

Form ADV Part 2A

TW-IM, LLC

2021 McKinney Ave., Suite 1250
Dallas, TX 75201
214-269-1183

[HTTP://TAILWATERCAPITAL.COM](http://TAILWATERCAPITAL.COM)

March 30, 2020

This brochure provides information about the qualifications and business practices of TW-IM, LLC. If you have any questions about the contents of this brochure, please contact us at 214-269-1183. 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.

TW-IM, LLC is an investment adviser registered with the SEC under the Investment Advisers Act of 1940, as amended (the “Advisers Act”). However, such registration does not imply a certain level of skill or training.

This Brochure does not constitute an offer, solicitation or recommendation to sell or an offer to buy any securities, investment products or investment advisory services. Such an offer may only be made to eligible persons by means of deliver of offering, governing and/or account documents that contain the material terms relating to such investments, products or services.

Additional information about TW-IM, LLC also is available on the SEC’s website at www.adviserinfo.sec.gov.

Item 2. Material Changes

TW-IM, LLC had no material changes to report during 2019. However, we have updated our disclosures in this Form ADV Part 2A to inform on the addition of certain relying advisers and provide certain clarifying changes and enhanced disclosures. We encourage all recipients to read this brochure carefully and in its entirety.

Item 3. Table of Contents

Item 2.	Material Changes	2
Item 3.	Table of Contents	3
Item 4.	Advisory Business	4
Item 5.	Fees and Compensation	4
Item 6.	Performance-Based Fees and Side-By-Side Management.....	5
Item 7.	Types of Clients	6
Item 8.	Methods of Analysis, Investment Strategies and Risk of Loss	6
Item 9.	Disciplinary Information	12
Item 10.	Other Financial Industry Activities and Affiliations	12
Item 11.	Code of Ethics, Participation or Interest in Client Transactions and Personal Trading ...	13
Item 12.	Brokerage Practices	15
Item 13.	Review of Accounts	16
Item 14.	Client Referrals and Other Compensation	16
Item 15.	Custody	16
Item 16.	Investment Discretion.....	16
Item 17.	Voting Client Securities	16
Item 18.	Financial Information.....	17

Item 4. Advisory Business

TW-IM, LLC is an umbrella adviser registered together with its affiliated relying advisers: TW GP BB/ST, LLC; TW BB-II GP, LLC; TW/LM GP SUB, LLC; TW GP E&P Fund GP, LLC; TW GP E&P Fund, LP; TW GP E&P Fund II GP, LLC; TW GP E&P Fund II, LP; TW GP EF-I GP, LLC; TW GP EF-I, LP; TW GP EF-II GP, LLC; TW GP EF-II LP; TW GP EF-III GP, LLC; TW GP EF-III LP, TW GP EF-IV LP, and Tailwater Energy Fund IV-B Cayman GP, LLC (together, “us,” “we,” “our,” and “Adviser”). TW-IM, LLC was formed as a Texas limited liability company in 2013 by our principal owners and Managing Partners, Jason Downie and Edward Herring (collectively, our “Managing Partners”). Our Managing Partners formerly worked together and served as partners of HM Capital Partners I LP, a registered investment adviser that provided investment advice to private equity funds including Sector Performance Fund, L.P. (“SPF”).

We provide discretionary investment advice solely to private equity funds, including private equity funds managed by us which have acquired SPF’s entire interest in three portfolio companies. We seek substantial long-term capital appreciation by making privately negotiated equity investments in oil and gas companies domestically, including upstream, midstream and services businesses. The private equity funds are referred to in this brochure as the “Funds” or our “Clients”. Messrs. Downie and Herring are the principals of the general partner of each of the Funds. The investors that may be admitted in one of more of the Funds are referred to in this brochure as “investors”.

We provide advice to each Client taking into account its specific investment objectives and the investment restrictions contained in its limited partnership agreement and other governing documents.

Wrap Fee Programs

We do not participate in wrap fee programs.

Assets Under Management

As of December 31, 2019, we had assets under management on a discretionary basis of \$3,264,563,438. This includes the committed capital that may be called by the Funds from their respective investors. We do not manage client assets on a non-discretionary basis.

Item 5. Fees and Compensation

Management Fees

Our Clients generally pay us management fees in exchange for our investment management services. The management fees that our Clients pay us are provided for in their limited partnership agreements and/or the investment management agreements that they enter into with us. The management fees will be called semiannually after the commencement of each semi-annual period. The amount of management fees payable by a Client will generally range between 0 - 2% of the Client’s aggregate committed capital. The amount of management fees payable by a Client may be reduced after the occurrence of certain events such as the expiration of an applicable commitment period. The specific management fees payable by a Client have been negotiated at the time of its formation and are described in Client’s limited partnership agreement.

We deduct management fees from the investors’ accounts in the Funds.

Other Fees

We may also receive management, directors', consulting and other similar fees and financing or other transaction fees in connection with the activities of the Funds ("Other Fees"). In addition, we may be reimbursed by the Funds' portfolio companies for expenses we incur in connection with our performance of the services that give rise to Other Fees. Finally, we may receive fees or other forms of compensation payable by a third party as a result of the failure to consummate a proposed investment by a Fund ("Break-Up Fees"). In general, and as more fully described in a Client's limited partnership agreement, the management fee that a Fund pays us will be reduced (but not below zero) by the defined offset percentage in accordance with the provisions of the Fund's limited partnership agreement. The offset percentage is generally in the range of 80 – 100% of the Other Fees, if any, to be received by us in connection with the activities of a Fund.

Each Fund typically pays all costs and expenses relating to its operations, including, but not limited to: organizational and offering costs of the Fund; legal, auditing, consulting and accounting fees and expenses (which may include third party expenses associated with registration and compliance with applicable laws and regulations of governmental and self-regulatory bodies for an investment adviser under the Advisers Act); expenses of third party administrators, investor reporting, and custodians; expenses of meetings of its advisory committee and of or with its limited partners; insurance, indemnification and any and all other costs and expenses reasonably determined to be associated directly or indirectly with the acquisition, holding, and disposition of proposed or actual portfolio investments; all extraordinary expenses, such as litigation; interest on and fees and expenses arising out of all permitted borrowings made by the Fund; all third-party expenses relating to unconsummated transactions; all expenses of liquidating the Fund and its subsidiaries; any taxes, fees or other government charges levied against the Fund and expenses incurred in connection with any tax preparation or tax audit, investigation, settlement or review of the Fund; and the Fund's allocable share of salary, benefits and any other expenses of in-house legal counsel personnel engaged or retained by the General Partner or any of its respective Affiliates which are incurred for the benefit of the Fund and its Portfolio Companies so long as the General Partner consults with the Advisory Committee in advance of the Fund bearing any such expenses, including with respect to the allocation of expenses to the Fund. Except as described herein, the Funds do not bear general overhead expenses of their general partner or any of their affiliates, including expenses related to maintaining offices, office equipment, utilities, and salaries and benefits.

Neither we nor any of our "supervised persons" accepts compensation for the sale of securities or other investment products.

Portfolio companies of our Funds may pay fees and expenses to an operational services provider ("Operational Services Provider" or "OSP") affiliated with the Adviser. Managers, officers and employees of the portfolio companies are, or may become, managers, officers or employees of the Operational Services Provider and/or the Adviser, but salaries, benefits and expenses of employees of the Adviser are not reimbursed by the portfolio companies. Please see Item 10 *Other Financial Industry Activities and Affiliations* and Item 11 *Conflicts of Interest*.

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

The general partner of each Fund (in each case our affiliate) is generally entitled to a "carried interest" on the Fund's profits in accordance with the provisions of the Fund's limited partnership agreement. The "carried interest" is generally in the range of 0 - 20% of the investment proceeds distributable by a Fund in excess of the capital invested by such Fund's Limited Partners. The general partner of each Fund is

also generally subject to a “clawback” of “carried interest” previously received to the extent that the general partner has received cumulative distributions in excess of amounts otherwise distributable by the Fund as “carried interest”, applied on an aggregate basis covering all transactions of the applicable Fund. In no event will the general partner of a Fund be required to restore more than the cumulative distributions received by the general partner as “carried interest”, determined on an after-tax basis. The “carried interest” to be received by the general partner of the Fund was negotiated at the time the Fund was formed.

The existence of a general partner’s carried interest may create an incentive for us to make more speculative portfolio investments on behalf of one or more of the Funds than we might otherwise make in the absence of such performance-based arrangement.

Item 7. Types of Clients

Our clients are the Funds we advise. We currently provide discretionary investment advice solely to private equity funds. Our Funds include (a) investment partnerships or other investment entities formed under domestic laws and operated as exempt investment pools under the Advisers Act, and (b) an investment partnership (“Offshore Fund”) formed under the Exempt Partnership Law of the Cayman Islands. The investors participating in our Funds may include individuals, banks or thrift institutions, other investment entities, pension and profit-sharing plans, sovereign wealth funds, trusts, estates or charitable organizations or other corporations or business entities and may include, directly or indirectly, principals or other employees of the Adviser. Investors participating in the Offshore Fund include certain of the foregoing which are foreign residents or tax-exempt United States residents.

The Funds generally have no minimum investment amount for third-party investors, and the Funds’ interests are offered and sold solely to (a) “accredited investors” as defined under Rule 501 Regulation D of the United States Securities Act of 1933, as amended (the “Securities Act”) and “qualified clients” as defined under the Advisers Act or (b) “qualified purchasers” as defined under the Investment Company Act of 1940. Accredited investors are generally (i) individuals with \$1,000,000 of net worth (excluding their primary residence) or who have made \$200,000 in each of the two previous years (or \$300,000 joint income with one’s spouse) or (ii) entities with assets totaling over \$5,000,000. Qualified clients are individuals or entities with over \$2,100,000 of net worth (either alone or together with a spouse but excluding the value of the individual’s primary residence). Non-U.S. investors are not subject to any particular wealth requirements. Qualified purchaser are generally individuals or family owned businesses that own \$5,000,000 or more in investments, or individuals or entities that invest \$25,000,000 or more for their own accounts or on behalf of others. Such minimum investment amount may be changed by us at our sole discretion, subject to applicable legal requirements.

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

Investment Strategies and Methods of Analysis

We typically invest in privately held businesses seeking growth capital for organic or acquisition initiatives within the domestic oil and gas sector. We have invested in upstream oil and gas acquisition and development, midstream infrastructure and related assets, and selectively in oilfield service companies. In some situations, we will use debt capital to enhance our equity returns.

We use a variety of quantitative and qualitative methods to analyze investment opportunities. Qualitatively, we seek investments with low cost structures, significant barriers to entry, high organic

and bolt on growth projects, and strategic value to a number of different potential buyers at exit. Quantitatively, we use discounted cash flow and comparable company / transaction analysis to value investments and project returns.

Our investment professionals generally engage in a due diligence process that includes reviewing a company's business model, operations, markets, management, financial history and prospects as well as becoming closely acquainted with management and their goals, objectives and capabilities. In certain instances, we augment our due diligence with outside resources, including industry executives, consultants, lawyers, accountants, insurance and human resource experts.

Risk Factors

Private equity investing involves significant risks that the Funds and their investors should be prepared to bear. Also, investing in the Funds involve significant risks relating both to the types of investments contemplated and our ability to achieve the investment objectives. The discussion below of risks associated with private equity investments does not purport to be an exhaustive list of all risks associated with an investment in the Funds.

Risk of Loss of Capital. Investing in securities involves the risk of loss of capital. While we believe that our investment processes, strategy and research techniques mitigate the investment risk through a careful selection of investment opportunities, no guarantee or representation is made that we will achieve the Funds' investment objectives or that we will be successful.

Nature of Investments. While investments in leveraged companies offer the opportunity for capital appreciation, such investments also involve a high degree of risk. Investments by the Funds in highly leveraged companies may be more sensitive to adverse business or financial developments or economic factors. Moreover, rising interest rates may have a more pronounced effect on the profitability or survival of such companies. If for any of these or other reasons a portfolio company is unable to generate sufficient cash flow to meet principal or interest payments on its indebtedness, meet financial or other covenants required by such indebtedness, or make regular dividend payments, the value of a Fund's investment could be significantly reduced or even eliminated.

Investing in Growth Businesses. The Funds intend to invest in growth companies often characterized by short operating histories, evolving markets, intense competition and management teams that have limited experience working together. Such a company may need to implement appropriate sales and marketing, inventory, finance, personnel and other operational strategies and systems to become and remain successful. The Funds' returns will depend upon our ability to find and invest in companies that can successfully combine these strategies and systems where products and markets are constantly evolving. There can be no assurance that a Fund will find and invest in a sufficient number of these companies to meet investor return expectations.

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 portfolio investments made by the Funds or considered for prospective investment. Portfolio investments can be expected to be sensitive to the performance of the overall economy. A negative impact on economic fundamentals and consumer confidence would likely increase market volatility and reduce liquidity, both of which could have a material adverse effect on the performance of the Funds' portfolio investments. No assurances can be given as to the effect of these events on the Fund's investment objectives. Additionally, a serious

pandemic or a natural disaster could severely disrupt global, national and/or regional economies. As of February 2020, there is an outbreak of a novel and highly contagious form of coronavirus. Coronavirus, renewed outbreaks of other epidemics or the outbreak of new epidemics could result in health or other government authorities requiring the closure of offices or other businesses, including office buildings, retail stores and other commercial venues and could also result in a general economic decline. A resulting negative impact on economic fundamentals and consumer confidence will likely increase the risk of default of particular portfolio companies, negatively impact market value, increase market volatility, cause credit spreads to widen, and reduce liquidity, all of which could have an adverse effect on the Funds' returns and the Funds' ability to source new investments. Such events could have a very negative effect on the value of the Funds' investments.

Illiquid and Long-Term Investments. Although portfolio investments may generate current income, the return of capital and the realization of gains, if any, from a portfolio investment generally will most likely occur only upon the partial or complete disposition of such portfolio investment. While a portfolio investment may be sold at any time, it is generally expected that the dispositions of most of the Funds' portfolio investments will not occur for a number of years after such portfolio investments are made. It is unlikely that there will be a public market for the securities held by the Funds at the time of acquisition. The Funds generally will not be able to sell their securities publicly unless the sale is registered under applicable securities laws, or unless an exemption from such registration requirements is available. In addition, in some cases, the Funds may be prohibited or limited by contract from selling certain securities for a period of time and, as a result, may not be permitted to sell a portfolio investment at a time it might otherwise desire to do so.

Highly Competitive Market for Investment Opportunities. The activity of identifying, completing and realizing on attractive portfolio investments is highly competitive and involves a high degree of uncertainty. There can be no assurance that a Fund will be able to identify and complete portfolio investments that satisfy its investment objectives, realize the value of such portfolio investments, or fully invest its commitments. Nevertheless, as more fully described in each Fund's offering memorandum and limited partnership agreement, each Fund may be required to pay management fees based on aggregate commitments during such Fund's investment period.

Portfolio Company Management Risks. With respect to management at the portfolio company level, many portfolio companies rely on the services of a limited number of key individuals, the loss of any one of whom could significantly adversely affect the portfolio company's performance. Although we expect to monitor each portfolio company's management team, each portfolio company's management team will have day-to-day responsibility for the business of such portfolio company.

Concentration of Investments. The Funds will participate in a limited number of portfolio investments and, as a consequence, the aggregate return of the Funds may be affected by the performance of a single portfolio investment. Furthermore, to the extent that the capital raised is less than the targeted amount, the Funds may invest in fewer portfolio companies and thus be less diversified.

Disposition of Private Investments. Fund investments will generally involve securities for which there is no liquid market. In connection with the sale or other disposition of such securities, the Funds may be required to make representations about the business and financial affairs of the investment, typical of those made in connection with the sale of a business. The Funds may be required to indemnify the purchasers of such investment to the extent that any such representations turn out to be inaccurate. Accordingly, subsequent to the disposition of an investment, whether or not for a profit at the time of sale, there may be a contingent liability that must be satisfied by the limited partners of the Funds, to the

extent of distributions made to them.

Control Position. The Funds will generally seek investment opportunities that allow the Funds to have significant influence on the management, operations and strategic direction of the portfolio companies in which it invests. The exercise of control and/or significant influence over a company imposes additional risks of liability for environmental damage, product defects, failure to supervise management and other types of liability in which the limited liability generally characteristic of business operations may be ignored. The exercise of control and/or significant influence over a portfolio company could expose the assets of the Funds to claims by a portfolio company's security holders and creditors. While we intend to manage the Funds in a way that will minimize exposure to these risks, the possibility of successful claims cannot be precluded.

Board Participation. The Funds may be represented on the boards of directors of certain of its portfolio investments. Although such positions may be important to our investment strategy and may enhance our ability to manage the investment, they may also impair our ability to sell the investment when, and upon the terms, we may otherwise want. It may also subject us and the Funds to claims we would not otherwise be subject to, including claims of breach of duty of loyalty, securities claims and other director-related claims. In addition, it is possible there may be a conflict of interest with our duty of care to the portfolio company as a board member and our duty of care to the Funds.

Dodd-Frank Act. The U.S. Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act") was enacted in July 2010. The Dodd-Frank Act has resulted in extensive rulemaking and regulatory changes that affect private fund managers, the funds that they manage and the financial industry as a whole. The Dodd-Frank Act created new recordkeeping and reporting requirements for investment advisers, which add costs to the legal, operational and compliance obligations of our funds, and increase the amount of time that our management team spends on non-investment-related activities.

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

Risk Factors Related to the Oil and Gas Industry

Volatility of Oil and Gas Prices and Markets. The profitability of the companies in which the Partnership will invest is substantially dependent on prevailing prices for oil and natural gas. The volume of oil and gas produced and the prices obtainable therefore will be affected by market factors beyond the Partnership's control. Such factors include the extent of domestic production, the level of imports of foreign oil and gas, the general level of market demand on a regional, national and worldwide basis, domestic and foreign economic conditions that determine levels of industrial production, political events

in foreign oil-producing regions and variations in governmental regulations and tax laws or the imposition of new governmental requirements upon the energy industry. Prices for oil and gas are subject to wide fluctuation in response to relatively minor changes in supply of and demand for oil and gas, market uncertainty and a variety of additional factors that are beyond the control of the Partnership. A substantial and prolonged decline in oil and gas prices could have a material adverse effect on the Partnership's portfolio companies, and thus on the Partnership.

Operating Hazards and Uninsured Risks. Each of the Partnership's portfolio companies will be subject to substantial operating risks, such as unusual or unexpected geologic formations, pressures, downhole fires, mechanical failures, blow-outs, cratering, explosions, pipe failure, uncontrollable flow of oil, gas or well fluids and pollution and other environmental risks. These hazards could result in substantial losses to a portfolio company due to injury and loss of life, severe damage to and destruction of property and equipment, pollution and other environmental damage, suspension of operations and costs of remediation. Any offshore operations of a portfolio company will be subject to a variety of operating risks peculiar to the marine environment, such as hurricanes or other adverse weather conditions, to more extensive governmental regulation, including regulations that may, in certain circumstances, impose strict liability for pollution damage, and to interruption or termination of operations by governmental authorities based on environmental or other considerations. Portfolio company 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. A portfolio company could be liable for environmental damages caused by previous property owners. As a result, substantial liabilities to third parties or governmental entities may be incurred, the payments of which could have a material adverse effect on the Partnership's portfolio companies, and thus on the Partnership. The Partnership will encourage each portfolio company to carry insurance which Tailwater believes is in accordance with customary and prudent business practices. However, portfolio companies will not be able to fully insure against all risks associated with their business, either because such insurance is not available or because the cost of such insurance would be prohibitive.

Demand for Oil and Gas. The success of the companies in which the Partnership will invest is materially dependent upon the demand for oil and gas. The availability of a ready market for the Partnership's portfolio companies' oil and gas production depends on a number of factors beyond the Partnership's portfolio companies' 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 Partnership's portfolio companies 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 gas production and transportation, general economic conditions, and changes in supply and demand could adversely affect the Partnership's portfolio companies' ability to produce and market its oil and gas on a profitable basis. Any significant change in the Partnership's portfolio companies' ability to produce and market its oil and gas production could have a material adverse effect on the Partnership's portfolio companies' financial condition and results of operations.

Drilling and Engineering Risks. The revenues and operating results of the Partnership's portfolio companies will be dependent upon the success of their respective 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. Each of the Partnership's portfolio companies 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 Partnership's portfolio companies from receiving the full advantage of increases in oil and gas prices above the fixed amount specified in the hedge agreement. In a typical hedge transaction, a Partnership portfolio company 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 Partnership's portfolio company must pay the counterparty this difference multiplied by the quantities hedged even if the Partnership's portfolio company had insufficient production to cover the quantities specified in the hedge agreement. Accordingly, if the Partnership's portfolio company has less production than it has hedged when the floating price exceeds the fixed price, the Partnership's portfolio company must make payments against which there are no offsetting sales of production. If these payments become too large, the remainder of the Partnership's portfolio company's business may be adversely affected. In addition, hedging agreements expose the Partnership's portfolio companies to the risk of financial loss if a counterparty to a hedging contract defaults on its contract obligations. The Partnership may, at the discretion of the General Partner, enter into separate commodity derivative transactions to hedge against price fluctuations with respect to expected production volumes that either are not or cannot be hedged by the portfolio companies. The use of hedging strategies is a highly specialized activity and there can be no assurance that their use will achieve their intended result. The Partnership's hedging activities are subject to any limitation imposed by the de minimis exemption under CFTC Rule 4.13(a)(3) or any other exemption from registration under the Commodity Exchange Act applicable to Partnership at any time.

Unavailability of Equipment or Personnel. The energy industry is cyclical and, from time to time, there is a shortage of drilling rigs, equipment, supplies, or qualified personnel. During these periods, the cost and delivery times of rigs, equipment, and supplies are substantially greater. In addition, demand for, and wage rates of, qualified drilling rig crews rise with increases in the number of active rigs in service. If the unavailability or high cost of drilling rigs, equipment, supplied, or qualified personnel were particularly severe the Partnership's business could be materially and adversely affected.

Terrorist Activities. Recent terrorist attacks of unprecedented scope have caused instability in the world financial markets and may generate global economic instability. The continued threat of terrorism and the impact of military or other action have led to and will likely lead to increased volatility in prices for oil and gas and could affect the Partnership's portfolio companies' financial results. Further, the United States government has issued public warnings indicating that energy assets might be specific targets of terrorist organizations. As a result of such a terrorist attack or of terrorist activities in general, the Partnership's portfolio companies may not be able to obtain insurance coverage and other endorsements at commercially reasonable prices or at all.

Taxation. Investments in properties in the energy sector may be subject from time to time to numerous taxes and fees levied by the jurisdictions in which such companies are organized or operate. Properties engaged in oil and 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, stamp duties and various state and local taxes. Limited Partners should consult their own tax advisors regarding the impact of such taxes, if any, on their investment in the Partnership's portfolio companies.

Environmental Liabilities. The oil and gas business is subject to environmental hazards, such as oil spills, gas leaks and ruptures, discharges of petroleum products and hazardous substances, and historic disposal activities. These environmental hazards could expose the Partnership's portfolio companies to material liabilities for property damages, personal injuries, or other environmental harm, including costs of investigating and remediating contaminated properties. In addition, the Partnership's portfolio companies may also be liable for environmental damages caused by the previous owners or operators of properties it purchases. 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 Partnership's portfolio companies 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.

Governmental and Environmental Regulation. The oil and gas industry is subject to extensive regulation under a wide range of United States federal and state statutes, rules, orders and regulations. In addition, various federal, state and local laws and regulations relating to the protection of the environment may affect the operations and costs of the companies in which the Partnership invests. If a portfolio company has operations abroad, it will be subject to the laws and regulations of the country in which it is doing business. These regulations may have a significant adverse impact on the financial condition, prospects and profitability of the Partnership's portfolio companies.

Risk Factors Related to Midstream and Natural Gas Storage Industry. The profitability of the companies in which the Partnership will invest that are principally engaged in business in the midstream or natural gas storage industry will also be dependent upon any pipeline, storage or related assets that they may own. The demand for use of pipeline, storage and related assets is dependent on prevailing prices and demand for oil, natural gas and natural gas liquids and the availability of third-party interconnections to the pipeline, storage and related assets of such portfolio companies. Such portfolio companies will not own all of the land on which their pipeline, storage or related assets are located and will therefore be subject to the possibility of increased costs or the inability to retain necessary land use. Additionally, new and existing environmental regulations and increased regulation of pipeline, storage and related assets by federal, state or local regulatory agencies, including the Federal Energy Regulatory Commission, may increase operating costs or limit the rates that such portfolio companies can charge for their services. All or any of these factors in addition to the factors described elsewhere in this section may have a significant adverse impact on the financial condition, prospects and profitability of such portfolio companies.

Item 9. Disciplinary Information

Neither our firm, nor any of our partners, officers or principals has been involved in any litigation, administrative proceedings before the Securities and Exchange Commission, any other federal regulatory agency, any state regulatory agency or any foreign financial regulatory authority. Neither our firm, nor any of our partners, officers, or principals has been involved in any self-regulatory organization proceedings.

Item 10. Other Financial Industry Activities and Affiliations

We are not registered, nor do we have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer. We are also not registered, nor do we have any application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor or an associated person of the foregoing entities.

TW GP BB/ST, LLC; TW BB-II GP, LLC; TW/LM GP SUB, LLC; TW GP E&P Fund GP, LLC; TW GP E&P Fund, LP; TW GP E&P Fund II GP, LLC; TW GP E&P Fund II, LP; TW GP EF-I GP, LLC; TW GP EF-I, LP; TW GP EF-II GP, LLC; TW GP EF-II LP; TW GP EF-III GP, LLC; TW GP EF-III LP; TW GP EF-IV LP; and Tailwater Energy Fund IV-B Cayman GP, LLC are the direct and indirect general partners of the Funds. These entities are indirectly controlled by our Partners. The Adviser is affiliated with two OSPs: Tailwater Technical Consulting, LLC and Tailwater E&P, LLC. The OSPs currently are, or will be in the future, retained by some or all of the portfolio companies of the Funds as disclosed in the Funds' offering documents, pursuant to the authority of the Funds' general partners, to provide petroleum and midstream engineering services for maintaining and optimizing oil and gas reservoirs, drilling wells, conducting valuation estimates, and overseeing oil and gas production. The OSPs are wholly owned by Tailwater Technical Holdings, LLC ("Technical Holdings"), also an affiliate of the Adviser, which provides administrative and executive services to the OSPs including: periodic advice and consultation; accounting and financial management services; liaising with legal and tax service providers; employee and personnel services; management information and other system services; consulting services on business and financial matters; and similar other services customarily provided by companies to their subsidiaries. Normal operational expenses and overhead of the OSPs and Technical Holdings are paid by those entities respectively or through mutual arrangements, and not borne by the portfolio companies. The portfolio companies pay the OSPs' fees for their services, which can take the form of reimbursement for a portion of time and overhead attributable to those services. This may impact Fund expenses, and therefore investor returns, and are fully disclosed to the Funds and their investors. These fees are not offset against Adviser management fees or any performance fees.

The OSPs have managers, officers and employees who are, or may become, managers, officers or employees of the portfolio companies and/or the Adviser. Because the Adviser controls the portfolio companies through the Funds, these arrangements are not arm's length. The Adviser mitigates these conflicts by ensuring that the fees and expenses are at or below market rate, reviewed periodically, and disclosed to investors in the relevant Funds via each Fund's Limited Partnership Agreements (LPA) or the Funds' Advisory Committee. Further, all fees and expenses are presented to the Funds' Advisory Committee for review and approval.

See *Conflicts of Interest* in Item 11 below.

Item 11. Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

Code of Ethics

We have adopted a code of ethics in accordance with Rule 204A-1 under the Advisers Act and policies and procedures which are designed to detect and mitigate conflicts of interest. Our code of ethics is documented in our Compliance Manual ("Manual"), a copy of which (and any amendments) is provided to each employee. Each employee must certify that he or she has read, understands and agrees to comply with our Manual. Furthermore, each employee must certify annually that he or she has complied with the Manual. We review our compliance policies and procedures with all new employees and conduct periodic compliance training sessions with employees, either individually or in groups, as necessary or appropriate. Our Manual requires all of our employees to conduct themselves with integrity and dignity, to act in a professional and ethical manner in all dealings on our behalf and to comply with all applicable federal securities laws.

Our Manual also requires all of our employees (except for certain employees involved only in clerical

and administrative activities) (“Access Persons”) to notify us of all of their securities holdings and accounts and submit to us within 30 days after the end of each calendar quarter securities transaction reports identifying all securities purchased and sold. Furthermore, we require that each Access Person re-affirm the accuracy of his or her list of accounts on record with us at least annually. The policy does not apply to transactions involving, among other limited exceptions, open-end mutual funds or other instruments which afford the investor no discretion over individual securities transactions.

Our Manual also requires that employees obtain our approval before investing in any initial public offering of securities or in any private placement of securities.

A copy of our code of ethics will be provided to any client or prospective client upon request.

Conflicts of Interest

Participation or Interest in Client Transactions. As described in the responses to Items 5 and 6, we are generally entitled to receive management fees, and the general partners of the Funds are generally entitled to receive a carried interest from the Funds. The general partners of the Funds are also required to make capital commitments to the Fund. We and our affiliated companies may receive fees from the Funds’ portfolio companies for performing consulting and other services for, or serving as directors (or similar positions) of, such companies. Each of the foregoing may represent a conflict of interest for the Funds. We believe these potential conflicts of interest are mitigated in part because (i) the general partners have capital commitments to the Funds; (ii) our consulting, servicing and board member fees will be negotiated with the applicable portfolio company management teams; (iii) our fees will be disclosed to the Funds’ investors in Funds that pay or paid management fees; and (iv) a portion of the consulting, servicing and board member fees we receive may be offset against management fees otherwise payable by the Funds (as described in the response to Item 5 above).

Allocation of Investment Opportunities. In general, due to the sequential nature in which future funds may be formed, we will generally be pursuing new investment opportunities for only one fund at any one time. To the extent that the expiration of a Fund’s investment period has not occurred when a subsequent fund is formed, it is possible that multiple funds will be permitted to make an investment in the same portfolio company in accordance with the terms of their respective limited partnership agreements.

Where possible and appropriate, we may offer certain persons (other than the general partners and their affiliates), including limited partners or other third parties, co-investment opportunities. The Funds may co-invest through partnerships, joint ventures or other entities with third parties that may have economic or business interests or objectives that are different than or conflict with those of the Funds. We may receive a management fee and the general partner of a co- investment partnership may receive a carried interest in respect of such co-investment opportunities.

Allocation of Exit Opportunities. In the event multiple funds own the same security, unless otherwise approved by a Fund’s advisory committee or limited partners in accordance with the terms of the Fund’s limited partnership agreement, we expect to allocate an exit opportunity pro- rata based on the amount of such securities held by each Fund.

Principal Transactions. We do not anticipate entering into principal transactions, where we or any of our affiliates purchase or sell any security for our own account from or to the account of any Client. In the event that we (or our affiliate) may engage in a principal transaction, we will obtain the approval of the

Chief Compliance Officer, who would, among other things, ensure compliance with all requirements imposed by Section 206(3) of the Advisers Act and compliance with the applicable Fund's limited partnership agreement.

Cross Transactions. We are not affiliated with a registered broker-dealer and as such cannot engage in agency cross transactions. While unlikely, we may engage in a cross transaction, where one client purchases or sells any security for its account from or to the account of another client. In the event of a cross transactions, we will obtain any required Client approvals, including that of the Chief Compliance Officer who would, among other things, ensure that the transaction was at a demonstrably fair price and in each participating Client's best interests and was made in accordance with each Fund's limited partnership agreement.

Other Fees. The Other Fees paid to us by the Funds' portfolio companies as described in Items 5, may create a conflict of interest between us and the Funds we advise because the amounts of these fees may be substantial and, in some circumstances, only a portion of such other fees may offset against management fees resulting in additional compensation to us. However, the Funds' legal documents require us to offset management fees by the defined offset percentage (ranging from 80% to 100%) in accordance with each Fund's limited partnership agreement and additional compensation could only occur if limited partners irrevocably elect not to receive its share of such excess fees.

OSPs. The OSPs are affiliated with the Adviser and provide services to certain portfolio companies for a fee, which are not negotiated at arm's length. The nature of the relationship with the Adviser could incentivize it to favor the use of the OSPs over the services of third parties regardless of cost structure or service quality. As noted above, the Adviser has implemented policies and procedures to mitigate those potential conflicts of interest by, among other things, periodically comparing service and cost to the market practice and presenting relevant information about such to the Advisory Committee. Tailwater Technical Consulting, LLC also provides its services to third parties in similar fields as the Adviser or its Funds and in some cases for favorable fee structures, which can create an incentive for it to share Adviser or Fund information with those third parties or favor investment opportunities for allocation to those third parties. The Adviser and OSPs have mitigated those potential conflicts of interest by adopting, and causing both OSPs to adopt, policies and procedures designed to prevent the misuse of confidential Adviser and Fund information and aid the Adviser in meeting its fiduciary duty the Funds.

Item 12. Brokerage Practices

We will not make regular use of brokers for the purposes of purchasing or selling securities on behalf of the Client because the proposed investments will be acquired and/or disposed of in privately negotiated transactions.

From time to time, we may use a broker to effect transactions in public securities resulting from, or in connection with, the disposition of a portfolio investment. In those instances, we have full discretionary authority with respect to the selection of, and commissions paid to, brokers. If we determine to engage a broker, we will select the broker considering the range and quality of its brokerage services, its execution capability, commission rate, financial responsibility and responsiveness to us, and the value to us of research provided, if any.

We do not receive soft dollar benefits or client referrals from broker-dealers in connection with Client

transactions.

Item 13. Review of Accounts

Our Managing Partners are responsible for oversight and monitoring of the investments of our Clients. Our investment professionals will meet regularly to review each investment.

Investors will be provided with audited annual financial reports and quarterly unaudited summary financial information in accordance with the terms of each Fund's limited partnership agreement. This information may be provided electronically. Investors will also be provided with annual tax information electronically.

Item 14. Client Referrals and Other Compensation

From time to time, we enter into arrangements with third parties to introduce us to potential investors for our clients. Any referral or placement fees we may pay to a third party for successful introductions will be born either directly or indirectly by us.

Item 15. Custody

In accordance with current SEC standards and guidance, we may be deemed to have custody of client assets as defined by Rule 206(4)-2 of the Advisers Act. In order to comply with Rule 206(4)- 2, we have established accounts at a "qualified custodian" as such term is defined under the Advisers Act. The unaffiliated third-party custodian holds funds and securities on behalf of the Funds. In addition, the Funds are subject to a year-end audit by a major accounting firm that is a member of, and examined by, the Public Company Accounting Oversight Board. The audited financial statements are provided to the underlying investors of the Funds within 120 days of the end of the fiscal year or earlier in accordance with the respective limited partnership agreements.

Item 16. Investment Discretion

We have entered into investment management agreements with the Funds. The management agreements and /or the management authority granted to the Funds' general partners pursuant to the Funds' limited partnership agreements, provides us directly or through the general partners with full discretion to determine investments to be purchased and sold on behalf of the Funds and the terms of the related transactions. Limitations on our investment discretion are set forth in the investment management agreements with, and the limited partnership agreements of, the Funds.

Item 17. Voting Client Securities

While the securities evidencing the Client's investments will not likely be the subject of proxies, there could be certain circumstances where we, having discretionary authority, may be asked to vote the securities of the Client on restructuring or other corporate matters. In that event we will ensure that we receive all relevant information, disclosure materials and such proxies or consents as are necessary for us to be able to cast votes in a timely manner.

We will also determine whether there is, or appears to be, a material conflict of interest that could influence the voting decision in a manner that would be adverse to the interest of the Funds. If we determine that there is no material conflict of interest, then we will make the voting determination and take the required voting action. If we determine that, due to a conflict of interest, we are not capable of

making an independent determination as to the voting decision, the voting decision will be that recommended by the applicable Fund's advisory committee. The Funds cannot direct our vote in a particular solicitation. The Funds are controlled by their general partners (our affiliates) and, as such, the Funds will be aware of how we voted with respect to their securities.

Our voting procedures are contained within our Compliance Manual and are available to investors in the Funds upon request.

Item 18. Financial Information

We do not require prepayment of fees more than six months in advance nor do we have any other events requiring disclosure under this item of this Brochure. We are not aware of any financial condition that is likely to impair our ability to meet our contractual commitments to our Clients, and we have never been the subject of any bankruptcy petition.