

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

### Item 1 Cover Page

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Date of Firm Brochure Update: 2/1/2021

This brochure provides information about the qualifications and business practices of Intervale Capital Management, L.P. (“Intervale Capital,” “Intervale” or the “Firm”). If you have any questions about the contents of this brochure, please contact us at (281) 605-3900, or contact our Chief Compliance Officer (“CCO”), Christine Smoragiewicz, at [christine@intervalecapital.com](mailto:christine@intervalecapital.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”), or by any state securities authority.

Additional information about Intervale Capital is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

### Item 2 Material Changes

This brochure, dated February 1, 2021, serves as an update to the brochure filed by Intervale Capital on November 23, 2020. This brochure contains the following material changes:

- Item 1: Intervale converted from a Limited Liability Company to a Limited Partnership, effective January 1, 2021. Its name changed from Intervale Capital, LLC to Intervale Capital Management, L.P.

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## Item 4 Advisory Business

Intervale Capital was legally formed in 2007 and provides investment advisory services to nine private funds (three primary funds, one parallel fund and five co-investment funds, collectively the “Funds”), to which Limited Partners (“LPs”) commit capital and make pro-rata contributions to the Funds based on total committed capital. LPs are primarily comprised of institutional investors, pension funds, endowments, high net worth individuals, and others, including alternative asset funds of funds. The Firm’s advisory services are limited to private equity funds, and are not tailored to the individual needs of LPs.

Intervale’s clients include the following private funds:

- Intervale Capital Fund, L.P. (a primary fund) and Intervale Capital Co-Investment Fund, L.P. (a co-investment fund), (collectively, “Fund I”)
- Intervale Capital Fund II, L.P. (a primary fund), Intervale Capital Fund II-A, L.P. (a parallel fund), and Intervale Capital Co-Investment Fund II, L.P. (a co-investment fund), (collectively, “Fund II”)
- Intervale Capital Fund III, L.P. (a primary fund), Intervale Capital Co-Investment Fund III, L.P. (a co-investment fund), and Intervale/TRF Investor, LLC (a co-investment fund), (collectively, “Fund III”)
- Innovex Co-Invest Fund, L.P. (a co-investment fund), (“Innovex Coinvest”)

In general, the Funds invest in middle-market companies in the oilfield and energy services and equipment industry (the “OFS” industry), predominantly located in North America and Europe. Specific investment criteria, limitations, and restrictions are detailed in the respective fund’s private placement memorandum (“PPM”) and limited partnership agreement (“LPA”) or limited liability company agreement (“LLCA”).

Intervale is owned and controlled by Patrick Connelly and Jason Turowsky (together, the “Management Committee”). Each of Connelly and Turowsky have equal economic interests and voting rights to manage the operations of the Firm.

On a discretionary basis, Intervale has \$1,252,224,000 of regulatory assets under management. The value of the assets was computed on March 30, 2020, using actual data as of December 31, 2019. The Firm does not manage client assets on a non-discretionary basis.

## Item 5 Fees and Expenses

Intervale Capital is compensated for its advisory services as follows:

- **Management fees**

LPs in each primary and parallel fund are charged a management fee that is called from each LP on a quarterly basis in advance, based upon calculations and terms detailed in each primary and parallel fund's LPA. LPs in the co-investment funds and in certain Fund II pools are not charged a management fee.

- **Portfolio company monitoring fees**

Portfolio companies managed by the Firm may be charged a monitoring fee that is payable on a monthly or quarterly basis. As defined in the LPA of the respective primary and parallel fund, between 80% and 100% of monitoring fees received by Intervale benefit the LPs of the respective primary and parallel fund by way of a management fee offset. Intervale received monitoring fees in 2019.

- **Transaction fees**

Intervale may receive a transaction fee for finding, negotiating, and executing the acquisition of a new investment or disposition of an existing investment, payable on the closing date of the transaction. As defined in the LPA of the respective primary and parallel fund, between 80% and 100% of transaction fees received by Intervale benefit the LPs of the respective primary and parallel fund by way of a management fee offset. Intervale received no transaction fees in 2019 but retains the right to do so at the General Partner's ("GP") discretion.

- **Carried interest**

The GP of each primary and parallel fund receives up to 20% of the realized appreciation in such fund, once certain return hurdles are met. Specific information with respect to the calculation of carried interest is included in the relevant LPAs. LPs in the co-investment funds are not charged carried interest.

These fees are disclosed in the respective fund LPAs and offering documents. The Firm and all supervised persons do not receive any other compensation for the sale of securities or other investment products, other than what is disclosed herein.

Intervale Capital calls capital from the Funds to pay for Fund expenses that are permitted in the respective Fund's LPA. Such Fund expenses include but are not limited to: professional fees charged for audit, tax and legal work, organizational expenses, fees and interest associated with funds borrowed by the Fund, fees and expenses for generating and distributing reports and notices to investors, insurance premiums and third-party fund administrators. A complete list of permitted Fund expenses is in the respective Fund's LPA and offering documents.

Intervale Capital also receives reimbursement from the Funds and from portfolio companies held by the Funds, as permitted in the Fund LPAs and in the Management Services Agreements, respectively. Such expense reimbursements include but are not limited to:

*From the Funds*

- Unconsummated deal expenses, or “dead deal” expenses. This includes any associated legal, financing, commitment, transaction or other fees and expenses payable to attorneys, accountants, tax professionals, investment bankers, engineers, lenders, third-party diligence software and service providers, consultants and similar professionals in connection therewith and any fees and expenses related to transactions that may have been offered to co-investors. Such expenses also include travel expenses and out of pocket expenses incurred by members of the Intervale Capital team related to conducting due diligence on such unconsummated deals.

*From the Portfolio Companies*

- Travel expenses and out of pocket expenses incurred by members of the Intervale Capital team related to monitoring and advisory services for such portfolio company
- Services provided by Intervale employees dedicating a majority of his or her business time to such portfolio company. The amount and terms of such reimbursement to Intervale are no less favorable to the portfolio company than would be obtained on an arms-length basis.
- Services of a specialized nature (such as intellectual property law counsel, recruiting services, etc) provided by Intervale employees (non-investment professionals) to multiple portfolio companies which directly benefit the operations of the portfolio company. The amount and terms of such reimbursement to Intervale are no less favorable to the respective portfolio company than would be obtained on an arms-length basis.

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

As noted in Item 5, Fees and Expenses, the GP of each primary and parallel fund earns carried interest after certain performance hurdles are met. Intervale also receives compensation from each primary and parallel fund in the form of a management fee, as noted in Item 5. Please refer to that section for additional details.

Possible conflicts of interest resulting from a performance-based fee structure have been addressed as follows:

- Members of the GP have committed a meaningful amount of personal capital to each primary and parallel fund and are subject to the same risk of loss as the LPs
- Each primary fund has an Advisory Board (whose seats are filled by institutional LPs that represent a significant percentage of each primary fund’s committed capital) that reviews all transactions where a conflict of interest exists (i.e. cross-fund investing, related party transactions, or any other situation where the GP believes a conflict of interest exists)
- Each co-investment and parallel fund must invest its pro-rata share of an investment alongside the affiliated primary fund per terms of each LPA, eliminating any incentive to favor or provide special treatment to the primary funds
- The GP has discretion to allocate coinvestment opportunities in a manner which is in the best interests of the Funds. The GP takes into consideration various factors when financing an

investment opportunity alongside the Funds, including but not limited to the financial terms, transaction size, anticipated hold period, and timing to close.

## Item 7 Types of Clients

Intervale Capital provides investment advisory services to nine private funds, to which LPs commit capital and make pro-rata contributions to the Funds based on total committed capital. The majority of LPs are institutional investors, pension funds, endowments, high net worth individuals, or others, including alternative asset funds of funds. Investors (LPs) must meet the minimum standards of an “Accredited Investor” under Rule 501A of the Securities Act of 1933. The minimum commitment accepted from an investor is \$5,000,000, subject to Intervale’s right to accept lesser amounts.

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

Intervale typically invests in platform companies with revenues and EBITDA of less than \$100 million and \$20 million, respectively. The targeted total equity commitment in any one portfolio company will generally range from \$25 million to \$75 million, including equity to support growth and add-on acquisitions after an initial investment. The objective is to achieve long-term capital appreciation, primarily from private equity investments in middle-market companies in the energy sector.

Intervale acquires companies in high growth niche markets driven by oilfield activity rather than asset construction. Activity-driven businesses, such as drilling and completion services, are less sensitive to industry downturns, whereas capital equipment manufacturers, such as rig manufacturers, suffer disproportionately when activity slows.

Intervale has developed a methodical approach to portfolio management. Within its target industry, Intervale seeks to: (i) identify compelling sub-sectors; (ii) source and execute differentiated deal flow; (iii) acquire platform companies at attractive prices; (iv) upgrade personnel and practices; (v) expand footprint of each platform company through add-on acquisitions; and (vi) drive platform company growth to position for exit.

An investment with Intervale Capital involves significant risks, including loss of the entire investment that the investor should be prepared to bear, as disclosed in detail in each primary fund’s PPM. The following is a list of risks that Intervale considers significant:

- **Investment Risk: Private Companies**

The Funds’ investment portfolios are expected to consist primarily of securities issued by privately held companies (although the GP may in certain instances determine in its sole discretion that the appropriate exit strategy involves utilization of the public equity markets), and operating results in a specified period will be difficult to predict. Such investments involve a high degree of business and financial risk that can result in substantial losses. There can be no assurance that the Funds will correctly evaluate the nature and magnitude of the various factors that could affect the value of such investments. Prices of the investments may be volatile, and a variety of other factors that are inherently difficult to predict, such as domestic or international economic and political

developments, may significantly affect the results of the Funds' activities. As a result, the Funds' performance over a particular period may not necessarily be indicative of the results that may be expected in future periods.

- **Illiquidity and Market Risk**

An investment in any Intervale fund requires a long-term commitment with no certainty of return. It is unlikely there will be near-term cash flow available to the LPs. Many of the Funds' investments may be illiquid, and there can be no assurance that the Funds will be able to realize such investments at attractive prices or otherwise be able to effect a successful realization or exit strategy. Consequently, dispositions of such investments may require a lengthy time period or may result in distributions in-kind to the LPs. Additionally, the Funds may acquire securities that cannot be sold except pursuant to a registration statement filed under the U.S. Securities Act of 1933, as amended (the "Securities Act"), or in accordance with Rule 144 promulgated under the Securities Act. There can be no assurance that private purchasers can be found for the Funds' investments.

- **Leverage Risk**

In addition to the primary funds' limited ability to borrow as set forth in the respective LPA, the Funds' investments may involve leveraged acquisitions, which by their nature require companies to undertake a high ratio of fixed charges to available income. Such investments are inherently more sensitive to declines in revenues and to increases in expenses. Utilization of leverage is a speculative investment technique and involves risks to investors. The leverage provided will result in interest expense and other costs incurred in connection with such borrowings, which may not be covered by available cash flow. While leverage may enhance total returns to the LPs, if investment results fail to cover borrowing costs then returns to the LPs will be lower than if there had been no borrowings.

- **Concentration Risk (Energy Industry Risk)**

The companies in which the Funds invest are inherently subject to numerous risks arising from their operations. For example, companies involved in the drilling and production of oil and natural gas face risks that include, without limitation: (i) the risks of conducting drilling operations (including risks of substantial losses to properties, bodily injury and environmental damage arising from operations that do not proceed as planned and the risk of failing to find commercially productive reserves); (ii) risks of compliance with increasingly burdensome environmental regulations and other regulations governing the production of natural resources; (iii) risks involved in offshore drilling and in locations in foreign countries, including political unrest, terrorism, kidnapping, expropriation, increased costs and operational delays and disruptions; and (iv) risks of catastrophic and other force majeure events. The occurrence of losses as a result of the risks inherent in operating in the energy industry could have a materially adverse impact upon actual results of the Funds' investments.

- **Commodity and Price Volatility Risk**

The Funds target investments primarily in companies serving the energy industry and, as such, will be indirectly subject to commodity price risk, including, without limitation, the demand and price of oil and gas. Historically, the markets for oil, gas, coal and power have been volatile, and such markets are likely to continue to be volatile in the future. Because of their relation to the energy industry as a whole, operation and cash flows of the Funds' portfolio companies will depend, in substantial part, upon prevailing market prices for energy commodities. These market prices may fluctuate materially



depending upon a wide variety of factors that are beyond the control of the GP or the Funds, including, without limitation, market supply and demand, geopolitical conditions and events, including political conditions in the Middle East and other oil and gas producing nations, weather conditions, tax policy, changes in law and regulation, the price and availability of alternative fuels and energy sources, terrorist acts or threats thereof, actions of the Organization of Petroleum Exporting Countries (and other oil and natural gas producing nations), the foreign supply of (and demand for) oil and natural gas, the price of foreign imports and overall economic conditions.

- **Currency Risk**

The Funds may invest in financial instruments and enter into transactions denominated in currencies other than its functional currency. Consequently, the Funds may be exposed to risks that the exchange rate of its currency relative to other currencies may change in a manner that has an adverse effect on the value of that portion of the Funds' assets or liabilities denominated in currencies other than the functional currency.

- **Key Personnel Risk**

The success of the Funds is highly dependent on the expertise and performance of Intervale's investment professionals. There can be no assurance that such persons will continue to be associated with Intervale throughout the life of the Funds, as they are under no contractual obligation to remain with the Firm for all or any portion of the term of the Funds. The loss of the services of one or more of these individuals could have a material adverse effect on the performance of the Funds. Furthermore, although investment professionals employed by Intervale will commit a significant amount of their business efforts to the Funds, they are not required to devote all of their business time to the Funds' affairs. In addition, the Partners currently, and likely will in the future, manage investment funds other than the Fund, including other Intervale Funds, and the Partners may need to devote substantial amounts of their time and attention to the investment activities of such other funds, which may cause conflicts of interest to arise. In addition, certain changes in the GP or circumstances relating to the GP may have an adverse effect on the Fund or one or more of its portfolio companies (including acceleration of debt facilities). The composition of the professionals making up particular investment teams may change over time, and the professionals included in such teams and who may have contributed to the past performance of any prior Intervale Fund may no longer be members of the particular team or serve in the same or similar roles thereon (or may no longer be employed by or otherwise perform services for Intervale, or may leave such team or Intervale during the life of the Fund).

- **Cyber Security**

The information technology systems of the GPs, the Firm, the Funds and/or the Funds' 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 (including fires, tornadoes, floods, hurricanes and earthquakes). If such a system is compromised, becomes inoperable for an extended period of time or ceases to function properly, the GP, the Firm, the Fund and/or a portfolio company may be required to spend time and/or incur expenses seeking to fix or replace such system or otherwise remedy the effects of such issues. The failure of such a system and/or disaster recovery plan may cause significant interruptions in the GP's, the Firm's, the



Fund's and/or a portfolio company's operations and may result in a failure to maintain the security, confidentiality or privacy of sensitive data (including information relating to investors and/or the beneficial owners of investors). Such a failure could harm the GP's, the Firm's, the Fund's, a portfolio company's, an investor's or a beneficial owner of an investor's reputation, subject such persons to legal claims, or otherwise affect the business and financial performance.

- **Force Majeure Events**

The Funds' portfolio companies may be affected by force majeure events (i.e., events beyond the control of the party claiming that the event has occurred, including acts of God, fire, flood, earthquakes, outbreaks of an infectious disease, pandemic or any other serious public health concern, war, terrorism and labor strikes). Some force majeure events may adversely affect the ability of a party (including a portfolio company or a counterparty to a Fund or a portfolio company) to perform its obligations until it is able to remedy the force majeure event. In addition, the cost to a portfolio company of business interruption or repairing or replacing damaged assets resulting from such force majeure event could be considerable. Certain force majeure events (such as war or an outbreak of an infectious disease) could have a broader negative impact on the world economy and international business activity generally, or in any of the countries in which the Funds may invest. Additionally, a major governmental intervention into an industry, including the nationalization of an industry or the assertion of control over one or more portfolio companies or its assets, could result in a loss to a Fund that has invested in that portfolio company, including if its investment in such portfolio company is canceled, unwound or acquired (which could be without what the Fund considers to be adequate compensation). Any of the foregoing may therefore adversely affect the performance of a Fund and its investments.

Each Fund's respective PPM provides current and prospective investors with an extensive list of risks, including those listed above.

## Item 9 Disciplinary Information

This item is not applicable, as Intervale and its management persons have not been involved in any disciplinary events.

## Item 10 Other Financial Industry Activities and Affiliations

Intervale is not a registered broker-dealer, registered representative of a broker-dealer, futures commission merchant, commodity pool operator, or commodity trading advisor, and is not associated with any of these types of entities. Intervale also does not recommend other investment advisors for direct or indirect compensation.

Intervale has some affiliated entities that serve as the GPs/managing members of the Funds.

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

Intervale maintains a policy of compliance with the highest standards of ethical business conduct and the provisions of applicable federal securities laws, including rules and regulations promulgated by the SEC under rule 204A-1. The Code of Business Conduct and Ethics (“Code of Ethics”) applies to each access person, and is designed to ensure compliance with legal requirements and Intervale's standards of business conduct.

Intervale’s investment committee is comprised of senior members of the Intervale team who are responsible for making investment decisions on behalf of the Funds. Prior to investing in a fund, each LP is provided with a PPM, comprehensive due diligence materials, opportunities to meet Intervale’s partners and employees, and the LPA that documents the fund structure, the GP’s roles and responsibilities, the LPs’ rights and obligations, and other pertinent partnership terms. Conflicts that may arise as a result of compensation structure (including mitigating factors) are discussed in Item 6. Conflicts that may arise from cross-fund investments (including mitigating factors) are discussed in Item 6.

To further prevent conflicts of interest, all access persons at Intervale must comply with the Firm’s compliance manual, which details the Firm’s policies on a number of areas, including: ethics, insider/personal trading, data retention, marketing, anti-money laundering, political contributions, foreign investments, and privacy.

Upon request, a copy of the Code of Ethics will be provided to existing or prospective investors.

## Item 12 Brokerage Practices

Intervale's investment committee members, in their capacity as members of the GP of each Intervale fund, have the authority to determine what securities/investments the Funds should buy or sell and what brokers or dealers to use. The majority of the investments made by the Funds are in non-registered securities (e.g., direct participation securities) offered in private placements without the services of a broker-dealer. While Intervale has the authority to select brokers or dealers, such authority is seldom exercised. Where the Firm is required to select brokers or dealers for transactions on behalf of an LP, it takes several factors into account, including the financial stability and reputation of the broker or dealer, the quality of the services provided by the broker or dealer, and any special execution capabilities of the broker or dealer. Intervale does not necessarily choose a broker or dealer based on the lowest available commission cost or spread. The Firm will select such brokers that can effect transactions at the best price and execution under the prevailing circumstances.

Intervale does not maintain relationships with broker-dealers that feature soft-dollar benefits or referral arrangements.

## Item 13 Review of Accounts

On a quarterly basis, Intervale Capital prepares financial statements for Funds I and II while a third party fund administrator, Broadscope Fund Administrators, LLC ("Broadscope"), prepares financial statements for Fund III and Innovex Coinvest. These financial statements are distributed to each investor in the respective fund, along with the investor's quarterly capital account statement, which details the investor's balance sheet, unfunded commitment, capital account activity, and additional information (if applicable) in corresponding footnotes to the statement. Included in the financial statements is a letter from Intervale's Partners highlighting the activity from the reporting period, as well as written reports detailing the latest financial and operational updates for each company in which the respective fund has invested. The financial statements and capital account statements of Funds I and II are prepared by the members of Intervale's finance team and the financial statements and capital account statements of Fund III and Innovex Coinvest are prepared by Broadscope. All financial reports are reviewed by Intervale's Controller and Chief Financial Officer.

Investments made by the Funds are approved by the Investment Committee which is comprised of Management Committee and the CFO. The progress of all portfolio companies is monitored and reviewed by Intervale's investment professionals.

## Item 14 Client Referrals and Other Compensation

Intervale Capital has historically compensated a third-party placement agent to assist with marketing and private placement of the primary and parallel funds' commitments from institutional LPs. The fees paid to such placement agents reduce the management fees charged to the LPs, mitigating any perceived conflict of interest. Specific information with respect to the management fee reduction is included in the relevant LPAs.

## Item 15 Custody

Custody of stock certificates associated with investments made by non-audited Funds is maintained by Wells Fargo Bank, N.A., a Qualified Custodian under Rule 206(4)-2 of the Investment Advisers Act of 1940 (“Advisers Act”). The custodian sends statements directly to the investors in each respective non-audited Fund on a quarterly basis.

The Funds are structured as commitment-based investment vehicles, whereby investors commit a fixed amount of capital over the life of the fund. Intervale calls capital from the investors on-demand, for the purpose of making an investment or paying for partnership expenses, including management fees. Capital called that is not immediately deployed (as is sometimes the case when investments or partnership expenses are anticipated in the coming weeks) is held in the fund’s bank account until needed.

When an investment is sold, the proceeds are held in the respective fund’s bank account for a short period of time until the distribution calculation has been completed. The proceeds are then distributed to each investor according to the distribution provisions set forth in the fund’s respective LPA.

Intervale is deemed to have custody of the Funds’ assets because Intervale’s affiliated entities, the GPs and managers of the Funds, can access the Funds’ assets. In compliance with the Advisers Act, Intervale relies on the audit exemption provided under Rule 206(4)-2 of the Advisers Act and has arranged for annual audits of the primary funds, the parallel fund, Intervale/TRF Investor LLC and Innovex Co-Invest Fund, which are performed in accordance with U.S. generally accepted accounting principles (GAAP). A copy of the audited financial statements for each Fund is distributed to its limited partners within 120 days of the Funds’ fiscal year end. For those Funds that do not rely on the audit exemption, Intervale has engaged an independent public accountant to conduct a surprise examination of such Funds’ cash and securities as required by Rule 206(4)-2 of the Advisers Act.

## Item 16 Investment Discretion

Intervale’s investment committee members are given discretionary authority to manage the investment decisions of each fund. The specific investment discretion granted to the GP is detailed in each fund’s respective LPA as well as in the side letters with LPs.

## Item 17 Voting Client Securities

Intervale's investment committee is comprised of senior members of the Intervale team who are responsible for making investment decisions on behalf of the Funds. The committee's investment discretion includes voting rights on behalf of securities held by the Funds. Please reference Intervale's approach to addressing conflicts of interest in *Item 6: Performance-Based Fees and Side-By-Side Management*

Intervale's proxy voting policies and procedures are available to investors upon request.

The specific investment discretion and voting rights granted to the GP are detailed in each fund's respective LPA.

## Item 18 Financial Information

Intervale Capital does not require or solicit prepayment of fees from clients six months or more in advance, and has not been the subject of a bankruptcy petition at any time. As such, disclosure of additional financial information is not required.

## Item 19 Requirements for State-Registered Advisers

Intervale is not a state-registered adviser; therefore this Item is not applicable.