

Grey Rock Energy Management, LLC

Investment Adviser Brochure

Part 2A of Form ADV

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This Investment Adviser Brochure (“Brochure”) provides information about the qualifications and business practices of Grey Rock Energy Management, LLC (the “Management Company”). If you have any questions about the contents of this brochure, please contact us at (214) 396-2851. The information in this Brochure has not been approved or verified by the U.S. Securities and Exchange Commission (“SEC”) or by any state securities authority.

The Management Company 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.

Additional information regarding the Management Company is also available on the SEC’s website at: www.adviserinfo.sec.gov.

Material Changes

This brochure contains information about Grey Rock Energy Management, LLC and its affiliates. Since the last version of this brochure dated March 30, 2020, we report the following material changes:

- In Item 4, we have updated assets under management as of December 31, 2020.
- In Item 8, we added risks factor. For a more complete discussion of risks, investors should refer to the appropriate offering documents.
- Item 18, in response to the COVID-19 pandemic, the Firm applied for and received a business loan made available through the Paycheck Protection Program and is further disclosed in Item 18.

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Advisory Business

Grey Rock Energy Management, LLC, a Delaware limited liability company (the “Management Company” and together with its affiliated entities, “Grey Rock”), commenced operations in 2013 with its office headquarters in Dallas, Texas. The Management Company is managed and controlled by Kirk Lazarine, Matt Miller and Griffin Perry (the “Principals”).

The general partner of each Fund (defined below), and any other future general partner of a Fund (as defined below) (each, a “General Partner”) are, or will be, registered under the Advisers Act pursuant to the Management Company’s registration in accordance with SEC guidance. This Brochure describes the business practices of the Management Company and each General Partner, which together operate as a single advisory business. No General Partner has personnel other than those persons associated with the Management Company.

Grey Rock provides discretionary investment advisory services to their clients, which consist of investment funds privately offered to qualified investors in the United States and elsewhere (each, a “Fund,” and together with any future private investment fund for which the Advisers provide investment advisory services, the “Funds”). The Funds make strategic investments in diversified non-operated oil and gas assets in North America. Grey Rock may establish one or more affiliated co-investment vehicles, comprised of the Principals and employees of Grey Rock to invest “side-by-side” with the Funds.

Grey Rock has established a board of five managers, three of which comprise an investment committee (the “Investment Committee”) is responsible for effectuating each Fund’s investment program and making investment, acquisition and disposition decisions for the Funds. The current members of the Investment Committee are the Principals. The two non-Investment Committee managers (the “Advisors”) are entitled to vote on various items relating to the ownership and operation of Grey Rock; however, the Advisors have no authority to act on behalf of or bind Grey Rock with respect to the acquisition or disposition of Fund investments.

Grey Rock’s investment advisory services to the Funds consist of identifying and evaluating investment opportunities, negotiating the terms of investments, managing and monitoring investments and ultimately achieving dispositions for such investments. Additionally, Grey Rock will generally oversee the Funds’ assets in accordance with the terms of its advisory or management agreements, confidential offering and/or private placement memoranda, limited partnership agreement and other governing documents applicable to each Fund (the “Governing Documents”). Investment advice and management is provided directly to the Funds and not individually to the limited partners of or investors in the Funds (the “Investors”). All investment restrictions are described in the Governing Documents. Investors should review the Governing Documents for additional information regarding the Funds in which they have invested.

As of December 31, 2020, Grey Rock managed on a discretionary basis \$502,952,255 in regulatory assets under management on behalf of the Funds.

Fees and Compensation

General

Grey Rock typically receives compensation from fees based on a percentage of capital under management, carried interest distributions and certain other fees or expenses related to transactions, all in accordance with the Governing Documents. Investors should review the relevant Governing Documents to fully understand the total amount of fees to be paid by a Fund and, indirectly, by its Investors. The General Partner of a particular Fund shall have discretion to pay fees and expenses from (i) capital commitments; (ii) proceeds received in respect of any Fund investment, or (iii) any other funds or other assets of the Fund (including proceeds) determined by the General Partner to be available for such purpose.

For more specific information regarding fees, Investors should review the Governing Documents for the Funds in which they have invested. See “Performance-Based Fees and Side-by-Side Management” below for a further discussion of fees and the potential conflicts of interest they can create. See the “Brokerage Practices” section below for additional information regarding transaction costs.

Management Fees

As described in the applicable Fund’s Governing Documents, each Fund will generally pay an investment management fee to the Management Company (the “Management Fees”), quarterly in advance equal to a percentage of aggregate capital commitments during the investment period. Thereafter, through the termination of the Fund, the annual Management Fees will generally equal a percentage of the aggregate capital contributions of all Investors in such Fund used to make investments that are not fully realized. Management Fees will be reduced by a percentage of the amount of certain other fees received by Grey Rock, as described in further detail below.

Grey Rock and its affiliates are not subject to the Management Fee. In addition, Grey Rock has the right, at its sole discretion, to waive or reduce the Management Fee charged to certain affiliated, large or strategic Investors.

Carried Interest

Under the terms of each Fund’s Governing Documents, the General Partner of such Fund will generally be entitled to receive “carried interest distributions” from the applicable Fund. The General Partner’s carried interest distributions are generally subject to the obligation to return certain distributions pursuant to “clawback” arrangements periodically and upon liquidation of the applicable Fund as provided in such Fund’s Governing Documents.

Directors’ Fees, Advisory Fees and Ancillary Fees

Grey Rock may in the future be entitled to collect from or with respect to a Fund’s investments certain directors’ fees, financial consulting fees, advisory fees and ancillary fees; provided that

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the Management Fee payable by such Fund will generally be reduced by a percentage of any such fees as set forth in the Governing Documents. If any such fees required to be credited against the Management Fees for a particular Fund for any period exceed the Management Fees payable by such Fund for such period, the amount of such excess will generally be carried forward and credited against the Management Fees payable by such Fund for subsequent periods. Except as described above or in the Governing Documents, Grey Rock does not collect any periodic monitoring, management or similar fees from the Funds' investments.

Overhead Expenses

Grey Rock will generally pay all of its own ordinary administrative and overhead expenses, including office space, office supplies and equipment and compensation and employee benefits for their employees.

Other Fund Expenses

The Funds will generally pay, or will generally reimburse Grey Rock for, other expenses of the Funds, as set forth in applicable Governing Documents. Such expenses generally include, without limitation, include, without limitation: (i) Management Fees; (ii) organizational expenses; (iii) investment expenses (i.e., expenses that, in a General Partner's determination, are related to the investment of the Fund's assets, whether or not such investment was ultimately made, including, without limitation, commissions and sales charges, due diligence (including related travel expenses), other consulting and professional fees relating to particular investments and costs relating to production forecasting, database, engineering and similar technical software to be used in connection with the Management Company's due diligence); (iv) registration expenses; (v) consulting and risk management fees; (vi) legal, compliance and administration, internal and external accounting, audit and tax preparation and insurance expenses; (vii) litigation and settlement expenses; (viii) internal and external expenses incurred in connection with the preparation or distribution of financial statements, tax returns, or other similar reports or filings; (ix) taxes, fees and other governmental levies; (x) expenses in connection with the offer and sale of limited partnership interests in the Funds; (xi) extraordinary expenses; (xii) the overhead, administrative and employee expenses of any Fund special purpose vehicles; provided, that employee expenses of employees who are also employees of Grey Rock will be apportioned pro-rata (based on business hours spent) as determined by the General Partner in good faith; and (xiii) expenses incurred in connection with any conference or meetings with Investors.

The Funds will generally not reimburse Grey Rock for organizational expenses in a combined aggregate amount in excess of a certain dollar amount or any placement fees payable to a placement agent, as set forth in applicable Governing Documents.

Termination of Services

The ability of Investors in the Funds to withdraw is limited by the terms of the applicable Governing Document. The ability of such Investors to terminate the obligation to pay applicable

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Management Fees or carried interest distributions (if applicable) or to terminate their investment in the Funds is consequently limited.

Performance Based Fees and Side-by-Side Management

As described above under “Fees and Compensation,” Grey Rock receives carried interest distributions based on the profit distributions to Investors from certain of the Funds. The fact that a significant portion of Grey Rock’s compensation (and its investment professionals’ compensation) is directly tied to profit distributions generated by such Funds may create an incentive for Grey Rock and such professionals to make investments on behalf of such Funds that are riskier or more speculative than would be the case in the absence of such compensation. In addition, the payment of carried interest by such Funds at varying rates may create an incentive for Grey Rock disproportionately allocate time, services or functions to such Funds paying carried interest at higher rates. For additional information on certain potential conflicts of interest see “Code of Ethics, Participation or Interest in Client Transactions and Personal Trading” below.

Types of Clients

The Management Company provides management and discretionary investment advisory services directly to the Funds, subject to the direction and control of the General Partner of each Fund. In each case, the Management Company does not provide advisory services individually to the Investors. Investors in the Funds may include, but are not limited to, governmental or corporate pension funds, university or similar endowments, funds of funds, other institutional investors, high net worth individuals and foundations.

The Funds may impose a minimum initial investment requirement, which varies from Fund to Fund. However, Grey Rock may waive any such requirement at its sole discretion. In addition, the Funds may enter into separate agreements, commonly referred to as “side letters,” with certain Investors, to provide such Investors with additional or different terms than those specifically described in the Governing Documents. These side letters primarily relate to laws, policies and procedures applicable only to specific Investors and not all Investors. However, under certain circumstances, these side letters could create alternative fee arrangements or preferences or priorities for such Investors with respect to other Investors.

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

Methods of Analysis, Investment Strategies and Risk of Loss

Methods of Analysis and Investment Strategies

The Management Company's investment strategy may vary somewhat from Fund to Fund, but, generally, each Fund's investment objective is to achieve capital appreciation through investments, directly or indirectly through a special purpose subsidiary, in diversified oil and gas assets in North America. Each Fund's portfolio objectives generally include: (i) purchasing oil and gas assets in multiple basins in the United States that provide an attractive risk-reward profile; (ii) participating in the development of assets alongside "world class" operators; (iii) generating income and capital appreciation via development interests in oil and gas wells; and (iv) opportunistically exiting investments at the appropriate time.

The Management Company contemplates that non-operated working interests will constitute the central part of each Fund's investment strategy, but a Fund may make investments in operated working interests, mineral interests and royalty interests from time to time primarily when such investments are sold as part of packages bundled with non-operating interests.

Risks

Each Fund's investment activities involve a high degree of business and financial risk that may result in substantial losses. Investment in the Funds is highly speculative, involves a high degree of risk and could result in the loss of part or all of an Investor's capital contribution.

The following is a brief overview of some of the unique risks associated with Grey Rock's investment strategies; however, it is not intended to serve as an exhaustive list or a comprehensive description of all risks and conflicts that may arise in connection with the management and operations of the Funds. In addition, see "Code of Ethics, Participation or Interest in Client Transactions and Personal Trading" for additional risks associated with certain conflicts of interest. Investors should consider an investment in a Fund as involving a high degree of financial risk and should therefore carefully consider all risks described in the relevant Governing Documents. Each prospective Investor should carefully review the applicable Governing Documents, as applicable, before deciding to make an investment in a Fund.

Reliance on the General Partner and the Management Company. The success of the Funds will depend upon the General Partners and Management Company who will have overall supervision and control the business affairs of the Funds and the Management Company who will generally control the Funds' investment activities. Investors are not entitled to participate in the management of the Funds' business.

Management Risk. The investment performance of the Funds will be substantially dependent on the services of the Management Company and its Principals. In the event of the death, disability, departure, insolvency or withdrawal of any of these Principals, the performance of the Funds may be adversely affected.

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No Participation by Investors. Investors will have no right or power to participate in the management or control of the business of the Funds and thus must depend solely on the ability of the General Partners and the Management Company with respect to evaluating and making/disposing of Fund investments. The General Partners and the Management Company will have sole and absolute discretion in structuring, negotiating and purchasing, financing and eventually divesting investments on behalf of the Funds.

Illiquidity of Fund Interests. No market for Fund interests can be expected to develop and it may be difficult or impossible to transfer any interests, even in an emergency. Interests may not be transferred without the consent of the applicable General Partner, which may withhold its consent in its sole discretion. Because of such severe restrictions on withdrawals and transfers, an investment in a Fund is a relatively illiquid investment and involves a high degree of risk.

Valuations. From time to time, certain situations affecting the valuation of Fund investments (such as limited liquidity, unavailability or unreliability of third-party pricing information and acts or omissions of service providers to the Funds) could have an impact on the net asset value of the Funds, particularly if prior judgments as to the appropriate valuation of an investment should later prove to be incorrect after a net asset value-related calculation or transaction is completed. Valuations of non-cash current income and disposition proceeds with respect to investments will generally be determined by the applicable General Partner and will be final and conclusive to all Investors.

Prior Performance is Not Indicative of Future Performance. Information regarding prior performance, while a useful tool in evaluating the Funds' investment activities, is not necessarily indicative of actual results to be achieved for unrealized investments, the realization of which is dependent upon many factors, many of which are beyond the control of the Management Company. Further, there can be no assurance that the valuations for unrealized investments on which prior performance is calculated accurately reflect the amounts for which the subject investments will be sold or loan amounts repaid and the actual realized returns may differ materially from such valuations.

Operating Deficits. The expenses of operating a Fund (including Management Fees payable to the Management Company) may exceed its income, thereby requiring that the difference be paid out of the Fund's capital, reducing the amount available to the Fund for investment and therefore its potential for profitability.

Changes in the Law and Regulatory Environment. Amendments to banking, lending and other relevant laws and regulations could alter an expected outcome or introduce greater uncertainty regarding the likely outcome of an investment situation or the availability of investment opportunities. In addition, market disruptions and the dramatic increase in the capital allocated to alternative investment strategies during recent years have led to increased governmental as well as self-regulatory scrutiny of investment industry in general. It is impossible to predict what, if any, changes in the regulations applicable to the Funds, the General Partners, the markets in which they trade and invest or the counterparties with which they do business may be instituted in the future. Any such regulations could have a material adverse impact on the profit potential of the Funds.

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Indemnification. Each Fund will be required to indemnify its General Partner, the Management Company, their affiliates and each of their respective members, officers, directors, employees, shareholders, and partners. Such liabilities may be material.

Risk of Co-Investments. Each Fund may make investments in which other parties may co-invest, including entities affiliated with Grey Rock. Any such transactions may involve conflicts of interest among the Fund, the Management Company, the General Partner, and their affiliates, some or all of which may not be thought of or taken into account in reviewing and approving such transactions.

Contingent Liabilities on Disposition of Investments. In connection with the disposition of an investment, a Fund may be required to make certain representations and warranties about such Investment. The Fund may also be required to indemnify the purchasers of such investment in case any of the representations and warranties are inaccurate. These arrangements may create contingent liabilities of the Fund, for which the General Partner may establish reserves or escrow accounts.

Third Party Claims. A Fund may acquire properties subject to known or unknown liabilities and with limited or no recourse. As a result, if liability were asserted against the Fund based upon such properties, the Fund might have to pay substantial sums to dispute or remedy the matter, which could adversely affect the Fund's cash flow. Unknown liabilities with respect to assets acquired could include, for example: liabilities for clean-up of undisclosed environmental contamination; claims by developers, site owners, vendors or other persons relating to the asset or project site; liabilities incurred in the ordinary course of business; and claims for indemnification by general partners, directors, officers and others indemnified by the former owners of the asset or project sites.

Liability for Return of Distributions. If a Fund is otherwise unable to meet its obligations, the Investors may, under applicable laws or applicable provisions of the Fund's Governing Documents, be obligated to return, with interest, cash distributions previously received by them to the extent such distributions are deemed to constitute a return of their capital contributions or are deemed to have been wrongfully paid to them. In addition, an Investor may be liable under applicable U.S. federal and state bankruptcy or insolvency laws to return a distribution made by a Fund with respect to an investment that becomes subject to bankruptcy or insolvency proceedings.

Diverse Investor Group. Investors in the Funds are expected to include investors with a diverse range of legal, regulatory, tax and other characteristics and requirements. As a result, the Investors may have conflicting investment, tax and other interests with respect to their investments in the Funds. As a consequence, conflicts of interest may arise in connection with decisions made by the General Partner or the Management Company that may be more beneficial for one Investor than for another Investor (e.g., individual tax situations). In addition, a Fund may make investments that have a negative impact on related or unrelated investments made by Investors in transactions outside of the Fund. In selecting and structuring investments

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appropriate for a Fund, the Management Company will consider the investment and tax objectives of the Fund and the Investors as a group, not the investment, tax or other objectives of any Investor individually.

Limited Information. Investment analyses and decisions by the Management Company may frequently be required to be undertaken on an expedited basis to take advantage of investment opportunities. In such cases, the information available at the time of making an investment decision may be limited, and the Management Company may not have access to complete information regarding the investment. Therefore, no assurance can be given that the Management Company will have knowledge of all circumstances that may adversely affect an investment.

Risks of Leverage. Fund investments will likely utilize a leveraged capital structure, in which case a third-party typically would be entitled to cash flow generated by such investments prior to the Fund receiving a return. Use of borrowed funds to leverage acquisitions involves a high degree of financial risk and can amplify the effect of any increase or decrease in value of an investment and will increase the exposure of the investments to adverse economic factors, such as fluctuations in interest rates, downturns in the local economy in which the investments are located or deterioration in the condition of the investments.

Interest Rate and Hedging Risks. Fund performance may be adversely affected by a fluctuation in interest rates if it utilizes variable rate financing at the Fund or investment level and fails to employ an effective hedging strategy to mitigate such risks, including engaging in interest rate swaps, caps, floors and other interest rate contracts, and buying and selling interest rate futures and options on such futures. A Fund or its investments may elect to borrow at a variable interest rate and to employ such a hedging strategy (although it will be under no obligation to do so); however, the use of these instruments to hedge a portfolio carries certain risks, including the risks that losses on a hedge position will reduce the Fund's earnings and funds available for distribution to Investors and that such losses may exceed the amount invested in such instruments. Even if used, hedges may not perform their intended purposes of minimizing and offsetting losses on an investment.

Investments in Partnerships and Other Entities. The Funds may make investments in other entities and enter into partnerships or joint ventures with project developers, co-investors, and/or operating partners. Such investments may involve risks not present in direct project investments, including, for example, the possibility that a co-venturer or partner of a Fund might become bankrupt, or may at any time have economic or business interests or goals that are divergent from or contrary to those of the Fund, or that such co-venturers or partners may be in a position to take action contrary to the Fund's objectives. In addition, a Fund may be liable for actions of its co-venturers or partners. While Grey Rock will review the qualifications and previous experience of any proposed co-venturers or partners, it does not expect in all cases to obtain financial information from, or to undertake private investigations with respect to, prospective co-venturers or partners.

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Investments Longer than Term. A Fund may make investments that may not be advantageously disposed of prior to the date that the Fund will be dissolved, either by expiration of the Fund's term or otherwise. Although Grey Rock expects that investments will be disposed of prior to dissolution or be suitable for in-kind distribution at dissolution, a Fund may have to sell, distribute or otherwise dispose of investments at a disadvantageous time as a result of dissolution.

Restrictions on Transfer and Withdrawal. Interests in the Funds are subject to restrictions on transfer. Investors may not withdraw capital from the Funds other than to the extent current income and disposition proceeds are distributed by the Funds.

Limitation of Liability of the General Partners and the Management Company. Each Fund's Governing Documents will limit the circumstances under which the applicable General Partner and the Management Company can be held liable to the Fund. As a result, Investors may have a more limited right of action in certain cases than they would in the absence of those provisions.

Portfolio Acquisitions Risks. A Fund may acquire multiple assets in a single transaction. Portfolio acquisitions via joint-venture or other structures are more complex and expensive than single project acquisitions, and the risk that a multiple project acquisition will not close may be greater than in a single project acquisition. An acquisition of a portfolio of projects may result in a Fund owning projects in geographically dispersed markets which place additional demands on the Fund's ability to manage such operations. A seller may require that a group of projects be purchased as a package, even though one or more of the projects in the portfolio does not meet a Fund's investment criteria. In such cases, a Fund may attempt to make a joint bid with another buyer, and such other buyer may default on its obligations.

Risks Related to the Energy Industry. Investments in the energy industry are subject to a variety of risks, not all of which can be foreseen or quantified. For example, the success of many Fund investments are likely to be affected by factors such as the following: (i) amount, nature, and timing of property acquisitions or capital expenditures; (ii) the market for oil and gas acreage or properties; (iii) drilling of wells and other planned exploitation activities; (iv) timing and amount of future production of oil or gas; (v) quantities of discovered or probable, potential or proved reserves of oil or gas; (vi) marketing of and market prices for oil, gas or oil or gas properties generally or in any particular location; (vii) operating costs such as lease operating expenses, administrative costs and other expenses; (viii) cash flow and anticipated liquidity; (ix) the timing, success and cost of exploration and exploitation activities; (x) governmental and environmental regulation of the oil and gas industry; (xi) environmental liabilities; (xii) industry competition, conditions, performance and consolidation; (xiii) the availability of drilling rigs and other oilfield equipment and services; and (xiv) natural events.

Concentration. Fund investments will be concentrated in the energy industry and will be subject to numerous risks that affect the energy industry as a whole or the upstream sector of the industry in particular. As a result, returns from an investment in a Fund may be subject to significantly greater risk than an investment in a portfolio of investments that represents a broad range of industries or industry sectors.

Geological Risk. Oil and gas drilling involves an element of geological risk. The term “geological risk” refers to the risk that hydrocarbons may not be present or, if present, may not be recoverable economically. The successful location of economically recoverable hydrocarbons in any drilling operation cannot be guaranteed.

Evaluation Limitations. The acquisition of a specific Fund investment will depend in part on the evaluation of data obtained from geophysical and geological analyses, seismic data and other information, the results of which are often inconclusive and subject to various interpretations. The process of estimating oil and gas reserves is complex and inherently subjective, requiring significant estimates and assumptions. Information may be incomplete (particularly in early-stage opportunities) and implications of available data may not be fully understood. The Management Company may also elect to assume title, development, environmental and other risks in connection with acquired properties.

Market Factors. The Funds are likely to be significantly affected by the future prices of and the demand for oil and natural gas, which are inherently uncertain. Prices for oil, natural gas and natural gas liquids have fluctuated greatly in the past, due to numerous factors beyond the control of the Management Company. The Funds may also be affected by the availability of equipment, supplies, personnel and facilities necessary to realize the value of the investments.

Operating Hazards, Insurance. The exploration, development and operation of oil and gas properties involves a variety of operational risks including the risk of fire, explosions, blowouts, craterings, pipe failure, abnormally pressured formations and environmental hazards. Environmental hazards include oil and gas leaks, pipeline ruptures or discharges of toxic gases. If any of these industry operating risks occur, the Funds could become subject to substantial losses.

Hydraulic Fracturing. Hydraulic fracturing is an important and commonly used process that the Management Company anticipates will be engaged in by some or all opportunities in which the Funds invest. In recent years, some experts have warned that hydraulic fracturing could adversely affect groundwater. To the extent that such claims are made with respect to Investments, they could have an adverse effect on the Funds’ investments.

Regulation. The energy industry is affected from time to time in varying degrees by political developments and a wide range of federal, state and local statutes, rules, orders and regulations that may, in turn, affect the operations and costs of the companies engaged in the energy industry.

Environmental Regulations. Drilling operations upon which the Funds are dependent are subject to extensive energy, environmental and other laws and regulations of federal, state and local authorities. These laws and regulations may require the acquisition of a permit or preparation of environmental assessments and impact studies before drilling commences or prohibit these activities on certain lands lying within wilderness and other protected areas. In addition, existing regulations may be revised or reinterpreted, new laws and regulations may be adopted or become

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applicable to the Funds' investments, and future changes in laws and regulations may have a detrimental effect on certain Fund investments.

Regulation of Production. The exploration and production of natural resources are subject to extensive federal, state and local, rules, orders, and regulations governing a wide variety of matters, including the drilling and spacing of projects, allowable rates of production and prevention of waste and pollution. In addition to the direct costs borne in complying with such regulations, operations and revenues may be impacted to the extent that certain regulations limit natural resource production to below economic levels.

Exploitation and Development Risks. The results of the Funds will depend in part upon the success of exploitation and development activities of other professionals. The timing and cost of the exploitation and operation of wells is often uncertain. Operations may be curtailed, delayed or canceled as a result of a variety of factors, including unexpected drilling conditions, pressure or irregularities in formations, loss of drilling fluid circulation, facility or equipment failures or accidents, adverse weather conditions, compliance with governmental requirements, and shortages or delays in the availability of equipment and personnel.

Depletion. Oil and gas wells by their nature are depleting assets with respect to which production could last anywhere from a few months to more than 30 years. As a result, annual production will naturally decline over the life of a well, and so too will returns to the Funds.

Estimated Oil and Natural Gas Reserve Quantities. Numerous uncertainties are inherent in estimating quantities of oil and natural gas reserves. Any material inaccuracies in these reserve estimates or the underlying assumptions will materially affect the quantities and present value of Investments. The process of estimating oil and natural gas reserves is complex, requiring significant decisions and assumptions in the evaluation of available geological, engineering and economic data for each reservoir, and these reports rely upon various assumptions, including assumptions regarding future oil and natural gas prices, production levels, and operating and development costs. As a result, estimated quantities of proved reserves and projections of future production rates and the timing of development expenditures may prove to be inaccurate. Over time, material changes may need to be made to reserve estimates to take into account the results of actual drilling and production.

Investments May Not Produce As Projected. The Funds' acquisition of investments will require an assessment of recoverable reserves, title, future oil and natural gas prices, operating costs, potential environmental hazards, potential tax liabilities, and other factors. A review of records and properties will not necessarily reveal all existing or potential problems. Inspections will not be performed on every Investment, and problems such as ground water contamination and other environmental conditions and deficiencies in the mechanical integrity of equipment are not necessarily observable even upon inspection. Unidentified problems could result in material liabilities and costs that would negatively impact a Fund investment as well as the Fund's ability to make cash distributions to Investors.

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The Marketability of Production Will Depend Upon Factors Over Which the Management Company Has No Control. Even with respect to producing investments, the availability of a ready market will depend upon factors beyond the Management Company's control. The marketability of production from Fund investments will depend in part upon the availability, proximity and capacity of pipelines, natural gas gathering systems and processing facilities. Any significant change in market factors affecting these infrastructure facilities, as well as any delays in constructing new infrastructure facilities, could negatively affect the Funds' investments. The oil and natural gas produced from Investments will be delivered through gathering systems and pipelines owned by third parties. These facilities may be temporarily unavailable due to market conditions or mechanical reasons. The marketing of production may also be affected by governmental regulations relating to the production and sale of oil and gas.

Volatile Industry. The oil and gas industry involves a high degree of volatility and therefore substantial risk of loss. There is no assurance that any of the operations in which a Fund participate will obtain production or, if production is obtained, that the price of resulting commodities will be sufficient to recover a Fund's investment. Among other things, drilling operations and related activities can be significantly impacted by the accuracy of the estimation of reserves and the effect on those reserves of fluctuating market prices.

Competitive Factors. The energy and petrochemical industries are highly competitive. There is competition within the industries and also with other industries in supplying the energy, fuel and chemical needs of both industrial and individual consumers. The success of such competitors, who may have larger numbers of personnel and facilities, more expertise, and access to greater financial resources, may affect the success of the Funds' investments.

Epidemics, Pandemics, Outbreaks of Disease and Public Health Issues. Our operations and business activities as well as those of the Funds could be materially adversely affected or impacted in the future by the continuation or worsening of the COVID-19 global pandemic and other outbreaks of disease, epidemics, pandemics and public health issues, whether globally or limited to particular regions of the world, such as diseases or public health issues caused by other novel coronaviruses (including as a result of the emergence of new coronaviruses), Ebola virus disease, H1N1 flu, H7N9 flu, H5N1 flu (and other types or subtypes of influenza viruses), Severe Acute Respiratory Syndrome, or SARS, or other epidemics, pandemics, outbreaks of disease or public health issues. In particular, coronavirus disease 2019 (or COVID-19), an infectious disease caused by Severe Acute Respiratory Syndrome coronavirus 2 (SARS-CoV-2), was first identified in December 2019 and has since spread rapidly globally, resulting in an ongoing global pandemic. The COVID-19 global pandemic has severely and materially affected (and may continue to negatively affect and materially impact) the global economy, global equity markets and supply chains (including as a result of quarantines, shelter-in-place orders, social-distancing measures and other government-directed or mandated measures or actions to stop or slow the spread of SARS-CoV-2 and COVID-19). Although the short-term and long-term effects and consequences of COVID-19 (and the actions and measures taken or mandated by governments around the world to halt or slow down the spread of SARS-CoV-2 and COVID-19) cannot currently be predicted, previous occurrences of other epidemics, pandemics and outbreaks of disease, such as the 1918 influenza pandemic (also referred to as the Spanish flu pandemic)

and the 2002-2004 SARS outbreak in Asia, had material adverse effects on the economies, capital markets and basic day-to-day operations of (and activities in) those countries and jurisdictions in which they were most prevalent. Recent efforts, actions and measures undertaken by governments, businesses and communities to protect the public health in the face of the COVID-19 pandemic (including measures designed or intended to “flatten the curve” and protect the healthcare systems in such applicable countries and jurisdictions from collapse or undergoing significant breakdowns) have resulted in partial or complete shutdowns of many sectors of the economy generally as well as severe restrictions, limitations and consequences on the means by which we operate our business (*e.g.*, travel restrictions or bans, mandatory quarantines, shelter-in-place orders and social distancing measures and rules), which could adversely affect or negatively impact our business, activities, financial condition, and operations as well as those of the Funds indefinitely. If and to the extent the economy and businesses begin to reopen and are allowed to resume operations or activities and people begin to return to more frequent personal or social interactions, there is a risk of recurrence of an outbreak of COVID-19, and such a recurrence or emergence of any kind of epidemic, pandemic, outbreak of disease or major public health issue could cause another slowdown or shutdown in the levels of economic activity and business activities and operations generally, or push the world or local economies into recession or depression, which could adversely affect and materially impact us and the Funds. The impact of a health crisis such as the COVID-19 pandemic, and other epidemics, pandemics and outbreaks of disease that may arise in the future, depends on the duration and spread of the outbreak, the severity, the actions to contain, slow down or halt the spread of the virus or treat its impact, and how quickly and to what extent normal or semi-normal economic and operating conditions can resume, which could affect the global economy in ways that cannot necessarily be foreseen at the present time. A health crisis may exacerbate other pre-existing political, social and economic risks. Any such impact could adversely affect the Funds’ performance, resulting in losses their investors.

The COVID-19 pandemic and actions, measures and steps taken by governments around the world in response to such pandemic may cause material disruptions to (or otherwise materially impact or affect) the business operations and activities of service providers on which we and the Funds rely (including their administrator, custodians and counterparties). It may also adversely impact the Funds’ investments, our ability to access markets or implement the Funds’ investment strategies in the manner originally contemplated, the Funds’ net asset value and therefore the investors in such Funds.

Force Majeure Events. There is a risk that investments owned directly or indirectly by clients and other vehicles or ventures managed or advised by us will be impacted or affected or harmed by force majeure events (*i.e.*, events beyond the control of the party claiming that the event has occurred, including, without limitation, energy blackouts, acts of God, fire, flood, earthquakes, outbreaks of an infectious disease, pandemic or any other serious public health concern, war, terrorism, labor strikes and telecommunication failures). There is a risk that some force majeure events will adversely affect the ability of a party (including an investment, a tenant of an investment, a customer of a tenant of an investment, a counterparty of an investment or a counterparty of client) to perform its obligations until it is able to remedy the force majeure event. Such a party could also claim force majeure for nonperformance of its contractual

obligations. Certain force majeure events (such as an outbreak of an infectious disease (including the recent COVID-19 global pandemic)) could have a broader negative impact on the world economy and international business activity generally, or in any of the countries or jurisdictions in which investments are located. Additionally, a major governmental intervention into industry, including the nationalization of an industry or the assertion of control over an investment, could result in a loss to a client. Any of the foregoing would therefore adversely affect the performance of such clients or accounts managed or advised by us.

Privacy, Data Protection and Information Security Compliance Risk. Compliance with current and future (i) privacy, data protection and information security laws and (ii) league rules regarding the use and disclosure of confidential information could significantly impact current and planned privacy and information security related practices, the collection, use, sharing, retention and safeguarding of personal data and any Fund's or client's current and planned business activities and as such could increase costs for such clients or funds or their or our ability to disclose certain investment information to its investors. A failure to comply with such laws, regulations and league rules could result in fines, sanctions or other penalties, which could materially and adversely affect the results of operations of our clients, as well as have an impact on a client's ability to make future investments.

Properties and investments in which our client's invest are or may be subject to laws and regulations related to privacy, data protection and information security in the jurisdictions in which they operate or do business. As privacy, data protection and information security laws and regulations are implemented, interpreted and applied, compliance costs may increase, particularly in the context of ensuring that adequate data protection and data transfer mechanisms are in place.

California has passed the California Consumer Privacy Act of 2018 (the "CCPA"). The CCPA generally applies to businesses that collect personal information about California consumers, and either meet certain thresholds with respect to revenue or buying and/or selling consumers' personal information. The CCPA imposes stringent legal and operational obligations on such businesses as well as certain affiliated entities that share common branding. The CCPA is enforceable by the California Attorney General. Additionally, if unauthorized access, theft or disclosure of a consumer's personal information occurs, and the business did not maintain reasonable security practices, consumers could file a civil action (including a class action) without having to prove actual damages. Statutory damages range from \$100 to \$750 per consumer per incident, or actual damages, whichever is greater. The Attorney General also may impose civil penalties ranging from \$2,500 to \$7,500 per violation.

Other jurisdictions, including other U.S. states, have proposed or are considering similar privacy laws, which if enacted could impose similarly significant costs, potential liabilities and operational and legal obligations. Such privacy laws and regulations are expected to vary from jurisdiction to jurisdiction, thus increasing costs and operational and legal burdens on regulated entities. Further, compliance with current and future privacy laws could significantly impact current and planned privacy and information security related practices, the collection, use, sharing, retention and safeguarding of personal data and some of our current and planned

business activities. Any such privacy law could materially and adversely affect the results of operations and overall business of our clients and/or their investments, as well as have a negative impact on their respective performance.

Climate Change. Ongoing changes to the climatic conditions in which clients operate and invest may have an adverse impact on clients and their investments. While the precise future effects of climate change are unknown, it is possible that changes in weather patterns or extreme weather (such as floods, hurricanes and other storms) would, among other adverse impacts, damage client investments or their assets. These changes, in addition to changes affecting precipitation levels, hydrology, annual sunshine, and/or wind levels, could influence power generation levels. Reductions in precipitation levels, wind or sunlight could cause material and adverse impacts on clients, for example, by affecting the revenues and cash flows of client investments. If such reductions are significant, certain investments could be rendered inoperable. Significant increases in precipitation levels or wind could cause damage to client investments or also create periods in which client investments are inoperable. Further, rising sea levels could, in the future, affect the value of client investments in low-lying coastal real assets or result in the imposition of new property taxes or increase property-related insurance rates. Climate change may also give rise to changes in regulations and consumer sentiment that could have a negative impact on the operations of the clients by increasing operating costs of certain investments or restricting or decreasing demand for the activities of certain investments, among other effects. The adverse effects of climate change and related regulation at provincial or state, federal and international levels could have a material adverse effect on the business, financial position, results of operations or cash flows of clients.

Disciplinary Information

Neither Grey Rock nor any of its managing persons have been involved in any legal or disciplinary events in the past 10 years that it believes would be material to a Fund's or Investor's evaluation of Grey Rock or its personnel.

Other Financial Industry Activities and Affiliations

Grey Rock organizes the Funds, for which affiliates of Grey Rock serve as general partner or managing member or in a similar capacity. For a description of the conflicts of interest created by the relationship among Grey Rock and the General Partners, see “Code of Ethics, Participation or Interest in Client Transactions and Personal Trading” below.

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

Code of Ethics

General. Grey Rock has adopted a Code of Ethics (the “Code of Ethics”) in order to establish the standard of conduct expected of all “supervised persons” of Grey Rock in light of the duties of Grey Rock to the Funds. The Code of Ethics generally applies to all supervised persons of Grey Rock, including all members, officers, directors or employees of Grey Rock or other persons who are involved in providing investment advisory or investment management services for the benefit of the Funds.

Set forth below is a summary of the principal elements of the Code of Ethics. A complete copy of the Code of Ethics is available to any Investor or prospective Investor upon request. Requests for copies of the Code of Ethics should be directed to the Chief Compliance Officer of Grey Rock (the “CCO”) at the address or telephone number shown on the cover page of this brochure.

Standards of Conduct. Grey Rock requires all of its supervised persons to act at all times in accordance with its fiduciary duty to its clients. As a result, supervised persons should place the interests of the Funds before their own and act with honesty and integrity with respect to the Funds and their investors. A supervised person should never take inappropriate advantage of his or her position for personal benefit. In addition, a supervised person should make full and fair disclosure of all material facts, particularly where Grey Rock’s or a supervised person’s interests may conflict with those of a Fund. Each supervised person should have a reasonable, independent basis for any investment advice provided to any Fund.

All supervised persons are expected to be familiar and comply with the laws and regulations applicable to their day-to-day responsibilities, including applicable U.S. federal securities laws and regulations. If a supervised person has any question with respect to any such law or regulation, he or she should consult with the CCO.

Reporting Violations. If any supervised person becomes aware of any violation of the Code of Ethics, he or she must report such violation to the CCO.

Personal Securities Transactions. Grey Rock has adopted a personal securities transactions policy that addresses personal trading by “access persons” of Grey Rock in securities, including stocks, bonds, options, warrants, financial commodities, other derivative products and interests in privately placed offerings, limited partnerships and other entities. For this purpose, “access persons” consist of all directors, officers and partners of Grey Rock and all other supervised persons (i) who have access to non-public information regarding any Fund’s investments or purchase or sale of securities or (ii) who are involved in making securities recommendations to any Fund, or have access to such recommendations that are non-public.

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The personal securities transactions policy of Grey Rock requires that all access persons:

- obtain pre-clearance before directly or indirectly acquiring beneficial ownership of any security in (i) any U.S. initial public offering or (ii) any security sold in the United States in a private placement;
- comply with certain trading restrictions that generally prohibit the purchase or sale of (i) any security if an order for a Fund account for the same security, same way at the same price remains unexecuted or (iii) any security that appears on the restricted list maintained by Grey Rock that is applicable to such access person; and
- submit to the CCO initial, quarterly, and annual reports disclosing personal securities holdings and transactions.

Participation or Interest in Client Transactions

Certain Principals, employees and affiliates of the Management Company may invest in the Funds, either through the General Partners, as direct investors in Funds that also include third-party investors, via separate co-investment vehicles, or otherwise. A Fund or its General Partner, as applicable, may reduce all or a portion of the Management Fee and/or carried interest distributions related to investments held by such persons. For further details regarding these arrangements, as well as conflicts of interest presented by them, please see “Conflicts of Interest” immediately below.

Conflicts of Interest

The Management Company may serve as an investment manager to other pooled investment vehicles or for other advisory clients and the Principals may conduct investment activities for their own accounts. Such other entities or accounts may have investment objectives or may implement investment strategies similar to those of the Funds. The Management Company (and its Principals, affiliates and employees) may have investments in certain of the entities managed by the Management Company or its and their affiliates.

Conflicts of interest may arise between a General Partner and the Management Company, on the one hand, and the collective interests of the Investors in a Fund on the other hand. Under certain circumstances, affiliates of the General Partner may make investments separate and apart from, or alongside with, the Fund. As set forth in the Governing Documents for the Funds, the General Partners will be permitted to manage other investment funds and similar vehicles during the Funds’ terms, any of which may compete with the Funds for investment opportunities, management time and attention, or otherwise. Provisions contained within the Governing Documents for the Funds that authorize the General Partners to engage in investment, management or other activities outside, or alongside with, the Funds will override common law and statutory fiduciary duties that would apply in the absence of such provisions. The Governing Documents for the Funds contain certain protections for Investors against conflicts of interest faced by the General Partners and the Management Company, but will not purport to address all types of conflicts that may arise.

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The Management Company will at all times have regard to its obligation to act in the best interests of the Funds so far as practicable where conflicts of interest may arise and it will endeavor to consider such conflicts and to consult with, and advise, the applicable General Partner where necessary. The Management Company including its Principals, affiliates or employees may have beneficial interests which could conflict with those of the Funds, as promoters, advisers, directors or managers of, or as investors in, or otherwise have interests in, projects in which a Fund intends to invest or has invested. They may also from time to time act as managers, investment advisers, or directors, or be partners, investors or proprietors, or be otherwise involved in, other collective investment schemes that have similar investment objectives to those of the Funds. The Management Company will disclose to the applicable General Partner the nature and extent of any such interests insofar as they are aware that they might conflict with their obligations to the applicable Fund.

Brokerage Practices

Grey Rock does not ordinarily deal with any financial intermediary such as a broker-dealer, and commissions are not ordinarily payable in connection with such investments because the Funds invest in real assets. To the extent that these investments are in securities within the meaning of the Advisers Act, they consist primarily in privately issued securities that are not of a class registered under the Securities Exchange Act of 1934, as amended.

To the limited extent Grey Rock may transact in public securities for the Funds, or engage intermediaries to effect transactions in private securities for the Funds, it intends to select brokers, dealers and other intermediaries based upon their ability to provide “best execution” for the Funds. In attempting to provide “best execution,” Grey Rock will seek to execute securities transactions so that a client’s total costs or proceeds in each transaction are the most favorable under the circumstances. Nevertheless, the use and selection of a broker-dealer by Grey Rock will not be based solely upon whether the broker-dealer offers the lowest possible commissions and other expenses, but whether the transaction represents the best qualitative execution. Grey Rock expects to determine the availability of best execution by a number of methods, including evaluating its own experience with various broker-dealers, conducting surveys and soliciting data from competing broker-dealers and reviewing data from third-party industry research sources.

Soft dollar arrangements exist when an investment manager directs a commission generated by a transaction toward a third party or an in-house party in exchange for services that are for the benefit of the client but are not client-directed. Grey Rock currently does not direct any commissions to third parties in exchange for such services. No soft dollar arrangements may be entered into by Grey Rock without the prior written approval of the CCO.

Grey Rock recognizes that the value of a key third-party service provider’s products and services involves a number of factors, both qualitative and quantitative. In selecting key-third party service providers for a Fund, Grey Rock may take into account the full range of applicable factors. The engagement of a service provider for one Fund may result in an indirect benefit to another Fund and, as a result, such ancillary benefits may create an incentive for Grey Rock to select a service provider at the expense of one Fund to benefit another Fund.

Grey Rock may receive services from third-party service providers that also provide services to the Funds. Grey Rock may receive a discount from such service providers relative to what it would otherwise be expected to pay had the service providers not been engaged by the Funds. Such discounts cannot accurately be quantified but, nevertheless, may create an incentive for Grey Rock to select a service provider based on its interest in potentially receiving a discount for itself, rather than on the Funds’ interest in receiving the most favorable products and services. Although Grey Rock has established policies and procedures to address such potential conflicts, there can be no assurance that such conflicts will be resolved in a manner that is most favorable to the Funds and their Investors.

Review of Accounts

The investments made by the Funds are generally private, illiquid and long-term in nature. All investments are carefully reviewed by the relevant members of the Grey Rock team and unanimously approved by Grey Rock's Investment Committee. The Funds' portfolio investments are reviewed on a continuous basis and Grey Rock's investment professionals meet regularly to discuss potential transactions, economic developments, current events, investment strategies, and the Funds' holdings.

Grey Rock provides quarterly and annual reports to Investors in accordance with the terms of the applicable Fund's Governing Documents. Grey Rock also provides Investors with audited financial statements annually as further described below under "Custody."

Client Referrals and Other Compensation

While Grey Rock has not engaged placement agents in connection with organizing and offering interests in the Funds to date, Grey Rock may in the future engage placement agents that may receive placement fees in connection with the offering and sale of interests in such Funds. In such event, if any such fees are paid by the Funds, the Management Fee will generally be reduced by the amount of any such placement fees in accordance with the applicable Fund's Governing Documents. If any such fees required to be credited against the Management Fees for a particular Fund for any period exceed the Management Fees payable by such Fund for such period, the amount of such excess will generally be carried forward and credited against the Management Fees payable by such Fund for subsequent periods.

Grey Rock may also provide related services to portfolio investments and may receive certain directors' fees, financial consulting fees, advisory fees and ancillary fees. The Management Fee payable by such Fund will generally be reduced by a percentage of any such fees as set forth in the Governing Documents. If any such fees required to be credited against the Management Fees for a particular Fund for any period exceed the Management Fees payable by such Fund for such period, the amount of such excess will generally be carried forward and credited against the Management Fees payable by such Fund for subsequent periods. Except as described above or in the Governing Documents, Grey Rock does not collect any periodic monitoring, management or similar fees from the Funds' investments.

Custody

Grey Rock is deemed to have custody over the cash and securities held by the Funds because Grey Rock and the General Partners serve as manager, adviser and general partner or managing member (or similar capacity) to the Funds. As required by the Rule 206(4)-2 under the Advisers Act (the “Custody Rule”), Grey Rock maintains cash and securities with an independent qualified custodian. The Funds are subject to an annual independent audit and audited financial statements prepared in accordance with generally accepted accounting principles will be distributed to the Funds’ Investors in accordance with the Custody Rule. In addition, Grey Rock may provide Investors with additional reports in accordance with the applicable Fund’s Governing Documents.

Investment Discretion

The General Partners are each an affiliate of the Management Company and all of the members of the Investment Committee and employees of the Management Company and each General Partner are supervised persons of Grey Rock. In light of the authority granted to the General Partners under the Fund Governing Documents and to the Management Company under the investment management agreements with the applicable Funds, the Management Company and the General Partners can be viewed as collectively exercising discretionary authority over certain investments made by the Funds.

Under the terms of each Fund's Governing Documents, the management and conduct of the business of the applicable Fund are carried out by the applicable General Partner, which has the authority to manage, control, administer and operate the properties, business and affairs of the applicable Fund, including its investment activities, subject to certain limitations. Each Fund's Governing Documents impose certain basic investment guidelines and limitations on the General Partner's investment discretion. Each Investor should review the applicable Fund's Governing Documents in order to understand the discretion that Grey Rock may exercise with respect to a particular Fund.

Voting Client Securities

Grey Rock exercises voting authority with respect to any securities held by the Funds, including partnership interests, limited liability company interests and other voting securities. These securities in many cases consist of privately issued uncertificated securities, but could in certain cases also include securities of publicly traded companies.

Grey Rock has adopted a policy that defines the procedures to be followed by Grey Rock when it has discretionary authority to vote securities held by any Fund. The purpose of this policy is to ensure that such securities are voted for the benefit of and in the best interests of the applicable Fund. Each proxy proposal received by Grey Rock will be thoroughly reviewed by Grey Rock to ensure that such proxy is voted in the best interests of the applicable Fund.

Grey Rock may occasionally be subject to material conflicts of interest in the voting of proxies due to business or personal relationships with persons having an interest in the outcome of certain votes. Grey Rock or its supervised persons may also occasionally have business or personal relationships with the proponents of proxy proposals, participants in proxy contests, corporate directors and officers, or candidates for directorships.

If at any time Grey Rock becomes aware of a material conflict of interest relating to a particular proxy proposal, Grey Rock will handle the proposal by requiring the proposal to be reviewed by the CCO, who will determine how to vote the proxy in a manner consistent with the best interests of the applicable Fund. The investors in the Funds do not have the right to direct Grey Rock to vote securities held by any Fund in a certain manner.

Grey Rock will provide a copy of its proxy voting policies and procedures to clients upon request. Clients may also request information on how portfolio securities held on their behalf were voted. Any such request may be made to the CCO at the telephone number or address shown on the cover page of this brochure.

Financial Information

Grey Rock has never filed for bankruptcy and is not aware of any financial condition that is expected to affect its ability to manage the Funds.

Grey Rock Energy Management, LLC has obtained financial assistance by participating in the Paycheck Protection Program (“PPP”) established by the U.S. Small Business Administration (“SBA”). The PPP loan is intended to assist Grey Rock Energy Management, LLC with maintaining its business in response to the COVID-19 pandemic by providing a low-interest loan for business essentials. These loans are eligible for forgiveness, but it is not guaranteed as it will be based on factors such as being used for payroll, overhead, and any outstanding interest payments that continue to be serviced by the firm. The only revenue a Fund, that the Company manages, generates is from the sale of oil and natural gas. For a Fund past the investment period, this revenue is the only source of cash flow available to make quarterly management fee payments to the Company. The collapse in oil prices led to unprecedented uncertainty around the Company’s ability to continue to maintain a stable management fee.