



## **Vendera Management Holdings, LLC**

### **Form ADV: Part 2A – Client Brochure**

2626 Cole Avenue Suite 750  
Dallas, Texas 75204  
(469) 248-3079

March 31, 2023

Form ADV, Part 2A (the “Brochure”) provides information about the qualifications and business practices of Vendera Management Holdings, LLC and its affiliates (the “Firm” or “Adviser”). For more information on the disclosure requirements required for Part 2A see the “General Instructions for Part 2 of Form ADV” by visiting [www.sec.gov/about/forms/formadv-part2.pdf](http://www.sec.gov/about/forms/formadv-part2.pdf). If you have any questions about the contents of this Brochure, please contact Collin Lensing by telephone, at (214) 287-7723, or by e-mail, at [clensing@venderaresources.com](mailto:clensing@venderaresources.com)

Additional information about the Adviser is also available on the SEC’s website at: [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The Adviser is registered as an investment adviser with the Securities and Exchange Commission (the “SEC”) under the Investment Advisers Act of 1940 (the “Advisers Act”). Registration as an investment adviser with the SEC does not imply a certain level of skill or training. In addition, the information in this Brochure has not been approved or verified by the SEC or by any state securities authority.

## ITEM 2: MATERIAL CHANGES

Following are material changes to the Firm's Brochure since the last annual update dated March 30, 2022:

- Added information regarding two new investment entities. Updated Regulatory Assets Under Management as of December 31, 2022. **See Item 4.**

*The information set forth in this Brochure is qualified in its entirety by the applicable fund offering and/or governing documents. In the event of a conflict between the information set forth in this brochure and the information in the applicable offering and/or governing documents, such documents will control.*

*We encourage all clients and investors to carefully review this Brochure in its entirety.*

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#### ITEM 4: ADVISORY BUSINESS

Vendera Management Holdings, LLC (“Vendera” or the “Adviser”) is an investment advisory firm organized in October 2014, as a Texas Limited Liability Company. Vendera’s managing member is BFW Company. A. Wood Brookshire is the principal owner of the Adviser.

Vendera provides discretionary advisory services to affiliated private funds, including Vendera Resources II, LLC, Vendera Resources III, L.P., Vendera Resources III-B, L.P., Vendera Resources IV-A, LP, Vendera Resources IV-B, LP, Vendera Resources V-A, L.P., and Vendera Resources V-B, L.P. (“together the “Primary Funds”), as well as VR4-Prentice Coinvest A, L.P. and VR4-Prentice Coinvest B, L.P. (the “Co-Invest Entities”). Each of the Primary Funds and Co-Invest Entities is referred to as a “Fund” and together the “Funds”. Vendera serves as manager but does not provide advisory services to Vendera Resources II-A, LLC, an entity controlled by a third party that invested alongside on certain properties owned by Vendera Resources II, LLC. An affiliate of Vendera serves as the general partner or managing member of each Fund. Such affiliates include Vendera Management II, LLC, Vendera Management III, LLC, Vendera Resources IV-GP, LP, and Vendera Resources V-GP, L.P. (each a “General Partner” and together the “General Partners”). Pursuant to SEC guidance, the General Partners are not registered with the SEC but rely on the registration of the Adviser.

The Funds’ investment mandate is strictly limited to direct investments in oil and gas assets that are located in the Lower 48 United States. Vendera does not advise the Funds with respect to investment in other types of securities. Investment advice is provided directly to the Funds and not tailored individually to the limited partners of the Funds (the “Investors” or “Limited Partners”). The Adviser’s services to the Funds consist of (i) investigating, identifying and evaluating investment opportunities; (ii) structuring, negotiating and making investments on behalf of the Funds; (iii) managing and monitoring the performance of such investments; and (iv) exiting such investments on behalf of the Funds. The Adviser’s services to each Fund are subject to the specific investment objectives and restrictions applicable to such Fund, as set forth in such Fund’s limited partnership agreement, Private Placement Memorandum, and other governing documents (collectively, the “Governing Documents”). The Investors may not restrict investments by the Funds in any capacity beyond the Governing Fund Documents, and they are not permitted to withdraw from a Fund prior to the Fund’s dissolution, except in limited circumstances.

The Funds are offered exclusively to individuals and other persons who qualify as “accredited investors” under Regulation D promulgated under the Securities Act of 1933, as amended (the “Securities Act”), and/or “qualified purchasers” as defined under Section 2(a)(51) of the Investment Company Act of 1940, as amended (the “Investment Company Act”) and are therefore not required to register as investment companies with the SEC in accordance with the exemptions set forth in Sections 3(c)(1) or 3(c)(7) of the Investment Company Act.

Investors and prospective Investors in each Fund should refer to the Governing Documents of that Fund for information on the investment objectives and investment restrictions with respect to that Fund. There can be no assurance that any of the Funds’ investment objectives will be achieved. As such, the Adviser’s services are generally not tailored to the individualized needs of any particular Investor of the Fund. Since the Adviser does not provide individualized advice to Investors (and an investment in the Fund does not, in and of itself, create an advisory relationship between the Investor and the Adviser), Investors must consider whether a particular Fund meets their investment objectives and risk tolerance prior to investing.

As of December 31, 2022, Vendera had Primary Fund assets under management of approximately \$479,056,325 all of which are managed on a discretionary basis. . Vendera does not sponsor or manage any wrap fee programs.

**All discussion of the Funds in this Brochure, including but not limited to their investments, the strategies used in managing the Funds, and conflicts of interest faced by the Adviser in connection with the management of the Funds are qualified in their entirety by reference to each Funds' respective Governing Documents.**

## **ITEM 5: FEES, COMPENSATION AND TERMINATION OF SERVICES**

### **Management Fees**

In consideration for its services, the Adviser typically receives a management fee from each of the Funds, generally two percent (2%) of total Capital Commitments or Capital Called, depending on the respective limited partnership agreement. The fee percentage and/or the base upon which the fee is calculated may vary with the size of the Fund and may also vary over the life of the Fund, as negotiated and determined at the time the Fund is established and as set forth in its Governing Documents. The percentage of the management fee is generally calculated based on each Investor's aggregate capital commitment in such Fund during the "Initial Fee Period" and then based on the capital contributions attributable to amounts invested in portfolio investments during the "Secondary Fee Period" as those terms are defined in the respective Fund's Governing Documents.

Vendera or an affiliated entity may also receive a carried interest or other performance-based allocation from the Funds, generally at the time of an investment's disposition and the corresponding distribution of cash to Investors. Vendera or an affiliate may, in its sole discretion, waive or reduce the management fee, carried interest or performance distributions paid by any Investor, including Investors that are principals, employees, or affiliates of Vendera, or relatives of such persons.

Management fees are generally paid quarterly in advance through operating proceeds from portfolio investments or capital called from Investors. Carried interest is calculated quarterly and will be allocated and paid to the General Partner of each Fund at the time distributions are made to the Investors in the Fund. Further information about each Fund's payment of fees to the Adviser is contained in each Fund's Governing Documents.

The Co-Invest Entities are not subject to management fees or carried interest but are responsible for their own expenses pursuant to applicable Governing Documents and consistent with disclosures below.

### **Expenses**

Expenses are incurred and/or paid by Vendera or an affiliate in connection with managing the Funds. In addition, expenses are incurred by the operators or oil and gas investments, including an affiliate that acts as the operator of certain Fund properties. Vendera will attempt to allocate all expenses fairly and equitably to the party(ies) that benefit from such expenses, consistent with Fund Governing Documents. Oil and gas expenses incurred by the Vendera's affiliated operator HighMark Energy Operating, LLC ("HEO") are allocated consistent with the Council of Petroleum Accountants societies, Inc. ("COPAS") accounting procedures between all working interest owners of such properties.

### **Manager Expenses**

Vendera is responsible for the ordinary administrative and overhead expenses of the General Partner, the Manager or any of their Affiliates in connection with the management of the Fund, including salaries, other compensation and costs of providing benefits, rent and the cost of office equipment, and any fees charged by or incurred with respect to any placement agent designated by the General Partner or the Fund or other similar fees in connection with the marketing and sale of interests in the Fund, but not including Organizational Expenses or Operating Costs, as described below.

## Fund Expenses

The Funds are generally subject to the following expenses:

*Organizational Expenses:* All costs and expenses incurred in connection with the formation and organization of, and sale of interests in, the Funds and any related Funds, as determined by the General Partner.

*Operating Costs:* All costs, expenses and liabilities that in the good faith judgment of the General Partner are incurred by or arise out of the operation and activities of the Fund, including the expenses and liabilities otherwise incurred by the General Partner, the Manager or any of their respective Affiliates in connection with managing the Fund, the Portfolio Investments or proposed Portfolio Investments, including: (a) the Management Fee; (b) the fees and expenses relating to consummated Portfolio Investments, proposed but unconsummated Portfolio Investments, and Temporary Investments, including the evaluation, acquisition, holding and disposition thereof, to the extent that such fees and expenses are not otherwise reimbursed by any third Person; (c) premiums for insurance protecting the Portfolio Investments, the Partnership and any Covered Persons from liabilities to third Persons in connection with Partnership affairs; (d) legal, custodial and accounting expenses, including expenses associated with the preparation of the Fund's financial statements, tax returns and Schedule K-1s and the representation of the Fund or the Partners by the tax matters partner; (e) auditing, banking, engineering, and consulting expenses; (f) appraisal expenses; (g) expenses related to organizing Persons through or in which Portfolio Investments may be made; (h) expenses of the Limited Partner Advisory Committee ("Advisory Committee"); (i) costs and expenses that are classified as extraordinary expenses under generally accepted accounting principles; (j) taxes and other governmental charges, fees and duties payable by the Fund; (k) Damages as defined in Fund Governing Documents; (l) costs of reporting to the Partners and of the Annual Meeting; and (m) costs of winding up and liquidating the Fund, but not including Organizational Expenses or Manager Expenses.

Fund operating costs include their pro rata share of expenses associated with the operations of natural gas and oil properties acquired as prescribed under industry standard joint operating agreements, whether such operations are conducted by HEO or an unaffiliated third-party operator. Expenses incurred in conjunction with operating investment properties are borne by such investment property or shared by the working interest owners of such property consistent with COPAS accounting procedures. Such investment property expenses include all direct costs associated with the acquisition and development of the oil and gas properties including but not limited to drilling and completion costs, equipment costs, operating expenses, technical services expenses, operator overhead expenses and legal, regulatory and tax expenses.

Each Fund will bear directly or indirectly up to its pro rata portion of the allocated expenses of Vendera and its affiliates with respect to the provision of engineering, surveying, geological, geophysical, accounting and legal services or field level expenses by their respective personnel or by retaining the services of third parties to the extent related to Portfolio Investments or proposed but unconsummated Portfolio Investments, excluding, however, the salaries (or other compensation received as an employee or consultant) of the Principals.

## Other Compensation

HEO receives COPAS fees from working interest owners of the properties for which it acts as operator. Such fees are used to employ personnel to manage such assets as well as pay general and administrative costs and expenses related to such services. Vendera does not receive any

other fees. The Adviser and its supervised persons do not accept any commission or other form of compensation for recommending any other securities or non-securities products.



## **ITEM 6: PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

A portion of each Fund's operating cash flow or sale proceeds is allocated to the capital account of its respective General Partner as a "carried interest." The manner of calculation of such carried interest is disclosed in the Governing Fund Documents. The carried interest is only earned after threshold performance levels are met. Fund Governing Documents set out the specific performance hurdles and methods of calculating the carried interest. Generally, the carried interest is 20% of a Fund's operating cash flow or its sale proceeds. In all instances, carried interest is both limited to 20% of a Fund's cumulative profits and is subject to a clawback. The carried interest is calculated quarterly and may be paid quarterly if the Fund's performance hurdles are met.

The fact that a significant portion of the General Partner's compensation (and its affiliates and investment professional's compensation) is directly computed on the basis of the operating cash flow generated by income produced by and the sale or disposition of Fund assets may create an incentive for the General Partner to make investments on behalf of the Funds that are riskier or more speculative than would be the case in the absence of such compensation. However, this incentive is mitigated by the fact that losses or neutral cash flow will reduce a Fund's performance, and ultimately, the General Partner's compensation.

## **ITEM 7: TYPES OF CLIENTS**

Vendera provides discretionary management and advisory services directly to the Funds, which are pooled investment vehicles exempt from registration under the Investment Company Act. These Funds are subject to the direction and control of the General Partner of each Fund, and not individually to the Limited Partners. Investors in the Funds may include, but are not limited to, endowments, foundations, pooled investment vehicles (e.g., funds-of-funds), trusts, estates or charitable organizations, high net worth individuals, and corporate or business entities.

The minimum commitment for a Limited Partner is outlined in the Governing Fund Documents; however, the respective General Partner maintains discretion to accept less than the minimum investment threshold.

In addition, the Funds may enter into separate agreements, commonly referred to as “side letters” with certain Investors. Side letters may include provisions specific to an Investor based on its structure or requirements or may include other non-economic provisions. Pursuant to the terms of the Governing Fund Documents, except as otherwise provided in the Governing Fund Documents and to the extent reasonably applicable to such other Investors, each Investor is allowed to select any such provision from which it may benefit.

All Investors are required to meet certain suitability qualifications, such as being an “accredited investor” within the meaning set forth in Rule 501(a) of Regulation D under the Securities Act. Also, Investors are required to make certain representations when investing in a Fund, including, but not limited to that (i) it is acquiring an interest for its own account, (ii) it received or had access to all information it deemed relevant to evaluate the merits and risks of the prospective investment, and (iii) it has 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 Governing Documents and subscription materials, which are furnished to each Investor.

## **ITEM 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

### **Methods of Analysis and Investment Strategies**

Vendera makes direct investments in oil and gas assets that are located in the Lower 48 United States. Vendera seeks to acquire quality, mid-market, upstream, mature producing assets. Further, Vendera focuses on acquiring high-proved developed producing (PDP), mature producing conventional properties, with some exploitation potential.

Vendera has built, documented, and employed a rigorous asset sourcing, diligence, and pricing process from proven techniques that they have employed for over fifteen years. Based on their past experience, the managers of Vendera and the Funds believe the mid-market oil and gas space provides compelling investment opportunities.

### **Material Risks**

Vendera will establish a conservative hurdle rate for additional capital investment for production development. Vendera does not have a preference for oil or gas. When making an investment in an asset, Vendera evaluates the quality of such asset, the ability to improve the performance of such asset and such asset's consistency with the Funds' strategy. Vendera expects that Fund target returns will not be wholly dependent on commodity pricing improvements.

Vendera has established a comprehensive, rigorous and proprietary asset due diligence process and conducts the majority of due diligence work using in-house resources. The process includes steps to evaluate the quality of the asset production, bottom-up economic modeling, and production history validation as well as accounting, environmental, staff and facilities evaluation. In certain scenarios or property types Vendera may use the help of third-party engineering or geological expertise (e.g., complex waterflood environment). Vendera has a significant amount of engineering and asset diligence experience and anticipates only minor employment of outside engineering / geology / diligence consultants.

Most outside consultants will consist of land professionals for land due diligence, legal counsel for purchase and sale agreements, and environmental consultants for Phase I environmental diligence (to quantify any existing environmental issues) during the due diligence phase of acquisitions.

Vendera's evaluation of potential acquisitions follows a rigorous, data-driven and proprietary process, developed by the managers of Vendera over the past 15 years, and customized for mid-market assets.

### **Certain Risk Factors**

**The strategies that the Adviser employs entail a significant degree of risk and could result in substantial losses under certain circumstances. Accordingly, an investment in a Fund managed by the Adviser should be undertaken only by Investors capable of evaluating and bearing the risks of the investment.**

### General Investment Risks

All investing involves a risk of loss and the investment strategy offered by Vendera and the Funds could lose money over short or even long periods. An investment in the Funds may be deemed a speculative investment and is not intended as a complete investment program. It is designed for sophisticated Investors who fully understand and are capable of bearing the risk of an investment in the Funds. No guarantee or representation is made that a Fund will achieve its investment

objective or that Limited Partners will receive a return of their capital. An Investor in a Fund should be able to hold the investment for an indefinite time and be financially able to bear the total loss of the investment. In making a determination to invest in the Fund, a prospective Investor should be aware of certain considerations and risks, including the risk factors described below.

#### Oil & Gas Investments & Commodity Prices

The Funds invest exclusively in oil and gas assets. As such, the financial condition, cash flows from operations, and the carrying value of oil and gas properties of the Funds, depend largely upon the commodity prices for oil and natural gas. Prices for oil and natural gas are subject to large fluctuations in response to relatively minor changes in the supply of and demand for oil and gas, market uncertainty and a variety of additional factors beyond the Adviser's control. These factors include, but are not limited to, weather conditions in the United States, the condition of the United States economy, political stability in the Middle East and elsewhere, the foreign supply of oil and gas, the price of foreign oil imports, the availability of alternate fuel sources, and transportation interruption. Any substantial and extended decline in the price of oil or gas would have an adverse effect on the value of the Funds' reserves and its revenues, profitability, and cash flows from operations. Volatile oil and gas prices make it difficult to estimate the value of producing properties for acquisition and divestiture and often cause disruption in the market for oil and gas producing properties, as buyers and sellers have difficulty agreeing on such value. Price volatility also makes it difficult to budget for and project the return on acquisitions and development and exploitation projects.

#### Evaluation Limitations

The acquisition of a specific oil or gas asset 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. Although the Adviser will use assumptions underlying their respective projections which they believe are reasonable, all of the assumptions on which such person bases these projections will be subject to significant uncertainties, and neither such person nor any other person can predict with any certainty whether they will prove to be true.

#### Geological Risk

Oil and gas exploration and production involve an element of geological risk. The term "geological risk" refers to the risk that minerals and hydrocarbons may not be present or, if present, may not be recoverable economically. The successful location of economically recoverable minerals or hydrocarbons in any drilling or mining operation cannot be guaranteed. The value of the Funds' oil and gas assets and the income generated therefrom will be dependent upon the expected value and cost of economically recoverable minerals and hydrocarbons related to such assets.

#### Demand for Oil and Gas

The Funds' success is materially dependent upon the demand for oil and gas. The availability of a ready market for the Funds' oil and gas production depends on a number of factors beyond the Funds' control, including the demand for, and supply of oil and gas, the availability of alternative energy sources, the proximity of reserves to, and the capacity of, oil and gas gathering systems, pipelines or trucking and terminal facilities. The Funds may also have to shut-in some of its wells temporarily due to a lack of market or adverse weather conditions including hurricanes. In addition, federal and state regulation of oil and natural gas production and transportation, general economic conditions, and changes in supply and demand could adversely affect the Funds' ability

to produce and market its oil and natural gas on a profitable basis. Any significant change in the Funds' ability to produce and market its oil and natural gas production could have a material adverse effect on the Funds' financial condition and results of operations.

#### Development and Production Risks

Producing oil and gas can be a costly, high-risk activity with many uncertainties that could adversely affect the Funds' financial condition or results of operations and, as a result, the Funds' ability to pay distributions to its Investors. The cost of operating a well is often uncertain, and cost factors can adversely affect the economics of a well. If commodity prices decline, the cost of developing, completing, and operating a well may not decline in proportion to the prices that are received for the production, resulting in higher operating and capital costs as a percentage of revenues. If oilfield service costs remain elevated in relation to prevailing commodity prices, the results of operations and cash flows could be adversely affected. Development and production efforts may be uneconomical if there are dry holes, or if productive wells do not produce sufficient oil and gas, and in turn revenues, to return a profit.

#### Operating Risks

The operation of oil and gas properties is subject to numerous risks inherent in the oil and gas industry, such as blowouts, cratering, explosions, uncontrollable flows of oil, gas, or well fluids, fires, pollution, earthquakes, and environmental risks. These risks could result in substantial losses due to injury and loss of life, severe damage to and destruction of property and equipment, pollution, and other environmental damage, and suspension of operations. The Funds' operations could result in liability for personal injuries, property damage, oil spills, discharge of hazardous materials, remediation and clean-up costs, and other environmental damages. The Funds could be liable for environmental damages caused by previous property owners, without regard to fault, and for which the Funds may not have any recourse against the previous property owners. As a result, substantial liabilities to third parties or governmental entities may be incurred, the payment of which could have a material adverse effect on the Funds' financial condition and results of operations. The Funds itself or through HEO will seek to maintain insurance coverage for its operations, including limited coverage for sudden environmental damages, but insurance coverage for environmental damages that occur over time or insurance coverage for the full potential liability that could be caused by sudden environmental damages may not be available at a reasonable cost, and the Funds may be subject to liability or may lose substantial portions of their properties in the event of certain environmental damages.

#### Limited Dependence on Third-Party Operators

When not utilizing HEO as the operator, the Funds may depend on various unaffiliated operators for the exploration, development, and production of the properties underlying its investments. A reduction in the expected number of wells to be drilled on the Funds' acreage by these operators or the failure of these operators to adequately and efficiently develop and operate such acreage could have an adverse effect on the results of the Funds.

When not utilizing HEO as the operator, the Funds, in limited instances, have held and may acquire non-operated working interests or mineral interests in properties operated by other companies. The failure of third-party operators to adequately or efficiently perform operations or an operator's failure to act in ways that are in the Funds' best interests could reduce production and revenues, thereby reducing the value of and income received from the Funds' investments. Third-party operators are often not obligated to undertake any development activities other than those required to maintain leases on subject acreage. In the absence of a specific contractual obligation, any development and production activities will be subject to those operators' reasonable discretion.

The oil and gas industry is highly capital intensive. Third-party operators may be highly dependent upon available cash and financing in order to pay maintenance costs and to make the substantial capital expenditures required to operate the Funds' properties. If those financing sources are not available to those operators on favorable terms or at all, then the development of such properties owned by the Funds may be adversely affected. This would likely lead to a decline in revenues from the Funds' oil and gas and mineral assets related to such third-party operators.

#### Environmental Liabilities

The oil and gas business is subject to environmental hazards, such as oil spills, gas leaks and ruptures and discharges of petroleum products and hazardous substances, and historic disposal activities. These environmental hazards could expose the Funds to material liabilities for property damages, personal injuries or other environmental harm, including costs of investigating and remediating contaminated properties. In addition, the Funds also may be strictly liable under state or federal laws for environmental damages caused by the previous owners or operators of properties it purchases, without regard to fault. A variety of stringent federal, state, and local laws and regulations govern the environmental aspects of the oil and gas business. Any noncompliance with these laws and regulations could subject the Funds to material administrative, civil or criminal penalties, or other liabilities. Additionally, compliance with these laws may, from time to time, result in increased costs of operations or decreased production, and may affect acquisition costs.

#### Technological Developments

The oil and gas industry is characterized by rapid and significant technological advancements and introductions of new products and services using new technologies. As others use or develop new technologies, the Funds may be placed at a competitive disadvantage or competitive pressures may force the Funds to implement those new technologies at substantial costs. In addition, other oil and gas companies have greater financial, technical, and personnel resources that allow them to enjoy technological advantages and may in the future allow them to implement new technologies before the Funds can. The Funds may not be able to respond to these competitive pressures and implement new technologies on a timely basis or at an acceptable cost. If one or more of the technologies the Funds use now or in the future were to become obsolete or if the Funds are unable to use the most advanced commercially available technology, the Funds' business, financial condition, and results of operations could be materially adversely affected.

#### Unavailability of Equipment or Personnel

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

#### Regulation of Production

Federal, state, and local authorities extensively regulate the oil and gas industry. Legislation and regulations affecting the industry are under constant review for amendment or expansion, raising the possibility of changes that may affect, among other things, the pricing, taxation, or marketing of oil and gas production. Noncompliance with statutes and regulations may lead to substantial penalties, and the overall regulatory burden on the industry increases the cost of doing business and, in turn, decreases profitability. Federal, state, and local authorities regulate various aspects of oil and gas drilling and production activities, including the drilling of wells (through permit and bonding requirements), the spacing of wells, the unitization or pooling of oil and gas properties,

environmental matters, safety standards, the sharing of markets, production limitations, plugging and abandonment, and restoration. The current trend of more extensive and restrictive environmental legislation and regulation may continue into the future.

#### 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 cash flow available to the Funds. The net proceeds allocable to the Funds from their oil and gas assets are derived from the sale of depleting assets. The reduction in proved reserve quantities is a common measure of depletion. Development projects, which are determined solely by the operator of the oil or gas assets, will affect the quantity of proved reserves and can offset the reduction in proved reserves. If the operators developing the oil or gas assets do not implement additional maintenance and development projects, the future rate of production decline of proved reserves may be higher than the rate currently expected by the Funds.

#### Title to Acquired Assets

No assurance can be given that the Funds will not suffer a monetary loss from title defects or title failure with respect to its investments in oil and gas assets. Additionally, undeveloped acreage has greater risk of title defects than developed acreage. If there are any title defects or defects in assignment of leasehold rights in properties in which the Funds hold an interest, it would likely suffer a financial loss. The Funds perform land and title due diligence on each acquisition to make to mitigate any potential risk of loss related to title to acquired assets. Further, the Funds acquire predominantly developed acreage such that undeveloped title acreage risk is very low, if any.

#### Industry Concentration and Diversification

Because the Funds' investments are concentrated within a particular industry or related group of industries (the energy sector), an investment in the Funds may be subject to greater market fluctuations than an investment in a portfolio of securities representing a broader range of industries. The aggregate return on a Limited Partner's investment in a Fund may be substantially adversely affected by the unfavorable performance of even a single investment.

#### Lack of Liquidity

The interests in the Funds have not been registered under the Securities Act or any other applicable securities laws. There is no public market for the Fund interests, and none is expected to develop. In addition, the interests are not transferable except with the consent of the General Partner, which generally may be withheld by the General Partner in its sole discretion and are subject to the terms and conditions of the Governing Fund Documents. Limited Partners generally may not withdraw capital from the Fund. Consequently, Limited Partners may not be able to liquidate their investments prior to the end of a Fund's term.

#### General Economic Conditions & Market Factors

General economic conditions may affect the Adviser's investment activities. Interest rates, inflation risks, supply chain disruptions, sanctions, general levels of economic activity, the price of securities, and participation by other Investors in the financial markets may affect the value and number of investments made by the Funds or considered for prospective investment. The Funds may also be affected by the availability of equipment, supplies, personnel and facilities necessary to realize the value of its oil and gas assets. Instability in the securities markets and economic conditions generally may also increase the risks inherent in the Fund's investments. Moreover, it remains unknown whether governmental measures undertaken in response to such turmoil (whether regulatory or financial in nature) will have a positive or negative effect on market conditions. There can be no assurance that the market will, in the future, become more liquid than

it is at present and it may well continue to be volatile for the foreseeable future. The ability to realize investments depends not only on portfolio investments and their historical results and prospects, but also on political, market and economic conditions at the time of such realizations. Continued or renewed volatility in the financial sector may have a material adverse effect on the ability of the Fund to buy, sell and partially dispose of its portfolio investments. The Fund may be adversely affected to the extent that it seeks to dispose of any of its portfolio investments into an illiquid or volatile market, and the Fund may find itself unable to dispose of investments at prices that the Adviser believes reflect the fair value of such investments. The duration and ultimate effect of current market conditions and whether such conditions may worsen cannot be predicted. The capital markets have experienced great volatility and financial turmoil, including, without limitation, following the COVID-19 outbreak and the recent outbreak of war between Russia and Ukraine. Moreover, governmental measures undertaken in response to such turmoil (whether regulatory or financial in nature – including sanctions) may have a negative effect on market conditions. General fluctuations in the market prices of investments and economic conditions generally may affect the Funds' ability to make investments. Instability or volatility in the markets and economic conditions generally (including during periods of high inflation and/or a slow-down in economic growth) may also increase the risks inherent in the Funds' investments and could have a negative impact on the performance and/or valuation of the investments.

#### Political Events and Changes in Law

The Fund's investment activities and the value of its portfolio investments may be adversely affected by political events that are beyond its control. For instance, the outbreak of hostilities, election results, stalemates between branches of government over budgetary and other matters, or the death of a major political figure may have a significant adverse effect on the Fund's investment results. In addition, changes in U.S. federal or state laws, bank regulatory policies and accounting standards, as well as legislative acts, rulemaking, adjudicatory or other activities of Congress, the Securities and Exchange Commission, the Federal Reserve Board, the New York Stock Exchange, FINRA and other governmental or quasi-governmental bodies, agencies and regulatory organizations may adversely impact the Fund's business and its investments.

#### Certain Interests May Be Leveraged

An investment in the Funds may be leveraged. The General Partner may employ leverage at the project entity level with respect to some or all Fund investments. Such leverage will be nonrecourse with respect to the respective Fund and will be in reasonable amounts relative to the applicable investment's asset base and cash flow. While this leverage component is intended to enhance the equity returns to the Investors, a Fund's ability to meet its debt obligations depends on future performance. If the assets of the Fund are insufficient to service the leverage requirements, the General Partner may recall distributions previously made to the Limited Partners (subject to certain limitations set forth in Fund Governing Documents) or a default could occur under the terms of the debt. In the event of such a default, an Investor could risk losing its entire investment in the Fund.

#### Hedging

The Funds may seek to reduce exposure to the volatility of oil and gas prices by actively hedging a portion of production. Certain types of hedging contracts could prevent the Funds from receiving the full advantage of increases in oil or gas prices above the fixed amount specified in the hedge agreement. In a typical hedge transaction, a Fund has the right to receive from the hedge counterparty the excess of the fixed price specified in the hedge agreement over a floating price based on a market index, multiplied by the quantity hedged. If the floating price exceeds the fixed price, the Fund must pay the counterparty this difference multiplied by the quantity hedged even if the Fund had insufficient production to cover the quantities specified in the hedge agreement.



Accordingly, if a Fund has less production than it has hedged when the floating price exceeds the fixed price, the Fund must make payments against which there are no offsetting sales of production. If these payments become too large, the remainder of the Fund's business may be adversely affected. In addition, hedging agreements expose the Fund to the risk of financial loss if the counterparty to a hedging contract defaults on its contract obligations.

#### Absence of Regulatory Oversight

While each Fund may be considered similar in some ways to an investment company, it is not required and does not intend to register as such under the Investment Company Act and, accordingly, Limited Partners are not accorded the protections of the Investment Company Act.

#### Information Technology, Electronic Communications & Cybersecurity

The Firm, the Funds, the Firm's respective service providers and other market participants increasingly depend on information technology and electronic communications systems to conduct business functions, including through expanded remote work activities. These systems are subject to a number of different threats or risks that could adversely affect the Fund and its Investors, despite the efforts of the Firm and the Fund's service providers to adopt technologies, processes and practices intended to mitigate these risks and protect the security of their computer systems, software, networks and other technology assets, as well as the confidentiality, integrity and availability of information belonging to the Fund and its Investors. Moreover, notwithstanding the diligence that Vendera may perform on such service providers, the Firm may not be in a position to verify the risks or reliability of such information technology systems. Vendera, the Funds and our respective service providers are subject to risks associated with a breach in cybersecurity. "Cybersecurity" is a generic term used to describe the technology, processes and practices designed to protect networks, systems, computers, programs and data from both intentional cyber-attacks and hacking by other computer users as well as unintentional damage or interruption that, in either case, can result in damage and disruption to hardware and software systems, loss or corruption of data, and/or misappropriation of confidential information. The Funds', service providers' and Vendera's information and technology systems are vulnerable to damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches, usage errors by their respective professionals, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquakes. Although the Firm has implemented various measures to manage risks relating to these types of events, if these systems are compromised, become inoperable for extended periods of time or cease to function properly, the Funds and/or the Firm may have to make a significant investment to fix or replace them. The failure of these systems and/or of continuity and disaster recovery plans for any reason could cause significant interruptions in the Firm's and the Funds' operations and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information relating to Investors (and the beneficial owners of Investors). Such a failure could harm the Funds' and the Firm's reputations, subject any such entity to legal claims and otherwise affect its business and financial performance. Such damage or interruptions to information technology systems may cause losses to the Funds or individual Investors by interfering with Vendera's operations. The Funds may also incur substantial costs as the result of a cybersecurity breach, including those associated with forensic analysis of the origin and scope of the breach, increased and upgraded cybersecurity, identity theft, unauthorized use of proprietary information, litigation, adverse Investor reaction, the dissemination of confidential and proprietary information and reputational damage. Any such breach could expose the Funds or the Firm to civil, legal or regulatory liability as well as regulatory inquiry and/or action, and the Funds may be required to indemnify Vendera against any losses incurred in connection therewith. Cybersecurity issues and risks are currently a major focus area of the SEC and other regulatory authorities.

## Taxation

Investments in properties in the energy sector may be subject to numerous taxes and fees by the jurisdictions in which such companies are organized or operate. Partnerships engaged in oil and natural gas operations or having substantial real property holdings, in particular, may be subject to specific tax regimes, such as petroleum revenue taxes, fees for drilling rights and exploration licenses, oil production fees, real estate taxes, and stamp duties.

## Epidemics, Pandemics, and Public Health Issues

Our business activities as well as our clients and their operations and investments could be adversely affected by the outbreaks of epidemics globally and in the United States, such as CoronaVirus, Ebola, H1N1 flu, H7N9 flu, H5N1 flu, Severe Acute Respiratory Syndrome, or SARS, or other epidemics. Specifically, CoronaVirus, or COVID-19, has spread rapidly around the world since December 2019 and has negatively affected the global economy, oil, gas and commodity markets, and the stock market. Although the ongoing and long-term effects of coronavirus cannot be predicted with certainty, the pandemic to date, as well as previous occurrences of other pandemic and epidemic diseases, such as H5N1 and H1N1, have had an adverse effect on the economies of the United States and other countries in which they were most prevalent. A recurrence of an outbreak of any kind of epidemic, communicable disease or virus or major public health issue could cause a slowdown in the levels of economic activity generally, which would adversely affect the business, financial condition and operations of us and our clients. Should these or other major public health issues, including pandemics, arise or spread farther, we and our clients could be adversely affected by more stringent travel restrictions, additional limitations on the firm's operations or business and governmental actions limiting the movement of people between regions and other activities or operations.

## Financial Institution Risk; Distress Events.

An investment in the Fund is subject to the risk that banks, brokers, hedging counterparties, lenders or other custodians (each, a "Financial Institution") of some or all of the Fund's assets fail to timely perform their obligations or experience insolvency, closure, receivership or other financial distress or difficulty (each, a "Distress Event"). Distress Events can be caused by factors including eroding market sentiment, significant withdrawals, fraud, malfeasance, poor performance or accounting irregularities. In the event a Financial Institution experiences a Distress Event, the Firm, the Fund may not be able to access deposits, borrowing facilities or other services, either permanently or for an extended period of time. Although assets held by regulated Financial Institutions in the United States frequently are insured up to stated balance amounts by organizations such as the Federal Deposit Insurance Corporation ("FDIC"), amounts in excess of the relevant insurance are subject to risk of total loss, and any non-U.S. Financial Institutions that are not subject to similar regimes pose increased risk of loss. While in recent years governmental intervention has often resulted in additional protections for depositors and counterparties during Distress Events, there can be no assurance that such intervention will occur in a future Distress Event or that any such intervention undertaken will be successful or avoid the risks of loss, substantial delays or negative impact on banking or brokerage conditions or markets.

Any Distress Event has a potentially adverse effect on the ability of the Firm to manage the Fund and its investments and on the ability of the Firm, the Fund and portfolio companies to maintain operations, which in each case could result in significant losses. Such losses have the potential to include a loss of funds and the inability of Fund to acquire or dispose of investments or acquire or dispose of such investments at prices that the Firm believes reflect the fair value of such investments. If a Distress Event leads to a loss of access to a Financial Institution's services, it is also possible that the Fund will incur additional expenses or delays in putting in place alternative arrangements or that such alternative arrangements will be less favorable than those formerly in

place (with respect to economic terms, service levels, access to capital or otherwise). Although the Firm expects to exercise contractual remedies under agreements with Financial Institutions in the event of a Distress Event, there can be no assurance that such remedies will be successful or avoid losses or delays. The Fund is subject to similar risks if a Financial Institution utilized by Investors in the Fund or by suppliers, vendors, service providers or other counterparties of the Fund becomes subject to a Distress Event, which could have a material adverse effect on the Fund.

A Financial Institution may require, as a condition to using its services (including lending services), that the Firm, the Fund maintain all or a set amount or percentage of their respective accounts or assets with the Financial Institution, which heightens the risks associated with a Distress Event with respect to such Financial Institution. Although the Firm seeks to do business with Financial Institutions that it believes are creditworthy and capable of fulfilling their obligations to the Fund, the Firm is under no obligation to use a minimum number of Financial Institutions with respect to any Fund or to maintain account balances at or below the relevant insured amounts.

#### Force Majeure & Catastrophic Risks

The Firm and the Funds may be subject to operational risk from unforeseeable and uncontrollable catastrophic events, including fires, floods, earthquakes, adverse weather conditions and related power outages, water shortages or other damage caused by such events, changes in law, eminent domain, wars, riots, terrorist attacks, and other similar risks, which may be uninsurable or insurable at rates that the Firm deems uneconomic. These events could result in loss and litigation, among other potentially detrimental effects. Certain force majeure events (such as an outbreak of an infectious disease (including the COVID-19 global pandemic)) could have a broader negative impact on the world economy and international business activity generally. In February 2022, armed conflict escalated between Russia and Ukraine and Russia invaded Ukraine. In response to Russia's invasion of Ukraine, the United States, the European Union and various other countries have announced, and continue to announce and expand, sanctions against or targeting Russia and various important Russian people and companies. These sanctions currently include, among others, restrictions or bans on selling or importing goods, services or technology in or from Russia, bans on Russian energy imports, and travel bans and asset freezes impacting connected individuals and political, military, business and financial organizations in Russia. The U.S. and other countries could impose wider or more significant sanctions and take other actions against Russia or its interests should the conflict further escalate or deteriorate. The Ukraine-Russian conflict has led to, and may continue to lead to, significant political, geopolitical, economic and market turmoil and volatility, including dramatic increases in oil and gas prices and further supply chain disruptions. It is not possible to predict the broader consequences of this conflict or the sanctions imposed or applied as a result thereof, which could include further sanctions, embargoes, regional instability, geopolitical shifts, conflicts and adverse effects on macroeconomic conditions, currency exchange rates and financial markets, all of which could impact the Funds' or any portfolio investment's business, financial condition and results of operations.

**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 Vendera or the integrity of Vendera's services. There are no legal or disciplinary events to report.

## **ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

### **Vendera Entities**

The principal of Vendera organized and sponsored the Funds, which are private funds. These pooled investment vehicles managed by Vendera are controlled by the General Partner for each Fund as disclosed in Item 4. Consistent with SEC guidance, the General Partners are not registered with the SEC but rely on the registration of the Firm. The principal of the Firm typically serves as managing partner of each Fund General Partner.

The Funds may be subject to certain conflicts of interest arising out of its relationship with the General Partner and its affiliates, however certain provisions of the Fund Governing Documents are designed to protect the interests of the Limited Partners in situations where conflicts may exist, and the CCO and the Advisory Committee will be consulted on transactions involving conflicts such that the interests of the Funds remain paramount and the fiduciary duty to the Funds is maintained. The agreements and arrangements among the Firm, the Funds, the General Partners, and their respective affiliates, including those relating to compensation, have been established by the General Partner and are not the result of arm's length negotiations.

Vendera does not utilize or select other advisors or third party managers. All assets are managed by Vendera.

### **Affiliated Operator**

Consistent with disclosure provided to Fund Investors and amendments to Fund Governing Documents, Vendera acquired HEO as an affiliated operator in 2021. HEO is currently the contract operator for certain properties owned by the Vendera Funds and is expected to act as operator for future operated working interest properties acquired by the Funds. As operator, HEO is or will be designated to oversee operations of Fund properties. This is intended to provide the Funds with greater control of the timing and conduct of operations on the properties.

### **Other Activities**

Vendera and its employees are expected to devote their business time and efforts to the Firm and its clients. However, Investors should be aware that there may be occasions where the Firm, each Fund General Partner and their affiliates encounter potential conflicts of interest in connection with the Funds' activities. The Firm, General Partners, and their affiliates may engage in activities involving the energy industry including financial advisory activities and investment activities that are independent from, and may from time-to-time conflict with, that of the Funds; however, any such activities must be pre-approved by the Chief Compliance Officer ("CCO") to mitigate any conflict of interest with the Funds.

### **Other Registrations**

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. 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. The Funds do hold commodity interests as part of their hedging activities. However, the Adviser has filed an exemption from registration as a commodity pool operator under CFTC Regulation 4.13(a)(3).

## **ITEM 11: CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

### **Code of Ethics**

Vendera has adopted a Code of Ethics (the “Code”) designed to address and avoid potential conflicts of interest as required under Rule 204A-1 of 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 and is consistent with Vendera’s fiduciary duty to its clients. The Code requires that employees obtain prior approval for personal securities transactions, requires periodic reporting of employee’s personal securities transactions and holdings, and requires prompt internal reporting of Code violations. A written copy of Vendera’s Code of Ethics is available upon request. While the Adviser may have access to non-public information relating to public companies, as part of its Code, the Adviser has 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 Adviser 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.

### **Conflicts of Interest**

Limited Partners are represented by an Advisory Committee. The Funds conduct periodic Advisory Committee meetings as determined by the General Partner. The Advisory Committee is composed of five representatives that are limited partner institutional Investors of the Fund and was established upon the final close of the Funds. A primary role of the Advisory Committee is to address potential conflicts of interest.

The managers of the General Partner and the Adviser are prohibited from making investments that compete with, or are in conflict with, the Funds’ investment strategy. The Adviser does not engage in principal transactions during the normal course of its business. If it becomes necessary in the future to engage in principal or cross transactions, the Adviser will conduct such transactions in a manner that is consistent with its fiduciary obligations, the applicable Fund governing documents and relevant securities statutes, including the Advisers Act. Any principal or cross transactions require disclosure to and consent from the respective Fund’s Advisory Committee.

The Firm principal and related persons invest in Fund assets through the General Partner for each Fund, which owns a material financial interest in the Fund. Potential conflicts generally must be disclosed to the respective Fund’s Advisory Committee.

### **Allocation of Investment Opportunities**

Although generally only one Fund is investing at any time, there may be circumstances in which investment opportunities that are consistent with a Fund’s investment objectives overlap with those of another Fund or an affiliate of Vendera. As an adviser registered under the Advisers Act, the Adviser generally is required to resolve conflicts of interest on a fair and equitable basis under the circumstances. In allocating investment opportunities, the Adviser generally takes into account various factors including (but not limited to) the investment objectives and guidelines of each

Fund, the size of the investment opportunity, available capital and expected holding period, the terms of the applicable governing documents, and other relevant factors. Any allocation or joint participation involving more than one Fund, any affiliate or related person will be in accordance with the applicable Governing Documents and applicable law and must be documented in the Adviser's books and records.

### **Gifts and Entertainment**

Vendera employees may on occasion give or accept gifts or invitations to entertainment but must always act in the best interest of Vendera and its clients and avoid any activity that might create an actual or perceived conflict of interest or impropriety in the course of the firm's business relationships. Vendera's gift and entertainment policy implements internal controls to monitor such activity, which include reporting or seeking pre-approval before giving or accepting gifts and entertainment of significant value and prohibiting or limiting the provision or receipt of cash gifts or entertainment to government employees, foreign officials and certain other categories of recipients.

### **Political Contributions**

Vendera employees may from time-to-time make political or charitable contributions. Employees are required to report political contributions made to any political official, candidate for political office, political party or political action committee ("PAC"). Political contributions are generally permitted except where such contributions may raise issues under the pay-to-play rule.

## **ITEM 12: BROKERAGE PRACTICES**

Each Fund purchases and divests of oil and gas interests in oil and gas assets. The Governing Fund Documents with respect to each Fund do not preclude the General Partner or the Manager from engaging a buy or sale-side broker as it determines is in the best interests of such Fund for purposes of the transaction or limit the amount of fees paid in connection with such engagement. In the event that a Fund was to engage such a broker, the Fund would select such third-party broker based on his, her or its overall qualifications and negotiate a reasonable fee arrangement in the context of the particular transaction. The Fund's authority to acquire oil and gas interests or to pay any commissions or other broker fees associated with such acquisitions is subject to such limits set forth in the applicable Governing Fund Documents.

Vendera and the Funds purchase and divest of oil and gas interests in oil and gas assets, some of which are marketed by a financial intermediary such as a broker-dealer who generally receives compensation through a commission, finder's fee or promote. When the broker-dealer is engaged by the seller, generally the seller is responsible for such compensation. When Vendera engages a broker, generally the Funds are responsible for such compensation. Vendera and the Funds utilize commodity hedges that are executed through hedging counterparties selected by the General Partner. When executing commodity hedging transactions and to the limited extent, Vendera or the Funds transacts in public securities, or other non-private equity investments, the Manager will seek to obtain best execution. Vendera will select counterparties or brokers based upon the counterparty or broker's ability to provide the necessary services and best execution for the Funds. The General Partner is generally authorized to make the following determinations, subject to each Fund's investment objectives and restrictions, without obtaining prior consent from the relevant Fund or any of its Investors: (1) which investments to buy or sell; (2) the total amount of investments to buy or sell; (3) the broker or counterparty for any transaction, if any; and (4) the commission rates or commission equivalents charged for transactions.

Vendera does not have any soft dollar arrangements and does not use any brokerage relationships for client referrals.



### **ITEM 13: REVIEW OF ACCOUNTS**

The Firm will review each Fund at least annually to ensure compliance with the Governing Documents (Limited Partnership Agreements, for example). Reviews of the Funds' investments, dispositions, valuations and other information (commonly known as the quarterly fund update) are generally made no less frequently than quarterly by the General Partner for each Fund.

The General Partner will generally provide each Limited Partner of the Funds with the following reports, depending on the applicable Governing Fund Documents: (i) audited annual financial statements; (ii) unaudited quarterly financial statements; (iii) individual capital account statements on a quarterly basis; and (iv) annual tax information necessary to complete any applicable tax returns. The General Partner also holds annual meetings with the Limited Partners of the Funds.

#### **ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION**

Vendera does not provide compensation either directly or indirectly to any non-supervised person for referrals. Additionally, the Firm does not receive any economic benefits from any non-clients for providing investment advice to Vendera's clients.

HEO is an affiliate of Vendera and serves as the operator for certain oil and gas properties in which the Funds invest, as noted in Item 10 above. As operator, HEO receives COPAS fees from working interest owners of the properties for which it acts as operator, pursuant to applicable joint operating agreements and consistent with COPAS accounting procedures, as disclosed to Fund Investors and described in Item 5 above. Vendera does not otherwise receive any economic benefits from any non-clients for providing investment advice or other advisory services to its clients.

## **ITEM 15: CUSTODY**

Vendera is deemed to have custody of client funds and securities, within the meaning of the Advisers Act, since an affiliate serves as the General Partner of each Fund. Vendera relies on an exception (available to pooled investment vehicles) from the reporting and surprise audit obligations imposed by the SEC custody rule. As such, all client liquid assets (cash for example) are held by qualified custodians that are unaffiliated banks; although, Vendera has access to client accounts. The oil and gas investments held by each Fund are deemed “privately offered securities” and are not required to be and are not held at a qualified custodian. Additionally, each Fund is audited on an annual basis by an independent accounting firm registered with and subject to inspection by the Public Company Accounting Oversight Board (PCAOB), as disclosed in Section 7.B.(1) of Form ADV Part 1A. These audits are conducted in accordance with generally accepted accounting principles (GAAP) and the financial statements are expected to be distributed to each Limited Partner within 120 days of each Fund’s fiscal year end.

## **ITEM 16: INVESTMENT DISCRETION**

In accordance with the terms and conditions of the Governing Fund Documents, and subject to the direction and control of the General Partner of each Fund, the General Partner generally has discretionary authority to determine, without obtaining specific consent from the Funds or its Limited Partners, the investments made on behalf of the Funds, and to perform the day-to-day investment operations of the Funds. However, the Adviser may, under certain circumstances, enter into agreements or side letters with Investors that address specific legal, regulatory, tax or policy restrictions of the Investor.

Each Investor will generally grant the General Partner thereof a limited power of attorney to enable the General Partner to execute the applicable partnership agreement and perform certain other activities in connection therewith on its behalf.

## **ITEM 17: VOTING CLIENT SECURITIES**

The Funds invest in oil and gas assets directly. Except for hedging, the General Partner does not expect to hold publicly traded securities, other than in rare circumstances, such as the acquisition of a public oil and gas company.

In the event proxies have to be voted, the General Partner will be responsible for voting proxies on behalf of the Funds. The General Partner will vote client proxies in a way that it believes will maximize shareholder value. The General Partner is generally responsible for making voting decisions with respect to proxies received.

In exercising its voting discretion, the General Partner and its employees will seek to avoid any direct or indirect conflict of interest raised by such voting decision. All conflicts of interest will be resolved in the interests of the Funds. In situations where the General Partner perceives a material conflict of interest, it may defer to the voting recommendation of an independent third-party provider of proxy services or take such other action in good faith which would protect the interests of the Funds.

**ITEM 18: FINANCIAL INFORMATION**

Vendera does not require nor solicit prepayment of investment advisory fees which would result in custody issues. Therefore, it is not required to include a balance sheet with this brochure.

Neither Vendera nor its management have any financial conditions that are likely to reasonably impair the Adviser's ability to meet contractual commitments to clients.

Vendera has not been the subject of a bankruptcy petition in the last ten years.