

PART 2A OF FORM ADV: FIRM BROCHURE

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This brochure provides information about the qualifications and business practices of Hildene Leveraged Credit, LLC. If you have any questions about the contents of this brochure, please contact Todd Lee, Chief Compliance Officer, by telephone at (212) 596-4926 or by email at todd@hildenelc.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.

Hildene Leveraged Credit, LLC is a registered investment adviser. Registration as an investment adviser reflects only that a firm has registered with the SEC and does not imply a certain level of skill or training.

Additional information about Hildene Leveraged Credit, LLC is available on the SEC's website at <http://www.adviserinfo.sec.gov>. You can search this site by a unique identifying number, known as a CRD number. Our firm's CRD number is 170676.

Item 2 – Material Changes

The SEC requires that registered investment advisers provide a Firm Brochure in narrative “plain English” format, and has specified mandatory items which this Firm Brochure must contain.

This Item 2 is designed to identify material changes to this Firm Brochure from one year to the next or from one Firm Brochure update to the next.

In 2014, Hildene Leveraged Credit, LLC (“HLC”) is registering for the first time as an independent investment adviser. Previously, HLC acted as a relying adviser of Hildene Capital Management, LLC (“HCM”), and reported as a relying adviser on HCM’s Form ADV. This Firm Brochure is the initial Firm Brochure for HLC as an independently registered investment adviser.

Going forward, this Item 2 will be updated periodically to inform our clients of any changes to HLC’s Firm Brochure. In particular, this Item 2 will be updated as follows:

Annual Update

We are required to update certain information in our Firm Brochure at least annually, within ninety (90) days of our firm’s fiscal year end (“FYE”) of December 31. With each annual update, we will provide you either with a summary of any material changes together with an offer to deliver the full revised Firm Brochure within one hundred twenty (120) days of our FYE, or we will provide you with the full revised Firm Brochure that will include a summary of any material changes in this Item 2.

Material Changes

Should a material change in our operations occur, depending on its nature we will promptly communicate this change to our clients (and it will be summarized in this Item 2). “Material changes” requiring prompt notification will include changes of ownership or control; location; disciplinary proceedings; significant changes to our advisory services or advisory affiliates; and other information that is critical to a client’s full understanding of who we are, how to find us, and how we do business.

Full Brochure Available

Whenever you would like to receive a complete copy of our Firm Brochure, please contact us by telephone at (212) 687-1895 or by email at todd@hildenelc.com.

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Item 4 – Advisory Business

The Firm

Hildene Leveraged Credit, LLC, a Delaware limited liability company (“HLC”), was founded by Brett Jefferson and other HLC principals in January 2013 to invest in the corporate credit market, primarily in senior-secured bank loans of below investment-grade companies using term financing for leverage. HLC is owned 45% by Hildene Holding Company (“HoldCo”) and 55% by other principals of HLC. No person other than HoldCo owns 25% or more of HLC’s equity. Neither HLC nor HoldCo is publicly owned or traded. In addition to HLC, HoldCo also has several other private subsidiaries which serve roles in managing the firm’s business activities.

HoldCo is majority-owned by Mr. Jefferson and the remainder by other principals of HoldCo. No other person owns 25% or more of HoldCo.

Types of Advisory Services

HLC provides continuous investment management services on a fully discretionary basis to private funds, including hedge funds, and collateral management services to securitized asset funds, including collateralized loan obligation vehicles (“CLOs”). HLC primarily provides advice regarding corporate debt, with a primary focus on senior-secured bank loans of below investment-grade companies using term financing for leverage. HLC-managed hedge funds typically invest in controlling positions of equity tranches issued by HLC-managed CLOs (as defined below). HLC believes it can achieve higher returns for its hedge fund investors through profit-share arrangements that are unique for a CLO manager.

A description of the advisory services HLC provides in respect of the private funds it manages is as follows:

Hildene Leveraged Credit Master Fund, Ltd. (“HLCMF”)

HLC serves as the investment manager of HLCMF, a Cayman Islands-based corporation. HLCMF was launched in April 2013 for the purpose of investing in the equity tranches of CLOs managed by HLC (“HLC-managed CLOs”), as well as other credit-related opportunities in senior-secured bank loans of below investment-grade companies. HLCMF seeks to make indirect investments in attractive corporate credit opportunities by investing in a series of HLC-managed CLOs and retaining equity investments in these CLOs while also participating in Profit Shares (as such term is defined in Item 5) in these CLOs. HLCMF expects to lever its investments by acquiring the equity of these CLOs and other similar HLC-managed vehicles while senior debt of all levels in these vehicles is issued primarily to third parties. Through its

exposure to HLC-managed CLOs and other financing vehicles (e.g., warehouse facilities, TRS lines, etc.) that are utilized to acquire assets for future HLC-managed CLOs, HLCMF seeks to build a portfolio diversified across vintages.

HLCMF is part of a “master-feeder” fund structure comprised of investments by two feeder funds, Hildene Leveraged Credit Fund, LP, a Delaware limited partnership (the “Domestic Feeder Fund”) established for U.S. taxable investors, and Hildene Leveraged Credit Offshore Fund, Ltd., a Cayman Islands-based corporation (the “Offshore Feeder Fund”, together with the Domestic Feeder Fund, the “Feeder Funds”) established primarily for non-U.S. and U.S. tax-exempt investors.

Hildene CLO I, Ltd. (“CLO I”) and Hildene CLO II, Ltd. (“CLO II”)

HLC serves as the collateral manager of CLO I and CLO II, which are each Cayman Islands-based corporations. CLO I was launched in May 2013 and CLO II was launched in December 2013. Each of CLO I and CLO II was formed for the purpose of investing in liquid, sub-investment grade debt, primarily consisting of syndicated senior secured first-lien bank loans and, to a limited extent, second-lien loans and senior bonds, in each case using leverage. The investment strategy of CLO I and CLO II emphasizes fundamental research, deep credit analysis and relative value. In managing the CLOs, HLC uses disciplined, value-oriented credit analysis to create diversified portfolios of bank loans, with debt financing used to leverage returns.

Tailored Advice and Investment Restrictions

HLC advises private funds, and does not currently offer advice in respect of any separately managed accounts. HLC’s investment advisory services are provided to its private funds based on advisory agreements with these funds. HLC’s advisory services are not tailored to individual investors in these funds. The investment guidelines and limitations that apply in respect of HLC’s services on behalf of any private fund will be set forth in the advisory agreement between HLC and that fund.

Wrap Fee Programs

HLC does not offer or participate in any wrap fee programs.

Client Assets Under Management

As of December 31, 2013, HLC managed assets on a discretionary basis in the amount of \$358,274,000, representing multiple hedge funds and securitized asset funds. HLC does not currently manage any assets on a non-discretionary basis.

Item 5 – Fees and Compensation

General. HLC advises two types of funds: HLCMF (a hedge fund) and the HLC-managed CLOs. The fees assessed by HLC vary between these fund types, with HLCMF assessed a performance-based allocation and no management fee, and the HLC-managed CLOs assessed a management fee and no performance-based allocation.

For more detailed information about the fees and other compensation charged to HLCMF and the HLC-managed CLOs, please refer to the Private Placement Memoranda for the relevant fund.

Management Fee

HLCMF

No management fees are charged by HLC with respect to HLCMF.

CLO I and CLO II

HLC charges a management fee (the “Management Fee”) to CLO clients (once the CLO has been securitized) based on a percentage of assets the client has supervised by HLC. This management fee entails a base fee at the current rate of 0.115% per annum. Investors in HLC-managed CLOs may also pay additional fees and expenses in respect of their investment to parties other than HLC, including Profit Share payments (as described below).

The Management Fee is generally deducted from the assets of the relevant CLO on a quarterly basis, in arrears, during the CLO’s waterfall distribution process. In accordance with the waterfall provisions of the relevant Private Placement Memoranda and related documentation for each HLC-managed CLO, the Management Fee is allocated pro-rata across all categories of investors in the CLO, including debt and equity investors. HLC may elect to waive any management fees payable by any client or any private fund investors. The Management Fee is typically non-refundable once paid.

Performance-Based Allocation

HLCMF

HLC receives a performance-based allocation from its hedge fund clients (including HLCMF) as described below in Item 6.

CLO I and CLO II

HLC does not directly receive performance-based compensation from the CLOs it manages. However, HLC-managed CLOs are generally required to pay a profit share (the “Profit Share”), typically at the rate of 0.35% per annum of assets the CLO has supervised by HLC, to certain designated persons of HLC, including HLCMF and other hedge funds managed by HLC and/or its affiliates. HLC does not directly participate in the Profit Share charged to HLC-managed CLOs, but may indirectly benefit from the Profit Share through its receipt of a performance-based allocation from the hedge funds that it manages that invest in HLC-managed CLOs.

In the event that HLCMF holds an aggregate ownership interest of less than 50% of the equity issued by either CLO I or CLO II, a percentage of the amounts received by HLCMF in respect of the Profit Shares equal to the greater of (x) two times the percentage of the equity in such CLO held by the Master Fund and (y) 20%, is allocated to each Feeder Fund, and the remaining amounts received in respect of the Profit Shares not allocated to the Feeder Funds will be allocated to Hildene Leveraged Credit Advisors, LLC, a Delaware limited liability company and an affiliate of HLC (“HLCA”), which is the General Partner of the Domestic Feeder Fund.

Other than the Management Fee and the performance-based allocations described in Item 6 below, HLC receives no other compensation from clients for its services.

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

HLC’s clients and private fund investors may be required pursuant to the terms of their advisory agreement and/or the operating documents of the relevant private fund to pay directly for certain expenses, including administrator fees (in the case of hedge funds), trustee fees (in the case of CLOs), custodian fees, settlement agent fees, accounting fees, legal and administration fees and transaction costs.

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

HLCMF

HLC receives an incentive fee or allocation (“Incentive Compensation”) based on the performance of each of the hedge funds for which it provides investment management services. The standard Incentive Compensation charged by HLC in respect of its hedge funds is 5% of annual performance (the “Annual Allocation”) and 15% of cumulative lifetime performance (the “Lifetime Allocation”), in each case subject to a high water mark, with the Lifetime Allocation payable to HLC only upon the hedge fund investor’s withdrawal or redemption from the relevant fund or upon the occurrence of certain performance benchmarks.

Incentive Compensation may be negotiable depending on the size of an investor’s investment and is subject to a high-water mark annually. Earned Incentive Compensation is deducted from

an investor's account at the end of each year (in the case of the Annual Allocation) or at the time of withdrawal or other benchmark (in the case of the Lifetime Allocation), and, in the case of hedge funds managed by HLC, is typically treated as an allocation by such fund to HLC or its affiliates.

CLO I and CLO II

HLC does not directly receive performance-based compensation from the CLOs it manages. However, as described in Item 5 above, HLC-managed CLOs are generally required to pay a Profit Share to certain designated person of HLC, including HLCMF and other hedge funds managed by HLC and/or its affiliates. As also noted in Item 5, under certain circumstances, a portion of the Profit Share otherwise allocable to HLCMF would be allocable to the General Partner. While HLC does not directly participate in the Profit Share, it may indirectly benefit from the Profit Share through its receipt of Incentive Compensation from the hedge funds that it manages that invest in HLC-managed CLOs.

As discussed above, HLC manages both hedge funds and CLOs, which are subject to different fee structures. HLC endeavors at all times to put the interest of its clients first as part of its fiduciary duty as a registered investment adviser. Accordingly, HLC takes steps to address any potential conflicts of interest, including any conflicts that may result from the fact that HLC may receive greater compensation from those accounts which it charges Incentive Compensation. HLC has implemented policies and procedures, including policies relating to the allocation of investment opportunities, to minimize these conflicts. At present, HLC does not believe it has investment allocation conflicts as long as the hedge funds and CLOs it manages each pursue a different investment strategy. Clients are advised to review carefully the method of performance-based compensation and other fee structures used by HLC prior to making an investment with HLC.

Investors in private funds managed by HLC are required to meet certain qualifications. Generally, each investor will be required to be a "qualified purchaser," as such term is defined in Section 2(a)(51) of the Investment Company Act of 1940, as amended. Investors in CLOs managed by HLC may additionally be required to be a "qualified institutional buyer," as defined in Rule 144A promulgated under the Securities Act of 1933, as amended. Each client paying incentive-based compensation to HLC must qualify as a "qualified client" under Rule 205-3 promulgated under the Investment Advisers Act of 1940, as amended.

Item 7 – Types of Clients

HCM manages private funds, including HLCMF, CLO I and CLO II. Although HLC currently does not manage any separate accounts, it may elect to do so in the future.

HLC generally requires a minimum investment of \$250,000 from investors in HLCMF, and a minimum investment of \$1,000,000 from investors in each of CLO I and CLO II. Occasionally, investments of less than \$250,000 are accepted with regard to HLCMF by HLC from “friends and family” and other investors, as determined by HLC in its discretion. Prospective investors should refer to the appropriate fund offering documents for additional qualification requirements for investment.

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

Methods of Analysis and Investment Strategy

HLC primarily provides advice regarding senior-secured bank loans of below investment-grade companies using term financing for leverage. HLC has a team of credit analysts dedicated to reviewing corporate credits for investment purposes. HLC emphasizes fundamental research, deep credit analysis and relative value. Disciplined, value-oriented credit analysis is used to create diversified portfolios of bank loans and issue debt financing to leverage the returns by retaining the first-loss/equity tranche. HLC typically gathers information about an investment from a number of sources including, but not limited to, all available street research, loan performance databases, Intex, Bloomberg, Reuters, SNL, rating agencies and government filings (SEC, FDIC, etc.).

HLC will seek attractive corporate credit opportunities by creating and managing a series of CLOs and retaining equity investments in the CLOs through HLC-managed hedge funds, including HLCMF. The CLOs will focus on liquid, sub-investment grade debt, primarily syndicated senior secured first-lien bank loans, and, to a limited extent, second-lien loans and senior bonds. HLC expects to lever its investments by acquiring the equity of the CLOs and other similar HLC-managed vehicles while senior debt of all levels in those vehicles is issued primarily to third parties. Through its exposure to HLC-managed CLOs and other financing vehicles (warehouse facilities, TRS lines, etc.) that are utilized to acquire assets for future HLC-managed CLOs, HLC seeks to build a portfolio diversified across vintages.

HLC’s investment objective is to achieve absolute risk-adjusted returns over an extended period of time with a minimum correlation to the broadly-based stock and bond indices. In addition, capital preservation is always paramount to all HLC strategies. To do this, HLC applies a thorough and multi-faceted fundamental valuation of the underlying portfolio collateral. This entails an in-depth analysis of the legal components, a detailed analysis of the underlying cash flows and a thorough understanding of the overall credit risk of the portfolio collateral.

Summary of Material Risks

While investing in any security entails risk of loss, HLC utilizes leverage to enhance returns to investors, which increases the risk of, and potential size of, losses with respect to a portfolio.

An investment with HLC is subject to market risk. Market risk is the risk of potential adverse changes to the value of financial instruments and their derivatives because of changes in market conditions such as interest rate movements and volatility of security prices. Prices of securities react to the business and financial condition of the company that issued them as well as macro-economic factors. Prices of a security may rise and fall based on changes in the business or financial condition of the issuing company, changes in management and the potential for merger and acquisitions. The instruments underlying HLC-managed CLOs (“Collateral Obligations”) will consist primarily of non-investment grade loans or interests in non-investment grade loans and, to a lesser extent, non-investment grade debt securities, which are subject to liquidity, market value, credit, interest rate, reinvestment and certain other risks. Prices of such Collateral Obligations may be volatile, and will generally fluctuate due to a variety of factors that are inherently difficult to predict. Leveraged loans and high-yield debt securities have historically experienced greater default rates than has been the case for investment grade securities.

An investment with HLC is also subject to credit risk. Credit risk is the risk that counterparties or debt issuers may fail to fulfill their obligations or that the collateral value becomes inadequate. HLC-managed CLOs will invest primarily in corporate leveraged loans, and the inability of the borrowers underlying the Collateral Obligations of such CLOs to meet their debt obligations may adversely affect HLC-managed entities. Since the securities being evaluated are primarily based on individual companies there is a risk related to each issuer’s credit worthiness and ability to fulfill their obligations. These loans are made to issuers of sub-investment grade credit quality and while seemingly less volatile than high-yield bond prices due to their shorter duration and higher priority in the capital structure, leveraged loan prices can be volatile given the credit profile of the loan issuers.

Additionally, an investment with HLC is subject to liquidity risk. Liquidity risk arises in the general funding of investment activities. It includes the risk of not being able to fund trading activities at settlement dates or liquidate positions in a timely manner at a reasonable price.

Since HLC is a recently formed manager, while building both collateralized loan portfolios and hedge fund portfolios comprised of HLC-managed CLOs, diversification will be limited and this increases the risk of potential loss. Additionally, the formation of HLC-managed CLO’s will require the use of relatively short-term credit facilities to finance the acquisition of the Collateral Obligations underlying such HLC-managed CLO, and we may not be able to arrange for such credit facilities on advantageous terms to the strategy being employed.

HLC-managed hedge funds, including HLCMF, will primarily invest in the equity of HLC-managed CLOs. The equity of an HLC-managed CLO represents the most junior part of the capital structure of such CLO and therefore the vast majority of the return on such investment will depend on the proceeds of the Collateral Obligations that remain available after payments on the senior debt of the CLO are satisfied. Consequently, such equity will be highly leveraged and therefore subject to a greater risk of loss and will be the first part of the capital structure of the CLO to incur losses.

Investors should be prepared to bear the risk of loss of some or all of their investment with HLC.

Item 9 – Disciplinary Information

HLC has no disciplinary events to disclose.

Item 10 – Other Financial Industry Activities and Affiliations

Neither HLC nor any of its management persons has registered as, or has a pending application to register as, a broker-dealer, futures commission merchant, commodity pool operator, commodity trading advisor or an associated person of any of the foregoing.

HLCA serves as the general partner of the Domestic Feeder Fund. HLCA is not registered or licensed in any capacity with any regulatory body, nor does it conduct any activities other than serving as the general partner of certain private funds managed by HLC.

Hildene Capital Management, LLC, a Delaware limited liability company and an affiliate of HLC (“HCM”), provides investment management services on a fully discretionary basis to a diverse array of clients, including institutions and pooled investment vehicles. HCM is an SEC-registered investment adviser. Prior to 2014, HLC acted as a relying advisor of HCM. Information about HCM can be found by accessing its Form ADV, filed with the SEC.

Hildene Advisors, LLC, a Delaware limited liability company and an affiliate of HCM and HLC (“HA”), serves as the general partner of certain private funds managed by HCM. HA is not registered or licensed in any capacity with any regulatory body, nor does it conduct any activities other than serving as the general partner of certain private funds managed by HCM.

Other than HLCA, HCM and HA, HLC does not have any financial industry affiliations, nor does it receive compensation for recommending clients to other investment advisers. Certain private funds managed by HLC and HCM may have common investors.

HLC expects to receive a management fee for managing CLOs in which a controlling interest is held by HLCMF, a fund for which HLC also serves as the investment manager. However, HLC will not charge a management fee to HLCMF.

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

HLC has adopted a written Code of Ethics (the “Code”) in compliance with Securities and Exchange Commission (“SEC”) Rule 204A-1. The Code is updated by HLC from time to time to reflect new legislation or regulations, or to otherwise reflect evolving best practices. All employees are required to read the Code, as part of HLC’s overall Compliance and Employee Manual (the “Manual”), and annually acknowledge compliance with the policies and procedures set forth therein. HLC will provide a copy of its code of ethics, as contained in the Manual, to any client or prospective client upon request.

The Code holds individuals to the highest standards of ethical conduct and places upon them a duty to act for the client’s benefit as well as to place the financial interests of HLC’s clients ahead of their own interests at all times. The Code also sets forth trading restrictions and/or prohibitions on certain types of securities for personal accounts, requires mandatory pre-clearance of certain securities, and mandates reporting of initial holdings information upon employment and periodic transaction reporting thereafter. HLC reviews these reports to ensure compliance by employees with HLC’s policies and procedures regarding trading activities.

HLC and/or its principals and affiliates may on occasion own, buy and/or sell securities which HLC recommends to its clients, subject to the personal trading limitations noted above. Such transactions may also include trading in securities in a manner that differs from or is inconsistent with advice given to clients. HLC recognizes that potential conflicts arise from such transactions and has taken reasonable measures to mitigate such conflicts.

Additionally, HLC may in the future occasionally permit certain clients or private fund investors to participate directly along with investments made by a private fund managed by HLC. Any such opportunities are presented only to individual clients and investors who have previously expressed an interest in considering such opportunities and are sophisticated enough to understand both the risks of the investment and the risk to the client from direct exposure to the same investment held within the fund. If, in such event, HLC later determines that it will sell any such investments for the relevant private fund, clients holding the same position will be contacted to give them an opportunity to sell concurrently with such fund.

Item 12 – Brokerage Practices

HLC will be responsible for the placement of the portfolio transactions of clients and the negotiation of any commissions or spreads paid on such transactions. Portfolio investments normally will be purchased through brokers on securities exchanges or directly from the issuer or from an underwriter or market maker for the investments. Purchases of portfolio investments through brokers may involve a commission to the broker. Purchases of portfolio investments from dealers serving as market makers include the spread between the bid and the asked price.

In placing portfolio transactions and negotiating commission rates, HLC will seek to obtain the best execution for its clients, taking into account the following factors: (i) the ability to effect prompt and reliable executions at favorable prices (including the applicable dealer spread or commission, if any); (ii) the operational efficiency with which transactions are effected, taking into account the size of order and difficulty of execution; (iii) the financial strength, integrity and stability of the broker; (iv) the reputation of the broker; (v) the firm's risk in positioning a block of securities; (vi) efficiency of execution and error resolution; (vii) the quality, comprehensiveness and frequency of available research services considered to be of value; and (viii) the competitiveness of commission rates in comparison with other brokers satisfying HLC's other selection criteria.

HLC is authorized to pay higher prices for the purchase of securities from or accept lower prices for the sale of securities to brokerage firms that provide it with such investment and research information or to pay higher commissions to such firms if HLC determines such prices or commissions are reasonable in relation to the overall services provided. Research services furnished by brokers may include written information and analyses concerning specific securities, companies or sectors; market, financial and economic studies and forecasts; statistics and pricing or appraisal services; discussions with research personnel; and invitations to attend conferences or meetings with management or industry consultants. HLC is not required to weigh any of these factors equally. Information so received is in addition to and not in lieu of services required to be performed by HLC and HLC's fees charged to clients are not reduced as a consequence of the receipt of such supplemental research information. Research services provided by broker/dealers used by HLC clients may be utilized by HLC or their affiliates (including other investment funds managed by such persons) in connection with their other investment activities. Since commission rates in the United States are negotiable, HLC's selection of brokers on the basis of considerations which are not limited to applicable commission rates may at times result in HLC's clients being charged higher transaction costs than it could otherwise obtain.

Use of “Soft Dollars”

The term “soft dollars” refers to the receipt by an investment manager of products and services provided by brokers, without any cash payment by the investment manager, based on the volume of brokerage commission revenues generated from securities transactions executed through those brokers on behalf of the investment manager’s clients. Section 28(e) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), provides a “safe harbor” to investment managers with respect to potential liability for violating their duty to obtain best execution for a client’s securities transactions in circumstances in which such managers use soft dollars generated by their advised accounts only for purposes of obtaining investment research and brokerage services (i) that provide lawful and appropriate assistance to the investment manager in the performance of investment decision-making responsibilities and (ii) where the commissions paid are reasonable in relation to the value of the services provided. HLC does not currently, and does not in the future intend to engage in any soft dollar transactions. In the event that HLC does engage in any soft dollar transactions, it will not engage in any such transactions other than with respect to products and services which fall within the Section 28(e) safe harbor or where such products or services would otherwise be chargeable to its clients pursuant to the relevant fund offering documentation or separate account advisory contract.

Client Referrals

HLC may direct some of its clients’ brokerage business to brokers who refer prospective investors to HLC. Because such referrals, if any, are likely to benefit HLC but will provide an insignificant (if any) benefit to HLC’s clients, HLC will have a conflict of interest with its clients when allocating such clients’ brokerage business to a broker who has referred investors to HLC. To prevent HLC’s clients’ brokerage commissions from being used to pay investor referral fees, HLC will not allocate its clients’ brokerage business to a referring broker unless HLC determines in good faith that the commissions payable to such broker are not materially higher than those available from non-referring brokers offering services of substantially equal value to such clients.

Allocation of Trades

HLC may at times determine that certain securities and investment opportunities, which may be suitable for one client, may also be suitable for other clients whose accounts are managed by HLC, possibly including HLC’s own accounts or the accounts of an affiliate. If that occurs, and HLC is not able to acquire the desired aggregate amount of such securities on terms and conditions which HLC deems advisable, HLC will endeavor to allocate in good faith the limited amount of such securities acquired among the various accounts for which HLC considers them to be suitable. HLC may make such allocations among the accounts in any manner which it considers to be fair under the circumstances, including but not limited to allocations based on

relative account sizes, funds available for investment, side pocket constraints, diversification considerations, the degree of risk involved in the securities acquired, and the extent to which a position in such securities is consistent with the investment policies and strategies of the various accounts involved.

Aggregation of Orders

HLC may aggregate purchase and sale orders of securities held by its clients with similar orders being made simultaneously for other accounts or entities if, in HLC's reasonable judgment, such aggregation is reasonably likely to result in an overall economic benefit to such clients based on an evaluation that such clients will be benefited by relatively better purchase or sale prices, lower commission expenses or beneficial timing of transactions, or a combination of these and other factors. In many instances, the purchase or sale of securities for HLC clients will occur simultaneously with the purchase or sale of like securities for other accounts or entities. Such transactions may be made at slightly different prices, due to the volume of securities purchased or sold. In such event, the average price of all securities purchased or sold in such transactions may be determined, at HLC's sole discretion, and HLC clients may be charged or credited, as the case may be, with the average transaction price.

Item 13 – Review of Accounts

HLC reviews transaction activity for each of its accounts on a daily basis. HLC client accounts are reviewed at least monthly by the respective portfolio managers and management teams. This review is based on each portfolio's guidelines, investment strategy and other relevant factors.

Other factors that may cause a portfolio review include client contributions or distributions, revised client objectives, or changes in law.

HLC typically provides clients with reports concerning account holdings, transaction summaries and performance data either monthly or quarterly. More frequent reporting may be provided as requested by a client.

Item 14 – Client Referrals and Other Compensation

HLC has not entered into written arrangements with third party marketers for the referral of clients to HLC or to private funds managed by HLC.

HLC does not receive economic benefits from any person not a client of HLC in exchange for providing advisory services to HLC clients.

Item 15 – Custody

HLC will not have custody of its clients' assets, however an affiliate of HLC, HLCA, does act as the general partner of certain private funds, and HLC has two members who serve on the board of directors of certain private funds, for which HLCA and/or HLC may be deemed to have custody under certain rules promulgated by the SEC. The assets of HLC clients are held by a qualified custodian unrelated to HLC. Additionally, HLC seeks to have the private funds it manages and for which it is deemed to have custody audited on an annual basis by an independent public accountant that is both registered with and is subject to regular inspection by the Public Company Accounting Oversight Board. In respect of such private funds, HLC seeks to send audited financial statements of each fund to the investors in the fund within 120 days of the end of the fund's fiscal year. HLC expects that HLCMF will hold a controlling equity position in each HLC-managed CLO and therefore plans to consolidate the assets of such CLOs of the balance sheet of HLCMF. However, the assets of the respective CLO will be held by a qualified custodian which will provide monthly account statements to HLC as collateral manager and HLCMF as investor in the CLO equity, as applicable.

Item 16 – Investment Discretion

HLC has discretionary authority over its clients' assets pursuant to the advisory contracts it enters into with such clients. This means that HLC places trades in its clients' account without contacting the client prior to any trade to obtain the client's permission. HLC's discretion may be limited pursuant to the terms and conditions of the applicable advisory relationship, provided that the restrictions are essentially consistent with HLC's investment process.

Item 17 – Voting Client Investments

Generally, HLC is not required to take any action or render any advice with respect to the voting of proxies or corporate actions solicited by or with respect to the issuers of debt obligations in which client assets may be invested from time to time. In the event that HLC receives any such proxies, HLC may vote proxies solicited by or with respect to the issuers of debt obligations in which such client's assets may be invested. In particular, HLF typically votes proxy statements on behalf of its fund clients.

Item 18 – Financial Information

HLC is a newly-formed company and is dependent on HCM and HoldCo for working capital. A balance sheet is not required to be provided because HLC does not require or solicit prepayment of more than \$1,200 in fees per client more than six months in advance of services rendered.

Item 19 – Requirements for State-Registered Advisers

Not Applicable.