

**Part 2A of Form ADV: Turnbridge Capital, LLC - *Brochure***

**Item 1 - Cover Page**

March 2023

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This Brochure provides information about the qualifications and business practices of Turnbridge Capital, LLC as well as Turnbridge Capital Management, LLC. If you have any questions about the contents of this brochure, please contact us at (214) 624-5010. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Turnbridge Capital, LLC is a registered investment adviser and Turnbridge Capital Management, LLC is a relying adviser to Turnbridge Capital, LLC (collectively, the “Adviser” or “Turnbridge”). Registration of an investment adviser does not imply any level of skill or training. The oral and written communications of an investment adviser provide you with information about which you determine to hire or retain an investment adviser.

Additional information about Turnbridge Capital, LLC and Turnbridge Capital Management, LLC is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2 - Material Changes**

This section of the Brochure addresses “material changes” that have taken place since the last annual update and will be posted to the SEC’s public disclosure website (IAPD). The Adviser’s last annual update took place on March 24, 2022. The following material change has taken place since the last annual update:

- Item 4 - Regulatory Assets Under Management was updated.
- Item 8 – inclusion of a risk factor pertaining to Inflation and Banking Risks, specifically.

Pursuant to SEC Rules, we will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business’ fiscal year. We may further provide other ongoing disclosure information about material changes as necessary.

Currently, our Brochure may be requested by contacting Mr. J. Kent Sweezey, the Adviser’s Chief Compliance Officer at (214) 624-5010.

Additional information about the Adviser is also available via the SEC’s web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC’s web site also provides information about any persons affiliated with the Adviser who are registered, or are required to be registered, as investment adviser representatives of the Adviser.

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#### **Item 4 - Advisory Business**

- A. The Adviser is a private equity firm with office in Dallas, Texas which invests in providers of services and manufactured products who market to the upstream, midstream and downstream sectors of the energy industry, and also to those who design, construct and/or operate related hydrocarbon infrastructure. The Adviser provides investment advisory services on a discretionary basis to portfolio company investment limited partnerships including single portfolio companies, private funds (specifically, Turnbridge Capital Partners I, L.P.; Turnbridge Capital Partner I-A, L.P.; Turnbridge Network Investors I, L.P.; TCP Brigade CIV, L.P.; and TCP Probe CIV, L.P.) and a Separately Managed Account (“SMA”), (each, a “Partnership,” and together, the “Partnerships”).

The Adviser was formed in December 2007 and is led and managed by its 4 Partners, each of whom has 10 to 40 years of direct industry experience and most of whom have the benefit of a decade or more working together. Kent Sweezey and Todd Tomlin have worked closely together in either private equity or investment banking since 1995. Mitch Cox has worked with Kent Sweezey and Todd Tomlin for approximately 14 of their past 21 years together. John Clarke has known and or worked with Mitch Cox for 13 of the past 23 years and has been investing with or working directly with Turnbridge for the past six years. The team is known within the industry as deeply experienced, trustworthy, good investors, team-builders and particularly skilled at driving value within their portfolio. Inclusive of the Partners, the Adviser currently has 5 investment professionals and is expected to be managed and supported by up to approximately 6 professionals.

Each Partner delivers specific contributions to the success of the Firm and to its individual portfolio companies, and fulfills specific roles in managing and leading the Firm.

- B. Critical to its investment philosophy, Turnbridge seeks to invest alongside superior operating management teams, most often as their company’s first institutional investor and partner, to assist in the pursuit of shared strategic growth and value creation objectives. In addition, Turnbridge will partner with experienced management teams with established track records in specific industries to complete formation acquisitions and execute platform build-up strategies.

From its office in Dallas, Turnbridge considers investment opportunities in a range of industries, including energy and infrastructure, industrial manufacturing and services, and transportation and distribution. Our founding partners have each spent their entire careers in the southwest region of the U.S., and our expanding investment team has experience across a diverse set of industry sectors and economic cycles.

- C. As stated above, Turnbridge sponsors its Partnership clients for the purpose of raising investment capital to invest in portfolio companies that meet its investment objective. In addition, Turnbridge also follows the strategy stated above when providing advisory services to its private fund and SMA clients.
- D. The Adviser does not participate in wrap fee programs.
- E. As of December 31, 2022, the Adviser managed \$328,751,578 in discretionary portfolios.

## Item 5 - Fees and Compensation

- A. Below is a discussion of how affiliates of Turnbridge are compensated in connection with providing advisory services to the Partnerships. Turnbridge may enter into different fee arrangements on a client by client basis.

*Management Fee.* With respect to private fund clients, the Adviser receives annual compensation, payable quarterly. This fee is equal to a percentage of the total limited partnership commitments during the investment period. Additionally, the Adviser receives fees from portfolio companies or others in connection with financing, advisory and management services. 100% of all financing, commitment, transaction, monitoring, advisory, topping, directors' and break-up fees allocable to the Adviser's private fund clients are offset against the management fees ("Management Fee"). Offsets against Management Fees will be carried forward as necessary.

*Carried Interest.* Distributions from the Partnerships are subject to a carried interest after a Partnership's investors receive a return of capital and a stated preferred return. Next, distributions are shared between the investors and an affiliate of the Adviser according to a catch-up provision, after which the Adviser affiliate receives a carried interest of all additional distributions up to 20%. Distributions are generally made after receipt by the Partnership of investment proceeds relating to its portfolio investments.

Lower fees for comparable services may be available from other sources.

- B. Carried interest amounts are paid directly to an affiliate of each Partnership (generally its general partner) as specified in A. above.
- C. *Organizational Expenses.* Each Partnership will pay (or reimburse its general partner or Adviser for) all organizational costs and expenses up to an amount not to exceed \$1.5 million. Organizational expenses incurred in excess of that amount, and any placement fees will be borne by the Adviser through a 100% offset against the Management Fee. Organizational expenses will generally be allocated among each Partnership pro rata according to committed capital.

*Operational Expenses.* Each Partnership will be responsible for all costs and expenses associated with the respective Partnership's operation, including, without limitation: Management Fees, advisory board fees and expenses, expenses related to meetings of the limited partners, expenses related to meetings of the executives of the portfolio companies, fees and expenses of professionals rendering services to the Partnership, taxes, interest, indemnification liabilities, litigation expenses, insurance, all expenses relating to the sourcing, evaluation, acquisition, holding and disposition of investments (including broken deal expenses), regulatory expenses of the Partnership and its affiliates, and all other expenses associated with the Partnership's administration and operation that are not borne by its general partner or the Adviser in accordance with the preceding sentence or allocable to another Partnership (collectively, the "Partnership Expenses"). Partnership Expenses will generally be allocated among the Partnerships pro rata according to committed capital.

The Adviser does not maintain any trading accounts and does not use "soft" dollars.

Please refer to Item 12, Brokerage Practices, for more information.

- D. The Adviser charges Management Fees quarterly in advance. The Adviser will refund any pre-paid Management Fee by a Partnership if the advisory contract with such Partnership is terminated before the end of the billing period. Management Fee refunds are calculated on a pro-rata basis for partial periods.
- E. Other than as described above, neither Turnbridge nor any of its supervised persons receives any additional compensation from the sale of securities or other investment products. However, in connection with each Partnership investment, Turnbridge or one of its affiliates enters into a service agreement with portfolio companies for certain consulting, operational and business advisory services, and in connection therewith earns certain advisory, monitoring, break-up, commitment, directors' or similar fees. Such fees are borne by the Adviser through a 100% offset against the Management Fee.

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

As stated in Item 5 above, affiliates of Turnbridge may receive a carried interest from each Partnership. These payments are subject to Section 205(a)(1) of the Investment Advisers Act of 1940, as amended (the “Advisers Act”), in accordance with the available exemptions thereunder, including the exemption set forth in Rule 205-3.

Performance-based fees or compensation, in general, may create an incentive for an adviser or its supervised persons to make investments that are riskier and more speculative than would be the case in the absence of a performance-based fee. Such fee arrangements may also create an incentive to favor higher fee-paying clients over other clients in the allocation of investment opportunities. To address these conflicts of interest, the Adviser has implemented policies and procedures to ensure that all Clients receive equitable and fair treatment over time with respect to the allocation of investment opportunities.

**Item 7 - Types of Clients**

The Adviser provides investment advisory services to single portfolio company investment limited partnerships. Additionally, the Adviser provides investment advisory services to private funds and an SMA for sophisticated, qualified investors, including high net worth individuals, pension plans, funds of funds, family offices, endowments, and other institutions.

Limited partnerships interests in the private funds require a minimum capital commitment of \$10 million.



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

- A. Turnbridge is a private equity firm which invests in providers of services and manufactured products who market to the upstream, midstream and downstream sectors of the energy industry, and also to those who design, construct and/or operate related hydrocarbon infrastructure. Turnbridge investment origination begins with a point of view on fundamental growth within the many subsectors considered. Because of the inherent cyclicality of the sector, Turnbridge is conservative in its valuation methodology and use of leverage. Turnbridge targets actionable situations and management teams which are best qualified to participate successfully within a specific subsector. We consummate investments in up to three new platforms each year, and we focus on \$30mm to \$50mm in equity commitment per platform. Typically, our capital structures are simple and transparent – our equity is normally invested in common units or common stock alongside our management partners (whether rollover or newly-invested capital), and leverage at closing is limited to a debt financing package which assists in the recap or initial funding need, while also providing ample working capital and growth capital expenditure liquidity for the post-closing execution.

Most of the Turnbridge investments are completed in businesses with a minimum of three to five years of operating history and positive run-rate EBITDA. These investments are generally categorized as “growth infusions” or “shareholder recaps”. However, Turnbridge believes that the age of equipment and infrastructure, as well as changing drilling and completion techniques, will also periodically provide opportunities to invest in “formation capital” situations, such as our previous investments in Allied Wireline and Pro-Stim. We only invest in companies headquartered in North America, and most of these are based in, or near, the southwestern U.S.; however, we expect that from time to time, these businesses will have operations or sales outside of the U.S., thereby creating some exposure to international energy markets.

Turnbridge is generally always a lead investor, and seeks to be a significant economic owner with governance control. In most situations, we hope to have meaningful “rollover” shareholders, who are part of the continuing management team or owner group and who maintain a go-forward ownership stake alongside Turnbridge. We use boards of directors to set and review strategy, assess organizational readiness, plan and communicate budgets and other key goals, and to review and determine compensation and incentives. As a majority owner, Turnbridge expects to appoint a majority of members of the board and therefore to influence all major decisions, as well as exercising control over financing, executive hiring, and eventual liquidity alternatives. We are also very active in the development of business strategy for portfolio companies. Typically, middle market companies in our sectors are led by solid operational teams, but they often have not had the time, vision or capital (or all of the foregoing) to consider long-term strategic objectives. We endeavor to begin this process prior to closing an investment, and to devote meaningful time during the first year after investment to the development of the tactical plan to effect the strategy, and the identification of the human and financial resources which will be required. To effect strategic plans, we regularly add to portfolio management teams, and we will remove executives who are underperforming. Given our breadth of relationships in the sector, we feel very able to source and place experienced management talent within our platforms.

- B. The Adviser’s investment strategy focuses on private equity transactions which involve high degree of business and financial risk that can result in substantial losses and is suitable only for investors prepared to bear such risk. The risk factors below are not intended to be exhaustive.

**Nature of Investment in General.** An investment in a Partnership requires a long-term commitment, with no certainty of return. There most likely will be little or no near-term cash flow available to a Partnership's investors. Many if not all of the Partnership's investments will be highly illiquid, and there can be no assurance that the Partnership will be able to realize on such investments in a timely manner. The Partnerships' contemplated exit strategies for its investments can be adversely affected by numerous factors, many of which may be unforeseen or unexpected at the time the investments are made. Consequently, dispositions of a Partnership's investments may require a lengthy time period or may result in distributions in kind to its investors. The securities in which a Partnership will invest in some cases will be the most junior in what typically will be a complex capital structure, and thus subject to the greatest risk of loss. Certain of the Partnerships' investments may be in businesses with little or no operating history. Certain of the Partnerships' investments may be in businesses with high levels of debt. Leveraged investments are inherently more sensitive to declines in revenues and to increases in expenses. Since each Partnership may only make a limited number of investments, and since the Partnerships' investments generally will involve a high degree of risk, poor performance by a few of the investments could severely affect the total returns to the partners.

**Targeted Returns.** Investors have no assurance that a Partnership will achieve its internal rate of return objectives. On any given investment or a Partnership's investments in the aggregate, loss of principal is possible.

**Industry Concentration and Diversification.** Since a Partnership's investments will be concentrated within the energy industry, an investment in the Partnership may be subject to greater market fluctuations than an investment in a portfolio of securities representing a broader range of industries. This concentration risk may be compounded as a result of each Partnership's limited investment scope in individual portfolio companies. As a consequence, the aggregate return on a limited partner's investment in a Partnership may be substantially adversely affected by the unfavorable performance of even a single portfolio investment.

**Illiquidity of Interests.** Interests in a Partnership represent highly illiquid investments and should only be acquired by investors able to commit their funds for an indefinite period of time. Interests are not registered under federal or state securities laws and may not be resold unless they are subsequently registered or an exemption from such registration is available. Transfers of interests in a Partnership are also subject to the prior written consent of its general partner and the satisfaction of certain other conditions.

**Illiquidity of Investments.** The investments to be made by each Partnership are likely to be illiquid. Dispositions of such investments also may be subject to limitations on transfer or other restrictions that would interfere with the subsequent sale of such investments or adversely affect the terms that could be obtained upon any disposition thereof. In addition, each Partnership may invest in securities of privately held companies for which there is no public market. The Partnerships will generally not be able to sell these securities unless such securities are registered under applicable securities laws or unless an exemption from such registration requirements is available. In some cases, a Partnership may be prohibited by contract from selling securities for a period of time. There is also the risk that a Partnership will be unable to dispose of such securities at attractive prices or otherwise execute a successful exit strategy.

**Availability of Investments.** The Adviser will be competing for investments against other groups, possibly including direct investment firms, merchant banks, and industrial groups.

Other investors may make competing offers for investment opportunities that are identified, and even after an agreement in principle has been reached with the board of directors or owners of an acquisition target, consummating the transaction is subject to a number of uncertainties, many of which will not be foreseeable or within the control of the Adviser or its affiliates. No assurance can be given that any Partnership will be successful in obtaining suitable investments, or that if such investments are made, the objectives of the Partnership will be achieved.

**Liabilities Upon Disposition.** In connection with the disposition of an investment, a Partnership may be required to make representations about the business and financial affairs of an investment typical of those made in connection with the sale of any business or be responsible for the content of disclosure documents under applicable securities laws. It may also be required to indemnify the purchaser of such investment to the extent that any such representations or disclosure documents are determined to be inaccurate or misleading. These arrangements may result in contingent liabilities, which might ultimately have to be funded by the Partnership's investors to the extent that the partners have received prior distributions from the Partnership.

**Expedited Transactions.** Investment analyses and decisions by the Adviser may frequently be required to be undertaken on an expedited basis to take advantage of investment opportunities. In such cases, the information available to the Adviser at the time an investment decision is made may be limited, and the Adviser may not have access to detailed information regarding the investment. Therefore, no assurance can be given that the Adviser will have knowledge of all circumstances that may adversely affect an investment.

**Third-Party Involvement.** A Partnership may co-invest through partnerships, Joint Ownership Agreement's, joint ventures or other entities with third parties that may have economic or business interests or objectives that are different than or conflict with those of the Partnership.

**No Assurance of Cash Distributions, Profits or Appreciation.** No assurance can be given as to the timing or amount of any distributions to be made by a Partnership. Investors will not begin to receive significant cash distributions, if at all, until the Partnership makes investments and these investments result in distributions to the Partnership or are sold or otherwise liquidated by the Partnership. There is no assurance that a portfolio company, once the Partnership has invested in it, will operate profitably and that the Partnership's interest in the portfolio company will have economic value. Moreover, there is a limited market for the sale or disposition of the types of portfolio company investments in which the Partnership will invest. There can be no assurance that portfolio companies will generate cash flow available for distributions to the Partnership and its partners or that the Partnership will be able to liquidate its investments on favorable terms.

**Middle Market Companies.** Investments in middle market companies such as those that the Adviser intends to invest in, while often presenting greater opportunities for growth, may also entail larger risks than are customarily associated with investments in large companies. Small and medium-sized companies may have more limited service lines, markets and financial resources, and may be dependent on a smaller management group. As a result, such companies may be more vulnerable to general economic trends and to specific changes in markets and technology. In addition, future growth may be dependent on additional financing, which may not be available on acceptable terms when required. Further, there is ordinarily a more limited marketplace for the sale of interests in smaller, private companies, which may make realizations of gains more difficult, by requiring sales to other private investors. In addition,

the relative illiquidity of private equity investments generally, and the somewhat greater illiquidity of private investments in small- and medium-sized companies, could make it difficult for a Partnership to react quickly to negative economic or political developments.

**Bankruptcy of Portfolio Companies.** A Partnership may make investments in portfolio companies that may experience financial difficulties and become insolvent or file for bankruptcy protection. Various U.S. federal and state and non-U.S. laws in connection with such bankruptcy proceedings could operate to the detriment of a Partnership. There is also a risk that a court may subordinate a Partnership's investment to other creditors or require the Partnership to return amounts previously paid to it by a portfolio company that became insolvent or files for bankruptcy, a risk that could increase if the Partnership has management rights in such portfolio company.

**Investments in Preferred Stock.** To permit effective and flexible structuring of the Partnership's investments, the Partnership may invest in preferred stock of a portfolio company to the extent that the Adviser believes such investments offer potential for capital appreciation and are otherwise consistent with a Partnership's investment strategy of acquiring strong equity control positions in a portfolio company. There is no minimum credit standard that is a prerequisite to a Partnership's investment in any security, and most debt securities and preferred stock that offer potential for capital appreciation are likely to be non-investment grade.

**Risks Inherent in Joint Ventures and Partnerships.** A Partnership's investments may be owned by joint ventures or partnerships between the Partnership or a subsidiary or affiliate of the Partnership and other third parties. The investment by the Partnership in a joint venture may under certain circumstances involve risks not otherwise present. For example, there is a possibility that a Partnership's co-venturer in an investment might become bankrupt, have economic or business interests or goals that are inconsistent with the business interests of the Partnership, or be in a position to take action contrary to the instructions or requests of the Partnership or contrary to its policies or objectives. In addition, the Partnership may be liable for actions of its joint venture partners. While the Adviser will review the qualifications and previous experience of joint venture partners, it does not expect to obtain financial information from, or to undertake private investigations with respect to, prospective joint venture partners.

**Reliance on Management of Portfolio Companies.** While it is the intent of the Adviser to invest in companies with proven operating management in place, there can be no assurance that such management will be in place or, if in place, will continue to operate successfully. Although the Adviser will monitor the performance of each investment, the Partnerships will rely upon management to operate the portfolio companies on a day-to-day basis.

**General Economic Conditions.** General economic conditions may affect a Partnership's activities. Interest rates, general levels of economic activity, the price of securities and participation by other investors in the oil and gas markets may affect the value and number of investments made by a Partnership or considered for prospective investment. Specifically, during the recent past, the global markets have been shaken with significant uncertainty. The longer-term impact is uncertain but could have a material effect on general economic conditions, consumer confidence and market liquidity. A Partnership's investments can be expected to be sensitive to the performance of the overall economy. A negative impact on economic fundamentals and consumer confidence would likely increase market volatility and reduce liquidity, either of which could have a material adverse effect on the performance of a Partnership's investments. No assurances can be given as to the effect of these events on a

Partnership's investment objectives.

**Nature of Energy Industry Risk.** Investments in the energy sector may be subject to a variety of risks that could affect (directly or indirectly) portfolio companies in which a Partnership may invest, not all of which can be foreseen or quantified. These risks may include but are not limited to: (i) the risk that the technology employed in an energy project will not be effective or efficient; (ii) uncertainty about the availability or efficacy of energy sales agreements or fuel supply agreements that may be entered into in connection with a project; (iii) risks of equipment failures, fuel interruptions, loss of sale and supply contracts or fuel contracts, decreases or escalations in power contract or fuel contract prices, bankruptcy of key customers or suppliers, tort liability in excess of insurance coverage, inability to obtain desirable amounts of insurance at economic rates, and other catastrophic events; (iv) risks that regulations affecting the energy industry will change in a manner detrimental to the industry; (v) environmental liability risks related to energy properties and operations; (vi) uncertainty about the extent, quality, and availability of oil and natural gas; (vii) the risk that interest rates may increase, making it difficult or impossible to obtain project financing, or impairing the cash flow of leveraged projects; and (viii) the risk of changes in values of companies in the energy sector whose operations are affected by changes in prices and supplies of energy fuels (prices and supplies of energy fuels can fluctuate significantly over a short period of time due to changes in international politics, energy conservation, the success of exploration projects, the tax and other regulatory policies of various governments and the economic growth of countries that are large consumers of energy, as well as other factors). The occurrence of events related to the foregoing may have a material adverse effect on a Partnership and its investments.

**Pandemics and COVID-19.** Occurrences of epidemics or pandemics, depending on their scale, may cause different degrees of damage to global, national and local economies. COVID-19 (also known as novel coronavirus) presents unique, rapidly changing and hard to quantify risks. In general, it has resulted in a significant reduction in commercial activity on a global scale that has adversely impacted many businesses. Governments, on the national, local and state level, are instituting and revising a variety of measures including lockdowns, quarantines and states of emergencies, which collectively may continue to slow the global economy to the point where it enters a recession. Although there is reason to believe that the COVID-19 outbreak may be contained over a reasonable period of time, there can be no assurance this will be the case and, in the meantime, global equity, bond and credit markets may be adversely affected. Such disruption may adversely affect Partnership returns, operating results and financial condition.

**Cybersecurity Risks.** Cyber-attacks and other malicious Internet-based activity continue to increase in frequency and magnitude. Recent events have illustrated such ongoing cybersecurity risks to which operating companies are subject. Techniques used to sabotage, or to obtain unauthorized access to, systems or networks change frequently and generally are not recognized until launched against a target. Therefore, companies, as well as their third-party partners (including vendors), may be unable to anticipate these techniques, react in a timely manner, or implement adequate preventive measures. The Partnerships' and its portfolio investments' information and technology systems may be vulnerable to damage or interruption from computer viruses, network failures, computer and telecommunication failures, denial-of-service attacks, infiltration by unauthorized persons and security breaches, usage errors by their respective professionals, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquakes. Any of such circumstances could subject a portfolio investment, or the Funds, to substantial losses. In addition, in the event that such a cyber-attack or other unauthorized access is directed at the Adviser or one of its service providers holding its financial or Investor data, the Adviser, its affiliates or the Funds may also be at risk of loss, despite efforts to prevent

and mitigate such risks.

**Inflationary and Banking Risk.** A Fund's performance may be adversely affected by inflationary conditions in any market in which the Fund operates or in which its investments are located. Deterioration in economic conditions, or a significant rise in inflation, could cause a decrease in the relative value of any fixed-income investments (or similar investments with fixed rates of return), and may adversely affect the ability of borrowers to pay their debts or counterparties to satisfy their obligations. This may in turn adversely impact a Fund's business and financial results. If global credit market conditions and the stability of global banks deteriorate, the amount of lending and financing could be reduced, thus reducing the volume of investments available for purchase, which could adversely affect a Fund's business, financial results, and ability to succeed in various markets. Other factors associated with the economy that could influence a Fund's performance include the financial stability of the lenders on any bank loans and credit facilities and a Fund's access to capital and credit. Furthermore, inflationary pressures may result in the reduction of the value and relative performance of a Fund's portfolio companies and/or assets.

**Item 9 - Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of the adviser or the integrity of adviser's management.

There are no legal or disciplinary events that are material to an evaluation of the Adviser's advisory services or the integrity of management.

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

- A. The Adviser is not registered, and does not have an application pending to register, as a broker-dealer or registered representative of a broker-dealer. Currently, no employees of the Adviser are registered representatives of a broker-dealer.
- B. Neither the Adviser nor any of its management persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, commodity trading advisor, or an associated person of the foregoing entities.
- C. In connection with sponsoring any Partnership, the Adviser will also sponsor an affiliated general partner for such Partnership, which will receive the compensation described in Item 5. Other than these affiliated general partner entities, the Adviser has no relationships or arrangements with any related person listed in the instructions to Item 10.C. that are material to its advisory business or to its clients.
- D. The Adviser does not recommend or select other investment advisers for the Partnerships.



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

- A. The Adviser has adopted a written Code of Ethics (the “Code”) designed to address and avoid potential conflicts of interest as required under Rule 204A-1 under the Advisers Act. The Code sets forth a standard of business conduct and compliance with federal securities laws by all of the Adviser's employees. The Code contains policies and procedures that ensure that all personal securities trading by employees of the Adviser is conducted in such a manner as to avoid actual or potential conflicts of interest or any abuse of an individual's position of trust and responsibility. The Adviser prohibits personal trading on certain securities or instruments; requires pre-clearance of personal trades in certain circumstances, including purchases of an IPO or a new private placement; requires periodic reporting of employees' personal securities transactions and holdings; and requires prompt internal reporting of Code violations.

As part of its Code, the Adviser has established procedures to prevent the abuse of material, non-public information, which includes procedures for, among other things, the use and maintenance of restricted trading lists. Because the structure of the Adviser would make information barriers impractical, the firm has not imposed information barriers to restrict the internal flow of possible material, non-public information. Thus, all professionals are deemed to be in receipt of material, non-public information, in all instances where any professional of the Adviser has received material, non- public information, and, therefore, may not trade on the basis of that information.

The Adviser will provide a copy of the Code to any investor or prospective investor upon request.

- B. Neither the Adviser nor any of its related persons recommend to the Partnerships investments in which the Adviser or any related persons have a material financial interest.
- C. In connection with sponsoring Partnerships, the Adviser and certain affiliates have an economic interest in the Partnership, its general partner or both. Other than with respect to these Partnership interests, neither the Adviser nor any of its related persons invest in the same or related securities that either the Adviser or its related persons recommend to the Partnership.
- D. See Item 11.C. above.

## **Item 12 - Brokerage Practices**

- A. The Adviser's investment strategy involves making investments in private equity investments in the oil and gas sector. As a result, the Adviser does not select or recommend broker-dealers for the purchase and sales of securities. Furthermore, the Adviser does not maintain any trading accounts and does not use "soft" dollars received from broker-dealers from the purchase and sales of securities for its clients.
- B. Not Applicable.

### **Item 13 - Review of Accounts**

- A. The Adviser maintains comprehensive review procedures for the ongoing monitoring of the portfolio investments of the Partnerships. In connection therewith, the Adviser conducts periodic reviews of all portfolio company investments held by each Partnership. All firm investment and operational staff participate in the ongoing monitoring of Partnership portfolios, although responsibilities vary by individual.
- B. See Item 13.A. above.
- C. Each Partnership generally will provide to each of its limited partners (i) annual GAAP audited and quarterly unaudited financial statements, (ii) annual tax information necessary for each limited partner's tax return and (iii) at the time of delivery of the financial statements, reports providing a description of all investments held by the Partnerships and a narrative summary of the status of each such investment. In addition to the information provided to all investors, the Adviser provides and may in the future provide certain investors with additional information or more frequent reports that other investors will not receive.

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

- A. The Adviser does not receive any economic benefit, including sales awards or prizes, from any third party for providing advisory services to the Partnerships.
- B. While not a client solicitation arrangement, with respect to the Partnerships, the Adviser has entered into an agreement with a third-party placement agent in the past. This agreement provided for compensation to be paid to the placement agent for referring limited partners to the Partnerships. Under this agreement, the placement agent received a percentage of the capital commitments attributable to each prospective limited partner referred depending upon specific circumstances and restrictions. Any such agreement with a placement agent is disclosed to prospective limited partners in the Partnerships.

### **Item 15 - Custody**

An affiliate of the Adviser is the general partner of each Partnership and is therefore deemed to have custody of such Partnership's assets. The Adviser does not provide account statements to the Partnerships directly.

A qualified custodian provides monthly or quarterly statements directly to the Partnerships relating to Partnership assets for which the Adviser has deemed custody.

As noted in Item 13, "Review of Accounts" above, limited partners will receive annual financial statements audited by an independent public accounting firm registered with the Public Company Accounting Oversight Board (PCAOB). Partnership investors are urged to carefully review these statements.

## **Item 16 - Investment Discretion**

The Adviser exercises its discretion in managing the investments of each Partnership subject to the Partnership's investment objectives, policies, and strategies disclosed in its Offering Documents. In connection with this discretionary authority, the Adviser (sometimes in collaboration with the Partnership's general partner), selects portfolio company investments for each Partnership. The Adviser exercises its discretionary authority to select portfolio company investments for each Partnership and to control the assets of the Partnerships through its control of the general partner of each Partnership.

## **Item 17 - Voting Client Securities**

The Adviser's investment strategy involves private equity investments in the oil and gas sector. As a result, the Adviser does not generally hold Partnership investments in public equity securities and therefore does not generally receive proxies on behalf of its clients. However, the Adviser has adopted Proxy Voting Policies and Procedures (the "Proxy Policy") to address how it would vote proxies for any Partnership's portfolio investments in the event it received a proxy on behalf of a Partnership. The Proxy Policy seeks to ensure that the Adviser votes proxies in the best interest of the Partnerships, including where there may be material conflicts of interest. The Adviser believes its interests are aligned with those of the Partnerships' investors through The Adviser's and its Principals' substantial capital commitment to the Partnerships, and therefore will not seek investor approval or direction when voting proxies. However, the Proxy Policy sets forth specific proxy voting guidelines for when the Adviser does vote proxies on behalf of a Partnership.

The Adviser does not consider service of portfolio company boards by Adviser personnel or their receipt of management or other fees from portfolio companies to create a material conflict of interest in voting proxies with respect to such companies. In the event that a material conflict of interest is identified between the Adviser and a Partnership in voting proxies, the Adviser addresses the conflict using certain procedures as are set forth in the Proxy Policy.

A copy of the Adviser's Proxy Policy, as well as a record of all proxy decisions and supporting documentation, will be provided to any client, prospective client or any investor in a Partnership upon request to our Chief Compliance Officer at (214) 624-5010.

**Item 18 - Financial Information**

- A. The Adviser does not require or solicit prepayment of any fees greater than 6 months in advance.
- B. The Adviser does not believe it has any financial condition that is reasonably likely to impair its ability to meet its contractual commitments to its clients.
- C. The Adviser has not been the subject of a bankruptcy petition at any time during the past ten years.