

# Vendera Management Holdings, LLC

## Client Brochure

*This Brochure provides information about the qualifications and business practices of Vendera Management Holdings, LLC. If you have any questions about the contents of this Brochure, please contact Wood Brookshire at (469) 248-3070 or [abrookshire@venderaresources.com](mailto:abrookshire@venderaresources.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities' authority.*

*Vendera Management Holdings, LLC 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 Vendera Management Holdings, LLC is also available on the SEC's Web site at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC's Web site also provides information about any persons affiliated with Vendera Management Holdings, LLC who are registered, or are required to be registered, as investment adviser representatives of Vendera Management Holdings, LLC.*

*The firm's CRD number is: 175116*

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**March 31, 2016**

## ITEM 2: MATERIAL CHANGES

On an annual basis, this item will be used to provide clients with a summary of all material changes made to the Brochure since the last annual update.

Vendera Management Holdings, LLC (“Vendera” or “Firm”) will ensure that clients receive a summary of any material changes to this and subsequent Brochures within 120 days of its business’ fiscal year-end.

The Firm is currently in the process of transferring its registration status with the Securities Exchange Commission (“SEC”) from an exempt reporting adviser to a registered investment adviser as the Firm has assets under management in excess of \$150,000,000. There are no other material changes to disclose.

Further, Vendera will provide clients with a new Brochure as necessary based on changes or new information, at any time, without charge.

Currently, Vendera’s Brochure may be requested by contacting Wood Brookshire, Principal, by phone at (469) 248-3070 or via email at [abrookshire@venderaresources.com](mailto:abrookshire@venderaresources.com).

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\* The SEC requires all investment advisers to organize their disclosure documents according to specific categories listed above, some of which may not pertain to Vendera’s business. When a required category is not relevant to our business, we list the category and state that it does not apply.

## **ITEM 4: ADVISORY BUSINESS**

### **A. Firm Description**

Vendera was formed in October 2014 and is owned and controlled by A. Wood Brookshire and Kimberly Lacher.

### **B. Types of Advisory Services**

Vendera serves as manager and provides discretionary advisory services to affiliated private funds, namely Vendera Resources, L.P., Vendera Resources III, L.P., Vendera Resources II, L.P. and its new fund, Vendera Resources III-B, L.P., (each a “fund” and together, the “Funds”). The Funds were formed to make direct investments in oil and gas assets and net profits interests in oil and gas assets located in the United States and predominantly in Texas, Oklahoma, Arkansas, Colorado, Kansas, Louisiana, Mississippi, and New Mexico. Vendera also engages in over-the-counter derivative transactions for commodity price risk management practices. Vendera does not give advice with respect to other securities.

Vendera is also registered as an operator with the Texas Railroad Commission, which regulates oil and gas operations in the State of Texas. As an operator, Vendera directly oversees, operates and improves acquired assets through the life of the Funds. Day-to-day operations are managed by field-level staff employed by Vendera. Vendera may acquire assets managed by an independent operator, but Vendera’s priority is operated properties. Vendera works to increase returns through deliberate and thorough underwriting, operational improvements, production enhancement, in-fill development, and some scale economics.

As manager of the Funds, Vendera provides management and administrative services to the Funds, including investigating, analyzing, structuring, and negotiating potential acquisitions of properties, monitoring the performance of such properties, and advising the Funds as to disposition opportunities. However, all Fund investment decisions are made by the Funds’ general partners, each of which are affiliated entities.

### **C. Client Tailored Services and Client Imposed Restrictions**

Investment advice is provided directly to the Funds and not tailored individually to the limited partners of the Funds (the “Investors” or “Limited Partners”). Vendera manages the assets of the Funds in accordance with the terms of each Fund’s individual limited partnership agreements

and other governing documents applicable to each Fund (the “Governing Fund Documents”). All terms are generally established at the time of the formation of a Fund, and are generally only terminable once the applicable Fund is dissolved, wound up, and terminated.

The Investors may not restrict investments by the Funds in any capacity beyond the Governing Fund Documents, and except in limited circumstances, Limited Partners are not permitted to withdraw from a Fund prior to the Fund’s dissolution.

Equity interests in the Funds are not registered under the U.S. Securities Act of 1933, as amended (the “Securities Act”), and the Funds are not registered under the Investment Company Act of 1940, as amended (the “Investment Company Act”). Accordingly, equity interests in the Funds are offered and sold exclusively to investors satisfying the applicable eligibility and suitability requirements, in private transactions within the United States.

#### **D. Wrap Fee Programs**

Vendera does not sponsor or manage a wrap fee program.

#### **E. Amounts of Assets Under Management**

As of March 31, 2016, Vendera had assets under management of approximately \$158,000,000.

## **ITEM 5: FEES, COMPENSATION AND TERMINATION OF SERVICES**

### **A. Description of Compensation and Basic Fee Schedule**

The fees are determined pursuant to the applicable limited partnership or limited liability company agreement fees and are deducted from each of Vendera's private funds. Fees range between one and a half percent (1.5%) and two percent (2%) of total Capital Commitments or Capital Called, depending on the respective limited partnership agreement. There are no separate advisor fees so no refunds are available. Fees are generally paid quarterly. Current and prospective investors in a Fund should refer to the private placement memorandum or other Governing Fund Documents of the respective Fund for additional information regarding fees and restrictions. The information contained herein is a summary only and is qualified in its entirety by such documents.

Vendera's fees are generally not negotiable.

### **B. Payment of Fees**

Fees are generally paid quarterly by each fund to its respective General Partner, each of which is an affiliated entity of the firm. The respective General Partner then pays a portion of this fee to the Firm for reimbursement of expenses incurred on behalf of the Fund, management of the General Partner, and allocated common overhead (such as rent and utilities). The payment of these fees by the each Fund to the Firm is outlined in the Administrative Agreement the Firm has with each Fund.

### **C. Other Fees**

The Firm does not receive any fees other than those described above. Each Fund may charge its Limited Parts additional fees, which are outlined in the Governing Documents for each Fund.

### **D. Prepayment of Fees**

The Fees are paid in arrears and thus the Firm is not required to re-pay any Fees paid but not earned.

## **E. Other Compensation**

Neither the Adviser nor its supervised persons accept any compensation/commission for the recommendation of securities or non-securities products including asset-based sales charges or service fees from the sale of mutual funds or insurance products.

## **ITEM 6: PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

A portion of each Fund's operating cash flow is be allocated to the capital account of its General Partner as a "carried interest." The manner of calculation of such carried interest is disclosed in the Governing Fund Documents. The carried interest is only earned after threshold performance levels are met. The carried interest ranges from 5% to 15% of operating cash flow, as defined by the Governing Fund Documents, and is limited to 15% of cumulative profits and is subject to a clawback. The carried interest is calculated annually and may be paid annually if hurdles outlined in the Governing Fund Documents are met.

The fact that a significant portion of the General Partner's compensation (and its affiliates and investment professionals compensation) is directly computed on the basis of the operating cash flow generated by income produced by and the sale or disposition of Fund assets may create an incentive for the General Partner to make investments on behalf of the Funds that are riskier or more speculative than would be the case in the absence of such compensation. However, this incentive may be mitigated by the fact that losses will reduce a Fund's performance and thus the General Partner's compensation.



## **ITEM 7: TYPES OF CLIENTS**

Vendera provides discretionary management and advisory services directly to the Funds, which are pooled investment vehicles exempt from registration under the Investment Company Act. These Funds are subject to the direction and control of the General Partner of each Fund, and not individually to the Limited Partners. Investors in the Funds may include, but are not limited to, pension plans, endowments, foundations, pooled investment vehicles (e.g., funds-of-funds), trusts, estates or charitable organizations, high net worth individuals, and corporate or business entities.

The minimum commitment for a Limited Partner is outlined in the Governing Fund Documents; however, the respective General Partner maintains discretion to accept less than the minimum investment threshold.

In addition, the Funds may enter into separate agreements, commonly referred to as “side letters” with certain Investors. Side letters waive certain terms or allow such Investors to invest on different terms including idiosyncratic and non-economic issues. Pursuant to the terms of the Governing Fund Documents, except as otherwise provided in the Governing Fund Documents and to the extent reasonably applicable to such other Investors, all side letter provisions are shared with all other Investors in the relevant Fund and each Investor is allowed to select any such provision from which it may benefit.

Investors will be required to meet certain suitability qualifications, such as being an “accredited investor” within the meaning set forth in Rule 501(a) of Regulation D under the Securities Act. Also, Investors will be required to make certain representations when investing in a Fund, including, but not limited to that (i) it is acquiring an interest for its own account, (ii) it received or had access to all information it deemed relevant to evaluate the merits and risks of the prospective investment, and (iii) it has the ability to bear the economic risk of an investment in the Fund. Details concerning applicable Investor suitability criteria are set forth in the respective Governing Fund Documents and subscription materials, which are furnished to each Investor.

## **ITEM 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

### **A. Methods of Analysis and Investment Strategies**

The Manager seeks to acquire quality, mid-market, upstream, mature producing assets. Further, the Manager focuses on acquiring high-PDP, mature producing conventional properties, with some exploitation potential. The Manager prefers acquiring operated assets due to the General Partner's in-house expertise in improving production and costs. The Manager will seek to drive increased returns through operational improvements and Scale economics. As such, the Manager will employ highly experienced professionals and intends to focus on acquisition opportunities in the continental United States.

The managers of the General Partner and the Manager have built, documented, and employed a rigorous asset sourcing, diligence, and pricing process from proven techniques that they have employed for over fifteen years. The managers of the General Partner and the Manager have also designed, coded, and implemented a proprietary software system that systematically identifies and prioritizes the highest potential non-marketed assets. Based on their experience in 2009 and 2010, the managers of the General Partner and the Manager believe the mid-market oil and gas space provides compelling investment opportunities.

### **B. Material Risks**

The Manager will establish a conservative hurdle rate for additional capital investment for production development. The Manager does not have a preference for oil or gas. When making an investment in an asset, the Manager will evaluate the quality of such asset, the Manager's ability to improve the performance of such asset and such asset's consistency with the Funds' strategy. The Manager expects that its target returns will not be dependent on commodity pricing improvements.

The Manager has established a comprehensive, rigorous and proprietary asset due diligence process and conducts the majority of due diligence work using resources of the Manager and its affiliates. The process includes steps to evaluate the quality of the asset production, bottom-up economic modeling, and production history validation as well as accounting, environmental, staff and facilities evaluation. In certain scenarios or property types the Manager may use the help of third party engineering or geological expertise (e.g. complex waterflood environment).

The Manager has a significant amount of engineering and asset diligence experience and anticipates only minor employment of outside engineering / geology / diligence consultants.

The majority of outside consultants will consist of legal counsel for purchase and sale agreements, and environmental consultants for Phase I and Phase II environmental lease surveys (to quantify any existing environmental issues) during the due diligence phase of acquisitions.

The Manager's valuation of potential acquisitions follows a rigorous, data-driven and proprietary process, developed by the managers of the Manager over the past 15 years, and customized by the Manager for mid-market assets.

## **C. Certain Risk Factors**

All investments carry some amount of risk. Vendera's investment strategies may be subject to the following principal investment risks:

### Associated Risks

All investing involves a risk of loss and the investment strategy offered by Vendera and the Funds could lose money over short or even long periods. An investment in the Funds may be deemed a speculative investment and is not intended as a complete investment program. It is designed for sophisticated investors who fully understand and are capable of bearing the risk of an investment in the Funds. No guarantee or representation is made that a Fund will achieve its investment objective or that Limited Partners will receive a return of their capital. An Investor in a Fund should be able to hold the investment for an indefinite time and be financially able to bear the total loss of the investment. In making a determination to invest in the Fund, a prospective investor should be aware of certain considerations and risks, including the risk factors described below.

### Industry Concentration and Diversification

Because the Funds' investments are concentrated within a particular industry or related group of industries (the energy sector), an investment in the Funds may be subject to greater market fluctuations than an investment in a portfolio of securities representing a broader range of industries. The aggregate return on a Limited Partner's investment in a Fund may be substantially adversely affected by the unfavorable performance of even a single investment.

### Lack of Liquidity

The Interests in the Funds have not been registered under the Securities Act or any other applicable securities laws. There is no public market for the Interests and none is expected to develop. In addition, the Interests are not transferable except with the consent of the General

Partner, which generally may be withheld by the General Partner in its sole discretion, and are subject to the terms and conditions of the Governing Fund Documents. Limited Partners generally may not withdraw capital from the Fund. Consequently, Limited Partners may not be able to liquidate their investments prior to the end of a Fund's term.

#### General Economic Conditions

General economic conditions may affect the Funds' activities. Interest rates, general levels of economic activity, the price of securities, and participation by other investors in the financial markets may affect the value and number of investments made by the Funds or considered for prospective investment.

#### Certain Interests May Be Leveraged

An investment in Fund A may be leveraged. The General Partner intends to employ leverage at the project entity level with respect to some or all Fund A investments. Such leverage will be nonrecourse with respect to Fund A and will be in reasonable amounts relative to the applicable investment's asset base and cash flow. While this leverage component is intended to enhance the equity returns to the investors, Fund A's ability to meet its debt obligations depends on future performance. If the assets of Fund A are insufficient to service the leverage requirements, the General Partner may recall distributions previously made to the Limited Partners (subject to certain limitations set forth in the Fund A Governing Fund Documents) or a default could occur under the terms of the debt. In the event of such a default, an investor could risk losing its entire investment in Fund A.

#### Commodity Prices

Prices for oil and natural gas are subject to large fluctuations in response to relatively minor changes in the supply of and demand for oil and gas, market uncertainty and a variety of additional factors beyond the Funds' control. These factors include, but are not limited to, weather conditions in the United States, the condition of the United States economy, political stability in the Middle East and elsewhere, the foreign supply of oil and gas, the price of foreign oil imports, the availability of alternate fuel sources, and transportation interruption. Any substantial and extended decline in the price of oil or gas would have an adverse effect on the value of the Funds' reserves and its revenues, profitability, and cash flows from operations. Volatile oil and gas prices make it difficult to estimate the value of producing properties for acquisition and divestiture and often cause disruption in the market for oil and gas producing properties, as buyers and sellers have difficulty agreeing on such value. Price volatility also makes it difficult to budget for and project the return on acquisitions and development and exploitation projects.

### Operating Risks

The operation of oil and gas properties is subject to numerous risks inherent in the oil and gas industry, such as blowouts, cratering, explosions, uncontrollable flows of oil, gas or well fluids, fires, pollution, earthquakes, and environmental risks. These risks could result in substantial losses due to injury and loss of life, severe damage to and destruction of property and equipment, pollution and other environmental damage, and suspension of operations. The Funds' operations could result in liability for personal injuries, property damage, oil spills, discharge of hazardous materials, remediation and clean-up costs, and other environmental damages. The Funds could be liable for environmental damages caused by previous property owners and operators. As a result, substantial liabilities to third parties or governmental entities may be incurred, the payment of which could have a material adverse effect on the Funds' financial condition and results of operations. The Manager will seek to maintain insurance coverage for its operations, including limited coverage for sudden environmental damages, but insurance coverage for environmental damages that occur over time or insurance coverage for the full potential liability that could be caused by sudden environmental damages may not be available at a reasonable cost, and the Funds may be subject to liability or may lose substantial portions of its properties in the event of certain environmental damages.

### Demand for Oil and Gas

The Funds' success is materially dependent upon the demand for oil and gas. The availability of a ready market for the Funds' oil and gas production depends on a number of factors beyond the Funds' control, including the demand for, and supply of oil and gas, the availability of alternative energy sources, the proximity of reserves to, and the capacity of, oil and gas gathering systems, pipelines or trucking and terminal facilities. The Funds may also have to shut-in some of its wells temporarily due to a lack of market or adverse weather conditions including hurricanes. In addition, federal and state regulation of oil and natural gas production and transportation, general economic conditions, and changes in supply and demand could adversely affect the Funds' ability to produce and market its oil and natural gas on a profitable basis. Any significant change in the Funds' ability to produce and market its oil and natural gas production could have a material adverse effect on the Funds' financial condition and results of operations.

### Drilling Risks

The revenues and operating results of the Funds will be dependent upon the success of the Funds' exploitation, development, and drilling activities. These oil and gas activities involve numerous risks, including the risk that no commercially productive oil or natural gas reservoirs will be encountered. The timing and cost of drilling, completing and operating wells is often uncertain, and drilling operations may be curtailed, delayed or canceled as a result of a variety of

factors, including unexpected drilling conditions, pressure or irregularities in formations, equipment failures or accidents, adverse weather conditions, compliance with governmental requirements, and shortages or delays in the availability of drilling rigs and the delivery of equipment.

### Hedging

The Funds may seek to reduce exposure to the volatility of oil and gas prices by actively hedging a portion of production. Certain types of hedging contracts could prevent the Funds from receiving the full advantage of increases in oil or gas prices above the fixed amount specified in the hedge agreement. In a typical hedge transaction, a Fund has the right to receive from the hedge counterparty the excess of the fixed price specified in the hedge agreement over a floating price based on a market index, multiplied by the quantity hedged. If the floating price exceeds the fixed price, the Fund must pay the counterparty this difference multiplied by the quantity hedged even if the Fund had insufficient production to cover the quantities specified in the hedge agreement. Accordingly, if a Fund has less production than it has hedged when the floating price exceeds the fixed price, the Fund must make payments against which there are no offsetting sales of production. If these payments become too large, the remainder of the Fund's business may be adversely affected. In addition, hedging agreements expose the Fund to the risk of financial loss if the counterparty to a hedging contract defaults on its contract obligations.

### Absence of Regulatory Oversight

While each Fund may be considered similar in some ways to an investment company, it is not required and does not intend to register as such under the Investment Company Act and, accordingly, Limited Partners are not accorded the protections of the Investment Company Act.

### Taxation

Investments in properties in the energy sector may be subject to numerous taxes and fees by the jurisdictions in which such companies are organized or operate. Partnerships engaged in oil and natural gas operations or having substantial real property holdings, in particular, may be subject to specific tax regimes, such as petroleum revenue taxes, fees for drilling rights and exploration licenses, oil production fees, real estate taxes, and stamp duties.

### Environmental Liabilities

The oil and gas business is subject to environmental hazards, such as oil spills, gas leaks and ruptures and discharges of petroleum products and hazardous substances, and historic disposal activities. These environmental hazards could expose the Funds to material liabilities for property damages, personal injuries or other environmental harm, including costs of

investigating and remediating contaminated properties. In addition, the Funds also may be strictly liable under state or federal laws for environmental damages caused by the previous owners or operators of properties it purchases, without regard to fault. A variety of stringent federal, state, and local laws and regulations govern the environmental aspects of the oil and gas business. Any noncompliance with these laws and regulations could subject the Funds to material administrative, civil or criminal penalties, or other liabilities. Additionally, compliance with these laws may, from time to time, result in increased costs of operations or decreased production, and may affect acquisition costs.

## **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 Vendera or the integrity of Vendera's services.

### **A. Criminal or Civil Action**

Neither Vendera, nor any of our employees, has been the subject on any criminal or civil proceedings that are required to be disclosed under this item.

### **B. Administrative Procedure**

Neither Vendera, nor any of our employees, has had any administrative proceedings before the SEC, any other federal regulatory agency, any state regulatory agency, or any foreign financial regulatory authority.

### **C. Self Regulatory Organization**

Neither Vendera, nor any of our employees, has been the subject on any proceedings before a self-regulatory organization that are required to be disclosed under this item.



## **ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

### **A. Registration as a Broker/Dealer or Broker/Dealer Representative**

Vendera has no other financial industry activities or affiliations. Vendera has no relationships or arrangements with “related persons” i.e. broker-dealers, investment companies, banks, consultants, accountants, lawyers, etc. regarding our advisory services.

### **B. Registration as a Futures Commission Merchant, Commodity Pool Operator or a Commodity Trading Adviser**

Neither Vendera nor its representatives are registered as a FCM, CPO or a CTA.

### **C. Registration Relationships Material to This Advisory Business and Conflicts of Interest**

The principals of Vendera organized and sponsored the Funds, which are private investment companies. These pooled investment vehicles managed by Vendera are controlled by the General Partner for each Fund. The principals of the Firm typically serve as managing partners of each Fund General Partner.

Investors should be aware that there may be occasions where the Firm, each Fund General Partner and their affiliates encounter potential conflicts of interest in connection with the Funds’ activities. The Firm, General Partners, and their affiliates may engage in activities involving the energy industry including financial advisory activities and investment activities that are independent from, and may from time to time conflict with, that of the Funds. In the future, there may be instances where the interests of the Firm, the General Partner, and their affiliates conflict with the interest of the Funds and its Investors. Also, as a result of existing investments and activities, the Vendera investment team and their affiliates may from time to time acquire confidential information that they will not be able to use for the benefit of the Funds.

The Funds may be subject to certain conflicts of interest arising out of its relationship with the General Partner and its affiliates. Certain provisions of the Governing Fund Documents are designed to protect the interests of the Limited Partners in situations where conflicts may exist, and the Limited Partner Advisory Committee will be consulted on transactions involving conflicts of interest, although these provisions do not eliminate such conflicts of interest. The agreements and arrangements among the Firm, the Funds, the General Partners, and their

respective affiliates, including those relating to compensation, have been established by the General Partner and are not the result of arm's length negotiations.

**D. Selection of Other Advisors of Managers and How This Adviser is  
Compensated for Those Selections**

Vendera does not utilize nor select other advisors or third party managers. All assets are managed by Vendera.

## **ITEM 11: CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

### **A. Code of Ethics**

Vendera has adopted a Code of Ethics to ensure that securities transactions by Vendera employees are consistent with Vendera's fiduciary duty to its clients and to ensure compliance with legal requirements and Vendera's standards of business conduct. The Code requires that employees obtain prior approval for personal securities transactions and requires transaction confirmation and quarterly reporting of such transactions. A written copy of Vendera's Code of Ethics is available upon request.

### **B. Recommendations Involving Material Financial Interests**

The managers of the General Partner and the Manager are prohibited from making investments that compete with, or are in conflict with, the Funds' investment strategy. The Funds provide annual disclosure to the Limited Partner Advisory Committee of any investments made by managers of the General Partner or entities that they control that may be reasonably determined to fall within the investment objectives of the Funds.

### **C. Investing in the Same Securities as Clients**

Limited Partners are represented by a Limited Partner Advisory Committee. The Funds plan to conduct semi-annual Limited Partner Advisory Committee meetings and annual meetings of the Limited Partners. The Limited Partner Advisory Committee is composed of five representatives that are limited partner institutional investors of the Fund and was established upon the final close of the Funds.

### **D. Trading the Same Securities as Clients' Securities**

As a result of the various relationships described above, including Firm principals controlling the General Partner results in the Firm's principals buying the same securities for themselves (interests in the Fund, for example) as they recommend to investor, Principals of the Firm may have a material financial interest in each Fund.

## **ITEM 12: BROKERAGE PRACTICES**

### **A. Selecting Brokerage Firms**

Each Fund purchases and divests of oil and gas interests or net profits interests in oil and gas assets. The Governing Fund Documents with respect to each Fund do not preclude the General Partner or the Manager from engaging such brokers as it determines are in the best interests of such Fund for purposes of the transaction, or limits the amount of fees paid in connection with such engagement. In the event the Manager was to engage such a broker, the Manager would select such third-party broker based on his, her or its overall qualifications and negotiate a reasonable fee arrangement in the context of the particular transaction. The Manager's authority to acquire oil and gas interests or to pay any commissions or other broker fees associated with such acquisitions is subject to such limits set forth in the applicable Governing Fund Documents.

### **B. Aggregation of Securities for Multiple Client Accounts**

The Manager focuses on making investments in private securities, and does not ordinarily deal with any financial intermediary such as a broker-dealer; therefore commissions are not ordinarily payable in connection with such investments except for commodity hedges. To the limited extent the Manager transacts in public securities, or other non-private equity investments (e.g., commodity hedging), the Manager will seek to obtain best execution. The Manager will select brokers based upon the broker's ability to provide best execution for the Funds. The Manager and/or the General Partner are generally authorized to make the following determinations, subject to each Fund's investment objectives and restrictions, without obtaining prior consent from the relevant Fund or any of its Investors: (1) which investments, securities, or other instruments to buy or sell; (2) the total amount of investments, securities, or other instruments to buy or sell; (3) the executing broker or dealer for any transaction; and (4) the commission rates or commission equivalents charged for transactions.

## **ITEM 13: REVIEW OF ACCOUNTS**

### **A. Periodic Reviews**

The Firm will review each Fund at least annually to ensure compliance with the Governing Documents (Limited Partnership Agreements, for example)

### **B. Factors that Will Trigger Non-Periodic Reviews**

The Firm does not maintain client accounts. Therefore, no review will take place.

### **C. Reports Provided to Clients**

Reviews of the Funds' investments, dispositions, valuations and other information (commonly known as the quarterly fund update) are generally made no less frequently than quarterly by the General Partner for each Fund.

The General Partner may provide each Limited Partner of the Funds with the following reports, depending on the applicable Governing Fund Documents: (i) audited annual financial statements; (ii) unaudited quarterly financial statements; (iii) individual capital account statements on a quarterly basis; and (iv) annual tax information necessary to complete any applicable tax returns. The General Partner also holds annual meetings with the Limited Partners of the Funds.

## **ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION**

### **A. Third Party Compensation**

Vendera does not provide compensation either directly or indirectly to any non-supervised person for referrals. Additionally, the Firm does not receive any economic benefits from any non-clients for providing investment advice to Vendera's clients.

### **B. Referrals**

Vendera does not receive any economic benefits from any non-clients for providing investment advice or other advisory services to its clients.

## **ITEM 15: CUSTODY**

The Manager may be deemed to have custody of client funds and securities, within the meaning of the Advisers Act, since an affiliate serves as the general partner of each Fund. The Manager relies on an exception (available to pooled investment vehicles) from the reporting and surprise audit obligations imposed by the SEC custody rule. As such, all client liquid assets (cash for example) are held by qualified custodians that are unaffiliated banks; however the Manager has access to client accounts. Additionally, each Fund may be audited (based upon the Governing Fund documents) on an annual basis by a PCAOB (Public Company Accounting Oversight Board)-registered independent accounting firm. If conducted, these audits are conducted in accordance with generally accepted accounting principles (GAAP) and the financial statements will be distributed to each Limited Partner within 120 days of each Fund's fiscal year end.

## **ITEM 16: INVESTMENT DISCRETION**

In accordance with the terms and conditions of the Governing Fund Documents, and subject to the direction and control of the General Partner of each Fund, the General Partner generally has discretionary authority to determine, without obtaining specific consent from the Funds or its Limited Partners, the investments and the amounts to be bought or sold on behalf of the Funds, and to perform the day-to-day investment operations of the Funds.



## **ITEM 17: VOTING CLIENT SECURITIES**

The Funds invest in oil and gas assets or net profits interests directly and the General Partner operates those assets on behalf of the Funds. Except for hedging, the General Partner only expects to hold publicly traded securities in rare circumstances as a result of an acquisition of an oil and gas operator. The General Partner intends to liquidate any public securities it acquires as soon as possible after such acquisition.

In the event proxies have to be voted, the General Partner will be responsible for voting proxies on behalf of the Funds. The General Partner will vote client proxies in a way that it believes will maximize shareholder value. The General Partner is generally responsible for making voting decisions with respect to proxies received.

In exercising its voting discretion, the General Partner and its employees will seek to avoid any direct or indirect conflict of interest raised by such voting decision. All conflicts of interest will be resolved in the interests of the Funds. In situations where the General Partner perceives a material conflict of interest, it may defer to the voting recommendation of an independent third party provider of proxy services, or take such other action in good faith which would protect the interests of the Funds.

## **ITEM 18: FINANCIAL INFORMATION**

### **A. Balance Sheet**

Vendera does not require nor solicit prepayment of investment advisory fees which would result in custody issues. Therefore, it is not required to include a balance sheet with this brochure.

### **B. Financial Conditions**

Neither Vendera nor its management have any financial conditions that are likely to reasonably impair the Adviser's ability to meet contractual commitments to clients.

### **C. Bankruptcy Petitions**

Vendera has not been the subject of a bankruptcy petition in the last ten years.