) the Management Fee, (ii) expenses, including travel and entertainment expenses, incurred in connection with the investigation, pursuit, sourcing, evaluation, acquisition and disposition of potential or actual portfolio company investments (including investments not consummated), (iii) out-of-pocket costs and expenses incurred in connection with the management of portfolio company investments, including financing, legal, accounting, management and consulting fees and expenses,

travel and entertainment expenses, record keeping and other related administrative fees; (iv) administrative expenses incurred in the ordinary course, including the cost of preparing annual audit, financial and tax returns and tax reports for investors or the Funds, cash management expenses and routine legal and accounting expenses, (v) brokerage commissions, registration fees and expenses, custodial expenses, and other investment costs incurred in connection with portfolio company investments, (vi) principal, interest on and fees and expenses arising out of borrowings and subscription line facilities, (vii) out-of-pocket costs of litigation, including payment of damages and settlements, D&O insurance and indemnification or extraordinary costs and expenses, (viii) expenses associated with the termination of the Funds, (ix) registration expenses and taxes, expenses relating to filings with the SEC or other regulatory bodies (including in foreign or local jurisdictions and regulatory expenses of the General Partner and Talara relating to the activities of the Funds), governmental charges, and expenses incurred in connection with a tax audit, investigation, settlement or review of the Funds, (x) expenses of the Advisory Committee and the annual meetings of the investors, (xi) private placement fees and expenses paid to third-party placement agents relating to the Fund's formation and obtaining the Commitments, but only to the extent management fees are subsequently reduced by such placement agent fees, (xii) expenses associated with the preparation of the Funds financial statements, tax returns and K-1's or similar schedules, (xiii) fees of attorneys, accountants, fund administrators, service providers, and other professionals incurred on behalf of the Funds, (xiv) insurance premiums incurred in connection with the Fund's activities (including insurance covering the General Partner, the General Partner's affiliates and related entities, Talara and any other person acting on behalf of the Funds or entities related to the Funds with respect to activities of the Funds), (xv) expenses arising from defaults by investors in the payment of capital contributions, (xvi) expenses in connection with any amendments, modifications, revisions or restatements to the Fund documents, (xviii) post-closing obligations under agreements relating to the disposition of portfolio companies, including indemnification obligations and purchase price adjustment obligations and (xix) cost and expenses of AIVs.

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

In addition to the management fees which Talara receives as Investment Manager, Talara or an affiliated general partner of the Funds may be entitled to receive performance-based compensation (i.e., Incentive Allocation or Carried Interest) from Accounts or investors. Accounts may be subject to different performance fee terms.

The Incentive Allocation will be made in conformity with Section 205 of the 1940 Act and Rule 205-3 thereunder. See each Fund's relevant confidential private placement memorandum, limited partnership agreement, investment management agreement and other governing documents for more detail including the calculation of performance based fees. The performance-based compensation theoretically creates an incentive for Talara to cause the Funds to make investments which may be riskier or more speculative than those which would be made under a different compensation arrangement. We have procedures designed and implemented to ensure fair and equitable treatment and to prevent this conflict from influencing the allocation of investment opportunities among Accounts.

## **Item 7 – Types of Clients**

All Clients are “qualified purchasers” as defined in Section 2(a)(51) of the Company Act. The Funds advised by Talara generally will be open to investment only by persons that are both “accredited investors” within the meaning of Regulation D of the Securities Act of 1933, as amended and “qualified purchasers” within the meaning of Section 2(a)(51) of the Investment Company Act of 1940, as amended.

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

### Methods of Analysis and Investment Strategy

Talara's Real Asset investment strategy provides endowments, pensions, and other investors with intelligent exposure to liquid real assets. Focused on investing predominantly in publicly traded equities across energy and other resource sectors, Talara takes a long-term fundamental investment approach over a full business cycle. The strategy's objective is to generate superior risk-adjusted returns relative to both passive and active public resource strategies. As specialists across interlinked industries and supply chains, Talara's field research is aimed at identifying compounding businesses, asset transformations, and secular changes in or inflection points in a business or industry. The research process particularly focuses on cash flow, asset value, and ROIC as well as the long-term sustainability of business models. The portfolio is composed of concentrated positions. Talara's risk management process at both the position and portfolio level focuses on industry and thematic concentration, liquidity, and macro risk factors.

The following Funds follow Talara's private investment strategy which focuses on identifying quality assets and partnering with best-in-class operating teams, taking a flexible and collaborative approach to development of upstream oil and gas properties in the middle market.

Talara Opportunities II, LP Fund's was established to capitalize a newly formed private E&P company to execute the acquisition and follow-on development of certain conventional, liquids-weighted assets in Western Oklahoma, primarily focused on the Cleveland and Tonkawa plays.

Talara Opportunities III, LP Fund's was established is to capitalize a newly formed E&P company to execute a re-development strategy in the Illinois Basin focused on the application of modern fracturing practices to vertical well bores targeting shallow oil-weighted conventional reservoirs.

Talara Opportunities IV, LP Fund's was established to capitalize a newly formed E&P company to execute an Eagle Ford Shale and Buda Limestone development strategy in East Texas.

Talara Opportunities V, LP Fund's was established to restructure and re-capitalize Caza Oil & Gas, Inc., to execute a well development strategy in the Delaware Basin.

Talara Capital Energy Fund II, LP and Talara Capital Energy US II, LP were established to make investments in middle market energy businesses in the United States and Canada.

### Risk of Loss

#### **Investing in securities involves risk of loss that Clients should be prepared to bear.**

All investments present the risk of loss of principal – the risk that the value of securities, when sold or otherwise disposed of, may be less than the price paid for the securities.

Investment in the Funds and Accounts may be deemed a highly speculative investment and involves significant risk, suitable only for persons who can bear the economic risk of the loss of their entire investment, who have limited need for liquidity in their investment and who meet the conditions set forth in the relevant Fund Offering Documents and/or investment management agreement. There can be no assurances that the Funds or Accounts will achieve their investment objective. The material risks presented by the investment strategies pursued by Talara are summarized below. Additional information is contained in the relevant Fund Offering Documents and/or investment management agreements.



## Real Asset Investment Strategy

### Investment Losses

Talara invests in equity securities of companies based on its assessment of the quality of each business and each business' intrinsic value relative to current valuation. These are inherently subjective judgments, and require assumptions regarding the future. The assumptions could relate to, among many other things, future competitor behavior, customer behavior, input prices, merger/acquisition transactions closing, regulatory changes and appropriate discount rates. Some or all of these assumptions and judgments could turn out to be wrong, resulting in the Talara over-estimating the quality of a business and its intrinsic value. These situations could result in a significant loss on the investment(s).

### Equity Investments

The market value of equity securities fluctuate, and are affected by a wide range of factors outside of individual company performance, such as economic outlook, financial market conditions and force majeure events. Talara does not attempt to predict or hedge against such factors. However, such factors may have meaningful impact on the value of investments at any given time.

### Volatility

The investment strategy employs a long-only approach and does not engage in short selling or other similar hedging. Accordingly, the Accounts will likely be subject to more rapid and extreme change in value than would be the case if engaged in such hedging.

### Concentration

The portfolio will be relatively concentrated (i.e., typically 15-20 investments). Accordingly, the amount of capital which may be committed to any one investment will generally be relatively large. A loss in any one position could therefore have a material adverse impact on the Account value. Further, the investment strategy will likely be subject to more rapid and extreme change in value than would be the case if the investment strategy pursued a portfolio diversified among issuers, industries, companies and types of securities.

### Sector Related Risks

Account values may be particularly vulnerable to factors affecting certain sectors, including, but not limited to, the energy, utility, basic material, industrial and transportation sectors. Such sectors may be subject to increasing regulation by both the U.S. and foreign governments, obligations to comply with environmental and other governmental mandates, developments in the particular industry, conservation incentives and mergers, takeovers or acquisitions. Increased regulations or restrictions may, among other things, increase compliance costs, decrease profitability and/or affect business opportunities for the companies in which an Account invests. Because the investment strategy will pursue investments in such sectors, the value of an Account may rise and fall more than the value of a similar investment vehicle that invests more broadly. The value is also affected by changing commodity prices, which can be highly volatile and are subject to risks of oversupply and reduced demand.

### Risk of Investing in the Energy Sector

Companies in the energy sector are strongly affected by the levels and volatility of global energy prices, energy supply and demand, government regulations and policies, energy production and conservation efforts, technological change, and other factors that a company cannot control. These companies may also lack resources and have limited business lines. The energy sector is cyclical and is highly dependent on commodity prices; prices and supplies of energy may fluctuate significantly over short and long periods of time due to, among other things, national and international political changes, Organization of Petroleum Exporting Countries ("OPEC") policies, changes in relationships among OPEC members and between OPEC and oil-importing nations, the regulatory environment, taxation policies, and the economy of the key energy-consuming countries. Companies in the energy sector may be adversely affected by terrorism, natural disasters or other catastrophes. Companies in the energy sector are at risk of civil liability from accidents resulting in injury, loss of life or property, pollution or other environmental damage claims. Disruptions in the oil industry or shifts in fuel consumption may significantly impact companies in this sector. Significant oil and gas deposits are located in emerging markets countries where corruption and security may raise significant risks, in addition to the other risks of investing in emerging markets. Additionally, the Middle East, where many companies in the energy sector may operate, has historically and recently experienced widespread social unrest. Companies in the energy sector may also be adversely affected by changes in exchange rates, interest rates, economic conditions, tax treatment, government regulation and intervention, negative perception, efforts at energy conservation and world events in the regions in which the companies operate (e.g., expropriation, nationalization, confiscation of assets and property or the imposition of restrictions on foreign investments and repatriation of capital, military coups, social unrest, violence or labor unrest). Because a significant portion of revenues of companies in this sector is derived from a relatively small number of customers that are largely composed of

governmental entities and utilities, governmental budget constraints may have a significant impact on the stock prices of companies in this sector. The energy sector is highly regulated. Entities operating in the energy sector are subject to significant regulation of nearly every aspect of their operations by federal, state and local governmental agencies. Such regulation can change rapidly or over time in both scope and intensity. Stricter laws, regulations or enforcement policies could be enacted in the future which would likely increase compliance costs and may materially adversely affect the financial performance of companies in the energy sector.

### Private Investment Strategy

#### Risk Management; Operational Controls

Although Talara will seek to manage investment risks by employing appropriate due diligence, analysis and pricing models prior to investing in a portfolio company, we cannot assure that these methods will expose all the considerations relevant to the investment decision. Further, the operational controls and risk management techniques used involve third parties over whom Talara does not exercise control, including outsourced providers of fund administration and custody services. The proper operation of the Funds and safekeeping of their assets depends on the performance and financial wherewithal of these third parties. The operational controls and risk management techniques we use also necessarily include subjective elements, making the judgment and discretion of our investment professionals, and our control-side professionals, fundamental to the risk management process. The greater the importance of subjective factors, the more challenging it becomes for us to control for risk, which in turn increases the likelihood of unpredictable results with respect to a portfolio company and a Funds' overall performance.

An investment in a Fund can involve operational risk arising from such factors as processing errors, human errors, inadequate or failed internal or external process, failures in systems and technology, changes in personnel and errors caused by third parties. While we seek to minimize these events through controls and oversight, there may still be failures that could cause losses to the Funds. In addition, as the use of technology increases, the Funds may be more susceptible to operational risks through breaches of our information technology systems. Such cyber security attacks are evolving and currently include malicious software, attempts to gain unauthorized access to data and other electronic security breaches that could lead to disruptions in critical systems, unauthorized release of confidential or otherwise protected information and corruption of data.

A cyber security breach may be either an intentional event or an unintentional event, and it may cause the Funds to lose proprietary information, suffer data corruption or expose information to misuse. Sensitive information that may be breached in the event of a cyber-security threat includes information regarding investors and Funds' investment activities. Cyber security breaches of our third-party service providers or portfolio companies may also subject the Funds to many of the same risks associated with direct cyber security breaches. If these events were to materialize, they could lead to losses of sensitive information, including the loss of investor confidential or personal information, or capabilities essential to Talara's, the Funds' and/or a portfolio company's operations, financial losses from remedial actions, loss of business or potential liability.

#### Limited Liquidity

Investors generally will not be permitted to voluntarily withdraw from the Funds. In addition, Investors generally may not transfer their Interests, in whole or in part, without, among other things, the prior written consent of the General Partner, which may be granted or withheld in its discretion. There currently exists no public market for Interests, and none is expected to develop. Accordingly, Investors should not expect that they will be able to transfer, sell or otherwise dispose of all or any portion of their Interests during the term of the Funds, nor can they be certain that they will be able to transfer, sell or otherwise dispose of all or any portion of their Interests on a basis which reflects the value of each respective Fund's portfolio. Investments in the Funds are appropriate only for sophisticated investors that do not require immediate liquidity for their investment.

#### Concentration of Investments

The respective portfolios for Talara Opportunities II, LP, Talara Opportunities III, LP, Talara Opportunities IV, LP and Talara Opportunities V, LP are concentrated in one issuer, industry, sector, strategy, country and geographic region, and such concentration of risk will increase the risk of losses. This concentration could expose these Funds to losses disproportionate to market movements in general. Talara will not attempt to control such risks by diversifying such Funds' portfolios. In addition, many other investment funds pursue similar strategies, which create the risk that many funds would be forced to liquidate positions at the same time, reducing liquidity, increasing volatility and exacerbating losses. Investments in Talara Capital Energy Fund II, LP and Talara Capital Energy US II, LP will be concentrated in the upstream oil and gas industry and will be subject to numerous risks that affect the upstream oil and gas industry as a whole, or specific sectors within that industry. Because of the concentration of investments in this industry, an investment in the Funds may be subject to greater risk than an investment in a portfolio representing a broader range of industries.

## Business and Regulatory Risks of Private Investment Funds

The financial services industry generally, and the activities of private investment funds and their managers in particular, have recently been subject to intense and increasing regulatory scrutiny. Such scrutiny may increase the Investment Manager's exposure to potential liabilities and to legal, compliance and other related costs. Increased regulatory oversight may also impose additional administrative burdens on the Investment Manager, including, without limitation, responding to investigations, implementing new policies, procedures and reporting requirements. Such burdens may divert the Investment Manager's time, attention and resources from its activities on behalf of the Funds. The regulatory environment for private funds is evolving, and changes in the regulation of private funds and their activities may adversely affect the ability of the Funds to pursue their respective investment strategies and the value of investments held by the Funds.

### Private Investments

Private investments may be subject to legal or other restrictions on transfer and there may be no liquid market for these investments. This means that Talara may be unable to sell them when desired or to realize their previously anticipated fair value when sold. The sale of illiquid assets often requires more time and results in higher selling expenses than does the sale of more liquid assets. Calculating the fair market value of private investments can be especially difficult.

### Material, Non-Public Information

Talara may acquire confidential or material, non-public information that would limit the ability of the Funds to buy and sell certain of its investments. The Funds' investment flexibility may be constrained due to the inability of Talara to use such information for investment purposes. Moreover, the Funds may be restricted from initiating transactions in certain securities or selling certain investments, due to their acquisition of confidential or material, non-public information at a time when Talara would otherwise take such action.

### Fluctuation of Oil and Natural Gas Prices

Success will be highly dependent upon the prices realized from the sale, exploitation, development and optimization of oil and natural gas and a material decrease in such prices could have a material adverse effect on the Funds. Oil and natural gas prices can fluctuate widely on a month-to-month basis in response to a variety of factors that are beyond the control of the Funds and the General Partner. Factors that contribute to price fluctuation include, without limitation: political conditions in major oil and natural gas producing regions; worldwide economic conditions; weather conditions; the supply and price of domestic and foreign natural gas or oil; the level of consumer demand; the price and availability of alternative fuels; the proximity to, and capacity of, transportation facilities; the effect of worldwide energy conservation measures; technological advances affecting energy consumption; and the nature and extent of governmental regulation and taxation

and any changes thereto. Oil and natural gas prices have fluctuated greatly from time to time over the past several years and should be expected to remain volatile in the future. There can be no assurance that the price of oil and natural gas will increase or remain unchanged in the future.

#### Nature of Investments

An investment in a Fund is speculative and volatile, requiring a long-term commitment, with no certainty of return. The Funds may make investments in companies that are experiencing severe financial difficulties, which difficulties may never be overcome. The Funds may also make investments in companies that are in a conceptual or early stage of development, which may have no proven operating history on which to judge future performance, little or no profits or cash flow, uncertain market acceptance and a high degree of regulatory risk. The investments are considered highly speculative and may result in the loss of the entire investment. Because the Funds may only make a limited number of investments and because many of the Funds' investments may involve a high degree of risk, poor performance by a few of the investments could significantly reduce the total returns to investors. No assurances can be given that investment objectives will be achieved or that investors will receive a return of capital.

#### Nature of Upstream Oil and Gas Industry Investments

Investments in the upstream oil and gas sector may be subject to a variety of risks, not all of which can be foreseen or quantified. Such risks may include but are not limited to: (i) the risk that the technology employed in the upstream oil and gas project will not be effective or efficient; (ii) risks of well or equipment failures, loss of sale and supply contracts or markets, decreases or escalations in power contract prices, bankruptcy of key customers or suppliers, tort liability in excess of insurance coverage, inability to obtain desirable amounts of insurance at economic rates, and casualty, condemnation and other catastrophic events; (iii) risks that regulations affecting the upstream oil and gas industry will change in a manner detrimental to the industry; (iv) environmental liability risks related to upstream oil and gas properties and projects; (v) uncertainty about the extent, quality and availability of oil and natural reserves; and (vi) the risk of changes in values of companies in the upstream oil and gas sector whose operations are affected by changes in prices and supplies of energy fuels (prices and supplies of energy fuels can fluctuate significantly over a short period of time due to changes in international politics, energy conservation, the success of exploration projects, the tax and other regulatory policies of various governments and the economic growth of countries that are large consumers of upstream oil and gas products, as well as other factors). The occurrence of events related to the foregoing may have a material adverse effect on the Funds and investments.

The risks of loss described herein should not be considered to be an exhaustive list of all the risks which Investors should consider. Investors should refer to the relevant Fund Offering Documents and/or investment management agreement for additional information on risk factors and risk of loss.

## **Item 9 – Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of Talara or the integrity of Talara's management. Talara has no information applicable to this Item.

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

Talara is under common control with Talara Opportunities II GP, LLC which serves as the general partner for Talara Opportunities II, LP and Talara Opportunities III GP, LLC which serves as the general partner for Talara Opportunities III, LP and Talara Opportunities IV GP, LLC which serves as the general partner for Talara Opportunities IV, LP and Talara Opportunities V GP, LLC which serves as the general partner for Talara Opportunities V, LP and Talara Capital Energy GP II, LLC which serves as the general partner for Talara Capital Energy Fund II, LP and Talara Capital Energy GP II US, LLC which serves as the general partner for Talara Capital Energy Fund II US, LP.

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

Talara has adopted a Code of Ethics expressing the Firm's commitment to ethical conduct. Talara's Code of Ethics describes the Firm's fiduciary duties and responsibilities to Clients and sets forth Talara's practice of supervising the personal securities transactions of employees with access to client information. Individuals associated with Talara may buy or sell securities for their personal accounts identical or different than those recommended to Clients subject to pre-approval and waiting periods. It is the expressed policy of Talara that no person employed by the Firm shall prefer his or her own interest to that of a Client or make personal investment decisions based on investment decisions of Clients.

To supervise compliance with its Code of Ethics, Talara requires that anyone associated with this Firm with access to advisory recommendations provide initial holdings reports,

annual securities holding reports and instruct their brokerage firm to provide duplicate broker trade confirmations and account statements. Talara also requires such access persons to receive approval from the Chief Compliance Officer prior to investing in any IPO's or private placements (limited offerings). Talara's Chief Compliance Officer monitors and reviews employees personal trading accounts for compliance with Talara's personal trading policies as detailed in the Code of Ethics.

Talara and its related persons do not participate in and do not have any interest in Client transactions, except to the extent that Talara's officers and employees may directly or indirectly invest in the Funds. Talara requires that all individuals must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices. Any individual not in observance of the above may be subject to discipline. Talara will provide a complete copy of its Code of Ethics to any Client or prospective Client upon request.

Talara's Code of Ethics further includes the Firm's policy prohibiting the use of material non-public information and protecting the confidentiality of Client information. Talara's Insider Trading Policies prohibit Talara and its personnel from trading for the Funds and Accounts or themselves, or recommend trading, in securities of a company while in possession of material, non-public information ("Inside Information") about the company, and from disclosing such information to any person not entitled to receive it. By reason of its various activities, Talara may have access to Inside Information or be restricted from effecting transactions in certain investments that might otherwise have been initiated. Talara has designed and implemented policies and procedures reasonably designed to shield its investment professionals in most cases from access to Inside Information so that investment decisions may be made on the basis of public information only. Among other things, such policies seek to control and monitor the flow of Inside Information to and within Talara, as well as prevent trading based on Inside Information. Accordingly, Talara may not have access to Inside Information that other market participants or counterparties are eligible to receive.

Notwithstanding such policies and procedures, there may be certain cases where Talara either may receive Inside Information due to its various activities on behalf of itself or Clients or may be restricted in acting for Clients, resulting in limited liquidity or using such information for the benefit of certain Clients in specific securities. Talara seeks to minimize those cases whenever possible, consistent with applicable law and our Insider Trading Policies, but there can be no assurance that such efforts will be successful and that such restrictions will not occur.



## Additional Considerations

From time to time, various potential and actual conflicts of interest may arise from the overall advisory, investment and other activities of Talara, its affiliates, and personnel (each an “Advisory Affiliate” and, collectively, the “Advisory Affiliates”). Talara has established policies and procedures to monitor and resolve conflicts and will endeavor to resolve conflicts with respect to investment opportunities in a manner it deems equitable to the extent possible under the prevailing facts and circumstances. The Advisory Affiliates may invest on behalf of themselves in securities and other instruments that would be appropriate for, held by, or may fall within the investment guidelines of the Funds or Accounts. These activities may adversely affect the prices and availability of other securities or instruments held by or potentially considered for one or more Funds or managed accounts. Potential conflicts also may arise due to the fact the Advisory Affiliates may have investments in some Funds but not in others or may have different levels of investments in the various Funds, and because the Funds and Accounts may pay different levels of fees to Talara.

## **Item 12 – Brokerage Practices**

### *Broker Selection*

Talara is granted the discretionary authority in the relevant Offering Documents of the Funds and/or investment management agreements to determine the broker or dealer to be used and the commission rates to be paid. In selecting brokers or dealers to execute transactions, Talara is not required to solicit competitive bids and does not have an obligation to seek the lowest available commission cost. It is not Talara’s practice to negotiate “execution only” commission rates; thus the Clients may be deemed to be paying for research, brokerage or other services provided by the broker which are included in the commission rate. In determining the broker or dealer to be used for each securities transaction, Talara shall conform to and be in accordance with the provisions of the relevant Fund's Offering Documents, as amended from time to time and delivered by Talara.

### *Research and Other Soft Dollar Benefits*

Talara uses Client brokerage commissions to obtain research or other products or services. This is a benefit to Talara, as Talara does not have to pay for such research, products or services. Talara may have an incentive to select a broker dealer based upon receiving such benefits, rather than on Clients' interest in receiving most favorable execution. Section 28(e) of the Securities Exchange Act of 1934, as amended, is a "safe harbor" that permits an investment manager to use commissions or "soft dollars" to obtain research and brokerage services that provide lawful and appropriate assistance in the investment decision-making process. Except for services that would be an expense of the Funds, Talara will limit the use of Commissions to obtain services which constitute research and brokerage within the meaning of Section 28(e). Research services within Section 28(e) may include, but are not limited to, research reports (including market (research); certain financial newsletters and trade journals; software providing analysis of securities portfolios; corporate governance research and rating services; attendance at certain seminars and conferences; discussions with research analysts; meetings with corporate executives; consultants' advice on portfolio strategy; data services (including services providing market data, company financial data and economic data); advice from brokers on order execution; and certain proxy services. Brokerage services within Section 28(e) may include, but are not limited to, services related to the execution, clearing and settlement of securities transactions and functions incidental thereto (i.e., connectivity services between an investment manager and a broker-dealer and other relevant parties such as custodians); trading software operated by a broker-dealer to route orders; software that provides trade analytics and trading strategies; software used to transmit orders; clearance and settlement in connection with a trade; electronic communication of allocation instructions; routing settlement instructions; post trade matching of trade information; and services required by the SEC or a self-regulatory organization such as comparison services, electronic confirms or trade affirmations. The use of Commissions arising from investment transactions for services other than research and brokerage will be limited to services that would otherwise be an expense of the Funds. The use of Commissions to obtain such other services would be outside the parameters of Section 28(e). Similarly, because Section 28(e) relates only to the use of commissions on equity transactions, the use of commissions, mark-ups or other compensation on transactions in instruments other than equity securities would be outside the parameters of Section 28(e).

When Talara receives a product or service that may be used only partially for functions within Section 28(e) (e.g., an order management system, trade analytical software or proxy services), Talara will make a good faith effort to determine the relative proportion of the product or service used to assist in carrying out its investment decision-making responsibilities and the relative proportion used for administrative or other purposes outside Section 28(e). The proportion of the product or service attributable to assisting Talara in carrying out its investment decision-making responsibilities will be paid through Commissions generated by client transactions and the proportion attributable to administrative or other purposes outside Section 28(e) will be paid for by Talara from its own resources.

Research and brokerage services obtained by the use of commissions arising from a particular Account transaction may be used by Talara in its other investment activities and thus, a particular Client may not necessarily, in any particular instance, be the direct or indirect beneficiary of the research or brokerage services provided. Soft dollar benefits are not limited to those Clients who may have generated a particular benefit, although certain soft dollar allocations are connected to particular Clients or groups of Clients.

Although Talara will make a good faith determination that the amount of commissions paid is reasonable in light of the products or services provided by a broker, commission rates are generally negotiable and thus, selecting brokers on the basis of considerations that are not limited to the applicable commission rates may result in higher transaction costs than would otherwise be obtainable. The receipt of such products or services and the determination of the appropriate allocation in the case of “mixed use” products or services create a potential conflict of interest between the Talara and its Clients.

### *Aggregation and Allocation*

Talara, at its discretion, may aggregate orders in the same security across Accounts transacting in that security and will generally allocate the securities or proceeds arising as a result of the transactions (and the related transaction expenses) on an average price basis. Exceptions to pro-rata allocations may occur when appropriate. Talara believes that by aggregating orders, commission rates and transaction costs may be reduced as a result of such aggregation. However, in certain instances, average pricing may result in higher or lower total net execution price than otherwise obtainable by effecting transactions separately. Talara believes that aggregating orders contribute to seeking best execution.

## **Item 13 – Review of Accounts**

### **Reviews:**

Funds and Accounts are subject to continuous review by Talara’s portfolio managers and operations staff including, among others, review of investment performance, valuation changes, market developments, adherence to investment guidelines and strategies and risk analysis. In addition, our Chief Compliance Officer conducts reviews on a periodic basis for compliance with our policies and procedures and Fund Offering Documents.

Portfolio managers for Client accounts that hold publicly traded securities review accounts and exposures on a regular basis. With the assistance of third-party administrators the

operations and accounting department reconcile such accounts on a daily basis. Portfolio positions are updated daily and are reviewed by Talara on a daily basis.

Talara closely monitors the portfolio companies of the private equity vehicles and generally maintains an ongoing oversight position on the Boards of the portfolio companies.

**Reports:**

Performance results for separately managed accounts are calculated on at least a quarterly basis and reported to the investor as soon as reasonably practicable.

Each Fund distributes unaudited statements to investors on a quarterly basis and a financial report audited by such Fund's independent auditors after the end of each fiscal year. With respect to each of the Domestic Funds, each investor is sent tax information that is necessary for the completion of such investor's U.S. tax returns.

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

Talara does not receive an economic benefit for providing investment advice or other advisory services from someone who is not a client.

Talara and or its affiliates enter into placement agent arrangements with unaffiliated third parties for introducing investors to a Talara Fund. Any compensation associated therewith will ultimately be payable by Talara and/or its affiliates, either directly or through an offset of the advisory fee payable by the relevant Fund to Talara. An investor will not be charged any additional amount or bear any additional charges as a result of an introduction through a placement agent or other unaffiliated third party. Moreover, Talara may consider referrals of investors to the Funds in determining its selection of third party service providers.

Talara endeavors at all times to put Client interests first as part of Talara's fiduciary duty. Nevertheless, the receipt of compensation by the placement agents creates a potential conflict of interest, and may affect the judgment of placement agents when making referrals to Talara and the Funds.

## **Item 15 – Custody**

Talara is deemed to have custody in certain circumstances in which it or a related person serves as General Partner or Managing Member of the Funds. The SEC's custody rule sets forth certain requirements for the safekeeping of client assets. Pursuant to the rule, it is Talara's policy to cause each Fund with assets over which Talara or a related person is deemed to have "custody" to be audited annually by an independent accounting firm that is both registered with and subject to regular inspection by the Public Company Accounting Oversight Board ("PCAOB"), distribute audited financial statements prepared in accordance with U.S. generally accepted accounting principles ("GAAP"), to each investor (or their independent representative) within 120 days of each fiscal year end. In addition, upon the final liquidation of any such Fund, Talara will obtain a final audit and distribute audited financial statements prepared in accordance with GAAP with respect to such Fund to all investors promptly after completion of the audit.

## **Item 16 – Investment Discretion**

As investment adviser to the Investment Portfolios, Talara is granted the discretionary authority in the relevant organizational documents and/or investment management agreements to determine which securities and the amounts of securities to be bought or sold. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular Client account.

When selecting securities and determining amounts, Talara observes the investment policies, limitations and restrictions of the Clients for which it advises. Investment guidelines and restrictions must be provided to Talara in writing.

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

Talara's policies and procedures have been designed to ensure that it complies with the requirements of Rule 206(4)-6 and Rule 204-2(c)(2) under the Advisers Act and that reflect its commitment to vote all securities for which it exercises voting authority in a manner consistent with the best interests of Clients. From time to time, conflicts may arise between the interests of an Account, Fund or one or more Fund investors, on the one hand, and the interests of the Talara or its affiliates, on the other hand. If a material conflict is

identified by the Chief Compliance Officer, Talara will determine whether voting in accordance with our proxy voting guidelines is in the best interests of its Clients. Clients may obtain a copy of the Talara's Proxy Voting Policies and Procedures and information on how their proxies were voted by contacting Sharon O'Shea, Chief Compliance Officer (646) 396-6040.

## **Item 18 – Financial Information**

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about Talara's financial condition. Talara has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.