

FORM ADV PART 2A: FIRM BROCHURE



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This brochure provides information about the qualifications and business practices of H Partners Management, LLC. If you have any questions regarding the contents of this brochure, please contact us at 212-265-4200 or via email at info@hpartnerslp.com.

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

Additional information about H Partners Management LLC can also be found on the SEC's website at www.adviserinfo.sec.gov.

Item 2 – Material Changes

H Partners filed its initial Form ADV Part 2A in February 14, 2012. This amendment to Part 2A is made in connection with H Partners' annual updating requirement for 2014 to report the following material changes:

1. H Partners ceased to be the Investment Manager of one of the special purpose vehicles as of January 30, 2014.
2. Investors in some classes of interests in our funds may be entitled to a clawback with respect to performance-based fees charged to that class. In certain circumstances, fees earned by H Partners may be repayable to investors depending on the overall performance of the fund.

There are no other material changes to report.

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Item 4 – Advisory Business

H Partners Management, LLC (“H Partners” or the “Adviser”), a Delaware limited liability company, was formed in December 2004 and began advising clients in January 2005. Rehan Jaffer is the owner and sole member of H Partners.

H Partners’ only offerings are four private funds intended for sophisticated investors organized as domestic limited partnerships or foreign companies. H Partners serves as the investment adviser and affiliates of H Partners serve as general partner of the funds which are organized as limited partnerships. H Partners has full discretionary trading authority with respect to the funds. Three of the private funds (each a “Fund” or collectively the “Funds”) operate in a “side-by-side” structure and predominately employ the same strategy which focuses primarily on concentrated portfolios of equity securities, high yield securities, distressed instruments and company obligations. The fourth private fund is a closed-ended, special purpose vehicles (“SPV”) which was created to hold specific investments for a pre-determined length of time. Two of the funds and the SPV (“HPM Funds”) were created by H Partners. The fourth fund (“Outside Fund”) was created by an entity outside of H Partners. The Funds and the SPV collectively are referred to as H Partner’s Advisory Clients.

As of December 31, 2013, H Partners manages approximately \$1,627,191,454 in regulatory assets on a discretionary basis. H Partners does not manage any assets on a non-discretionary basis.

The Funds and the SPV are managed according to specific investment objectives and strategies as discussed in each Fund and each SPV’s Confidential Private Offering Memorandum (“Offering Document”). H Partners typically does not tailor its advisory services to the individual needs of investors in the Funds or the SPV; accordingly, it typically does not accept material investment restrictions imposed by such investors. For a further description of the Adviser’s investment objectives, strategies and associated risks please see Item 8, Method of Analysis, Investment Strategies and Risk of Loss.

Item 5 – Fees and Compensation

H Partners charges investors in the Funds a quarterly management fee in arrears in an amount equal to an annual rate of between 1% and 2%, depending upon an investor's chosen withdrawal rights. The management fee is based on the value of their capital account (including net unrealized appreciation or depreciation of investments and cash, cash equivalents and accrued interest) as of the last day of each quarter (adjusted for contributions and withdrawals made during the quarter).

H Partners or an affiliate may also earn an annual performance-based compensation from the Funds equal to 20% of the net profits including unrealized gains and payable at the end of each fiscal year. Performance-based compensation is subject to a loss carryforward provision such that each underlying Fund investor will not bear any performance-based compensation on annual net profits until any aggregate net losses previously allocated to an underlying Fund investor have been recovered. If an investor withdraws or is required to withdraw (in whole or in part) at any time other than at the end of a fiscal year, the performance-based compensation will be charged, if earned, with respect to such withdrawal. Performance-based compensation, in the case of the Funds, is automatically deducted from each relevant investor's account when charged at year end. Investors in some classes of interests in our funds that have made a significant capital commitment may be entitled to a "clawback" of the performance-based compensation charged to that class during the first three years following an investor's capital contribution. In certain circumstances, performance fees received by H Partners during that 3-year initial period may be repayable to investors depending on the overall performance of the fund at the end of that period.

All Fund and SPV fees are not negotiable. However, H Partners or an affiliate may waive or reduce any applicable fixed fee and/or performance-based compensation for investors that are members, principals, employees or affiliates of H Partners or relatives of such persons and for certain strategic investors.

Each Fund and the SPV is responsible for various expenses including legal, compliance, audit, tax, administration and accounting expenses (including third party accounting services); organizational expenses; investment expenses such as commissions, research fees and expenses; interest on margin accounts and other indebtedness; borrowing charges on securities sold short; custodial fees; bank service fees; Fund- or SPV-related insurance costs; and any other expenses related to the purchase, sale or transmittal of Fund or SPV assets.

Expenses directly related to a Fund or the SPV are charged to that Fund or SPV. To the extent that fees and expenses of the Funds (including management fees) are identifiable with a particular class of interest or class or series of shares, such fees and expenses are charged solely to the relevant interests, class or series, as applicable. Expenses that are common to multiple Funds including the SPV are typically borne by the Funds and SPV on a pro rata basis in accordance with their net asset value.

See Item 12, Brokerage Practices for a detailed discussion of H Partners' brokerage practices.

Neither H Partners nor its officers or employees accept compensation for the sale of securities or other investment products.

Investors are encouraged to refer to each Fund's and/or the SPV's Offering Documents for a full discussion of the various withdrawal rights, fees and expenses.

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

As discussed in Item 5, Fees and Compensation, H Partners or an affiliate receives performance-based compensation. H Partners is not faced with the potential conflict of interest with respect to side-by-side management of the Funds because it receives the same performance-based compensation from each Fund. H Partners charges differing performance-based compensation to the SPV; however the SPV does not make new investments so there is no conflict in the allocation of investment opportunities between the Funds and the SPV. In addition, H Partners does not currently, and does not in the future expect to, manage both accounts that are charged performance-based compensation and accounts that are charged only asset-based fees (i.e., fees based simply on the amount of assets under management). Accordingly, H Partners does not consider its fee structure in this respect to present any conflicts of interest. As a general matter, since performance-based compensation rewards an adviser for strong performance in accounts which are subject to such compensation, an adviser may have an incentive to favor these accounts over those that have only asset-based fees with respect to areas such as trading opportunities, trade allocation, and allocation of new investment opportunities.

In general, the existence of performance-based compensation may create an incentive for H Partners to enter into transactions on behalf of Funds that are particularly risky or speculative. H Partners has implemented policies and procedures which it believes are reasonably designed to ensure all investments are consistent with each Fund's investment objectives and that all Funds are treated fairly.

Item 7 – Types of Clients

As noted in Item 4, Advisory Business, H Partners provides investment advisory services to private funds.

The minimum investment in Funds currently open to investors ranges from \$100,000 to \$1,000,000, subject to waiver at the discretion of H Partners.

Interests in the Funds and the SPV are/were offered on a private placement basis under the Securities Act of 1933 as amended (the “Securities Act”), and in reliance on Section 3(c)(1) of the Investment Company Act of 1940, as amended (the “Company Act”), to persons who generally are “accredited investors” as defined under the Securities Act and “qualified clients” as defined under the Investment Advisers Act of 1940, as amended, and who are subject to certain other conditions, which are fully set forth in its Offering Documents.

The SPV remains closed to new investors. In fact, investors were fully redeemed as of December 31, 2013.

H Partners has entered into additional agreements with certain existing investors in the Funds, whereby such investors may be granted favorable rights not offered to other investors. Such rights may include: distribution of certain tax information, ownership percentage information and rights to freely transfer equity interests in the Funds to affiliates.

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

Method of Analysis and Investment Strategy

The investment objective of the Fund is to seek to achieve superior risk-adjusted returns by selecting investments that trade at a discount to their appropriate comparables and have a catalyst for realization of value. The Fund primarily invests in equity securities, distressed instruments and company obligations.

The Investment Manager's investment style is grounded in fundamental, bottom-up stock and bond selections. Each position will be evaluated based on its potential to generate expected returns in excess of its "worst case" downside. Risk measurement will be based on the volatility of the underlying cash flows of the security, the "layer" in the capitalization, and comparable valuations. Profit potential is evaluated by determining the probability and timing of possible positive and negative catalysts combined with an estimate of the total return to be realized assuming the catalyst occurs.

H Partners believes risk management is critical to its strategy and the two major components of managing the risks associated with the Funds are at the portfolio level and investment level. H Partners' manages the portfolio level risks by (1) diversifying the portfolio to limit losses from any one investment based on its analysis of an investment's worst case scenario, (2) limiting the number of positions in the Funds such that H Partners' believes it has an intimate understanding of each position, and (3) maintaining some short or hedged positions. At the investment level, H Partners focuses on an investment opportunity's downside risk which it believes is generally a product of several factors such as the volatility of the underlying earnings from the investment opportunity, the amount of senior claims ahead of the security type in the investment opportunity's capital structure, and comparable valuations of similar investment opportunities if they exist.

Investment Risk

Investing in Funds managed by H Partners involves risk of loss that investors should be prepared to bear.

Market Risks

The profitability of a significant portion of H Partners' investment program depends to a great extent upon correctly assessing the future course of the price movements of securities and other investments. There can be no assurance that H Partners will be able to predict accurately these price movements. Although H Partners may attempt to mitigate market risk through the use of long and short positions or other methods, there is always some, and occasionally a significant, degree of market risk.

Nature of Investments

H Partners has broad discretion in making investments for Advisory Clients. Investments will generally consist of equity securities, debt securities and other assets that may be affected by business, financial market or legal uncertainties. There can be no assurance that H Partners will correctly evaluate the nature and magnitude of the various factors that could affect the value of, and return on, investments. Prices of underlying securities may be volatile, and a variety of factors that are inherently difficult to predict, such as domestic or international economic and political developments, may significantly affect the results of the Funds' activities and the value of its investments. In addition, the value of investments may fluctuate as the general level of interest rates fluctuates.

Concentrated Portfolio

H Partners' portfolios consist of a small number of investments, some of which may represent a significant percentage of the portfolio. Large positions relative to the portfolio subject the portfolio to significant losses compared to a more diversified portfolio if the value of an investment which represents a significant percentage of the portfolio were to decline in value.

Short Sales

Short selling involves certain additional risks. Such transactions expose the Funds to the risk of loss in an amount greater than the initial investment. Such losses can increase rapidly and, in the case of equities, without effective limit. There is the risk that the securities borrowed by H Partners in connection with a short sale would need to be returned to the securities lender on short notice. If such request for return of securities occurs at a time when other short sellers of the subject security are receiving similar requests, a "short squeeze" can occur, wherein H Partners might be compelled, at the most disadvantageous time, to replace borrowed securities previously sold short with purchases on the open market, possibly at prices significantly in excess of the previously received proceeds.

Small to Medium Cap Stocks

H Partners will primarily invest in the stocks of companies with small to medium-sized market capitalizations. While H Partners believes they often provide significant potential for appreciation, such stocks, particularly smaller-capitalization stocks, involve higher risks in some respects than do investments in stocks of larger companies. For example, prices of such stocks are often more volatile than prices of large-capitalization stocks. In addition, due to thin trading in some such stocks, an investment in these stocks may be more difficult to exit than that of larger capitalization stocks.

Illiquid Investments

Reduced liquidity may have an adverse impact on market price and H Partners' ability to sell particular securities when necessary to meet liquidity needs or in response to a specific economic event, such as the deterioration of an issuer's creditworthiness. Reduced liquidity in the secondary market for certain securities may also make it more difficult for H Partners to obtain market quotations based on actual trades for the purpose of valuing a fund's portfolio. Certain investments may have no readily available market or third-party pricing.

Non-U.S. Securities

Investing in securities of non-U.S. governments and companies which are generally denominated in non-U.S. currencies and utilization of options on non-U.S. securities involves certain considerations comprising both risks and opportunities not typically associated with investing in securities of the United States Government or United States companies. These considerations include changes in exchange rates and exchange control regulations, political and social instability, expropriation, imposition of foreign taxes, less liquid markets and less available information than is generally the case in the United States, higher transaction costs, less government supervision of exchanges, brokers and issuers, greater risks associated with counterparties and settlement, difficulty in enforcing contractual obligations, lack of uniform accounting and auditing standards and greater price volatility.

Options

The purchase or sale of an option involves the payment or receipt of a premium by the investor and the corresponding right or obligation, as the case may be, to either purchase or sell the underlying security, or other instrument for a specific price at a certain time or during a certain period. Purchasing options involves the risk that the underlying instrument will not change price in the manner expected, so that the investor loses its premium. Selling options, on the other hand, involves potentially greater risk because the investor is exposed to the extent of the actual price movement in the underlying security rather than only the premium payment received (which could result in a potentially unlimited loss). Over-the-counter options also involve counterparty solvency risk.

Counterparty and Custodial Risk

There are risks involved in dealing with the custodians who settle H Partners trades. Each Fund maintains accounts with one or more prime brokers who act as custodian of Fund assets. Although H Partners monitors and believes that they are appropriate custodians, there is no guarantee that the custodians will not become bankrupt or insolvent. While both the U.S. Bankruptcy Code and the Securities Investor Protection Act of 1970 seek to protect customer property in the event of a bankruptcy, insolvency, failure, or liquidation of a custodian, there is no certainty that, in the event of a failure of a custodian that has custody of Fund assets, the Fund would not incur losses due to its assets being unavailable for a period of time, the ultimate receipt of less than full recovery of its assets, or both. The Funds will rank as an unsecured creditor to each of its custodians in relation to assets that the custodians lend or otherwise use and, in the event of the insolvency of a custodian, the Funds might not be able to recover equivalent assets in full. In addition, if applicable law permits, cash that the custodians hold or receive on the Fund's behalf may be inaccessible by the Funds, may not be segregated from the custodians' own cash and may be used by the custodians in the course of their investment business. In such event, the Funds will rank as one of the custodians' general creditors.

Special Situations and Distressed Securities

The Funds may invest in companies involved in (or the target of) acquisition attempts or tender offers or in companies involved in work-outs, liquidations, spin-offs, reorganizations, bankruptcies and similar transactions. In any investment opportunity involving any such type of special situation, there exists the risk that the contemplated transaction either will be unsuccessful, take considerable time or will result in a distribution of cash or a new securities with total value which might be less than the initial purchase price. Similarly, if an anticipated transaction does not occur, the Fund may be required to sell its investment at a loss. Because there is substantial uncertainty concerning the outcome of transactions involving financially troubled companies in which the Funds may invest, there is a potential risk of loss by the Funds of its entire investment in such companies.

Emerging Markets

Investing in emerging market debt or equity involves certain risks and special considerations not typically associated with investing in other more established economies or securities markets. Such risks may include (i) the risk of nationalization or expropriation of assets or confiscatory taxation; (ii) social, economic and political uncertainty including war; (iii) dependence on exports and the corresponding importance of international trade; (iv) price fluctuations, less liquidity and smaller capitalization of securities markets; (v) currency exchange rate fluctuations; (vi) rates of inflation (including hyperinflation); (vii) controls on foreign investment and limitations on repatriation of invested capital

and on the Funds' ability to exchange local currencies for U.S. dollars; (viii) governmental involvement in and control over the economies; (ix) governmental decisions to discontinue support of economic reform programs generally and to impose centrally planned economies; (x) differences in auditing and financial reporting standards which may result in the unavailability of material information about issuers; (xi) less extensive regulation of the securities markets; (xii) longer settlement periods for securities transactions; (xiii) less developed corporate laws regarding fiduciary duties of officers and directors and the protection of investors; (xiv) certain considerations regarding the maintenance of the Fund's portfolio securities and cash with non-U.S. sub-custodians and securities depositories.

Board Representation

The Funds and the SPV may be represented on the boards of directors of certain of its investment companies. As such, the Funds and the SPV may have restrictions on their ability to sell the investment. In addition, H Partners, the Funds and the SPV may be subject to claims they would not otherwise be subject to as an investor, including claims of breach of duty of loyalty, securities claims and other director related claims.

H Partners may be in a position to exercise influence over management and the strategic direction of the companies in which it invests. The exercise of influence over an investment company could potentially expose a Fund's or SPV's assets to claims by such investment company or by its security holders and its creditors.

*The list of risk factors above is not exhaustive. Advisory Client investors and prospective investors in Advisory Clients are provided with an Offering Document that provides a detailed description of the material risks related to an investment in the Advisory Client. Such investors are advised to review carefully **all** risk factors set forth in such documents.*

Item 9 – Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of the investment adviser or the integrity of its management. H Partners has no applicable disciplinary information to disclose.

Item 10 – Other Financial Industry Activities and Affiliations

Affiliated parties of H Partners serve as general partner of Advisory Clients or may serve as an officer, director, consultant, partner or stockholder of one or more Advisory Clients or other entities.

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

H Partners has adopted a comprehensive Code of Ethics designed to promote high ethical standards and reflect H Partners' fiduciary duty to its Clients. The Code of Ethics establishes standards of business conduct for all employees and is designed to detect and prevent prohibited acts and mitigate potential conflicts of interest between H Partners, its employees and Clients. H Partners provides training at least annually to all employees with regards to its Code of Ethics.

The Code of Ethics generally prohibits employees of H Partners and its affiliates, including their spouses, minor children, and/or any other person or entity over which the employee exercises control or investment discretion, from investing in any publicly traded securities or private investments except for open ended mutual funds, U.S. government securities, bank certificates of deposit and private funds managed by H Partners. H Partners believes this restriction aligns the interests of its employees with those of its Clients and effectively addresses the potential conflict of interest that may exist between H Partners and its Clients as a result of personal trading activities.

The Code of Ethics establishes guidelines for employees by identifying instances in which they might be exposed to material non-public information and compliance procedures when they believe they are in possession of material non-public information. The Code of Ethics also strictly prohibits H Partners and its employees from engaging in market manipulation, the spreading of rumors and any sort of collusion with other market participants.

Other features of H Partners' Code of Ethics include:

- annual certification by employees that they have read, understand and agree to abide by H Partners' Code of Ethics and insider trading policies and procedures;
- a gift and entertainment policy which generally prohibits the giving and receipt of gifts greater than a *de minimis* value without the approval of the CCO; and
- quarterly submission of securities transaction reports and annual securities holdings reports for each personal account of the employee and their spouse, minor children, and any other person or entity over which the employee exercises control or investment discretion.

H Partners will provide a copy of the Code of Ethics to any investor upon request by contacting us at the email address or telephone number listed on the cover page of this document.

Item 12 – Brokerage Practices

Broker Selection

H Partners retains full discretion to determine the broker or dealer to be used for each securities transaction for Fund accounts. In selecting brokers or dealers to execute transactions, H Partners is not obligated to solicit competitive bids and is not obligated to seek the lowest available brokerage commissions, mark-ups or other compensation (collectively, "Commissions"). In certain cases, H Partners may be paying more than "execution only" Commissions in which case Funds may be paying for research, brokerage or other services provided by the broker which are included in the Commissions. In these cases, H Partners will receive a benefit since H Partners otherwise would have to produce or pay for the research or other services directly. H Partners may have a conflict of interest in that it may have an incentive to select brokers or dealers because H Partners receives research, products or services rather than receiving the most favorable execution. H Partners believes it has procedures in place to control the risk associated with this conflict of interest which include performing regular reviews of its brokers to determine that commissions paid are reasonable in relation to the value of the brokerage services received.

In selecting brokers and negotiating commission rates, H Partners will take into account the financial stability and reputation of brokerage firms, their execution quality and the research, brokerage or other services provided by such brokers. H Partners may place transactions with a broker or dealer that (i) provides H Partners with the opportunity to participate in capital introduction events sponsored by the broker-dealer or (ii) refers investors to Funds or other products advised by H Partners (or an affiliate), if otherwise consistent with seeking best execution provided H Partners is not selecting the broker-dealer in recognition of the opportunity to participate in such capital introduction events or the referral of investors.

The Funds' Prime Broker and custodian is Goldman Sachs & Co., which will clear and settle its securities transactions and maintain custody of Client securities.

H Partners reserves the right, in its sole discretion, to change the brokerage and custodial arrangements, described above, of the Funds without further notice to the Funds' investors.

Section 28(e) Safe Harbor

Section 28(e) of the Securities Exchange Act of 1934, as amended, is a "safe harbor" that permits an investment manager to use Commissions or "soft dollars" to obtain research and brokerage services that provide lawful and appropriate assistance in the investment decision-making process. It is H Partners' policy to only use "soft dollars" to obtain research and brokerage services that constitute research and brokerage within the meaning of Section 28(e). Research services within Section 28(e) may include, but are not limited to, research reports (including market research); certain financial newsletters and trade journals; software providing analysis of securities portfolios; corporate governance research and rating services; attendance at certain seminars and conferences; discussions with research analysts; meetings with corporate executives; consultants' advice on portfolio strategy; data services (including services providing market data, company financial data and economic data); advice from brokers on order execution; and certain proxy services. Brokerage services within Section 28(e) may include, but are not limited to, services related to the execution, clearing and settlement of securities transactions and functions incidental to those services (i.e., connectivity services between an investment manager and a broker-dealer and other relevant parties such as custodians); trading software operated by a broker-

dealer to route orders; software that provides trade analytics and trading strategies; software used to transmit orders; clearance and settlement in connection with a trade; electronic communication of allocation instructions; routing settlement instructions; post trade matching of trade information; and services required by the SEC or a self-regulatory organization such as comparison services, electronic confirms or trade affirmations.

In some instances, H Partners may receive a product or service that may be used only partially for functions within Section 28(e) (e.g. an order management system, trade analytical software or proxy services). In such instances, H Partners will make a good faith effort to determine the relative proportion of the product or service used to assist H Partners in carrying out its investment decision-making responsibilities and the relative proportion used for administrative or other purposes outside Section 28(e). The proportion of the product or service attributable to assisting H Partners in carrying out its investment decision-making responsibilities will be paid through brokerage commissions generated by Fund transactions and the proportion attributable to administrative or other purposes outside Section 28(e) will be paid for directly by H Partners.

Although H Partners will make a good faith determination that the amount of Commissions paid is reasonable in light of the products or services provided by a broker, commission rates are generally negotiable and, thus, selecting brokers on the basis of considerations that are not limited to the applicable commission rates may result in higher transaction costs than would otherwise be obtainable. The receipt of such products or services and the determination of the appropriate allocation in the case of “mixed use” products or services creates a potential conflict of interest between H Partners and its Funds because a specific Fund may pay for certain products and services that are not exclusively for the benefit of that Fund and instead may be primarily or exclusively for the benefit of H Partners and its employees. H Partners believes it has procedures in place to control the risk associated with this conflict of interest such as performing regular reviews of its brokers to determine that commissions paid are reasonable in light of the value of the brokerage services received and that the amount of trading is reasonable within H Partners’ investment strategy.

H Partners uses both proprietary research and research from various brokers as well as third-party research products which are paid for with soft dollars obtained from commissions paid to certain brokers. During the last fiscal year, soft dollar payments made on behalf of H Partners were for the following: real time stock quotes, market data and security specific research.

Trade Aggregation and Allocation

When appropriate, H Partners may, but is not required to, aggregate Client orders to achieve more efficient execution or to provide for equitable treatment among accounts. On occasion, H Partners may not aggregate Client orders as particular circumstances may exist which preclude aggregation in order to comply with the H Partners’ fiduciary duty and duty to seek best execution. H Partners will generally follow the guidelines set forth below in aggregating Fund orders:

- no Fund will be favored over any other Fund;
- each Fund that participates in an aggregated order will participate at the same average share price per share for all of H Partners’ transactions in that security on a given business day or as specified in these procedures, and transaction costs will be shared pro rata based on each Fund's participation in the transaction; and

- if the aggregated order is partially filled, it will be allocated among Funds pro rata.

Trade Errors

While H Partners' goal is to execute trades seamlessly in the best interests of the Funds it advises, errors can occur for a variety of reasons, and the required corrective measures may differ depending upon the nature of the error. When an error is made on behalf of a Fund's account, H Partners will use its best efforts to break or otherwise correct the trade as soon as practicable after discovery to ensure that Funds do not incur a loss.

It is H Partners' policy that a trade error that results in a gain to a Fund will remain in the Fund's account. Trade errors that are due to a good faith mistake by a member or employee of H Partners, and result in a loss to a Fund, will be assessed to the Fund's account. Trade errors that are due to gross negligence or willful misconduct by a member or employee of H Partners and result in a loss to a Fund will be indemnified by H Partners.

Cross Trades

From time to time, H Partners may seek to execute transactions between Fund accounts (including rebalancing trades between Fund accounts) that have similar portfolios. H Partners will only effect these transactions when believed to be in the best interests of the Fund accounts and at a price and under circumstances that we have determined by reference to independent market indicators, which we believe to constitute "best execution" for the accounts.

Item 13 – Review of Accounts

H Partners' Managing Member, Rehan Jaffer, monitors and reviews the Funds and the SPV on a continuous basis with a focus on ensuring adherence to their investment objectives.

The H Partners' Funds and SPV have engaged International Fund Services (N.A.) LLC and CITCO Fund Services (Curacao) BV, as independent third-party administrators (the "Administrators") who record cash and security positions on a daily basis. On a monthly basis the Administrators reconcile the records of the Funds and the SPV with the prime brokers. Any discrepancies (including settlement issues) are reported to H Partners' Chief Operating Officer ("COO") upon discovery. The Firm's COO conducts regular conference calls with the Administrators to discuss the accounts and any pending items prior to month end. The Administrators also prepare a month end accounting package for each Fund which reflects Fund specific holdings, profit and loss including realized and unrealized gains/losses, capital activity, investment related income and expenses and expense items as discussed in each Fund's official Offering Documents. The COO reviews and, upon agreement, signs off on the month end accounting package.

Investors in the Funds and SPV receive a monthly account statement from the Administrator via email or regular mail, usually before the 20th business day of the following month. In certain circumstances, including but not limited to periods surrounding year-end audit, investors may receive their account statements later in the month. In addition, all current investors of the HPM Funds receive annual audited financial statements within 120 days of year-end. All current investors of the Outside Fund receive annual audited financial statements.

Item 14 – Advisory Client Referrals and Other Compensation

H Partners does not compensate any person for referring investors.

As discussed in Item 12 – Brokerage Practices, H Partners may execute transactions with a broker or dealer that (i) provides H Partners with the opportunity to participate in capital introduction events sponsored by the broker-dealer or (ii) refers investors to Funds advised by H Partners, if otherwise consistent with seeking best execution provided H Partners is not selecting the broker-dealer in recognition of the opportunity to participate in such capital introduction events or the referral of investors.

Item 15 – Custody

H Partners is deemed to have custody of Client assets by virtue of the fact that H Partners has the ability to access and control the assets of the HPM Funds. H Partners is also deemed to have custody by virtue of being affiliated to the general partner of the Funds which are organized as limited partnerships. H Partners does not have custody over the Outside Fund. H Partners is subject to Rule 206(4)-2 under the Investment Advisers Act of 1940, as amended (“Advisers Act”), also known as the “Custody Rule”. However, it is not required to comply (or is deemed to have complied) with some requirements of the Custody Rule with respect to each Fund and the SPV because it complies with the provisions of the so-called “Pooled Vehicle Annual Audit Exception”, which, among other things, requires each of the Funds and the SPV to have an 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 each Fund to distribute its audited financial statements to all current investors in that particular fund, within 120 days of the end of its fiscal year.

H Partners and its affiliates do not typically have actual physical custody of any Advisory Client assets; rather, all such assets are held in the name of each applicable Advisory Client by an independent qualified custodian. However, some assets held by the Funds or the SPV are “privately-offered securities” (for instance, bank debt), and H Partners is not required to keep such securities with a qualified custodian if the following requirements are met:

- (a) such securities were not acquired from the issuer in a transaction or chain of transactions not involving any public offering;
- (b) are uncertificated, and ownership thereof is recorded only on the books of the issuer or its transfer agent in the name of the client;
- (c) are transferable only with prior consent of the issuer or holders of the outstanding securities of the issuer; and
- (d) the Funds provide annual audited financial statements to their investors in accordance with the Custody Rule.

H Partners ensures that the above requirements are met when it self-custodies privately-offered securities.

Item 16 – Investment Discretion

H Partners has full trading authority over all Client accounts. Investment discretion authority is granted to H Partners contractually when an investor completes and signs an official subscription package, which is required by the Funds and the SPV. Investors in the Funds or the SPV do not have any ability to limit H Partners' discretionary authority in any way.

Item 17 – Voting Client Securities

H Partners has adopted Proxy Voting Policies and Procedures, which it believes are reasonably designed to ensure that proxies are voted in the best interest of its Funds and in accordance with its fiduciary duties and Rule 206(4)-6 under the Advisers Act. H Partners' policies and procedures contain procedures designed to address potential conflicts of interest that may arise between H Partners and its Clients which may include, but are not limited to, information barriers and/or engaging a third party to independently advise how a particular proxy should be voted.

H Partners has sole and exclusive authority and responsibility to vote all proxies on behalf of Clients. As such, Clients may not direct how H Partners should vote on a particular proxy.

H Partners will provide a copy of the Code of Ethics to any investor upon request by contacting us at the email address or telephone number listed on the cover page of this document.

Item 18 – Financial Information

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