

**ITEM 1
COVER PAGE**

PART 2A OF FORM ADV: FIRM BROCHURE

CASTLE HARLAN, INC.

March 2013

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This Brochure provides information about the qualifications and business practices of Castle Harlan, Inc. If you have any questions about the contents of this Brochure, please contact us at 212-644-8600. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

Additional information about Castle Harlan, Inc. also is available on the SEC’s website at www.adviserinfo.sec.gov.

Registration with the SEC or with any state securities authority does not imply a certain level of skill or training.

ITEM 2

MATERIAL CHANGES

This is an annual update to Castle Harlan Inc.'s brochure. No material changes have occurred since the last brochure, which was dated February 2012. However, clients and prospective clients should review the brochure carefully.

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ITEM 4

ADVISORY BUSINESS

Castle Harlan, Inc. ("Castle Harlan"), a Delaware corporation, is a private equity investment management firm founded in 1987 with an office in New York City. Castle Harlan is controlled by its principal owners, John K. Castle and Leonard M. Harlan.

Castle Harlan serves as the investment adviser with discretionary investment authority to private pooled investment vehicles and their associated parallel private investment vehicles (each, a "Fund" and collectively, the "Funds"), the securities of which are offered to investors on a private placement basis.

Castle Harlan, through its team of approximately 20 investment professionals (the "Investment Professionals"), provides investment management services to the Funds relating to portfolio management and administrative services, including investigating, analyzing, structuring and negotiating potential investments, monitoring the performance of portfolio companies and advising the Funds as to disposition opportunities. On behalf of the Funds and their general partners, Castle Harlan seeks to find investments in established middle market companies with strong market positions, stable cash flows and strong achievable growth prospects. Castle Harlan exercises pricing discipline when evaluating investment opportunities and post-acquisition manages the Funds' portfolio companies through an operationally-focused approach that seeks to increase enterprise value. Castle Harlan sources investments for its Funds in companies across many industries, with a particular emphasis on industrial, consumer and restaurant, and energy and chemicals, with enterprise values typically ranging from \$100 million to \$750 million, and generally located in North America and Europe, although Castle Harlan has global investment sourcing capabilities

The general partner of each Fund makes all investment and disposition decisions for the Fund. The partners of the general partner consist of Castle Harlan's senior Investment Professionals.

As of the date hereof, the Funds managed by Castle Harlan and their general partners include the following:

1. Castle Harlan Partners IV, L.P. ("CHP IV") and its associated Funds; the general partner for CHP IV and its U.S. domiciled associated Funds, Castle Harlan Associates IV, L.P.; and the general partner to CHP IV's offshore associated Fund, Castle Harlan Associates IV, L.L.C.
2. Castle Harlan Partners V, L.P. and its associated Funds; and their general partner Castle Harlan Associates V, L.P.
3. CHP V AIV Holdings L.P. and its associated Funds; and their general partners CHP V AIV GP Ltd. and CHP AIV SLP LP.
4. Castle Harlan Australian Mezzanine Partners 1 USA Limited; and the managing trustee that performs the functions of a general partner Castle Harlan Australian Mezzanine Associates, L.L.C.; and

5. CHAMP II Worldwide, L.P., and its associated U.S. domiciled Fund (the “CHAMP II Funds”) and the associated offshore alternative investment vehicle; and the CHAMP II Funds general partner Castle Harlan Australian Mezzanine Associates II, L.L.C.

During 2012, Castle Harlan acquired the remaining limited partnership interests in Castle Harlan Partners III, L.P. and its associated Funds.

Throughout the remainder of this Brochure, the term “General Partner” is used to refer to each of the general partners described above and the managing trustee Castle Harlan Australian Mezzanine Associates, L.L.C.

As of the date hereof, only Castle Harlan Partners V, L.P. and its associated Funds are in their active investment period. For the other Funds it manages, Castle Harlan investment management activities are generally related to seeking disposition opportunities and, for certain of these Funds, follow on investment opportunities for such Funds’ portfolio companies.

Castle Harlan tailors its advisory services to the needs of the Funds in accordance with the limited partnership agreements and other governing documents of the Funds. Those documents specify the investments permitted to be made by the Funds and limit the types of securities that the Funds may acquire. The private offering memorandum of each Fund also specifies the types of investments that such Fund may pursue, and Castle Harlan advises on investments with respect to those specific investment types.

Castle Harlan does not participate in wrap fee programs.

As of December 31, 2012, Castle Harlan managed approximately \$1,512,885,000 on a discretionary basis.

This Brochure generally includes information about Castle Harlan and its relationships with its clients, which are its Funds, and its affiliates. While much of this Brochure applies to all such funds and affiliates, certain information included herein applies to specific Funds or affiliates only. This Brochure does not constitute an offer to sell or solicitation of an offer to buy any securities. Castle Harlan may offer any advisory services, engage in any investment strategy and make any investment, including any not described in this Brochure, that Castle Harlan considers appropriate, subject to each Fund’s investment objectives and guidelines.

ITEM 5

FEES AND COMPENSATION

The management fees and performance-based compensation applicable to each Fund are set forth in detail in each Fund's governing documents. Generally, each Fund's limited partners pay Castle Harlan a fee for investment management services (a "Management Fee"). The Fund's General Partner generally has the opportunity to earn a performance-based carried interest after the limited partners of the Fund realize a hurdle rate of return on their investments (the "Carried Interest"), as more fully described below.

In the discretion of Castle Harlan and each General Partner, the Management Fee and/or Carried Interest payable by a Fund may be waived, reduced or calculated differently with respect to certain limited partners in such Fund, including the limited partners affiliated with Castle Harlan.

Management Fees and Portfolio Fees

Generally, the limited partners of each Fund pay Castle Harlan annual Management Fees ranging from 1.5% to 1.85% of a Fund's limited partner capital commitments until the end of the investment period. After a Fund's investment period, the limited partners generally pay annual Management Fees ranging from 1.0% to 1.25% of either the invested capital of the Fund or the fair value of the Fund's assets. Management Fees are not negotiable and all limited partners in a particular Fund are generally subject to the same fee structure.

Castle Harlan also receives transaction, monitoring and advisory fees from the Funds' portfolio companies, and may receive break up and other similar fees (collectively the "Portfolio Fees"). Subject to the terms of each Fund's limited partnership agreement, the limited partners' Management Fees are credited for 50% to 80% of the Portfolio Fees collected. Management Fees, net of the reductions for Portfolio Fees collected, are billed to limited partners twice per year, are collected less than six-months in advance, and are not refundable.

Carried Interest

Each Fund's General Partner, which is an affiliate of Castle Harlan, invests alongside the Fund's limited partners and participates in the net realized gains from investments. Generally, after returning capital contributions and Management Fees to limited partners, net realized gains on investments are shared pro rata by all Fund partners until a hurdle rate is realized, which is typically a compound annual rate of return of 8% on the Fund's investments. Provided that the limited partners of the Fund have achieved the hurdle rate, the General Partner typically receives a Carried Interest in an amount up to 20% of the total amount of net realized gains distributed. From time to time, Carried Interest may be paid by a Fund to the General Partner, generally at the time of the sale of investments, provided that the hurdle rate has been met based on the cumulative amount of cash distributed by such Fund and the then-current fair value of such Fund's unrealized investments.

The governing documents of each Fund contain "claw back" provisions with respect to the Carried Interest. Upon termination of a Fund, the Fund's General Partner is

generally required to return to the Fund distributions of Carried Interest previously received to the extent that they exceed the amounts that should have been distributed to the General Partner as Carried Interest on an aggregate basis covering all transactions of the Fund. The General Partner is not required to return more than the cumulative Carried Interest distributions received by the General Partner.

Other Expenses

Each Fund is generally required to pay all costs, expenses and liabilities in connection with its operations, including, but not limited to, fees, costs and expenses related to the purchase, holding and sale of portfolio investments (to the extent not reimbursed); expenses incurred in connection with transactions not consummated; insurance premiums; taxes; fees and expenses of accountants, counsel and consultants; costs and expenses of the Fund's board and annual meeting of limited partners; litigation expenses; and other extraordinary expenses. Generally, each Fund also bears all legal and other expenses incurred in the formation of the Fund and the offering of the limited partnership interests (other than any placement fees), up to a certain amount; organizational expenses in excess of this amount, and any placement fees, may be paid by the Fund but borne by Castle Harlan through an offset against the Management Fee. Castle Harlan pays all normal operating expenses incidental to the provision of the day-to-day administrative services to the Funds, including its own overhead. To the extent that Castle Harlan pays expenses that should be borne by a Fund, Castle Harlan is entitled to reimbursement by such Fund.

Management Fees are not deducted from client assets. The Funds do not pay Castle Harlan brokerage or other transaction fees.

Each Fund's General Partner may establish one or more parallel Funds to accommodate the investment requirements of certain investors. Any such parallel Fund generally will (i) invest side by side with the Fund in all portfolio investments on a pro rata basis and (ii) be managed by Castle Harlan or an affiliate thereof. Any parallel Fund is responsible for its own Management Fees, Carried Interest and other expenses discussed above, and subject to Castle Harlan's sole discretion to waive, reduce or calculate such amounts differently.

Neither Castle Harlan nor any of its supervised persons accept compensation for the sale of securities or other investment products.

ITEM 6
PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

As described above, each General Partner affiliated with Castle Harlan generally accepts Carried Interest from every client as of the date of this brochure.

Because Castle Harlan and its affiliates generally accept performance-based fees from every client, Castle Harlan and its affiliates do not generally face certain conflicts of interest that may arise when an investment adviser accepts performance-based fees from some clients, but not from other clients.

ITEM 7
TYPES OF CLIENTS

The clients to whom Castle Harlan provides investment advisory services are private investment funds, the securities of which are offered to investors on a private placement basis, that invest primarily in private equity.

ITEM 8

METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

The description set forth in this brochure of specific advisory services that Castle Harlan offers to the Funds, and investment strategies pursued and investments made by Castle Harlan on behalf of the Funds, should not be understood to limit in any way Castle Harlan's investment activities. Subject to the investment strategies and limitations set forth in the limited partnership agreements of the Funds, Castle Harlan may offer any advisory services, engage in any investment strategy and make any investment, including any not described in this brochure, that it considers appropriate. The investment strategies that Castle Harlan pursues are speculative and entail substantial risks. Limited partners to the Funds bear the risk of a substantial loss of capital. There can be no assurance that the investment objectives of any Fund will be achieved.

Castle Harlan provides investment advice to the Funds by seeking investments in middle market companies with strong market positions, stable cash flows and strong, achievable growth prospects. Castle Harlan exercises pricing discipline when acquiring a company and post-acquisition manages its companies through an operationally-focused approach that seeks to increase enterprise value. Castle Harlan invests in companies across many industries, with a particular emphasis on industrial, consumer and restaurant, and energy and chemicals. Investments are generally located in North America and Europe, although Castle Harlan has global investment sourcing capabilities.

Castle Harlan's pricing and investment decision-making discipline is grounded in rigorous investment and due diligence processes that take advantage of the firm's network of operating executives and its sector expertise to identify value creation opportunities and mitigate potential risks. The objectives of Castle Harlan's due diligence process are to ensure that an opportunity meets a Fund's fundamental investment criteria, to assess the capabilities of the existing management team, to evaluate thoroughly the attractiveness of the company and its competitive position, to construct a business plan to create value, and to develop possible exit strategies.

Castle Harlan's investment management strategy is designed to create value by improving the operating performance of its Funds' portfolio companies. In partnership with portfolio company management, Castle Harlan develops and executes strategic plans with a focus on product diversification, growth in market share, new market penetration, efficient and high-quality manufacturing programs and strategic accretive acquisitions. Castle Harlan almost always has board control and authority over major initiatives, which ensures compliance with strategic objectives. The investment team engages in a detailed review of all portfolio company systems and reporting and has an executive position to support this effort.

Investment in a Fund involves a high degree of risk. There can be no assurance that the Fund's investment objectives will be achieved, or that a limited partner will receive a return of its capital. In addition, there will be occasions when Castle Harlan and its affiliates may encounter potential conflicts of interest in connection with a Fund.

The following risk factors do not purport to be a complete list or explanation of the risks involved in an investment in the Funds advised by Castle Harlan. These risk

factors include only those risks Castle Harlan believes to be material, significant or unusual and relate to particular significant investment strategies or methods of analysis employed by Castle Harlan. More complete descriptions of the risks set forth below and other relevant risks can be found in each Fund's offering memorandum.

Nature of Direct Investments. Investment in a Fund requires a long-term commitment, with no certainty of return. Many of a Fund's investments will be highly illiquid, and there can be no assurance that the Fund will be able to realize on such investments in a timely manner. Additionally, a Fund may acquire securities that cannot be sold except pursuant to a registration statement filed under the U.S Securities Act of 1933 (the "Securities Act") or in accordance with Rule 144 of the Securities Act or another exemption under the Securities Act. There may be little or no near-term cash flow available to the partners, which consist of the limited partners to a Fund and its General Partner, an affiliate of Castle Harlan. Each Fund's portfolio investments are expected to include companies whose capital structures may have significant leverage. Although the General Partners will seek to use leverage in a manner they believe is prudent, the leveraged capital structure of such portfolio investments will increase the exposure of the portfolio companies to adverse economic factors such as rising interest rates, downturns in the economy or deterioration in the condition of the portfolio company or its industry. In addition, each Fund may invest in a variety of financial instruments in order to hedge risks associated with its investments, and portfolio companies may in turn do the same. Since each Fund may only make a limited number of investments and since many of each Fund's investments may involve a high degree of risk, poor performance by one or more of the investments could severely diminish the total returns to limited partners of a Fund. Additionally, it should be noted that past performance is not a guarantee of future results.

Difficulty of Locating Suitable Investments; Unspecified Use of Proceeds. Although Castle Harlan has been successful in locating investments in the past, a Fund may be unable to find a sufficient number of attractive opportunities to meet its investment objectives or fully invest its committed capital. Limited partners of the Funds do not have an opportunity to evaluate for themselves the relevant economic, financial and other information regarding the investments to be made by a Fund and, accordingly, are dependent upon the judgment and ability of its General Partner and Castle Harlan in investing and managing the capital of a Fund.

Foreign Investments. A Fund may make portfolio investments outside of the United States. Foreign investments involve certain factors not typically associated with investing in the U.S., including risks relating to (i) currency exchange matters, including fluctuations in the rate of exchange between the U.S. dollar and the various foreign currencies in which a Fund's foreign investments are denominated, and costs associated with conversion of investment principal and income from one currency into another; (ii) differences between the U.S. and foreign capital markets, including potential price volatility in and relative illiquidity of some foreign capital markets, the absence of uniform accounting, auditing and financial reporting standards, practices and disclosure requirements and less government supervision and regulation; (iii) certain economic and political risks, including potential exchange control regulations and restrictions on foreign investment and repatriation of capital, the risks of political, economic or social instability and the possibility of expropriation or confiscatory taxation; and (iv) the possible imposition of foreign taxes on income and gains recognized with respect to such foreign investments.

Co-Investment with Third Parties. A Fund may co-invest with third parties through joint ventures or other entities. Such investments may involve risks in connection with such third-party involvement, including the possibility that a third-party co-venturer may have financial difficulties, resulting in a negative impact on such investment, may have economic or business interests or goals that are inconsistent with those of such Fund, or may be in a position to take (or block) action in a manner contrary to such Fund's investment objectives. In those circumstances where such third parties involve a management group, such third parties may receive compensation arrangements relating to such investments, including incentive compensation arrangements.

Legal, Tax and Regulatory Rules. Legal, tax and regulatory changes could occur during the term of a Fund that may adversely affect a Fund.

Certain Tax Issues. There may be changes in tax laws or interpretations of tax laws adverse to a Fund or its general and limited partners. There can be no assurance that the structure of a Fund or of any investment will be tax-efficient to any particular partner. In addition, there can be no assurance that a Fund will have sufficient cash flow to permit it to make annual distributions to the partners in amounts necessary to permit the partners to pay all tax liabilities resulting from their ownership of interests. Prospective investors are urged to consult their own tax advisers with reference to their specific tax situations, including any applicable U.S. state or local or non-U.S. taxes and, in the case of U.S. tax-exempt and non-U.S. investors, with reference to any special issues that investment in the Fund may raise for such investors.

General Economic Conditions. General economic conditions may affect a Fund's activities. Interest rates, 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 Fund or considered for prospective investment. The General Partners may determine to delay realization events to the limited partners as a result of general economic conditions, illiquidity of portfolio investments, contractual prohibitions or other reasons mentioned herein.

Competitive Nature of a Fund's Business. The business of a Fund is highly competitive. 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 myriad of uncertainties, only some of which are foreseeable or within the control of Castle Harlan or the General Partners. To the extent that a Fund encounters competition for investments, yields to limited partners may be reduced.

Risks Upon Disposition of Investments. In connection with the disposition of an investment in a portfolio company, a Fund may be required to make representations about the business and financial affairs of the portfolio company typical of those made in connection with the sale of any business, or may be responsible for the contents of disclosure documents under applicable securities laws. Although Castle Harlan attempts to structure transactions so that it does not have to do so, the Fund may also be required to indemnify the purchasers of such investment or underwriters to the extent that any such representations or disclosure documents turn out to be incorrect, inaccurate or misleading. These arrangements may result in contingent liabilities, which might ultimately have to be funded by the Fund's General Partner and the limited partners. The limited partnership agreements contain provisions to the

effect that if there is any such claim during or after the term of a Fund, it will be funded by its General Partner and limited partners to the extent that such General Partner and limited partners have received prior distributions from the Fund, subject to certain limitations.

Follow-On Investments. A Fund may be called upon to provide follow-on funding for its portfolio companies or have the opportunity to increase its investment in such portfolio companies. There can be no assurance that a Fund will wish to make follow-on investments or that it will have sufficient funds to do so. Any decision by a Fund not to make follow-on investments or its inability to make them may have a substantial negative impact on a portfolio company in need of such an investment or may diminish such Fund's ability to influence the portfolio company's future development.

ERISA Considerations; Risk Arising from Provision of Managerial Assistance. Because the General Partners will at all times use commercially reasonable efforts to conduct the affairs and operations of the Funds so that a Fund's assets will not be deemed to constitute "plan assets" subject to the Employee Retirement Income Security Act of 1974, as amended ("ERISA") (which may include qualification as a "venture capital operating company"), a Fund may be precluded from making certain investments. In addition, such avoidance could require the General Partners to liquidate Fund investments at a disadvantageous time, resulting in lower proceeds to such Fund than might have been the case without the need for such compliance. In addition, if a Fund is operated as a "venture capital operating company," such Fund will be required to obtain rights to participate substantially in and to influence substantially the conduct of the management of the majority (valued at cost) of such Fund's portfolio companies. A Fund typically will designate directors to serve on the boards of directors of portfolio companies. The designation of representatives and other measures contemplated could expose the assets of a Fund to claims by a portfolio company, its security holders and its creditors, including claims that a Fund is a controlling person and thus is liable for securities laws violations of a portfolio company. These measures also could result in certain liabilities in the event of the bankruptcy or reorganization of a portfolio company; could result in claims against a Fund if the designated directors violate their fiduciary or other duties to a portfolio company or fail to exercise appropriate levels of care under applicable corporate or securities laws, environmental laws or other legal principles; and could expose a Fund to claims that it has interfered in management to the detriment of a portfolio company. While Castle Harlan intends to manage the Funds in a way that will minimize the exposure to these risks, the possibility of successful claims cannot be precluded.

Reliance on Investment Professionals. The success of the Funds depends in part upon the skill and expertise of Castle Harlan's investment professionals. There can be no assurance that these persons will continue to be associated with Castle Harlan or the General Partners throughout the term of each Fund.

Other Activities. The investment professionals who are involved in a Fund's activities are responsible for the portfolios of other Funds and devote time to the management of such investments and to other businesses of Castle Harlan. Such individuals are compensated by Castle Harlan for such efforts.

Lack of Management Rights; Approval Process. Limited partners of the Funds have no opportunity to control the day-to-day operations, including investment and disposition decisions, of the Funds. Castle Harlan or its affiliates have ultimate authority to approve or disapprove acquisitions and dispositions made by the Funds.

Reliance on Management of Portfolio Companies. Although Castle Harlan will monitor the performance of each investment, Funds rely upon management to operate their portfolio companies on a day-to-day basis.

Effect of Performance Fees: Carried Interest. The existence of each General Partner's Carried Interest may create an incentive for such General Partner to make riskier or more speculative investments on behalf of their respective Fund than would be the case in the absence of this arrangement.

ITEM 9
DISCIPLINARY INFORMATION

Castle Harlan has no legal or disciplinary events that are material to an existing or prospective client's evaluation of its advisory business or the integrity of its management.

ITEM 10

OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Neither Castle Harlan nor any of its Investment Professionals or management persons is a registered broker-dealer, futures commissions merchant, commodity pool operator or commodity trading adviser or has an application pending to register as such or become a registered representative or associated person thereof.

Castle Harlan has a direct ownership interest in Castle Harlan Australian Mezzanine Partners Pty Limited, and indirect ownership interests in CHAMP III Management Pty. Ltd. and CHAMP Private Equity Pte. Ltd, each of which are non-U.S. based investment advisers and sponsors of limited partnerships that advise non-U.S. based private investment funds (the “CHAMP Advisers”). Castle Harlan’s Investment Professionals are directors of two of the CHAMP Advisers and, from time to time, Funds managed by Castle Harlan and funds managed by the CHAMP Advisers may invest alongside each other in the same portfolio companies.

As described above, Castle Harlan provides investment advisory services to the Funds, and each of the General Partners serves as general partner to its respective Fund.

The General Partners may form parallel funds managed by Castle Harlan or an affiliate thereof to invest alongside the Funds in portfolio companies in which the Funds invest. When Castle Harlan, through the General Partners, deems it appropriate and consistent with the best interests of the Funds, the Funds may offer limited partners and other investors co-investment opportunities. Castle Harlan’s policy with respect to co-investment opportunities is guided by what it believes is in each Fund’s best interest. Partners or employees of the General Partners or Castle Harlan may co-invest with the Funds in limited circumstances as permitted under the governing documents of the Funds.

Neither Castle Harlan nor any of its Investment Professionals or management persons has any other relationship or arrangement with other industry participants that is material to its advisory business or its clients. Castle Harlan does not recommend or select other investment advisers for its clients.

ITEM 11

CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

Castle Harlan strives to adhere to the highest ethical standards of conduct based on professionalism, integrity, honesty and trust, and in seeking to meet these standards, has adopted a Code of Ethics (the “Code”). The Code incorporates the following fiduciary principles that all employees are expected to uphold:

- employees must place the interests of the Funds first, and avoid serving their own personal interests or Castle Harlan’s interests ahead of the interests of the Funds;
- all employees’ personal securities transactions must be conducted in a manner consistent with the Code and any actual or potential conflicts of interest or abuse of any employee’s position of trust and responsibility must be avoided;
- employees must not take inappropriate advantage of their positions;
- information concerning the identity of securities and financial circumstances of the Funds, including the Funds’ limited partners and information regarding companies in which Castle Harlan is considering making an investment, must be kept confidential;
- independence in the decision-making process must be maintained at all times; and
- employees must at all times comply with applicable federal and state securities laws and regulations.

Castle Harlan has adopted formal policies and procedures relating to insider trading, privacy, “pay to play” and anti-money laundering regulations. Further, Castle Harlan has established policies and procedures to monitor and resolve conflicts with respect to investment opportunities in a manner it deems fair and equitable, including the restrictions placed on personal trading in the Code, as described above, and regular monitoring of employee transactions and trading patterns for actual or perceived conflicts of interest, including those conflicts that may arise as a result of personal trades in the same or similar securities made at or about the same time a Fund invests. Clients may request a copy of the Code by contacting Castle Harlan at the address or telephone number listed on the first page of this Brochure.

Castle Harlan Investment Professionals make significant capital commitments to and investments in the Funds and their portfolio companies, which aligns their interests with those of the Funds and the Funds’ limited partners. Because they place their personal investments at risk alongside the Funds’ capital, Castle Harlan Investment Professionals have an incentive to avoid risk of loss and apply operating practices designed to increase the value of the Funds’ portfolio companies, thereby avoiding conflicts of interest.

Castle Harlan does not engage in principal transactions or transactions where it is paid for order flow.

There may be circumstances where Funds managed by Castle Harlan co-invest in a portfolio company or a portfolio company is transferred between Funds. In these

instances, Castle Harlan engages an independent investment bank to ascertain and provide a fairness opinion that the transaction is in the best interest of each Fund involved. Additionally, such transactions must be approved by the review boards of the affected Funds, which consist of large limited partners of the respective Funds and two independent board members (the “Review Boards”). Castle Harlan and its affiliates are not voting members of the Review Boards.

The General Partners allocate investment opportunities among the Funds fairly, to the extent practical and in accordance with each Fund’s applicable investment strategies, over a period of time. The General Partners will have no obligation to enter into a transaction on behalf of, or provide an investment opportunity to a Fund solely because a General Partner provides an opportunity to a Fund if, in its reasonable opinion, such security, transaction or investment opportunity does not appear to be suitable, practical or desirable for another Fund.

ITEM 12

BROKERAGE PRACTICES

Although the Funds generally purchase and sell securities in privately negotiated transactions, the Funds may occasionally purchase or sell publicly traded securities. Castle Harlan has full discretionary authority to make decisions regarding which securities are bought and sold; the prices paid or received; the brokers, dealers or investment banks to be used, if any, for a particular transaction; and the commissions or fees to be paid. Castle Harlan's authority is limited by its own internal policies and procedures and each Fund's investment guidelines.

In the limited circumstances where a Fund purchases or sells public securities, Castle Harlan seeks to obtain best execution in selecting to brokers or dealers to execute such transactions, based on numerous factors and not necessarily lowest pricing. Such factors include but are not limited to:

- the ability of brokers or dealers to effect the transaction;
- the broker's or dealer's facilities, reliability and financial responsibility; and
- the provision by the brokers of capital introduction, marketing assistance, commitment of capital, access to company management and deal flow.

Accordingly, the commission rates charged to the Funds by brokers or dealers for the purchase or sale of publicly-traded securities may be higher than the rates that would be charged by other brokers or dealers that might not offer such services. Castle Harlan need not solicit competitive bids and does not have the obligation to seek the lowest commission rates. Neither Castle Harlan nor the Funds separately compensate any broker or dealer for any of these other services. Because of the infrequent nature of the Funds' transactions in publicly-traded securities, each time a transaction in publicly traded securities is contemplated, Castle Harlan makes a decision regarding which broker or dealer to use to execute the transaction. In making this selection, Castle Harlan evaluates the quality of broker dealers' past executions and their ability to successfully effect the execution of the transaction being contemplated.

Castle Harlan does not receive research or other products or services, other than, in rare cases, execution from a broker-dealer or a third party in connection with a portfolio investment of a Fund involving publicly traded securities.

Castle Harlan does not routinely recommend, request or require that a Fund direct Castle Harlan to execute transactions through a specified broker-dealer. The General Partners of the Funds direct the Funds to select broker-dealers for any transactions in publicly-traded securities.

Castle Harlan does not receive client referrals from any broker or dealer. There are no purchase or sales orders of securities that are aggregated for various client accounts.

ITEM 13

REVIEW OF ACCOUNTS

Castle Harlan's investment professionals continuously monitor the performance of the portfolio companies owned by the Funds. Castle Harlan receives weekly financial and operating updates from its Funds' portfolio companies. On a monthly basis, portfolio companies provide Castle Harlan comprehensive operating and financial reports that form the basis for discussion at monthly meetings between Castle Harlan Investment Professionals and portfolio company management. This frequent interaction with portfolio company management allows Castle Harlan to continuously evaluate a company's progress toward strategic goals and to quickly identify and address issues that might adversely affect the business. Further review of Fund investments may be triggered by any unusual activity or special circumstances.

Castle Harlan's Investment Professionals meet weekly to review the performance of each Fund's portfolio companies, discuss deal flow and evaluate prospective new investments, and review exit strategies for existing investments.

On a quarterly basis, Castle Harlan performs formal valuations of each Fund's investments, and reviews each Fund's investments with the respective Fund's Review Board. The Review Boards evaluate the performance of each portfolio company, and approve the valuation of each portfolio company and any related escrow accounts.

Castle Harlan generally provides annual financial statements to its clients within 120 days of the applicable client's fiscal year.

Quarterly, limited partners of the Funds receive written Fund performance reports from Castle Harlan. On an annual basis, Castle Harlan provides such limited partners with audited financial statements for the Funds and tax reports concerning their respective Funds. Periodically, Castle Harlan also provides capital account statements to the Funds' limited partners. Limited partners also receive (i) written notifications for capital calls, along with investment memorandums, when Castle Harlan commits a Fund to make an investment, and (ii) distribution notifications when a Castle Harlan Fund exits a portfolio company or otherwise has a liquidity event. Limited partners may also request from time to time additional information from Castle Harlan, which Castle Harlan may provide, at its discretion, on a confidential basis.

ITEM 14
CLIENT REFERRALS AND OTHER COMPENSATION

Castle Harlan does not receive economic benefits from non-clients for providing investment advice or other advisory services. As discussed above, Castle Harlan may receive transaction and monitoring fees from portfolio companies of the Funds. These payments result in a reduction to the Management Fee that Castle Harlan receives from the Funds' limited partners. Castle Harlan does not believe that these arrangements create any conflict of interest between Castle Harlan and the Funds.

Castle Harlan and its related persons do not directly or indirectly compensate any person, including placement agents, for referrals of clients to Castle Harlan. However, from time to time, Castle Harlan enters into compensation arrangements with third party placement agents to introduce potential investors to a Fund.

ITEM 15 CUSTODY

Castle Harlan is deemed to have custody of the Funds' cash and securities because it has the authority to obtain client funds or securities.

Castle Harlan is subject to Rule 206(4)-2 (the "Custody Rule") under the U.S. Investment Advisers Act of 1940, as amended (the "Advisers Act"). However, it is generally not required to comply (or is deemed to have complied) with certain requirements of the Custody Rule with respect to each Fund because it complies with the provisions of the so-called "Pooled Vehicle Annual Audit Exception", which, among other things, requires that each Fund be subject to audit at least annually by an independent public accountant that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board, and requires that each Fund distribute its audited financial statements to all investors within 120 days of the end of its fiscal year.

ITEM 16
INVESTMENT DISCRETION

Castle Harlan has discretionary investment authority for each Fund. Its investment decisions for each Fund are subject to the investment objectives and guidelines set forth in the Fund's offering documents and limited partnership agreement. The limited partnership agreement for each Fund grants Castle Harlan or one of its affiliates discretionary investment authority.

ITEM 17

VOTING CLIENT SECURITIES

The Funds are primarily invested in private companies which typically do not issue proxies. If the Funds are invested in private companies that effect an initial public offering, such companies will issue proxies. Castle Harlan, as an affiliate of the General Partners, exercises voting authority with respect to the securities held by the Funds, and exercises such authority in a manner in which it believes is in the best interest of the Funds.

Castle Harlan's general policy is to vote proxy proposals, amendments, consents or resolutions (collectively, "Proxies") in a prudent and diligent manner that will serve the applicable Fund's best interests and is in line with each Fund's investment objectives. Castle Harlan reserves the right to abstain on any particular vote or otherwise withhold its vote or consent on any matter if, in the judgment of Castle Harlan Investment Professionals, the costs associated with voting such proxy outweigh the benefits to a Fund or if the circumstances make such an abstention or withholding otherwise advisable and in the best interest of the relevant Fund. Conflicts of interest may arise between the interests of a client, on the one hand, and Castle Harlan or its affiliates, on the other hand. If Castle Harlan determines that it may have, or is perceived to have, a conflict of interest when voting Proxies, Castle Harlan will address matters involving such conflicts of interest in accordance with its Proxy voting policies and procedures.

Notwithstanding the foregoing, historically only a small minority of the total number of transactions affected by Castle Harlan for its Funds have been in publicly-traded securities and, therefore, Castle Harlan's proxy voting activities have been limited. Clients may obtain a copy of Castle Harlan's Proxy voting policies and procedures and its Proxy voting record upon request.

ITEM 18
FINANCIAL INFORMATION

Castle Harlan is not required to include a balance sheet for its most recent fiscal year, is not aware of any financial condition reasonably likely to affect its ability to meet contractual commitments to the Funds, and has not been the subject of a bankruptcy petition at any time during the past ten years.

ITEM 19
REQUIREMENTS FOR STATE-REGISTERED ADVISERS

Not applicable.