

Part 2A DISCLOSURE BROCHURE

Item 1 - Cover Page

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This brochure provides information about the qualifications and business practices of Harris Preston & Partners, LLC. If you have any questions about the contents of this brochure, please contact us at 512-505-4111. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.

Harris Preston & Partners, LLC is a registered investment adviser. Registration of an investment adviser does not imply any level of skill or training.

Additional information about Harris Preston & Partners, LLC is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 - Material Changes

This is our annual update to our brochure. Since our last annual update dated April 1, 2013, there have been no material changes. However, we have made certain other changes to this brochure and you should read it in its entirety. Each annual update to our brochure will address “material changes” in this Item 2 or in a separate document accompanying the brochure and will either be delivered, or offered for delivery, to clients. A copy may also be downloaded from the SEC website at www.adviserinfo.sec.gov

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Item 4 - Advisory Business

A. Principal Owners and Background

Harris Preston & Partners, LLC (the “Adviser”) was founded in 2006 by affiliates of our principal owners Charles M. Preston, III and Ron R. Harris (the “Principals”). Our primary business is managing private equity funds of funds and single investment partnerships investing directly in the securities of operating companies or holding companies.

Our co-investment program (the “Program”) currently consists of (1) two private equity fund of funds (the “Funds of Funds”), which invest in private equity partnerships managed by established private equity investment firms and professionals (the “Sponsor Firms”); (2) approximately 45 co-investment partnerships (“Co-Investment Funds”), each of which allow the limited partners in our Funds of Funds, and select other investors who are well known to the Adviser, the opportunity to indirectly participate in investments in a single private company generally alongside one of the Sponsor Firms; and (3) approximately 19 special situations partnerships (“Special Situations Funds”), through which we offer other investment opportunities to our network of investors. We refer to the Funds of Funds, the Co-Investment Funds and the Special Situations Funds collectively as the “Funds.” We refer to the limited partners in our Funds as “Investors.” For more information about the investment strategies of the Program, please see *Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss* below.

Our Program was originally started in March 2006, with the creation of our first Fund of Funds, Harris Preston Equity Partners, L.P., (“HPEP I”), with more than \$30 million in committed capital from Investors. Our Investors have also invested more than \$179 million in Co-Investment Funds and Special Situations Funds.

In 2011, the Adviser continued the Program through (1) the creation of our second Fund of Funds, HPEP II, L.P. (“HPEP II”), which (a) makes commitments in the \$2 to \$5 million range to investment funds managed by the Sponsor Firms; and (b) selectively invests (or bridges) in co-investments generally alongside the Sponsor Firms, and (2) the creation of a series of Co-investment Funds that our Investors have the option, but not the obligation, to invest in over the term of HPEP II.

Charles M. Preston, III, 47. Mr. Preston co-founded the Adviser with Ron R. Harris in 2006 and has been Managing Director of the Adviser since that time. From 1997 to 1999, Mr. Preston was a Portfolio Manager in the Private Markets Group at The University of Texas Investment Management Company (“UTIMCO”), where he was primarily responsible for the commitment by UTIMCO-managed funds to various private equity partnerships. Mr. Preston also manages 220 Partners, LLC (“220 Partners”), a predecessor to the Adviser owned by Mr. Preston. 220 Partners was formed to manage an investment program that was similar to the Program. 220

Partners is not currently managing any investment, or making new investments. (See Item 10 – “Other Financial Industry Activities and Affiliations” below).

Prior to entering the private equity industry, Mr. Preston was a corporate finance and securities attorney with Vinson & Elkins LLP. He holds a law degree from Southern Methodist University and a Bachelor’s degree in both Economics and Business Administration from The University of Texas at Austin.

Ron R. Harris, 60. Mr. Harris co-founded the Adviser with Mr. Preston in 2006 and has been a Managing Director of the Adviser since that time. Mr. Harris is also currently Chairman of the Board and interim CEO of Myxer, Inc. In 2004, Mr. Harris founded Southwest Capital Partners, a private equity group focusing on early to mid-stage venture financing, corporate buyouts, and growth capital, where he served as Managing Director from 2004 to 2006. In 1994, Mr. Harris led the effort to create Pervasive Software, Inc. (NASDAQ: PVSU), for which he served as President and CEO from its inception until 2002, and Chairman until his term expired in 2003. Prior to acquiring and building Pervasive, Mr. Harris was a co-founder and served as Executive Vice President of Citrix Systems and was responsible for all marketing, engineering, and customer-service operations.

Separately, Mr. Harris served on the board of the San Antonio branch of the Dallas Federal Reserve Bank from 1998 until 2004. He has a Bachelor of Science Degree in Computer Science from Vanderbilt University and an MBA from The University of Texas at Austin.

B. Types of Advisory Services

The Adviser currently only provides advisory services to the Funds. The Adviser may advise additional investment partnerships in the future.

C. Tailoring of Advisory Services

The Adviser tailors its investment advice in accordance with the investment objective and strategy of the applicable Fund, as set forth in the offering documents for such Fund. The Adviser does not tailor advisory services to the needs of any particular Investor in any of the Funds.

D. Wrap Fee Programs

The Adviser does not participate in wrap fee programs.

E. Assets Under Management

As of March 31, 2014, the Adviser had approximately \$299.8 million of assets under management, all of which is managed on a discretionary basis.

Item 5 - Fees and Compensation

A. Our Compensation for Advisory Services

Funds of Funds

The Adviser currently receives an annual management fee (the “Management Fee”) from HPEP I equal to 0.875% of the subscribed capital of HPEP I, which will be reduced to an annual management fee of .20% of the subscribed capital of HPEP I beginning April 1, 2016. HPEP II currently pays the Adviser an annual management fee equal to 2% per year of the total subscribed capital of the partnership, which will be reduced to 1% per year of the total subscribed capital of the partnership beginning on April 1, 2017 and for five years thereafter, and .5% per year of the total subscribed capital of the partnership for each year thereafter. The Adviser does not receive any performance-based fee from the Funds of Funds.

Co-Investment and Special Situation Funds

The general partner of each Co-Investment Fund and Special Situation Fund (an affiliate of the Adviser), will receive performance-based compensation in the form of a carried interest (the “Carried Interest”). At the election of the Investor, the general partner will in most cases receive either (1) a 17.5% Carried Interest allocated from the capital account of the Investor to the general partner of the Co-Investment Fund after payback of contributed capital to the Investor or (2) a 35% Carried Interest after a 2X payback of contributed capital; however, the Adviser or one of its affiliates may waive or alter the fees, as applicable, attributable to any Investor(s) in the Funds.

General

In accordance with common industry practice, the Adviser or the general partner of any Fund may enter into “side letters” or side agreements with certain investors in a Fund whereby the Adviser or the general partner of the Fund may grant individual Investors specific rights, benefits, or privileges not set forth in the offering documents. Such investor specific rights, benefits or privileges may not be applicable to all Investors and therefore may not be made available to all Investors generally.

B. How we collect fees

The Management Fees are payable by each Fund of Funds quarterly in advance and are deducted from the Fund’s account. The Adviser’s Management Agreement generally restricts a Fund’s ability to terminate the agreement. The specific restrictions may vary depending on the nature of the Fund. Therefore, Management Fees are not refundable once paid.

The Carried Interest is allocated to and paid to the General Partner of the applicable Fund at the time distributions are made to the Investors in the Fund.

C. Other fees or expenses

Funds of Funds

The Adviser does not charge either Fund of Funds for any overhead or salaries of its employees, other than reimbursement of actual third party expenses incurred by the Adviser on behalf of the Fund of Funds. Each Fund of Funds may also directly incur or bear actual third party charges and expenses. Such charges may include brokerage commissions or ticket charges, custodial fees, accounting, audit and legal expenses, and costs of any litigation or investigation involving the activities of such Fund.

Each Fund of Funds will also pay management fees to the Sponsor Firms for managing the private equity funds in which the Fund of Funds invests. The management fees charged by Sponsor Firms are generally 2.0% of committed, called or invested capital per year. In addition, an affiliate of a Sponsor Firm will generally receive a carried interest in the private equity fund equal to 20% of realized profits.

Co-Investment and Special Situation Funds

Each Co-Investment Fund and each Special Situation Fund will be responsible for all costs, expenses, liabilities and obligations relating to the Fund's activities, investments and business as the general partner of the applicable Fund may deem necessary ("Partnership Expenses"), and each of these Funds will reimburse the Adviser and its affiliates to the extent Partnership Expenses are incurred by the Adviser or its Affiliates on behalf of the Fund. Partnership Expenses will include a portion of the salaries and other overhead expenses of the Adviser that are reasonably allocable to the Fund, as well as third party expenses including the fees of the qualified custodian, surprise audit fees, and legal fees. The overhead and salaries of the Adviser that are allocable to the Co-Investment Funds and the Special Situation Funds will include a portion of the salaries of the accountants and other professionals employed by the Adviser as well as accounting and data base software purchased by the Adviser to perform compliance and other back-office functions for the Fund including but not limited to processing capital calls, distributions, tax return work papers, annual reporting to Investors, annual reporting to SEC, Investor correspondence and all accounting functions performed by the Adviser on behalf of the Fund.

Each Co-Investment Fund and Special Situations Fund has entered into an Administrative Services Agreement with the Adviser, pursuant to which each such partnership will pay the Adviser an "Annual Reimbursement Amount" as reimbursement for the anticipated partnership expenses to be incurred by the Adviser on behalf of the Fund for the coming year. The Annual Reimbursement Amount may be adjusted from year to year based on the actual Partnership Expenses incurred by the Adviser on behalf of the Fund during the previous fiscal year; provided, however that during any fiscal year, the Annual Reimbursement Amount will never be greater than 0.5% of the total invested capital of the Fund. In addition, the Fund will not

reimburse the Adviser or any of its affiliates for overhead and administrative expenses incurred in connection with maintaining and operating their offices; or the salaries, bonuses, fringe benefits or any other compensation of Mr. Preston, Mr. Harris and their personal assistants.

Initially, Partnership Expenses will be paid from an “Upfront Partnership Expense Reserve,” which will be funded by a portion of the initial capital call from the Investors in the applicable Fund. Investors in each Co-Investment Fund and Special Situations Fund will be required to contribute an additional 1.5% of the amount necessary to fund the Fund’s investments. In other words, each capital call will be approximately 101.5% of the amount necessary to fund the related Fund’s investment. In addition, if necessary, the General Partner may (i) withhold from any distributions to Investors amounts necessary to pay Partnership Expenses and to create a reserve, in such amounts as determined by the General Partner, to pay future Partnership Expenses; (ii) advance, or cause any of its affiliates to advance, to the Fund such amount as necessary to pay Partnership Expenses with such advance treated as a loan payable upon demand by the Fund or (iii) call additional capital contributions from the Investors if deemed necessary by the General Partner to pay Partnership Expenses.

Because we control the general partner of each Co-Investment Fund and each Special Situation Fund, the reimbursement of overhead and salaries of the Adviser by the Funds could create a conflict of interest. We believe this conflict is mitigated by the fact that the Annual Reimbursement Amount will never exceed 0.5% of the total invested capital of the applicable Fund, and the fact that no Fund will reimburse the Adviser for overhead expenses of the Adviser in connection with maintaining and operating their offices or the salaries of Mr. Harris, Mr. Preston and their personal assistants.

D. Advance Payment

Management Fees are payable by the Fund of Funds in advance. No portion of the prepaid fees will be refunded should the Fund of Funds make a distribution or be liquidated other than at the end of a quarter or a calendar year, as the case may be. To the extent the Upfront Partnership Expense Reserve is not fully used to pay Partnership Expenses, such excess will be distributed to the Investors on liquidation of the Fund.

The general partner of each Co-Investment Fund will not receive any compensation until the investments of the Co-Investment Fund are realized.

E. Compensation for Sales of Securities

Neither the Adviser nor any of its supervised persons accepts compensation for the sale of securities or other investment products.

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

An affiliate of the Adviser will receive a performance-based fee in the form of a carried interest from each Co-Investment Fund and each Special Situations Fund. The Funds of Funds are not charged a performance-based fee. Under limited circumstances, the Funds of Funds may invest

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in a Co-Investment Fund, in order to provide the Investors or prospective Investors with additional time to make a decision as to whether to participate in a Co-Investment. The principle investment strategy of the Funds of Funds is to invest in funds controlled by the Sponsor Firms, not in Co-Investment Funds. In addition, individual Investors may elect to participate in each Co-Investment Fund and/or Special Situation Fund solely at their own discretion. Therefore, the Adviser does not believe that it has an incentive to disproportionately allocate co-investment opportunities to the Co-Investment Funds and the Special Situations Funds rather than to the Fund of Funds.

Item 7 - Types of Clients

The Adviser provides portfolio management services for the Funds.

The minimum investment for Investors in each Fund of Funds is \$5 million, although the general partner may, in its discretion, allow less than the minimum investment in certain limited cases.

The Co-Investment Funds will vary in size, likely in the \$500,000 to \$20 million range. Each Investor will receive a pro-rata allocation based on its capital commitment to the related Fund of Funds. If an Investor elects not to invest in a particular Co-Investment Fund, its allocation may be offered to the other Investors in the related Fund of Funds, and, if necessary to other investors well known to the Adviser.

Because an affiliate of the Adviser receives performance based compensation from each Co-Investment Fund, Investors in the Co-Investment Funds must be “qualified clients” under the definition in Rule 205-3 of the Investment Advisers Act of 1940. Generally speaking, qualified clients include 1) a person or company with at least one million dollars under management by the Adviser; 2) a person or company with a net worth of more than two million dollars or who is a qualified purchaser as defined in Section 2(a)(51)(A) of the Investment Company Act of 1940; and 3) certain key employees of the Adviser.

In certain instances where additional allocation is available, the Advisor may allow its employees to invest in a particular Co-Investment Fund or Special Situation Fund. Because employees are not “qualified clients” under the definition in Rule 205-3, the Advisor does not charge any Carried Interest on their investments. Employees are limited to \$2,500 on any one investment opportunity (in some instances up to \$5,000 with the Managing Directors’ approval), and the Advisor has the discretion, but not the obligation, to purchase the Employee’s investment back at the current FASB upon termination of employment (whether voluntary or involuntary).

For further discussion of these and related items, see *Item 4 – Advisory Business*.

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

A. Analysis and Strategies

The long term investment objective of each Fund is to achieve superior risk-adjusted net returns. The Adviser will seek to obtain this objective through an investment strategy focused on (1) investing the Funds of Funds in a diversified set of private equity investment funds established by the Sponsor Firms, and (2) offering our Investors the option, but not the obligation, to elect to participate in our Co-investment Funds and Special Situation Funds sourced by the Sponsor Firms and other private equity firms and professionals and the management teams of portfolio companies in which the Sponsor Firms, the Co-Investment Funds and Special Situations Funds invest (collectively, the “HPP Network”).

The Adviser anticipates that the substantial majority of the Fund of Fund’s capital will be invested in the private equity funds managed by the Sponsor Firms. The Co-Investment Funds will focus on co-investment opportunities identified by the Sponsor Firms—generally small and middle market corporate finance and buyout investment opportunities, generally in established companies in the \$5.0 million to \$500 million (enterprise value) range. Investors will have the option, but not the obligation, to co-invest in opportunities that meet the fundamental criteria led by a Sponsor Firm or other firm in the HPP Network, including Special Situation Funds.

The Fund’s investment opportunities will arise primarily from (a) the Sponsor Firms and professionals receiving capital commitments from the Fund, (b) other prospective Sponsor Firms and professionals, and (c) the personal networks of the Adviser through the HPP Network, including investors, management teams, corporate investing units, investment professionals and industry service providers. All of the Sponsor Firms employ a rigorous due diligence and selection process, which will result in their committing capital in only a fraction of the opportunities they review.

The Adviser will be able to invest the Funds in opportunities arising from the HPP Network for several reasons, including:

- the Funds of Funds will be a limited partner in private equity funds sponsored by the Sponsor Firms, and as a result, will have access to the co-investments developed by them, as limited partners are generally the first group to see co-investments from private investment firms, and
- over the past fifteen plus years, the Adviser has developed strong relationships with the Sponsor Firms and the other entities that make up the HPP Network.

Investment Review

The Adviser will generally begin actively reviewing an investment opportunity (a) after it has been screened by a member firm of the HPP Network, or (b) alongside the member firm of the HPP Network if the Adviser originated the investment opportunity. Thereafter, the Adviser will

employ a confirmatory and disciplined review process, the highlights of which are set forth below.

Due Diligence

The Adviser will undertake a confirmatory, independent due diligence review of all investments and co-investments. Due diligence procedures for the investments in private equity funds sponsored by a Sponsor Firm include a detailed review of the Sponsor Firm's principals, reputation, strategy and record. The Adviser anticipates that the Funds of Funds will make investments in funds where it or one of its affiliates has a longstanding relationship with the Sponsor Firm managing the fund.

Co-investment due diligence will include management, financial, industry, and market review and analysis. In addition to insuring the alignment of interests among the management team, the lead investor and the Co-Investment Fund, a primary objective of the due diligence process will be to determine the risk/return qualities of an investment. Put another way, co-investment due diligence will be designed to determine whether the return potential of a particular opportunity (as determined by the Adviser) justifies its risk (given the possibility that operational and/or financial problems could result in a loss of capital). During the due diligence process, the Adviser will, as circumstances warrant, engage third parties with specialized knowledge relative to the review. The Adviser's due diligence process is normally confirmatory in nature and principally relies on the analysis and opinion of the Sponsor Firm leading the investment.

While the exact program of co-investment due diligence will vary depending on the nature and timing of each particular investment opportunity, the Adviser will generally begin by (1) reviewing preliminary information prepared by the co-investment management team and/or the HPP Network member, and (2) conducting limited strategic, financial and industry due diligence. If the Adviser elects to proceed after this initial review (and depending on the preferences of the Sponsor Firm), they may undertake more significant industry and financial due diligence; occasionally conducting an on-site review of the business and its operations, and meeting with the lead HPP Network member and/or the co-investment management team. A threshold consideration will be whether the co-investment management team, the sponsoring HPP Network member and the Fund all have aligned interests.

B. Material Risks

Risk of Loss. Investing in securities (including both public and private companies) involves the risk of loss. While the Adviser's ultimate goal is to provide attractive returns over a long period of time, there can be no assurance we will achieve this goal. Investments made by the Adviser on behalf of the Funds and other clients may involve a high degree of business and financial risk that can result in substantial or even total losses.

Illiquid Long-Term Investment. An investment in any of our Funds is a long-term commitment, and there can be no assurance of any distribution to the Investors prior to liquidation of the Fund of Funds or the Co-Investment Funds, as the case may be.

Market Conditions. The Funds will be materially affected by conditions in the financial markets and economic conditions, including interest rates, availability and terms of credit, inflation rates, economic uncertainty, changes in law, commodity prices and political circumstances, and such conditions may adversely affect performance. As a result of such factors, the Adviser may not be capable of, or successful at, preserving the value of Fund assets, generating positive investment returns or effectively managing risks.

Competition for Investments. The Adviser expects that it will encounter competition from entities having similar investment objectives, certain of which may possess competitive advantages over the Adviser or the Sponsor Firms in bidding for investments on behalf of the Funds and other clients, including greater financial, technical, marketing and other resources, higher risk tolerances, different risk assessments, lower return thresholds, lower cost of capital and access to funding sources unavailable to the Adviser, as well as an ability to achieve synergistic cost savings in respect of an investment.

Co-investment Funds. There is no assurance that the Adviser or our Sponsor Firms will be able to find suitable co-investment or special-situation opportunities for the Funds or the Investors.

Reliance on Individuals. The Funds will be particularly dependent on our Principals. The loss of either of Charles M. Preston III or Ron R. Harris could have a materially adverse effect on the Funds. The Adviser and the general partner of each of the Funds are ultimately controlled 50/50 by Charles M. Preston III and Ron R. Harris. A disagreement between Mr. Preston and Mr. Harris may have a materially adverse effect on the ability of the Adviser to generate co-investment opportunities for our Funds. Either Mr. Preston or Mr. Harris may elect to exercise a buy-sell provision to purchase the direct and indirect interest of the other party in the General Partner and its affiliates for the appraised value of such interests. If Mr. Preston or Mr. Harris were to die or become disabled, then the other would assume full management control over the Funds.

Uncertainty Regarding Investments. Although the Adviser conducts confirmatory due diligence prior to making an investment, the due diligence process may be subjective at times, may be required to be undertaken on an expedited basis in order to take advantage of available investment opportunities and may require the Adviser to rely on limited resources available to it. As a result, the due diligence investigation may not reveal or highlight all relevant facts that may be necessary or helpful in evaluating such investment opportunity. Importantly, the Adviser relies heavily on the due diligence process conducted by the Sponsor Firms.

Forward-Looking Statements. Certain statements, including without limitation, statements containing the words “believes,” “anticipates,” “intends,” “plans,” “expects,” “projects, projections” and words of similar import constitute “forward looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Fund to be materially different

from any future results, performance, or achievements expressed or implied by such forward-looking statements. Given the nature of these uncertainties, prospective investors are cautioned not to place undue reliance on such forward-looking statements.

Non-Controlling Investments. On behalf of the Funds, the Adviser generally makes investments representing less than 50% of the outstanding voting interests of a company and/or will not hold investments in debt instruments or other securities that entitle it or its client to control voting rights and therefore, may have a limited ability to protect its investment in such portfolio company. As stated previously, the Adviser relies on the investment expertise and due diligence of the Sponsor Firms.

Concentration of Investments. The Funds' portfolio, and the portfolio of the funds in which the Funds invest, may become concentrated in a limited number of companies in certain industries or markets, increasing the vulnerability of the portfolio in a downturn in such market or industry.

Reliance on Sponsor Firms. The Sponsor Firms will be responsible for sponsoring the substantial majority of the investments made by the Co-Investment Funds. The Adviser will do confirmatory due diligence on investments sourced by the Sponsor Firms or other members of the HPP Network. The Adviser's due diligence process principally relies on the analysis and opinion of the Sponsor Firm leading the investment. In addition, the Funds will in most cases rely significantly on the existing management and board of directors of portfolio companies, which may include representatives of Sponsor Firms or other financial investors with whom the Adviser is not affiliated and whose interests may at times conflict with the interests of the particular Co-Investment Fund.

Additional Capital Requirements of Portfolio Investments. Certain of the companies in which the Adviser invests on behalf of the Funds or its other clients may require additional financing to satisfy their working capital requirements or acquisition strategies. Additional financing may occur at a price that is unfavorable or dilutive to the Funds or the other clients. There can be no assurance that the Adviser will be able to accurately predict the future capital requirements necessary for success or that additional funds will be available from any source.

Risk of Leverage. On behalf of the Funds or other clients, the Adviser may invest in portfolio companies with leveraged capital structures. A leveraged capital structure increases the exposure of portfolio companies to adverse economic factors such as rising interest rates, downturns in the economy or deteriorations in the condition of portfolio companies or their industries. Leverage also may involve restrictive covenants, terms and conditions the violation of which would be viewed by creditors as an event of default and which could require the prepayment of debt using excess cash flow, which could adversely affect such companies.

Investments in Turnarounds. In limited cases, the success of an investment made by a Fund will depend on the ability of the Adviser, or a Sponsor Firm, to facilitate a successful restructuring and affect improvements in the operations of a portfolio company, and there can be no assurance that the Adviser, or a Sponsor Firm, will be able to successfully identify and implement such restructuring programs and/or improvements.

Consequences of Failure to Pay Contribution in Full. If an Investor fails to pay any installment of its capital commitment to HPEP II, the liabilities to which it will be subject will include, among other things, an option exercisable by HPEP II to redeem the Investor's entire interest in HPEP II for an amount equal to 25% of its then capital account. The HPEP II Partnership Agreement will provide generally that the balance of an Investor's capital account at any given point in time will equal the excess, if any, of (a) the sum of its capital contributions and any net profits previously allocated to it, over (b) all prior distributions to it and any losses previously allocated to it. In the event that HPEP II does not exercise its option to redeem a defaulting Investor's interest, the remaining Investors, or failing the exercise of their option, the general partner of HPEP II or its nominees, may purchase a defaulting Investor's entire interest in HPEP II at 25% of its then capital account. In addition, the general partner may pursue any available legal or equitable remedies, with the expense of collection of the unpaid amount, including attorney's fees, to be paid by the defaulting Investor.

Conflicts of Interest. The Adviser may be subject to various conflicts of interest. The Adviser, the Principals and such other persons are or may be engaged in other business activities. The Adviser and such persons will not be required to refrain from any other activity or to disgorge any profits from any such activity, and will not be required to devote all of their time and efforts to their clients.

Allocation of Opportunities. The General Partner will offer the Investors in the Funds of Funds the opportunity to invest in all investment opportunities related to the Fund of Funds and qualifying Co-investment Fund. Once the Investors' in the Co-investment Fund own investment position has been satisfied, the Adviser will offer participation in the remainder of such opportunities to one or more other persons. It may also occasionally be necessary to allocate limited investment opportunities to other strategic partners in the HPP Network, which may result in the Investors' share of such investment at a lower amount than what would otherwise be available.

Information Delays. The Funds may experience time delays in receiving financial and other information from managers of the private equity funds in which they invest. The values of a Fund's investments will be reported based on their net asset value. In determining such values, we are reliant on receiving financial data from the Sponsor Firms of their underlying investments. Such information is generally provided on an annual (and with some Sponsor Firms, quarterly) basis. To the extent that the net asset value of any investment in an underlying Fund's portfolio changes with our knowledge, the reported value of the Fund's investment will not immediately reflect such a change.

Dilution. Investors in a Fund could be diluted from subsequent closings. Investors subscribing for interests in a Fund at subsequent closings will participate in existing investments of the Fund, diluting the interest of the existing Investors therein. Although such Investors will contribute their pro rata share of previously made Fund draws (plus an additional amount relating to the cost of money previously contributed by existing Investors), there can be no assurance that this payment will reflect the fair value of the Fund's existing investments at the time such additional Investor's subscribe for interests in the Fund.

Fund of Funds Fee Structure. The structure of a fund of funds typically results in at least two layers of fees and expenses borne by its investors, those incurred by the fund of funds and those incurred by the underlying funds in which the fund of funds invests. The Adviser has attempted to mitigate this by not taking any carried interest in the Funds of Funds. In addition, the Investors in the Funds of Funds will have the opportunity to invest in Co-Investment and Special Situation Funds that will not be subject to more than one layer of fees. Nevertheless, Investors will incur a management fee and other administrative costs related to the management of the Funds of Funds in addition to the carried interest and management costs and other administrative expenses imposed by each underlying private equity fund that the Fund of Funds invests in. Therefore, the structure of our Funds of Funds will result in greater expense than would be the case if an Investor invested directly in the underlying private equity fund. See *Item 5* – “Fees and Compensation” for more information.

Non-Transferability. For investors in the Funds, the transferability of interests in the Funds will be restricted by provisions of federal and state securities laws, and transfers are prohibited except with the prior approval of the Adviser. There is no public market for interests in the Funds, and none is expected to develop. Because of limitations on withdrawal rights and the fact that interests are not tradable, an investment in the Funds is an illiquid investment and involves a high degree of risk.

Carried Interest. As noted earlier, the general partner of the Funds may be entitled to receive carried interest. The existence of carried interest may create an incentive for the general partner to approve and cause the Funds to make riskier or more speculative investments than it would otherwise make in the absence of such performance-based profit sharing.

Item 9 - Disciplinary Information

The Adviser has no legal or disciplinary events that are material to your evaluation of this Advisory business or the integrity of our management to disclose.

Item 10 - Other Financial Industry Activities and Affiliations

A. Broker-Dealer Registration

The Adviser is not registered as a broker-dealer or registered as a representative of a broker-dealer, nor does it have any pending application to register. In addition, the Adviser and its management persons are not affiliated with any broker-dealer.

B. Futures and Commodities Registration

Neither the Adviser nor any of its management persons is registered as a futures commission merchant, commodity pool operator, commodity trading Adviser, or associated party of any of those, nor does it have any pending application to register as such.

C. Related Persons

Related persons serve as general partners of the Funds. In addition, as discussed below, 220 Partners manages an investment program that preceded the program managed by the Adviser.

Certain affiliates of the Adviser have minority investments in the sponsors of investment opportunities offered to the Co-Investment Funds. These minority investments may entitle our affiliates to a carried interest in investments made by our Co-Investment Funds, which may create a conflict of interest in that we will be more likely to recommend investments sponsored by these sponsors to our clients. This conflict of interest is mitigated by our disclosure to prospective investors in our Co-Investment Funds. In addition, we believe that this minority interest creates investment opportunities that we offer to our partners.

D. Conflicts of Interest

The Adviser is not compensated for recommending or selecting other investment advisers for its clients. As noted above, however, our affiliates may have minority interests in certain sponsors that our clients invest with, and Mr. Preston is the manager of 220 Partners, LLC, which manages an investment program similar to the one managed by the Adviser. The investment program managed by 220 Partners, however, was active before the formation of the Adviser, and 220 Partners is not managing or advising on any new investments. The Adviser believes that the activities of 220 Partners does not create any conflict of interest with the Adviser's business or its clients because the business of 220 Partners is in monitoring mode only. The Adviser has no other business relationships with other advisers that create any material conflict of interest.

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

The Adviser has a fiduciary responsibility to treat clients fairly and avoid actual or potential conflicts of interest. The employees of the Adviser have an obligation to act solely in the best interests of clients, and to make full and fair disclosure of all material facts, particularly where the clients' interests may conflict with the interests of the Adviser or its employees.

A. Code of Ethics

The Adviser has adopted, and requires all employees to understand, acknowledge and follow, a Code of Ethics. The fiduciary principles that govern personal investment activities of employees are, at a minimum, the following: (1) the duty at all times to place the interests of clients first; (2) the requirement that all personal securities transactions be conducted in a manner that is consistent with Rule 204A-1 of the Advisers Act and in such a manner so as to avoid any actual or potential conflict of interest, or any abuse of an individual's position of trust and responsibility; and (3) the fundamental standard that personnel providing services to clients should not take inappropriate advantage of their positions. The Adviser's policy is that the interest and privacy of clients always comes first and all employees will conduct themselves in accordance with the highest standards of integrity, honesty and fair dealing. The Adviser monitors compliance with the Code on an ongoing basis, and employees may be subject to

disciplinary actions as severe as dismissal for certain infractions. The Adviser's Code of Ethics is available to its clients and prospective clients upon request.

B. Participation or Interest in Client Transactions

Principal Transactions

Section 206 of the Advisers Act regulates principal transactions among an investment adviser and its affiliates, on the one hand, and the clients thereof, on the other hand. The Advisers Act generally requires that, when an investment adviser or an affiliate thereof proposes to purchase a security from, or to sell a security to, a client (what is commonly referred to as a "principal transaction"), the adviser must make certain disclosures to the client of the terms of the proposed transaction and obtain the client's consent to the transaction.

The Adviser may provide an investment opportunity to the Funds, or buy or sell for Fund accounts, securities in which it or one of the Principals has a material financial interest; however, any potential conflict of interest has and will be clearly disclosed to Investors prior to their investment in the applicable Fund, normally through the respective investment notice for each Co-Investment Fund or Special Situations Fund, as the case may be, provided to the Investors by the Adviser prior to the closing of the investment opportunity.

One or both Principals of the Adviser may serve on the advisory board of one or more private equity funds sponsored by a Sponsor Firm, to provide general advice, for deal flow and to help with conflict of interest issues. Regarding Co-Investment Funds, the Adviser will work to add value by introducing the controlling Sponsor Firms and their management teams to prospective add-on acquisitions and customers.

One or both of the Principals may also serve on the board of directors of a portfolio company owned directly or indirectly by a Fund. For example, Mr. Harris is currently the chairman and interim CEO of Myxer, Inc., for which he receives no compensation (other than stock options received in the past which are currently worthless). The Adviser may also negotiate for board observation rights at a portfolio company. The Adviser will also maintain active contact with sponsoring HPP Network members and will receive regular updates on the progress of each investment.

In some instances, one of the Funds may hold an interest in a portfolio company that merges with a portfolio company held by another Fund. Decisions about what action should be taken in a troubled situation, including whether or not to enforce claims, whether or not to advocate or initiate a restructuring or liquidation inside or outside of bankruptcy, and the terms of any work-out or restructuring may raise conflicts of interest. In the substantial majority of our investments, the Sponsor Firms rather than the Adviser or the Funds will control the portfolio company and the terms of any restructuring. With respect to cases in which the Adviser or a Fund advised by the Adviser controls the terms of the Investment, the Adviser will resolve all such conflicts using its best judgment but in its sole discretion, subject in certain cases to approval by an advisory committee of the participating Funds.

Investments to finance follow-on investment rounds or acquisitions may present conflicts of interest, including determination of the equity component and other terms of the new financing. Again, the Sponsor Firms, rather than the Adviser will normally set the terms of such new financing, which our Investors will then generally have the opportunity, but not the obligation to participate. In the limited situations where a conflict of interest may arise with an investment controlled by the Adviser, the Adviser will resolve all such conflicts using its best judgment.

C. Personal Securities Investing

As a general matter, our Principals and other affiliates of the Adviser do not invest in the same securities as the Funds, but rather invest in the Funds themselves, alongside and on the same terms as other Investors. We believe the Principals' investments in the Funds is a materially positive aspect of the Adviser's investment program.

D. Personal Securities Trading

The Adviser has adopted personal trading policies and procedures to address conflicts of interest with its clients. Also, the Adviser's Principals or their affiliates are invested in the Funds to align our interest with the Fund's Investors.

Item 12 - Brokerage Practices

The Adviser manages the Funds on a discretionary basis. Investments that the Adviser makes on behalf of the Funds are generally investments in private companies or purchases in private placements and do not involve brokers. The Adviser will use brokers to sell public stock received in the form of stock distributions from underlying partnerships or received when a private company completes an initial public offering. The Adviser will normally undertake to distribute public securities as soon as reasonably practicable to the underlying Fund Investors. When selling securities the Adviser generally sells through a diversified group of brokers. Brokers are selected on the basis of best price and execution. Soft dollar arrangements are not utilized by the Adviser.

Item 13 - Review of Accounts

An unaudited annual statement showing the income, expenses, assets, and liabilities of each Fund, and information necessary to enable Investors to file their federal and state tax returns will be furnished annually after the end of each calendar year.

Item 14 - Client Referrals and Other Compensation

The Adviser does not currently pay inside or outside parties for referring investors to the Fund. The Adviser or the general partner of the Fund may do so in the future, in which case the Adviser will describe the arrangement in an amendment to this brochure and will comply with all securities laws.

Item 15 - Custody

Because the general partner of each Fund is an affiliate, the Adviser may be deemed to have custody of the Funds' assets. Assets for which we have custody are held only at qualified custodians and in accordance with applicable regulations. These regulations require us to maintain Fund assets with a qualified custodian in a separate account for each Fund under that Fund's name. Kingdom Trust will serve as the principal qualified custodian for each Fund. Investors will receive quarterly account statements directly from the qualified custodian. Investors are urged to carefully compare these statements with any reports provided by the Adviser.

Item 16 - Investment Discretion

The Adviser has investment discretion to manage the Funds' assets. The Funds of Funds' partnership documents and their Management Agreements with the Adviser typically provide the Adviser with the ability to select investment opportunities and securities to be bought and sold and to determine the amount of the transactions. The Adviser exercises its discretion in a manner consistent with the Funds' investment goals and objectives.

The Co-Investment Funds generally are established to invest alongside one or more Sponsor Firms in one or more investment opportunities. Because each Co-Investment Fund generally is contractually required, as a condition of its investment, to exit its investment in the particular investment opportunity at the same time and on the same terms as the applicable Sponsor Firm that also is invested in the particular investment opportunity, the Adviser generally has no discretion to invest/divest the assets of a Co-Investment Fund independent of such contractual requirements. Occasionally, opportunities arise where the Fund will have the opportunity to invest in the respective Fund operating-company along with other shareholders. When these opportunities arise, the Adviser will generally provide the opportunity to the Investors who then will retain the investment discretion as to whether to participate.

Item 17 - Voting Client Securities

The Adviser does not expect that the Funds will hold securities that have conventional voting rights. In the event that a Fund does hold such a security in the future, it is the Adviser's policy not to vote proxies. If the Adviser changes its policy, it will develop policies and procedures in compliance with Rule 206(4)-6 of the Advisers Act and it will vote such securities in the best interest of the Fund.

Item 18 - Financial Information

The Adviser does not require prepayment of any advisory fees six or more months in advance. There is no financial condition that is reasonably likely to impair the Adviser's ability to continue to meet its contractual commitments and provide services to its clients. The Adviser has never filed for bankruptcy protection.