

**Part 2A of Form ADV: *Firm Brochure***

**Salient Advisors, L.P.**

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03/20/2020

This brochure provides information about the qualifications and business practices of Salient Advisors, L.P. If you have any questions about the contents of this brochure, please contact us at 713-993-4675 or [pbachtold@salientpartners.com](mailto:pbachtold@salientpartners.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.

Salient Advisors, L.P. is a Registered Investment Adviser. Registration of an Investment Adviser does not imply any level of skill or training.

Additional information about Salient Advisors, L.P. also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. Our firm's CRD number is 122833.

## **Item 2    Material Changes**

The following is a summary of material changes to Part 2A of Form ADV since the last annual amendment filed with the SEC on 03/20/2019. This section only reflects material changes since the last annual amendment of the Brochure.

We will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business' fiscal year. Furthermore, we will provide you with other interim disclosures about material changes as necessary.

### ***Summary of Material Changes:***

- All applicable items were revised to reflect the dissolution of The Yield Master Fund I, L.P. (Revised 03/20/2020)
- Item 5 "Fees and Compensation" was revised to disclose the Adviser's policy regarding Closed and Liquidated Private Funds – Receipt of Proceeds After Completion of Liquidating Distributions. (Revised 11/21/2019)
- Item 10 "Other Financial Industry Activities and Affiliations" was revised to remove Salient Capital Advisors, LLC as a CPO and CTA and remove affiliated pooled investment vehicles. (Revised 11/21/2019 and 03/20/2020)
- Item 17 "Voting Client Securities" was revised to disclose the Adviser has contracted with Glass, Lewis & Co., LLC to handle the administration and voting of client proxies. (Revised 11/21/2019)

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## Item 4    Advisory Business

Salient Advisors, L.P. is an SEC-registered investment adviser with its principal place of business located in Texas. Salient Advisors, L.P. began conducting business in 2002.

The Adviser is also registered as a Commodity Trading Advisor (“CTA”) and Commodity Pool Operator (“CPO”) with the Commodity Futures Trading Commission (the “CFTC”) and is a member of the National Futures Association (the “NFA”).

Listed below are the firm's principal owners (i.e., those individuals and/or entities controlling 25% or more of this company).

- Salient Partners, L.P., Limited Partner

The Adviser has an Investment Committee which oversees its operations and investment advisory services. The Investment Committee is comprised of senior management.

These individuals, and other affiliated persons of the Adviser, are also owners, officers, and/or employees of Salient Partners, L.P. Research, analysis, and allocation of investment opportunities will be shared by the Adviser and affiliates of Salient Partners, L.P.

Salient Advisors, L.P. offers the following advisory services to our clients:

Salient Advisors, L.P. (the “Adviser”) provides investment advisory services to Investment Funds which include The Yield Fund Complex (“The Yield Fund”) and the Salient Tactical Plus Fund (the “Salient Tactical Plus Fund”).

The Yield Fund refers to three Delaware limited partnerships that include The Yield Fund, L.P. and The Yield (Exempt) Fund, L.P. (collectively “The Yield Feeder Funds”) that invest, directly or indirectly, all or substantially all of their respective assets through a “master-feeder” structure into The Yield Master Fund II, L.P. (“The Yield Master Fund”).

The Yield Fund is not registered under the Investment Company Act of 1940 in reliance on the Section 3(c)(1) exemption under the 1940 Act. Furthermore, investment interests are not registered under the Securities Act of 1933 in reliance on Section 4(2) and Regulation D thereunder. The investment advisory services provided to The Yield Fund are governed by an investment management agreement with The Yield Feeder Funds and The Yield Master Fund. The Adviser has entered into an agreement with Covenant Multifamily Offices, LLC, an unrelated firm, to assist the Adviser in the management of The Yield Fund as a sub-advisor.

The Salient Tactical Plus Fund is a series of Salient MF Trust, a Delaware statutory trust and an open-end management investment company registered under the Investment Company Act of 1940, as amended and the Securities Act of 1933, as amended. The investment advisory services provided to the Fund are governed by an investment management agreement between the Fund and Salient Advisors, L.P.

The Yield Fund is designed to take advantage of dislocations in the retail and commercial credit markets by investing principally in debt instruments issued by a variety of corporate,

real estate, government and other issuers. Please note, The Yield Fund is currently in liquidation, closed to new investors, and does not make new investments.

The Salient Tactical Plus Fund invests primarily in a diversified portfolio of instruments that provide exposure to U.S. and non-U.S. equity securities. These instruments generally include futures and options on securities, securities indices and shares of exchange-traded funds (“ETFs”). The Fund may also invest in equity securities (such as common stocks, preferred stocks and shares of investment companies, including ETFs) of U.S. and non-U.S. issuers, which may include emerging market issuers, in any industry sector and in all market capitalization ranges, including small capitalization stocks, without limitation. The Adviser has entered into an agreement with Broadmark Asset Management LLC, an unrelated firm, to assist the Adviser in the management of the Salient Tactical Plus Fund as a sub-advisor. The Fund’s investment objective, investment strategy and other important disclosure information is contained in the Fund’s prospectus and SAI.

Salient Advisors, L.P. has no other clients, and the investment services that Salient provides are limited to the management of the assets of The Yield Fund and the Salient Tactical Plus Fund (i.e., Salient Advisors, L.P. does not provide any investment advice directly to individual investors in the Funds).

***Publication of periodicals or newsletters:***

We also issue research reports and develop other products derived from market research. Our market research reports and other products differ from traditional investment research because they focus on macroeconomic conditions, business trends in particular industries and industry conditions, rather than on statistical analysis or financial valuation or earnings models of individual issuers. We use our research reports in connection with providing investment advice to the funds we manage. We also use our research reports in communications to fund investors and potential investors.

***Amount of Managed Assets:***

As of 12/31/2019, the Adviser was actively managing \$66,986,601 of clients' assets on a discretionary basis.

## **Item 5 Fees and Compensation**

Salient Advisors, L.P. is compensated for providing investment advisory services to The Yield Fund and the Salient Tactical Plus Fund in the form of management fees.

As specified in the Funds’ offering document, The Yield Fund will pay the Adviser a fixed management fee calculated monthly in arrears and payable at the end of each calendar month, at a rate equal to 1.0% per annum of the net asset value of the capital account of each Limited Partner.

Salient Advisors, L.P. is deemed to be a fiduciary to certain pooled investment vehicle advisory clients in which employee benefit plans or individual retirement accounts (IRAs) pursuant to the Employee Retirement Income and Securities Act (“ERISA”), hold greater than 25% of any class of equity security. As such, our firm is subject to specific duties and obligations under ERISA and the Internal Revenue Code that include among other things,

restrictions concerning certain forms of compensation. To avoid engaging in prohibited transactions, in respect of such pooled investment vehicles for which we have ERISA fiduciary status, Salient Advisors, L.P. may only charge fees for investment advice about products for which our firm and/or our affiliated persons do not receive any commissions or 12b-1 fees, or conversely, investment advice about products for which our firm and/or our affiliated persons receive commissions or 12b-1 fees, however, only when such fees are used to offset Salient Advisors, L.P.'s advisory fees.

The Salient Tactical Plus Fund pays the Adviser management fees equal to an annual rate of 1.45% of the Fund's average daily net assets. For a more detailed discussion of the Fund's fees and expenses, please refer to the Fund's prospectus and SAI.

The Adviser does not have a stated minimum client investment amount, but it does not plan to accept any clients other than investment companies or unregistered investment funds. However, individual investors in the Funds are subject to a minimum investment, which in certain circumstances is subject to waiver in our discretion. The Yield Fund is currently in liquidation and not accepting new investors. With regard to the Salient Tactical Plus Fund, subject to certain exceptions, the minimum initial investment requirement for Class A and Class C shares of the Fund is \$2,500, and the minimum initial investment requirement for Class I shares of the Fund is \$1,000,000.

Further, we retain the discretion to negotiate the fees paid to the Adviser in respect of investors in the Funds other than the Salient Tactical Plus Fund. We will take into account the particular circumstances in determining whether to negotiate fees in respect of particular investors in such Funds. Certain groups of related investor accounts may be grouped for purposes of achieving minimum account size and determining the corresponding Fund-level fee for such funds, in respect of such investors' investments in such Funds. Discounts not generally available to such Funds or their investors are offered to family members and friends of affiliated persons of our firm. Fees are deducted directly from client accounts, as described in the offering documents of the relevant Funds.

## GENERAL INFORMATION

***Termination of the Advisory Relationship:*** The Management Agreement for The Yield Fund shall continue in effect unless terminated at any time without penalty, on 60 days' written notice, by the General Partner with respect to a particular Fund, or by the Adviser.

The Investment Management Agreement for the Salient Tactical Plus Fund became effective as of July 15, 2014. After the initial term, the Investment Management Agreement continues in effect from year to year thereafter, but only so long as the continuance of such agreement is specifically approved at least annually by the affirmative vote of: (i) a majority of the Trustees who are not parties to the Investment Management Agreement or interested persons of any party to the Investment Management Agreement, or of any entity regularly furnishing investment advisory services with respect to the Fund pursuant to an agreement with any party to the Investment Management Agreement, cast in person at a meeting called for the purpose of voting on such approval; and (ii) a majority of the Fund's Trustees or the holders of a majority of the outstanding voting securities of the Fund. The Investment Management Agreement is terminable at any time without penalty upon 60 days' written

notice by the Board, by vote of holders of a majority of the outstanding voting securities of the Fund, or by the Fund's Adviser.

Upon termination of an advisory agreement, any prepaid, unearned fees will be promptly refunded. In calculating a client's reimbursement of fees, we will pro rate the reimbursement according to the number of days remaining in the billing period. Clients that are charged a performance-based fee and elect to terminate their advisory agreement will be charged a performance-based fee based on the performance of the account for the measuring period going back from the termination date and prorated from the date on which the performance-based fee was last assessed.

***Mutual Fund and Investment Fund Fees:*** All fees paid to the Adviser for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and/or ETFs to their shareholders, or underlying Investment Fund fees and expenses that the Funds, as investors in such underlying Investment Funds, must bear. These fees and expenses are described in each Investment Fund's prospectus or offering document, and are also described generally in each Fund's prospectus or offering document. These fees will generally include a management fee, other fund expenses, a possible distribution fee, and/or an initial or deferred sales charge and/or servicing fees.

***Additional Fees and Expenses:*** The Adviser's fees do not include the fees and expenses charged by custodians and imposed by broker dealers, including, but not limited to, any transaction charges imposed by a broker dealer. Please refer to the "Brokerage Practices" section (Item 12) of this Form ADV for additional information.

***Compensation for Services Provided by Registered Representatives of Forward Securities, LLC and Salient Capital, L.P.*** Certain affiliated persons of the Adviser are licensed as registered representatives of Forward Securities, LLC or Salient Capital, L.P., broker-dealers affiliated with the Adviser. See Item 10 for additional disclosure regarding such arrangements and the conflicts of interest they pose.

***Closed and Liquidated Private Funds – Receipt of Proceeds After Completion of Liquidating Distributions:*** In strict compliance with the noted private fund's offering materials, the Adviser's policy and practice is to return all liquidated fund assets to limited partners as soon as administratively feasible. In limited extenuating circumstances, returning previously unknown or unexpected proceeds (class/corporate actions, tax refunds and reclaims, et cetera) to closed and liquidated private fund limited partners may not be possible or practical given the passage of time, including, but not limited to, circumstances regarding the lack of fund books and records, outdated or unavailable limited partner information, disproportionately burdensome work to determine the beneficial owners to whom proceeds could be distributed, and the inability to provide additional required tax reporting.

In such circumstances as previously mentioned above, based upon a de minimis materiality threshold that can apply in the aggregate or on a per investor basis, the Adviser's Chief Financial Officer, in consultation with the Chief Compliance Officer, will draft an internal memorandum discussing the circumstances of the proceeds, the commercially reasonable efforts made to return said proceeds or the efforts that would be required to determine the investors to whom proceeds could be returned, and the outcome by which the proceeds could be distributed. Note, previously unknown proceeds that are unable to be returned to all limited

partners are required to be donated to the charities the Adviser has historically supported based on a plan of distribution consistent with the Adviser's relative charitable contributions in the prior three years. Further, the Adviser is strictly prohibited from receiving any tax benefits for the charitable donations.

***Advisory Fees in General:*** Clients should note that similar advisory services may (or may not) be available from other registered (or unregistered) investment advisers for similar or lower fees.

***Limited Prepayment of Fees:*** The Adviser does not require payment of fees in excess of \$1200 more than six months in advance of services rendered.

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

Salient Advisors, L.P. does not charge performance-based fees. However, certain of our supervised persons manage accounts for other investment advisers with respect to which the advisory fee is based entirely or partially on performance. These performance fee arrangements may create a conflict of interest for us in that such supervised persons may have an incentive to allocate the investment opportunities that he or she believes might be the most profitable to such other accounts instead of allocating them to the Funds we advise. The Adviser addresses this conflict by regularly reviewing allocations to ensure that they are appropriate to the needs of advised Funds.

## **Item 7 Types of Clients**

Salient Advisors, L.P. provides advisory services to registered investment companies and other pooled investment vehicles. See Item 5 for a discussion of minimum investment amounts applicable to investors in the Funds.

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

### **METHODS OF ANALYSIS**

***The Yield Fund:*** The Investment Team's philosophy for The Yield Fund achieving its investment objective is to seek to construct a widely diversified portfolio across a range of asset classes, strategies, issuers, geographies and markets. The Investment Team considers market conditions and macro views when employing these strategies on behalf of The Yield Fund. The Investment Team evaluates the upside and downside risks to identify the best relative investments across markets and capital structures. Moreover, the Investment Team rotates among asset classes based on market fundamentals, including liquidity and sector dislocations, technical signals and asset values.

The Investment Team identifies investment opportunities through a proactive approach based upon their own professional experiences, relationships and other market sources. The Investment Team has regular meetings to, among other things, discuss market conditions, the investment pipeline, review investments for consideration, review due diligence results, review transaction performance and review portfolio composition.



Before proceeding with an opportunity, the Investment Team reviews the opportunity in terms of prioritization, time management, transaction process and relative value. Members of the Investment Team work collaboratively on reviewing investment opportunities to seek to provide a consistent approach and investment discipline across the entire portfolio.

Using both a bottom up and a top down approach, the Investment Team seeks to employ a strict analytical framework and thorough analysis for investment ideas. Each individual investment opportunity is analyzed both for its own merits and for inclusion in The Yield Fund's portfolio.

For a more detailed discussion of the Funds' methods of analysis and material risks, please refer to the Funds' offering documents.

Please note, The Yield Fund is currently in liquidation and does not make new investments.

***Salient Tactical Plus Fund:*** The Sub-Advisor's investment approach for managing the Fund's assets focuses on identifying securities and other instruments that the Sub-Advisor believes are undervalued, or overvalued, relative to their intrinsic values, and that offer the greatest risk-adjusted potential for returns. In evaluating whether a particular market, sector or industry is undervalued or overvalued, the Sub-Advisor considers a variety of factors, including valuation and monetary conditions, investor sentiment and returns over a calendar year or other time period. The Sub-Advisor seeks to invest in futures, options and options on futures on indices, equity securities and other instruments in sectors and industries or groups of industries that the Sub-Advisor believes are attractive on a relative basis. Consistent with this approach, the Sub-Advisor may also sell short options and futures on indices, equity securities and other instruments that it believes are less attractive on a relative basis. The Sub-Advisor's investment approach also involves using strategies designed to create less downside volatility than the S&P 500 Index. With respect to the Fund, the Fund's principal investment strategies include seeking to create less market exposure during equity market downturns. If this strategy is successful, having less equity market exposure during equity downturns, as determined by the Sub-Advisor's investment process, will result in the Fund having less downside volatility than the S&P 500 Index.

For a more detailed discussion of the Fund's methods of analysis and material risks, please refer to the Fund's prospectus and SAI.

***Risks for all forms of analysis:*** These securities analysis methods rely on the assumption that the companies whose securities we purchase and sell, the rating agencies that review these securities, and other publicly-available sources of information about these securities, are providing accurate and unbiased data. While the Analysts are alert to indications that data may be incorrect, there is always a risk that their analysis may be compromised by inaccurate or misleading information.

## INVESTMENT STRATEGIES

***The Yield Fund:*** The investment objective of The Yield Fund is to achieve attractive total returns that are comprised primarily of yield or income. The Yield Fund is designed to take advantage of dislocations in the retail and commercial credit markets by investing principally in debt instruments issued by a variety of corporate, real estate, government and other issuers who are generally dedicated to holding or originating some form of debt that may or may not be backed by specific pools of assets. Due to a sequence of events during and after the debt crisis of 2008, many creditworthy, smaller borrowers have found it difficult to access capital from traditional lending sources to finance projects, fund growth, refinance existing debt or restructure balance sheets. As a result, many of those borrowers are now forced to offer concessions in the form of guarantees, higher interest rates, or greater asset coverage as compared to historical norms or the terms afforded to larger borrowers with access to the capital markets.

The Yield Fund's investable universe is comprised of a wide range of financial instruments and real assets, including but not limited to corporate debt, government and municipal debt, emerging market debt, real estate, infrastructure, energy and intellectual property.

The Yield Fund's investments may take a variety of forms, including U.S. and international public and private securities, ownership of real and personal property, other financial instruments, corporate and personal obligations or contracts, in cash or synthetic structures. The Yield Fund may make, purchase or enter into loans, corporate bonds, equipment trust certificates, private trust certificates and other trust certificates, private placements, syndicated loans, short sales, 144A securities, public and private equities and new issues. The Yield Fund may invest in over-the-counter instruments such as total return swaps, interest rate swaps, options, forward rate agreements, credit default swaps and related instruments, without limitation, or exchange-traded futures, options and options on futures. The Yield Fund may also make investments including investments in residential value insurance, private investment partnerships, joint ventures and other pooled investment vehicles, as well as special purpose vehicles formed to capture certain opportunities and which may subsequently be spun off. The Yield Fund may invest in assets which are not expected to generate current income for a certain period of time or until their scheduled or expected maturity date. The foregoing list should not be considered exhaustive but illustrative only. The Yield Fund may invest in any asset or instrument deemed, in the sole discretion of the Adviser, appropriate for the objectives of The Yield Fund.

The Yield Fund may use leverage on an individual investment or portfolio basis and may do so when deemed appropriate by the Investment Team in order to enhance The Yield Fund's returns, make investments or meet withdrawal requests, as appropriate. The use of leverage can, in certain circumstances, increase the losses and/or volatility to which The Yield Fund's investment portfolio may be subject.

For a more detailed discussion of the Funds' investment strategies and material risks, please refer to the Funds' offering documents.

Please note, The Yield Fund is currently in liquidation and does not make new investments.

**Salient Tactical Plus Fund:** The investment objective of the Salient Tactical Plus Fund is to produce, in any market environment, above-average risk-adjusted returns and less downside volatility than the S&P 500 Index. The Fund invests primarily in a diversified portfolio of instruments that provide exposure to U.S. and non-U.S. equity securities. These instruments generally include futures and options on securities, securities indices and shares of exchange-traded funds (“ETFs”). The Fund may also invest in equity securities (such as common stocks, preferred stocks and shares of investment companies, including ETFs) of U.S. and non-U.S. issuers, which may include emerging market issuers, in any industry sector and in all market capitalization ranges, including small capitalization stocks, without limitation.

For a more detailed discussion of the Fund’s investment strategies and material risks, please refer to the Fund’s prospectus and SAI.

**Risk of Loss:** Securities investments are not guaranteed and always carry a risk of loss.

## **Item 9     Disciplinary Information**

We are required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management. Our firm and our management personnel have no reportable disciplinary events to disclose.

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

Salient Advisors, L.P. is affiliated with broker-dealers, Forward Securities, LLC and Salient Capital, L.P. Forward Securities, LLC and Salient Capital, L.P. serve as placement agent and/or distributor for funds for which the Adviser or affiliates of the Adviser serve as investment adviser and/or general partner or managing member.

Salient Advisors, L.P. does not use Forward Securities, LLC or Salient Capital, L.P. to place trades in client accounts. However, affiliated persons of the Adviser are licensed as registered representatives of Forward Securities, LLC or Salient Capital, L.P. These individuals, in their separate capacity, can effect securities transactions for which they may receive separate, yet customary compensation. Such transactions include the sale of interests in investment vehicles managed by the Adviser or affiliates of the Adviser.

Such individuals are also affiliated persons of other advisers that are affiliates of Salient Advisors, L.P. While Salient Advisors, L.P. and these individuals endeavor at all times to put the interest of the clients first as part of their fiduciary duty, such clients of our adviser affiliates should be aware that the receipt of additional compensation from Forward Securities, LLC or Salient Capital, L.P. creates a conflict of interest, and may affect the judgment of these individuals when making recommendations. Further, more detailed disclosure of such conflicts of interest is contained in Part 2A of Form ADV of the relevant adviser affiliate of Salient Advisors, L.P.

Under California law, certain of Salient Advisors, L.P.’s advisory business solicitation efforts directed toward California state public retirement systems require Salient Advisors, L.P., certain employees, and Salient Capital, L.P., an affiliate, to register in California as a

“Lobbyist Employer,” “Lobbyist” and “Lobbying Firm,” respectively. Such registration subjects Salient Advisors, L.P., its registered Lobbyists (whether one or more), and Salient Capital, L.P. to specified gift, political contribution and other restrictions and certain periodic reporting requirements, and prohibits such registered Lobbyists and Salient Capital, L.P. from accepting or agreeing to accept any payment in any way contingent upon Salient Advisors, L.P. being awarded investment advisory business from any California state public retirement systems. Neither Salient Advisors, L.P., Salient Capital, L.P., nor any other of their Advisory Affiliates, presently intend to engage in any other conduct customarily known as “lobbying” in California, including attempting to influence state legislative action.

Salient Advisors, L.P. is registered with the Commodity Futures Trading Commission (“CFTC”) as a commodity trading advisor (“CTA”) and a commodity pool operator (“CPO”) and is a member of the National Futures Association (“NFA”). Salient Advisors, L.P. is also affiliated with a CTA. Broadmark Asset Management LLC is registered with the CFTC as a CTA and is a member of the NFA. Affiliated persons of the Adviser are principals and/or affiliated persons of the CTAs/CPO.

As discussed in detail in Item 4, above, the Adviser’s clients are all investment companies or unregistered private partnerships.

Individuals on the Investment Committee and other affiliated persons of the Adviser are also owners, officers and/or employees of Broadmark Asset Management LLC; Endowment Advisers, L.P.; Forward Management, LLC; Salient Capital Advisors, LLC; Sustainable Woodlands Partners, LLC and The Salient Zarvona Energy Fund GP, L.P. In these capacities, these individuals also provide investment advice to the following pooled investment vehicles:

All Series of Forward Funds; All Series of Salient MF Trust; Salient Private Access Master Fund, L.P.; Salient Private Access Registered Fund, L.P.; Salient Private Access TEI Fund, L.P.; Salient Private Access Institutional Fund, L.P.; Salient Private Access (Domestic) Fund, L.P.; Salient Private Access (Domestic QP) Fund, L.P.; Salient Private Access (International) Fund, Ltd.; The Endowment PMF Master Fund, L.P.; PMF Fund, L.P.; PMF TEI Fund, L.P.; PMF International Fund, Ltd.; The Yield Master Fund II, L.P.; The Yield Fund, L.P.; The Yield (Exempt) Fund, L.P.; Salient MLP Fund, L.P.; Salient MLP Total Return Fund, L.P.; Salient MLP Total Return TE Fund, L.P.; Salient MLP & Midstream Income Fund, L.P.; Salient Midstream & MLP Fund; The Salient Zarvona Energy Fund, L.P.; Salient Zarvona Energy Fund II-A, L.P.; Salient Zarvona Energy Fund II-B, L.P.; Chalk II-4 Co-Invest, L.P.; Sustainable Woodlands Fund II, L.P.

This presents a potential conflict of interest in that these individuals have an incentive to favor the clients of these other advisory firms when identifying or allocating investment opportunities for the Adviser. To address this potential conflict, the Adviser regularly reviews the allocations of investment opportunities between affiliated Advisers.

The following investment advisers are under common ownership and share one or more affiliated persons with the Adviser:

Broadmark Asset Management LLC, which provides investment advice to individuals, investment companies, pooled investment vehicles and other institutional clients;

Endowment Advisers, L.P., which provides investment advice to investment companies and pooled investment vehicles;

Forward Management, LLC, which provides investment advice to individuals, investment companies and other institutional clients;

Salient Capital Advisors, LLC, which provides investment advice to individuals, pension and profit sharing plans, investment companies, pooled investment vehicles and other institutional clients;

Sustainable Woodlands Partners, LLC, which provides investment advice to pooled investment vehicles;

The Salient Zarvona Energy Fund GP, L.P., which provides investment advice to pooled investment vehicles.

***Investors in the Adviser's Clients are Solicited to Invest in Affiliated Partnerships.***

Affiliated persons of the Adviser are members of the general partner of various private investment vehicles (as discussed above) and affiliated advisers, which themselves manage other registered investment companies and private pooled investment vehicles. Certain investors in funds managed by the Adviser are solicited to invest (by the affiliated persons) in such other registered investment companies or private pooled investment vehicles, although the Adviser's clients themselves, which are all registered investment companies or pooled investment vehicles, are not. In such instances, our affiliated advisers and/or affiliated persons of our Adviser may receive additional compensation.

While Salient Advisors, L.P. and these individuals endeavor at all times to put the interest of their clients first as part of our fiduciary duty, clients of such adviser affiliates should be aware that the receipt of additional compensation itself creates a conflict of interest, and may affect the judgment of the adviser affiliate and these individuals when making recommendations. Further, more detailed disclosure of such conflicts of interest is contained in Part 2A of Form ADV of the relevant adviser affiliate of Salient Advisors, L.P.

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

The Adviser has adopted a Code of Ethics (the "Code") to effectuate the purposes and objectives of Sections 204A and Rule 204A-1 of the Investment Advisers Act of 1940. A copy of our Code of Ethics can be obtained by requesting it from an advisory representative or affiliated person by calling (713) 993-4675.

In summary, the Code sets forth the Adviser's standards of business conduct reflecting our fiduciary obligations to our clients and specifically requires all employees to comply with the Code and federal (and other applicable) securities laws. In addition, the Code contains the following specific provisions:

- All access persons to report their personal securities transactions (quarterly) and their securities holdings (at least annually) to the Adviser for review;
- All employees to report any violations of the Code to the Adviser;
- The Adviser to provide each employee with a copy of the Code and any amendments; and
- All employees to provide an acknowledgement of their receipt of the Code and any amendments.

We strive to ensure that all employees act in accordance with the Adviser's internal policies and applicable regulations governing those rendering registered investment advisory services. Employees not in compliance with firm goals in this regard are subject to sanctions, which include possible termination.

The Adviser's affiliated persons may invest directly with or recommend to other clients of the affiliated persons (which may be investment programs, investment partnerships or separate accounts) that they invest directly with Investment Managers or Investment Funds recommended by the Adviser to the Funds. It is possible that Investment Funds that affiliated persons have invested in or may invest in may have capacity constraints that could limit further investment by the Adviser's clients.

From time to time supervised persons (employees) of the firm may make personal investments in securities that have been recommended to, and/or are currently held by, our client investment funds. Consistent with our fiduciary duties, Code of Ethics and Insider Trading policies and procedures, all such supervised persons of the firm that acquire knowledge of the Funds' intended or proposed portfolio investments in securities ("restricted securities") are strictly prohibited from effecting or engaging in any personal securities trading in such restricted securities. Restricted securities may not be purchased directly or indirectly by supervised persons in an employee account or employee related account (accounts of immediate family members of supervised persons) at any time while restricted.

Persons found to have violated this policy will be subject to disciplinary actions including (but not limited to) warnings, sanctions, regulatory and/or Board reporting and/or possible termination.

## **Item 12 Brokerage Practices**

The Adviser manages the assets of its client Investment Funds per the terms of the Agreements and the investment objectives of the Funds. In this capacity it has the authority to determine the investments made by the Investment Funds, the amount of those investments, and any brokers, dealers and associated commission rates.

Salient Advisors, L.P. requires that advised funds provide us with written authority to determine the broker-dealer to use and the commission costs that will be charged for these transactions.

The Adviser utilizes the services of one or more prime brokers and other brokers for The Yield Fund and the Salient Tactical Plus Fund.

In effecting securities transactions, the Adviser generally seeks to negotiate with brokers and dealers a combination of the most favorable commission and the best price obtainable on each transaction. Consequently, brokers and dealers are selected primarily on the basis of their execution capability and trading expertise consistent with the effective execution of the transaction. In choosing brokers and dealers, the Adviser may consider a number of other factors, including the nature of the security being traded, the execution, clearance and settlement capabilities of the broker or dealer and its financial stability, and any research services it may provide. Recognizing the differing value of these factors, the Adviser may elect to pay a brokerage commission in excess of that which another broker or dealer might charge for effecting the same transaction. Prior to making such a decision, however, the Adviser will make a good faith determination that such commission is reasonable in relation to the value of the brokerage and research services received, viewed in terms of that particular transaction or in terms of all the accounts over which the Adviser or its affiliates exercise trading discretion. Consistent with requirements of best execution, brokerage commissions may be directed to brokers in recognition of investment research and information furnished as well as for services rendered in the execution of orders by such brokers. By allocating transactions in this manner, the Adviser is able to supplement its research and analysis with the views and information of such brokers.

The Adviser does not currently have any soft-dollar arrangements and does not receive any soft-dollar benefits.

In the history of the Adviser there have been very few investments made for our client investment funds where an affiliated broker-dealer would have been entitled (based upon then existing agreements) to receive fees from the issuer of the security in which the Adviser invested on behalf of its client investment funds. In all such limited situations the affiliated broker-dealer has waived, and will continue to waive (should such situations arise in the future), any fees it would otherwise be entitled to receive.

The Adviser will block trades where possible and when advantageous to clients. This blocking of trades permits the trading of aggregate blocks of securities composed of assets from multiple client accounts, so long as transaction costs are shared equally and on a pro-rated basis between all accounts included in any such block.

Block trading may allow us to execute equity trades in a timelier, more equitable manner, at an average share price. The Adviser will typically aggregate trades among clients whose accounts can be traded at a given broker, and may vary the order of brokers through which it places trades for clients on any particular day. The Adviser, its related persons (including its affiliates), and its affiliates' clients may also participate in an aggregated order. The Adviser's block trading policy and procedures are as follows:

- 1) Transactions for any client account may not be aggregated for execution if the practice is prohibited by or inconsistent with the client's advisory agreement with the Adviser or our firm's order allocation policy.
- 2) The trading desk in concert with the portfolio manager must determine that the purchase or sale of the particular security involved is appropriate for the client and consistent with the client's investment objectives and with any investment guidelines or restrictions applicable to the client's account.

- 3) The portfolio manager must reasonably believe that the order aggregation will benefit, and will enable the Adviser to seek best execution for each client participating in the aggregated order. This requires a good faith judgment at the time the order is placed for the execution. It does not mean that the determination made in advance of the transaction must always prove to have been correct in the light of a "20-20 hindsight" perspective. Best execution includes the duty to seek the best quality of execution, as well as the best net price.
- 4) Prior to entry of an aggregated order, an order ticket must be completed which identifies each client account participating in the order and the proposed allocation of the order, upon completion, to those clients.
- 5) If the order cannot be executed in full at the same price or time, the securities actually purchased or sold by the close of each business day must be allocated in a fair and equitable manner, typically pro rata, among the participating client accounts in accordance with the initial order ticket or other written statement of allocation. However, allocation adjustments may be made to participating client accounts in accordance with the initial order ticket or other written statement of allocation. Furthermore, adjustments to the allocation may be made to avoid having odd amounts of shares held in any client account, or to avoid excessive ticket charges in smaller accounts.
- 6) Generally, each client that participates in the aggregated order must do so at the average price for all separate transactions made to fill the order, and must share in the commissions on a pro rata basis in proportion to the client's participation. Under the client's agreement with the custodian/broker, transaction costs may be based on the number of shares traded for each client.
- 7) If the order will be allocated in a manner other than that stated in the initial statement of allocation, a written explanation of the change must be provided to and approved by the Chief Compliance Officer no later than the morning following the execution of the aggregate trade.
- 8) The Adviser's client account records separately reflect, for each account in which the aggregated transaction occurred, the securities which are held by, and bought and sold for, that account.
- 9) Funds and securities for aggregated orders are clearly identified on the Adviser's records and to the broker-dealers or other intermediaries handling the transactions, by the appropriate account numbers for each participating client.
- 10) No client or account will be favored over another.

***Portfolio Manager Crossover Between Adviser and Sub-Advised Funds***

In the event that a portfolio manager of the Adviser also serves as a portfolio manager for a sub-advised fund, with respect to crossover strategies that apply to both the advised and sub-advised funds, active management trades will be submitted to the trading desk of the Adviser and sub-adviser simultaneously in order to be fair and equitable.



## **Item 13    Review of Accounts**

The Adviser has an Investment Committee which oversees its operations and investment advisory services. The Investment Committee is comprised of senior management.

The Adviser reviews the investment opportunities, Investment Managers and Investment Funds that it recommends to the Funds on a monthly basis at a minimum. The Investment Committee meets formally on a monthly basis and reviews detailed reports on the asset allocation, performance and other investment characteristics of the Funds' portfolio. The Investment Committee has sole investment decision-making authority.

The Funds monthly or quarterly investor statements are compiled and delivered to investors by a third-party administrator. In addition, the Adviser may provide individual investors with monthly reports that include a more detailed commentary on the Funds' performance and outlook.

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

Subject to a written agreement, both affiliated and non-affiliated persons may receive compensation for referring prospective investors to our investment fund clients. Such agreements will comply with the requirements set out in Rule 206(4)-3 of the Investment Advisers Act of 1940, including (among other things) the requirement that the relationship between the solicitor and the investment adviser be disclosed to the client at the time of the solicitation or referral. Solicitors' fees are a percentage of the annual management fee earned by the Adviser on the individual capital account of referred investors and represent no additional expense to such investor's account.

In any such case, applicable state laws may require these persons to become licensed either as investment adviser representatives of the advisers or as an independent investment adviser.

## **Item 15    Custody**

As the Adviser or an affiliate is a general partner or managing member of most or all of the Funds managed by the Adviser, the Adviser is deemed to have custody of these Funds; however, in respect of the Salient Tactical Plus Fund, because the Fund is a registered investment company, the Fund has engaged a qualified custodian and the Adviser does not have custody of the Fund's assets. As to the Funds that are not registered investment companies, the Adviser requires the relevant Funds to be audited by an independent, Public Company Accounting Oversight Board (PCAOB) accountant, and will distribute the audited financial statements to all fund investors within 120 days after the relevant Fund's fiscal year end (180 days for funds of funds). The Funds' monthly or quarterly investor statements are compiled and delivered to investors by a third-party administrator.

## **Item 16    Investment Discretion**

Our discretionary authority includes the ability to determine the security to buy or sell and to

determine the amount of the security to buy or sell. This authority is contained in each fund's operating agreements, which will also contain any limits on this authority.

## **Item 17 Voting Client Securities**

The Adviser votes proxies for client accounts, where applicable. The Adviser votes proxies in the best interests of clients and in accordance with its established policies and procedures. The Adviser will retain all proxy voting books and records for the requisite period of time, including a copy of each proxy statement received, a record of each vote cast, a copy of any document created that was material to making a decision how to vote proxies, and a copy of each written request for information on how the Adviser voted proxies.

The Adviser has contracted with Glass, Lewis & Co., LLC ("Glass Lewis") to handle the administration and voting of client proxies. The Adviser has directed Glass Lewis to vote all proxies in accordance with Glass Lewis' recommendations. Glass Lewis' proxy analysis is focused on the economic and financial consequences of voting and therefore on improving medium to long-term value and mitigating risk at public companies.

Glass Lewis' approach to enhancing overall corporate value growth through effective proxy voting is to look at each company individually and determine what is in the best interests of the shareholders of each company. In addition to corporate governance, Glass Lewis' research on proxies analyzes accounting, executive compensation, compliance with regulation and law, risks and risk disclosure, litigation, and other matters that reflect the quality of board oversight and company transparency.

Because the Adviser votes proxies in accordance with the recommendations of Glass Lewis, it is not expected that any material conflicts of interests will arise. However, if a material conflict of interest exists in a particular situation, the Adviser will disclose the conflict to the affected clients.

A copy of the Proxy Voting Policies and Procedures and information on the Adviser's actual proxy voting record may be obtained by calling (713) 993-4675.

## **Item 18 Financial Information**

Under no circumstances do we require or solicit payment of fees in excess of \$1200 per client more than six months in advance of services rendered. Therefore, we are not required to include a financial statement.

As an advisory firm that has discretionary authority and custody, we are also required to disclose any financial condition that is reasonably likely to impair our ability to meet our contractual obligations. Salient Advisors, L.P. has no additional financial circumstances to report.

Salient Advisors, L.P. has not been the subject of a bankruptcy petition at any time during the past ten years.