

HMI CAPITAL, LLC
Part 2A of Form ADV: Firm Brochure

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This brochure provides information about the qualifications and business practices of HMI Capital, LLC. If you have any questions about the contents of this brochure, please contact us at 415.391.9500 or info@hmicapital.com. The information in this brochure has not been approved or verified by the Securities and Exchange Commission ("SEC") or by any state securities authority.

Additional Information about HMI Capital, LLC is also available on the SEC's website at www.adviserinfo.sec.gov

MATERIAL CHANGES

This “brochure” amends the “brochure” filed on April 10, 2013. There are no material changes to the brochure. The changes reflect our annual updating amendment.

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ADVISORY BUSINESS

HMI Capital, LLC (“HMI” or “we”) began operation in November 2008. We currently provide discretionary investment advisory services to a Delaware limited partnership (the “Onshore Fund”) and a Cayman Islands exempted limited partnership (the “Offshore Fund,” and together with the Onshore Fund, the “Funds”). We are the sole general partner and investment manager of each of the Funds. At this time, we do not manage assets for or provide investment advice to any clients other than the Funds, although we may do so in the future.

Our principals are Marco (“Mick”) Hellman and Justin Nyweide.

In managing the Funds, we focus on value and distressed investing in public common equities and credit, and we generally seek to hold a concentrated portfolio, currently focused on five industry sectors: software, information services, financial services, logistics and media and marketing services. The Funds’ investors do not have the right to specify, restrict, or influence the Funds’ investment objectives or any investment or trading decisions.

We do not participate in wrap fee programs.

As of December 31, 2013, the aggregate net asset value of accounts (the Funds) we manage was **\$254,202,109**. We manage no assets on a nondiscretionary basis.

FEES AND COMPENSATION

Management Fees

For the services we provide to each Fund, we are generally entitled to receive management fees (assessed as to each limited partner in the Fund) at an annualized rate that is subject to a “step down” based on the aggregate net value of the fee paying assets that we manage firm-wide. The annualized management fee rate is equal to 1.75% per annum for the first \$500 million under management, 0.75% per annum for amounts above \$500 million up to \$750 million, and 0.25% per annum for amounts above \$750 million. Management fees are payable in advance at the beginning of each calendar quarter, and the amount of the management fee assessed as to each limited partner is generally equal to one-fourth the annualized management fee rate times that limited partner’s capital account balance as of the first day of that quarter. While our management fees are not generally negotiable, we may vary the management fees as to particular limited partners by separate agreement, without notice to the other limited partners.

Incentive Allocations

As the general partner of each Fund, we are also generally entitled to receive, as to each limited partner in the Fund, a special allocation (an “Incentive Allocation”) equal to a share of the net profit (including both realized and unrealized gains and losses) that would otherwise be allocated to that limited partner in each calendar year, subject to a “modified high water mark” procedure. In the absence of any losses, our Incentive Allocation is equal to 15% of the annual profits otherwise allocable to each limited partner in the Onshore Fund, and either 15% or 17.5% (depending on which “series” of interest that a limited partner holds) of the annual profits otherwise allocable to each limited partner in the Offshore Fund.

Under the Funds’ “modified” high water mark procedure, we are entitled to receive Incentive Allocations even as to profits that simply restore losses in earlier periods. We are, however, only entitled to receive Incentive Allocations as to such profits at a reduced rate equal to one-half of the applicable “base” rate (or 7.50% for limited partners in the Onshore Fund and either 7.50% or 8.75% for limited partners in the Offshore Fund, depending on which “series” of interest they hold). In addition, after a loss year, we are not

entitled to receive Incentive Allocations at the “full” base rate until 250% of those losses are recovered (on a gross basis, before taking into account the effect of any incentive allocations in the interim); until then, we are only entitled to receive incentive allocations at one-half of the “full” rate.

The Funds make Incentive Allocations at the end of each calendar year and at other times when Fund investors are permitted to withdraw capital (but then only in proportion to the amount of capital withdrawn). Although the Incentive Allocation is generally not negotiable, we may vary the Incentive Allocation as to particular limited partners by separate agreement, without notice to the other limited partners.

Other Fees and Expenses. Each Fund pays all:

- brokerage commissions and other costs of executing and settling transactions involving Fund assets (including mark-ups and mark-downs), including costs and expenses associated with using a services provider unaffiliated with HMI to provide an outsourced trading desk function.;
- all Fund bookkeeping and administrative expenses, including the costs of the annual audit and the preparation and distribution of financial, tax and other reports to partners, fees and costs of a third party administrator, and other accounting and legal expenses (including fees paid to HMI’s counsel for services that benefit the Fund) and including expenses related to acting as the tax matters partner;
- expenses relating to meetings and consents of Fund partners;
- insurance, indemnification or litigation expenses;
- any taxes, fees or other governmental charges levied against the Fund;
- expenses of liquidating the Fund, including all costs associated with the liquidating trust and the liquidator; and
- expenses incurred by the tax matters partner.

We may advance costs described above for a Fund and require the Fund to reimburse us.

HMI bears (i) any costs and expenses of providing the Funds with office space, furniture, fixtures, equipment, facilities, supplies and necessary ongoing overhead support services for the Funds’ operations; (ii) the compensation of HMI’s personnel, including fringe benefits; (iii) any taxes imposed by reason of the management fee paid to HMI; (iv) direct research costs (including travel) relating to due diligence of investments and portfolio companies; (v) expenses and costs relating to registration of the General Partner as an investment adviser with the U.S. Securities and Exchange Commission and any other applicable regulatory authority; and (vi) all other expenses that are not fund expenses described above.

We may cause the Funds to enter into arrangements with securities brokerage firms, including “prime brokers,” who may provide a variety of services to the Funds, including custodial, clearing, lending and related services. Although the Funds may not pay for these services directly, the Funds may be considered to pay for them indirectly through: payments to the broker of commissions and other transaction costs; payments of financing charges related to margin borrowings and stock loans; and the brokers’ ability to earn money on certain balances the Funds maintain with them (subject to laws and regulations governing their activities). See “Brokerage Practices.”

Prepayment of Fees. As noted above, the Funds pay management fees quarterly in advance. Fund investors are generally permitted to withdraw capital only at the end of a calendar year, at which time there

generally will be no prepaid fees. We are not required to refund any portion of our management fee if a Fund allows an investor to withdraw as of a time other than a calendar year-end, however, we have agreed with the Funds to refund management fees under certain circumstances (which would apply if, for example, we were to suspend withdrawals for an extended period of time).

If we were to terminate our status as general partner of a Fund at a time other than as of the end of a quarter, we would refund to the Fund a portion of the management fee that was paid at the beginning of the termination quarter, pro rated based on the number of days remaining in that quarter.

Other Compensation. Neither we nor our personnel accept compensation for the sale of securities or other investment products.

PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

The Funds allocate to us, as general partner, a portion of the appreciation in value of investors' investments, as described above in "Fees and Compensation." We do not manage any accounts that do not provide for performance-based incentive allocations. While we have the right to waive incentive allocations and fees as to particular investors in a Fund, we manage each Fund's assets as an undivided pool, so any such waiver would not give rise to incentives to favor any particular account over another. Our potential to receive incentive allocations, and the fact that we will not have to refund any such allocations or fees if the Funds later experience losses, may, however, create an incentive for us to make investments that are riskier or more speculative than would otherwise be the case.

TYPES OF CLIENTS

We currently provide investment advice only to the Funds. They are privately-offered investment funds that are not regulated under the U.S. Investment Company Act of 1940, as amended, because of Section 3(c)(7) of that act. Each Fund imposes minimum investor qualification standards and minimum investment requirements.

METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

Investment Objectives and Strategies

In managing the Funds, we generally seek to hold a concentrated portfolio of 10 to 12 deeply researched names, and we seek to find superior value by identifying off-the-run or complex situations globally. The Funds are currently focused on five industry sectors: software, information services, financial services, logistics, and media and marketing services. We work to mitigate investment risk through business selection, limited diversification, rebalancing for optimum risk/return mix and selective position-specific hedging. We generally expect that the Funds will hold their investments over a 3- to 5-year time horizon.

We are not limited to the strategy described above. We may invest in various types of securities beyond common stocks and options, including preferred stock, convertible securities, bonds, notes, warrants, rights, "derivatives," and money market instruments. We may also use margin borrowings and other leveraging techniques. There can be no assurance that the Funds' objectives will be satisfied.

Investing in securities involves a risk of loss that investors should be prepared to bear.

Material Risks of Our Strategy

The following is a summary of some of the material risks associated with our investment activities. It does not attempt to describe all of the risks associated with those activities.

Investment Selection; Reliance on Mr. Hellman. We believe the primary risk of our investment strategy relates to investment selection – the risk that our techniques may, at least over certain periods, result in securities positions that decline in value or do not appreciate as much as alternatives. Our investment advice depends on the ability of our principals and, particularly, Mick Hellman, to develop and implement investment strategies to achieve our clients’ investment objectives. Our clients’ investment performance could be materially and adversely affected if Mick Hellman were to die, become ill or disabled, or otherwise cease to be involved in active management of the Funds’ portfolios.

General Economic and Market Conditions. Our clients’ opportunities and investments may be negatively affected by general economic and market conditions, such as interest rates, availability of credit, inflation rates, economic uncertainty, changes in laws, developments in governmental regulation and national and international political circumstances.

Non-U.S. Investments. We may invest a substantial portion of our clients’ assets in securities of non-U.S. companies and/or securities denominated in currencies other than U.S. dollars. These could include securities issued by companies in, and traded in, so-called “emerging markets.” Non-U.S. investing, and investing in emerging markets in particular, will subject our clients to certain risks not typically associated with investing in securities in the U.S. Non-U.S. markets generally are not as developed or efficient as, and may be more volatile than, U.S. markets. In particular, there is generally less government supervision and regulation of non-U.S. exchanges, brokers and listed companies than there is in the United States. Further, as compared with trading volumes in U.S. markets, trading volumes in non-U.S. markets are usually lower and therefore are characterized by less liquidity and more rapid and erratic price fluctuations. Commissions for trades on non-U.S. stock exchanges are generally higher than negotiated commissions on U.S. exchanges, and custody expenses are generally higher as well. Settlement practices for transactions in non-U.S. markets may involve delays beyond periods customary in the United States, and our clients may be required to borrow funds or securities to satisfy their obligations arising out of other transactions. In addition, there could be more “failed settlements,” which can result in losses to our clients. Additionally, our clients’ investments may be denominated in non-U.S. currencies. A change in value of any such currency against the U.S. dollar will cause a corresponding change in the U.S. dollar value of our clients’ investments that are denominated in that currency. Those changes may affect our clients’ income and profitability.

Small Capitalization Stocks. We may invest a portion of our clients’ assets in stocks of companies with relatively small market capitalizations. While we believe these stocks can provide significant potential for appreciation, they can involve higher risks than investments in stocks of larger companies. For example, prices of small-capitalization and even some medium-capitalization stocks are often more volatile than prices of large-capitalization stocks and the risk of bankruptcy or insolvency of many smaller companies (with the attendant losses to investors) may be higher than for larger, “blue-chip” companies. In addition, thin trading in some small-capitalization stocks may make an investment in those stocks less liquid. Rapid sales of small-capitalization stocks could also depress their market value, reducing our clients’ profits, or increasing its losses, in the positions.

Limited Liquidity of Some Investments. We may direct clients to invest in securities that are relatively illiquid. These may include: (i) publicly traded securities for which the market is limited; (ii) publicly traded securities in which our clients’ positions are so large in relation to the trading market that our clients’ liquidity is less than other holders’; (iii) securities that are relatively liquid when acquired but that become illiquid after our clients invest; (iv) publicly traded securities acquired in private placements or in other circumstances that result in legal or contractual restrictions on our clients’ ability to sell them; and (v) investments for which no liquid trading market exists. We may not be able to liquidate illiquid securities positions on behalf of our clients if the need were to arise.

Debt Instruments. We may invest our clients’ assets in debt or other fixed income securities and/or in other debt instruments, such as bank loans. It is likely that many of these debt instruments may be unrated.

Whether or not rated, they may have speculative characteristics. Their issuers (borrowers), including sovereign issuers, may face significant ongoing uncertainties and exposure to adverse conditions that may undermine their ability to make timely payment of interest and principal. Debt instruments are dependent on the issuer's/borrower's ability to pay interest and repay principal in accordance with the instrument's terms and involve major risk exposure to adverse conditions. An economic recession could severely disrupt the market for debt instruments and have an adverse impact on their market value. It is also likely that an economic downturn could adversely affect the ability of the issuers/borrowers to pay principal and interest when due — *i.e.*, increase the risk of default for such securities.

Concentration of Investments. In managing our clients' portfolios, we expect to hold a relatively small number of positions, each representing a relatively large portion of our clients' capital. Further, even if a client holds a number of securities, that client may at times have a relatively large portion of their capital exposed to a particular industry, market sector, country, or geographic region. Losses in one or more large positions, or a downturn in an industry, market sector or geographic region in which our clients are concentrated, could materially adversely affect our clients' performance in a particular period and could have a materially adverse effect on our clients' overall financial performance.

Use of Leverage. We may employ leverage in managing our clients' accounts (subject to certain agreed-upon limits). Leverage increases both the possibilities for profit and the risk of loss. Borrowings (and in some cases guarantees of performance of client obligations) will typically be secured by our clients' securities and other assets.

Side Letters. HMI may provide certain investors or clients more frequent or detailed reports, special compensation arrangements and withdrawal or redemption rights that it does not provide to other investors or clients.

DISCIPLINARY INFORMATION

We have not been involved in any legal or disciplinary events since our inception that would be material to a client's evaluation of our company or our personnel.

OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Neither we nor any of our employees are registered, or have an application pending to register, as a broker-dealer or registered representative of a broker-dealer, futures commission merchant, or commodity pool operator. Neither we nor any of our employees have any relationships or arrangements with other financial service companies that pose material conflicts of interest.

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

Code of Ethics. We have adopted a Code of Ethics (the "Code") for the purpose of instructing our personnel about their ethical obligations and to provide rules for their personal securities transactions. The purpose of the Code is to prevent activities that may lead to, or give the appearance of, conflicts of interest, insider trading and other forms of prohibited or unethical business conduct.

The Code covers a range of topics that include: standards of business conduct; prohibitions against insider trading; personal securities transactions; gifts and entertainment; protecting the confidentiality of client information; service as an officer or director; compliance procedures; reporting violations and sanctions; records; and certification procedures. We will provide a copy of the Code to any client or prospective client upon request.

Participation or Interest in Client Transactions and Personal Trading. We have adopted a personal investment trading policy based on the following principles: (i) the interest of client accounts will at all times be placed first; (ii) all personal securities transactions will be conducted in such manner as to avoid any actual or potential conflict of interest or any abuse of an individual's position of trust and responsibility; and (iii) supervised persons must not take inappropriate advantage of their positions. Our personal trading policy requires that every access person must obtain approval from our Chief Compliance Officer before acquiring for any personal account any covered securities. Additionally our Chief Compliance Officer maintains a "restricted list" of certain securities. Access persons are prohibited from purchasing or selling such securities during any period they are listed. Moreover, employees are not permitted to invest in any company, whether or not the issuer of publicly-traded securities, when the employee believes there is a reasonable chance we may want to make an investment in that company for a client in the future. We have policies and procedures in place to ensure that our associated persons are aware of the rules regarding material non-public information and insider trading.

BROKERAGE PRACTICES

HMI has complete discretion in deciding what brokers, dealers, and other financial intermediaries and counterparties through or with which to execute or enter into portfolio transactions (collectively, "Transacting Parties"). HMI also has complete discretion to negotiate compensation arrangements and transaction terms with Transacting Parties. These arrangements may include not only paying commissions for transactions effected on any agency basis, but also compensation implicit in prices of transactions directly with Transacting Parties acting as principal (such as market-makers for over-the-counter securities) and dealers in fixed income securities and derivatives. The following describes some noteworthy aspects of HMI's and the Funds' use of and relationships with Transacting Parties.

Selection Criteria, Generally

In choosing Transacting Parties, we are not required to consider any particular criteria. For the most part, we will seek "best execution" of our clients' securities transactions. However, what constitutes "best execution" and determining how to achieve it are inherently uncertain. In evaluating whether a Transacting Party will provide best execution, we will consider a range of factors. These include, among others:

- historical net prices (after markups, markdowns and other transaction-related compensation);
- the execution, clearance and settlement and error correction capabilities of the Transacting Party generally and in connection with securities of the type and in the amounts to be bought or sold;
- the Transacting Party's willingness to commit capital;
- the Transacting Party's reliability and financial stability;
- the size of the transaction;
- the availability of securities to borrow for short sales;
- the market for the security; and,
- as discussed more fully below, the nature, quantity and quality of research and other services and products provided by the Transacting Party.

We are not required to select the Transacting Party that charges the lowest transaction cost, even if that Transacting Party can provide execution quality comparable to other Transacting Parties. Our clients should expect at times to pay more than the lowest transaction cost available in order to obtain for itself and/or HMI services and products other than the execution of securities transactions. In selecting a Transacting Party, we do not consider whether we receive or might receive client referrals from that Transacting Party.

“Soft Dollars”

We may select Transacting Parties in recognition of the value of various services or products, beyond transaction execution, that they provide to our clients, or to ourselves. Selecting a Transacting Party in recognition of the provision of services or products other than transaction execution is known as paying for those services or products with “soft dollars.”

Conflict of Interest. When we use “soft dollars” to obtain research or other products and services, we receive a benefit because we do not have to produce or pay for that research or those other products or services using cash from other sources. And, because many products and services that we may receive from Transacting Parties may provide general benefits to us, our interests in allocating our clients’ securities transactional business may conflict with those of our clients. For example, we may have an incentive, in order to induce brokers and dealers to provide us with services or benefits to, among other things, cause a client to:

- pay higher commissions and other compensation than it would otherwise pay broker-dealers that do not provide soft dollar services or products;
- place more trades than would be optimal for a client’s investment strategy;
- use broker-dealers that do not obtain for a client the best possible price on portfolio transactions; and
- use (and pay) broker-dealers in effect to act as intermediaries with other broker-dealers who actually execute transactions.

The extent of the conflicts of interest arising out of the use of soft dollars depends in large part on the nature and uses of the services and products acquired with soft dollars. We may or may not use other clients’ soft dollars to pay for services and products a client pays for and, if we do, that use may not be in proportion to account size, transaction volume, or uses of those services and products.

“Safe Harbor” under Section 28(e). A federal statute, Section 28(e) of the Securities Exchange Act of 1934, as amended, recognizes the potential conflict of interest involved in the use by an investment manager (such as HMI) of soft dollars generated by securities transactions to pay for various expenses but provides a “safe harbor” from breach of fiduciary duty claims if certain conditions and requirements are met. Under the Section 28(e) safe harbor, soft dollars may be used to acquire “research” and “brokerage” services and products for which our clients would not otherwise be required to pay. Services or products generally constitute “research” under Section 28(e) if they constitute advice, analyses or reports any of which express reasoning or knowledge as to the value of or investing in or trading securities, or as to issuers, industries, economic factors and trends, portfolio strategy or performance, but only to the extent we use them for lawful and appropriate assistance in making investment decisions for our clients. “Brokerage” services and products are those used to effect portfolio transactions or for functions that are incidental to effecting those transactions (such as clearance, settlement or short-term custody related to effecting clearing or settling transactions) or regulatorily required in connection with transactions. Using soft dollars to pay for services and products other than research and brokerage is not protected by the safe harbor, but does not necessarily constitute a violation of any law or fiduciary duty. Similarly, use of non-commission soft dollars or otherwise failing to satisfy procedural elements of the Section 28(e) safe harbor are not protected but are not necessarily

prohibited. Nevertheless, we generally intend to use soft dollars only to acquire research and brokerage services within the Section 28(e) “safe harbor.” Even where our use of soft dollars to acquire research and brokerage services and products is protected by Section 28(e), we will have a conflict of interest in connection with that use because we might otherwise have to pay cash for those services and products and we may have an incentive to use Transacting Parties who provide those services and products more than we otherwise would.

Procedures. Transacting Parties from which we obtain soft dollar services or products generally establish “credits” based on past transactional business (including markups and markdowns on principal transactions), which may be used to pay or reimburse us for specified expenses. In some cases the process is less formal and a Transacting Party simply may suggest a level of future business that would fully compensate the Transacting Party for services or products it provides. Our clients’ actual transactional business with a Transacting Party may be less than the suggested level but can — and often will — exceed that level, and credits established may exceed the amounts used to acquire services and products. This may be in part because our clients’ investment activities generate aggregate commissions in excess of the levels of future business suggested by all Transacting Parties who provide services and products. And it may be in part because those Transacting Parties may also provide superior execution and may therefore be most appropriate for particular transactions. We may ask a Transacting Party who is executing a transaction for several accounts managed by us to “step out” of a portion of the transaction in favor of a Transacting Party who has provided or is willing to provide products or services for soft dollars. That is, the executing Transacting Party will allow a portion of the overall commissions or other compensation to be paid to the soft-dollar Transacting Party. This assists us in acquiring products and services with soft dollars while providing the benefits of aggregated transactions (as described in more detail below).

Cross Transactions

We may (but are not obligated to) cause our clients to effect “cross” transactions (i.e., buy and sell securities from and to each other), subject to applicable law or regulation. We may do so if we believe that the cross transaction will be beneficial to both parties. Certain laws or regulations may prevent us from engaging in “cross” transactions that could be beneficial to our clients.

Aggregation of Orders

We may (but are not required to) combine orders on behalf of our clients with orders for other accounts for which we have trading authority, or in which we have an economic interest. When we do so, we will generally allocate the securities or proceeds arising out of those transactions (and the related transaction expenses) on an average price basis among the various participants. We believe combining orders in this way will, over time, be advantageous to all participants. However, the average price could be less advantageous to a particular client than if the client had been the only person or entity effecting the transaction or had completed its transaction before the other participants. Because we may also have an interest in particular clients, there may be circumstances in which a client’s transactions may not, under certain laws and regulations, be combined with those of some of ours and our affiliates’ other clients, and a client may obtain less advantageous execution than other clients.

Directed Brokerage; Prime Brokerage

Although we do not have any “directed brokerage” arrangements with our clients, we may cause our clients to obtain custodial, clearing, lending and related services through what is known as a “prime brokerage” arrangement. By using brokerage firms for these functions, our clients may be able to avoid paying custodial fees that banks charge other institutional investors. Prime brokers are compensated through brokerage commissions, interest on credit balances, margin borrowings, and stock loans. A client might be thought of

as “directing” us to place transactions with a prime broker in order to pay for the custodial, clearing, lending and related services the client obtains from the prime broker.

A prime broker may provide services to us and/or our affiliates, distinct from the custodial, clearing, lending and related services the prime broker provides our clients. These services may include, among other things, information technology, website hosting, portfolio management software license and support service, consulting services with respect to various aspects of our business and introducing us to prospective advisory clients and prospective investors in the investment funds we manage. They may be provided at lower than the market price for similar services or for no charge. A prime broker may also enter into financial transactions with us or our affiliates, and these transactions may be on terms more favorable than the terms available with other counterparties. These transactions might include lending money to us or our affiliates or investing in funds managed by us. To the extent we or our affiliates receive services from a prime broker at lower than market prices, or enter into transactions on terms better than terms available in the market, or collect fees from investments by a prime broker into our clients, because we are responsible for selecting the prime broker or negotiating the rates of compensation paid to the prime broker by our clients, conflicts may exist between our interests and those of our clients. In particular, we may have an incentive to cause a client to accept less favorable pricing for prime brokerage services (including interest and similar charges on margin borrowings and short positions) than might be available otherwise or to continue to use a prime broker when a client would not otherwise do so.

REVIEW OF ACCOUNTS

We review each Fund’s portfolio daily as part of our ongoing portfolio management activities. The Operations Team generally conducts those reviews. The Operations Team includes Emily Brakebill, Managing Director, and Ashley Sweren, Director of Operations.

We do not provide formal reports to the Funds, as we are their sole general partner and investment manager. The Funds prepare annual financial statements that they cause to be audited by an independent certified public accounting firm and provides those statements to its investors. They also currently provide unaudited quarterly financial reports to investors.

CLIENT REFERRALS AND OTHER COMPENSATION

Other than the previously described products and services that we receive from broker-dealers, we do not receive any other economic benefits from non-clients in connection with the provision of investment advice to clients.

We do not directly or indirectly compensate any person for client referrals.

CUSTODY

Although HMI does not maintain physical possession of client assets, HMI is deemed to have custody of client assets and is subject to Rule 206(4)-2 of the Advisers Act (the “Custody Rule”). However, we are not required to comply (or are deemed to have complied) with certain requirements of the Custody Rule with respect to each Fund, because we comply with the provisions of the so-called “Pooled Vehicle Annual Audit Exemption.” That exemption, 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 after the end of its fiscal year.

INVESTMENT DISCRETION

The Funds' agreements of limited partnership grant us complete discretion to manage the Funds' investment portfolios, without any specific limitations other than those described in the Funds' offering materials. See the description above in "Advisory Business" and "Methods of Analysis, Investment Strategies and Risk of Loss."

VOTING CLIENT SECURITIES

We have established proxy voting policies and procedures (our "Proxy Voting Policy") designed to ensure that proxies are voted in the best interests of our clients. Justin Nyweide has the responsibility for the implementation and monitoring of our Proxy Voting Policy, including outlining our voting guidelines in our procedures. In voting proxies, we may consider the opinion of management and the effect on management, shareholder value and the issuer's business practices.

We will identify any conflicts that exist between our interests and the interests of our clients by reviewing our relationship with the issuer of each security to determine if we or any of our employees has any financial, business or personal relationship with the issuer. If a material conflict exists, Mick Hellman and Justin Nyweide will determine whether it is appropriate to disclose the conflict to the affected clients, to give the clients an opportunity to vote the proxies themselves, or to address the voting issue through other objective means.

As our only current clients are the Funds, our clients have no meaningful ability to direct our vote in a particular solicitation.

Clients may request a copy of our Proxy Voting Policy, as well as relevant proxy voting records, by making a written request to us at the address on the cover page of this brochure.

FINANCIAL INFORMATION

We have never filed for bankruptcy and are not aware of any financial condition that is expected to affect our ability to manage client accounts.