

BROCHURE

March 24, 2017

One Maritime Plaza, Fifth Floor
San Francisco, CA 94111
(415) 288-0544

850 Third Avenue, 19th Floor
New York, NY 10022
(212) 407-0700

www.hallcapital.com

This Brochure provides information about the qualifications and business practices of Hall Capital Partners LLC. If you have any questions about the contents of this Brochure, please contact us at (415) 288-0544. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Hall Capital Partners LLC also is available on the SEC's website at www.adviserinfo.sec.gov.

Hall Capital Partners LLC is a registered investment adviser. Registration of an investment adviser does not imply a certain level of skill or training.

Item 2. Material Changes

Hall Capital Partners LLC (“Hall Capital or the “firm”) is pleased to provide its clients and prospective clients with this Brochure, which is the firm’s Form ADV Part 2A. The Brochure contains important information about Hall Capital’s business practices as well as a description of potential conflicts of interest relating to the firm’s advisory business that could affect a client’s account with us.

There are no material changes in this annual update.

Item 3. Table of Contents

Item 2. Material Changes	1
Item 3. Table of Contents	3
Item 4. Advisory Business	4
Item 5. Fees and Compensation	6
Item 6. Performance-Based Fees and Side-By-Side Management	8
Item 7. Types of Clients	10
Item 8. Methods of Analysis, Investment Strategies and Risk of Loss	11
Item 9. Disciplinary Information	26
Item 10. Other Financial Industry Activities and Affiliations	26
Item 11. Code of Ethics, Participation or Interest in Client Transactions and Personal Trading	28
Item 12. Brokerage Practices	33
Item 13. Review of Accounts	33
Item 14. Client Referrals and Other Compensation	35
Item 15. Custody	35
Item 16. Investment Discretion	35
Item 17. Voting Client Securities	36
Item 18. Financial Information	37

Item 4. Advisory Business

A. INTRODUCTION

Hall Capital Partners LLC (“Hall Capital”) builds, manages, and oversees multi-asset class portfolios for families, endowments, foundations, and other clients. The firm is a privately owned, independent, registered investment adviser with 152 employees and offices in San Francisco and New York. The firm and its predecessors began in 1994, initially to manage the portfolios of a few family offices and their private foundations.

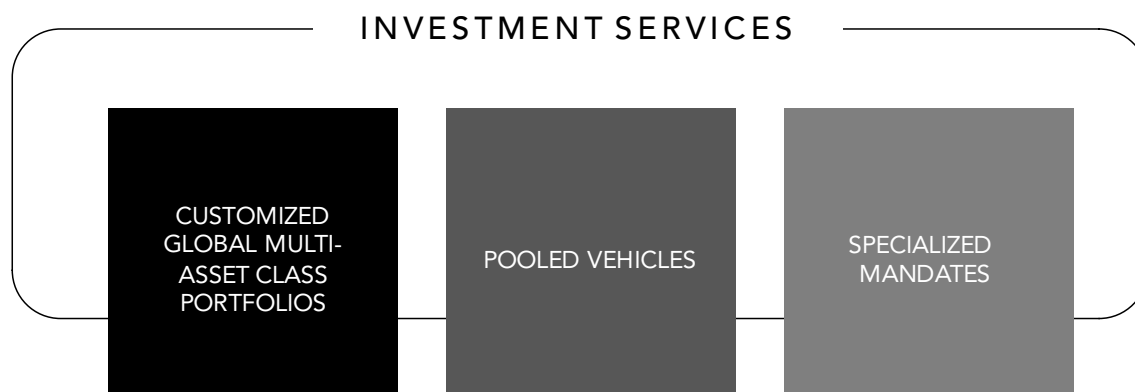
As of December 31, 2016, Hall Capital managed approximately \$29.7 billion (\$29,659,792,918) of investment assets for 131 clients and 33 pooled vehicles. The firm’s “Regulatory Assets Under Management” listed on the Form ADV Part 1A, Item 5 is \$32.6 billion (\$32,625,827,102), which includes all assets under the management of Hall Capital and its relying adviser, KHALL LLC (*see* Item 10.A) plus any uncalled capital commitments of private funds managed by Hall Capital and KHALL LLC.

Hall Capital is a privately owned firm and is substantially owned by the firm’s partners; it is not owned by any institution such as a bank, broker-dealer, insurance company, or another investment manager. As of December 31, 2016, no single person or entity owned 25% or more of the firm. Kathryn A. Hall is the founder, Chief Executive Officer and Co-Chief Investment Officer, John W. Buoymaster is Chairman, and Sarah E. Stein, Eric E. Alt (Co-Chief Investment Officer), and Simon C. Krinsky are Managing Partners.

B. INVESTMENT SERVICES

Hall Capital advises on and manages investment portfolios for families, endowments, foundations, and other clients. The firm actively invests with a wide spectrum of “underlying managers” (managers of private funds (“underlying funds”), separate accounts, and certain mutual funds) for its clients through both advisory client accounts and the HCP Pooled Vehicles. The firm offers three main services, each of them benefiting from the expertise of the firm’s Research Group:

- Customized Global Multi-Asset Class portfolios, for which the firm builds diversified portfolios covering multiple geographies and asset classes, customized for the firm’s clients’ needs;
- HCP Pooled Vehicles, which are unregistered funds of funds that provide diversified commingled investment strategies for qualified institutional and individual investors. As of December 31, 2016, the HCP Pooled Vehicles represented approximately \$3.9 billion of the firm’s assets under management;
- Specialized Mandates, pursuant to which the firm invests in a specific asset class such as hedge funds, private equity, or real assets for clients wanting to dedicate capital to that specific focus.



The core of Hall Capital's business is the creation and management of customized global, multi-asset class portfolios. Each portfolio is customized according to client-specific guidelines and is managed by one of the firm's Portfolio Managers. Hall Capital specializes in selecting underlying managers, allocating capital globally across investment strategies and asset classes, portfolio accounting, and reporting for complicated pools of capital. The firm's Portfolio Management Group is experienced with the distinct needs of families and different types of institutions and employs professionals who have expertise in both areas.

Hall Capital has an experienced Research Group, which currently consists of approximately 25 members and performs the following:

1. Sources, evaluates and conducts due diligence on potential and existing underlying fund managers,
2. Tracks the performance of a range of sectors and markets, and
3. Identifies (a) established underlying managers that we believe have a sound strategy, stable organization, and strong historical return characteristics, as well as (b) promising, emerging firms.

The Research Group is divided into teams that cover broad asset strategies: Absolute Return/Credit Strategies (including credit, arbitrage, multi-strategy, and distressed); Public Equity (long-only and equity-hedge); Private Equity (buyout, growth, distressed, and venture capital); and Real Assets (real estate, energy and power, timber, and other hard assets). The teams also work closely with the firm's Cross Asset Research & Strategy team to frame and compare investment opportunities by looking across asset classes and markets, implementing additional data analytics, considering strategic asset allocation, and conducting risk analysis. In each of these areas Hall Capital's perspective is global, including the North American, the developed, and the emerging international markets.

Hall Capital seeks to have a close working relationship and fosters long-term partnerships with all clients in order to establish and meet each client's particular objectives and guidelines. The firm works on either a non-discretionary or a discretionary basis; the fee schedule is the same in both instances. As of December 31, 2016, Hall Capital had non-discretionary authority over approximately \$24 billion (\$24,408,548,595) in assets under management and discretionary authority over approximately \$5 billion (\$5,251,244,324) in assets under management. Clients may impose restrictions on investing in certain securities or types of securities.

Item 5. Fees and Compensation

A. CUSTOMIZED GLOBAL MULTI-ASSET PORTFOLIOS

Hall Capital typically charges an annual fee, based on assets under management, for each Customized Global Multi-Asset Class (“CGMA”) client account generally using the following fee schedules:

CGMA Portfolios Fee Schedules*

OPTION 1: Base Fee Only
0.35% on the first \$500 million of fee-eligible assets under management 0.25% on the next \$500 million of fee-eligible assets 0.20% on all fee-eligible assets above \$1 billion Minimum fee of \$350,000 per year
OPTION 2: Base Fee + Performance Fee
<u>Base Fee</u> 0.25% on the first \$500 million of fee-eligible assets under management 0.15% on the next \$500 million of fee-eligible assets 0.10% on all fee-eligible assets above \$1 billion Minimum base fee of \$250,000 per year <u>Performance Fee</u> 10% of return over an 8% hurdle, subject to high water mark and a maximum combined fee of 1% per year

B. SPECIALIZED MANDATES

Hall Capital negotiates an annual fee based on assets under management with each Specialized Mandate client account generally using the following fee schedules:

Specialized Mandates Fee Schedules*

OPTION 1: Base Fee only
0.75% on all assets under management Minimum fee of \$350,000
OPTION 2: Base Fee plus Performance Fee
<u>Base Fee</u> 0.60% on all assets under management Minimum base fee of \$250,000 <u>Performance Fee</u> 10% of return over an 8% hurdle, subject to high water mark and a maximum combined fee of 1% per year

***Notes on CGMA and Specialized Mandate Fees**

General

References to assets under management in the above tables refer to assets for which the firm provides advisory services. In connection with the performance fee option, Hall Capital complies with Rule 205-3 under the Investment Advisers Act of 1940, as amended, which requires a client who pays a performance fee to be a “qualified client.”

Advisory Agreement

Hall Capital requires individually managed account clients to enter into an investment management services agreement which generally, among other matters, details the nature of the advisory relationship and the nature of discretionary investment authority, if any, granted to us.

Fee Negotiated

Hall Capital may waive all or part of its minimum annual fee in its discretion. The firm has lower fee arrangements with certain clients or has otherwise negotiated different fee arrangements in certain circumstances.

Fee Components

Hall Capital’s annual fee, based on assets under management, generally covers the services it provides to clients with CGMA or Specialized Mandate portfolios. Underlying fund managers, separate accounts, exchange traded funds, certain mutual funds in which a client invests, possibly among others, also charge management fees and some additionally charge incentive allocations or performance fees. Clients also generally incur, directly or indirectly, brokerage costs, other transaction costs, custodian fees, and other fees and expenses.

Please see also Item 12 below, which discusses Hall Capital’s brokerage practices.

Clients Who Invest in HCP Pooled Vehicles

In general, for clients who invest in certain HCP Pooled Vehicles that charge a management fee, the client is either placed in a “no-management fee” category in the HCP Pooled Vehicle or the firm reduces the advisory fee paid by the client directly by the amount of the management fee paid with respect to the HCP Pooled Vehicles (the “offset”), except that in most cases this offset will not reduce the advisory fee below zero. Certain fee arrangements as agreed to by clients do not involve an offset.

The Pooled Vehicle no-management fee category and the offset only apply during the term of the advisory relationship with the firm. If the client terminates its advisory relationship with the firm, the client will no longer receive the offset or will be transferred into a Pooled Vehicle fee-paying category, as applicable, and will have to pay the HCP Pooled Vehicle a management fee.

HCP personnel who invest in the general HCP Pooled Vehicles do not pay management fees while working at the firm. Certain HCP Pooled Vehicles require former personnel to pay management fees. HCP Pooled Vehicles created specifically for personnel do not charge management fees.

HCP Pooled Vehicles include certain Special Purpose Vehicles (“SPVs”) which aggregate generally client investments for further investment in one or a small number of underlying funds. Hall Capital and its affiliates generally do not charge management fees on the SPVs unless an investor ceases to be a client of Hall Capital, in which case the fee generally would be 0.55% multiplied by a limited

partner's capital commitment, capital contribution, or another measure of assets in the funds as applicable.

Timing and Methods of Fee Payment and Termination of Our Services

Fee payments generally are due quarterly in advance depending on the terms of each client's investment management services contract, other than performance fees which are generally payable annually in arrears. Clients have the option to either be billed for our advisory fees or authorize us to deduct our fees directly from their accounts.

In general, a client may terminate the firm's services at any time upon written notice to us. Upon termination, the client receives a *pro rata* refund of pre-paid fees based on the number of days remaining in the period for which the fees were paid. Performance fees that have accrued until termination will remain payable.

C. HCP POOLED VEHICLES

The HCP Pooled Vehicles are unregistered funds of funds for which the Firm or one of its subsidiaries serves as the general partner or managing member. HCP Pooled Vehicles invest primarily in private funds managed by underlying managers. Fees owed by an HCP Pooled Vehicle are deducted from the Pooled Vehicle's assets. The general partner may in its sole discretion agree to accept an alternative fee arrangement to the amounts described below with respect to any limited partner.

Hall Capital's Management Fees and Incentive Allocation

HCP Pooled Vehicles generally charge a management fee of up to 1.25% of the limited partner's capital commitment, capital contribution, or another measure of assets in the funds as applicable. Certain Hall Capital Pooled Vehicles charge an incentive fee of up to 10% of the fund's returns. The Pooled Vehicle-related fees are described in detail in the offering materials of each Pooled Vehicle.

Please see above the sub-section entitled "Clients Who Invest in HCP Pooled Vehicles" for a discussion of the Pooled Vehicle no-management fee category and the offset available for advisory clients in certain HCP Pooled Vehicles. Non-clients who invest in HCP Pooled Vehicles pay the Pooled Vehicles' management fees since they are not eligible for inclusion in a Pooled Vehicle no-management fee category or for an offset.

HCP Pooled Vehicles include certain Special Purpose Vehicles ("SPVs") which aggregate generally client investments for further investment in one or a small number of underlying funds. Hall Capital and its affiliates generally do not charge management fees on the SPVs unless an investor ceases to be a client of Hall Capital, in which case the fee generally would be 0.55% multiplied by a limited partner's capital commitment, capital contribution, or another measure of assets in the funds as applicable.

Underlying Funds' Management Fees and Incentive Allocation

Since Hall Capital Pooled Vehicles invest in other funds, i.e., underlying funds, investors in the Hall Capital Pooled Vehicles, including those who are advisory clients, also pay the underlying funds' management fees and incentive allocation, if any. The underlying funds generally charge a management fee of up to 2.50% of the limited partner's capital commitment, capital contribution, or

another measure of assets in the funds as applicable. In addition, the underlying managers generally receive an incentive allocation of up to 30% of that underlying fund's returns.

Fund Expenses

Both advisory clients and external investors in HCP Pooled Vehicles pay their proportionate share of the HCP Pooled Vehicles' and, indirectly, the underlying funds' expenses.

Expenses borne by the HCP Pooled Vehicles and underlying funds include, but are not limited to, costs and charges incurred, directly and indirectly, in connection with the formation, management, operation, maintenance and liquidation of the funds, which may include, among other fees and expenses, the following: legal expenses; accounting, tax, consulting and audit expenses; custodian and administration expenses; reasonable travel and other out of pocket expenses; costs associated with bookkeeping and reporting to investors; compliance expenses of the fund, general partner and management company, as applicable; taxes, fees or other governmental charges; the cost of liability and other insurance premiums; litigation and indemnification costs and expenses; and other expenses not listed. Such expenses also include, but are not limited to, costs incurred in connection with the identification and investigation of potential investments (whether or not consummated) and the structuring, making, holding, tracking and disposing of investments, including professional fees, and, if applicable, commissions and other brokerage charges.

Details regarding expenses can be found in the applicable offering memorandum and other governing documents.

D. FEE ARRANGEMENT BETWEEN HALL CAPITAL AND KHALL

Under a services agreement, KHALL agrees to pay Hall Capital a fixed amount per calendar year for the compliance program administration services that the Hall Capital Compliance team provides to KHALL. In turn, KHALL is reimbursed by its client(s) for the amount that it pays to Hall Capital for these services.

E. ADDITIONAL INFORMATION

Hall Capital may, in the future, serve as the general partner or otherwise sponsor, manage, or provide advisory services (directly or through affiliates) to other private investment funds or people or entities with fee schedules similar or dissimilar to those set forth above.

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

Some client fees are based partly on the performance of investments ("performance-based fees"). Certain HCP Pooled Vehicles also charge performance-based fees.

A. POTENTIAL CONFLICTS

Hall Capital advises or manages client portfolios or HCP Pooled Vehicles that pay an asset-based fee side-by-side with other clients and HCP Pooled Vehicles that pay performance-based fees.

Performance-based fees may create an incentive for an adviser to recommend risky or speculative investments. Performance-based fees may also create an incentive to favor those accounts over other accounts in the allocation of investment opportunities. Performance fees provide Hall Capital the opportunity to receive more, or less, compensation than from fees based on assets under management. Hall Capital mitigates these potential conflicts, including as described generally below.

B. MITIGATION OF POTENTIAL OR ACTUAL CONFLICTS

Equitable Allocation of Investment Opportunities. Please see our Allocation Policy in Item 11. C.

Review of Client Accounts. Please see Item 13.

Fairness to Clients. The firm attempts to resolve all potential or actual conflicts in a manner that is generally fair to all of its clients.

Best Interests of Clients. The firm recommends an investment to a client only if the firm believes the recommendation is appropriate for the client and is in the client's best interest. An investment may not be appropriate for all client accounts, and recommendations are made independent of the consideration of fees payable by an account.

Investment Due Diligence, Decision-making, and Monitoring. Before an investment can be included in a client portfolio or an HCP Pooled Vehicle, the firm performs comprehensive due diligence. If an investment is viewed favorably after the initial due diligence, the Research Group prepares a written memorandum, which is discussed by the Investment Committee. An investment must be approved by the Investment Review Committee before it can be included in client or HCP Pooled Vehicle portfolios. Approved managers are actively monitored by the Research Group after the initial recommendation.

Item 7. Types of Clients

A. TYPES OF CLIENTS

Hall Capital creates and manages investment portfolios for families, institutions (including endowments and foundations), and other clients. In general, Hall Capital's clients are both "accredited investors" under the Securities Act of 1933, as amended, and "qualified purchasers" under the Investment Company Act of 1940, as amended. Investors in the HCP Pooled Vehicles meet the requirements for the accredited investor status, and many are qualified purchasers.

B. MINIMUM ACCOUNT SIZES—CUSTOMIZED GLOBAL MULTI-ASSET CLASS PORTFOLIOS AND SPECIALIZED MANDATES

Hall Capital does not require a minimum amount of investment assets; however, for the majority of the firm's clients, Hall Capital advises on over \$100 million in investment assets. Hall Capital typically charges a minimum annual fee of \$350,000 – OPTION 1 (\$250,000 for accounts with a performance fee – OPTION 2). The firm may waive all or part of its minimum annual fee at its

discretion. The firm has lower fee arrangements with certain existing clients or has otherwise negotiated different fee arrangements in certain circumstances.

C. MINIMUM ACCOUNT SIZES—HCP POOLED VEHICLES

The HCP Pooled Vehicles generally require minimum investments, subject to the General Partner's right to waive the minimums. Currently the highest minimum is \$3 million, many minimums are \$1 million, and some are lower.

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

A. INVESTMENT STRATEGIES AND METHODS OF ANALYSIS

Investment Philosophy.

While each Hall Capital client differs in their specific investment objectives, we adhere to the following core investment principles in our portfolios:

- Maintain a long-term investment horizon
- Invest our clients' funds globally. Generally, we target significant exposures to US and non-US investments, excluding cash and bonds (which have typically been dollar, or local currency, denominated)
- Be unconstrained in what the firm looks at, but highly selective about where it invests
- Target underlying fund managers who are flexible and opportunistic, because we believe their returns are more durable (and less vulnerable to a relative return mindset)
- Diversify across drivers of value. To access different return drivers, our portfolios usually have fixed income, equities, hedge funds, private equity, and real assets investments
- Believe that concentrated portfolios of high conviction investments deliver better risk-adjusted returns over time
- Define risk as the possibility of permanent capital impairment, not volatility, for most portfolios; be sensitive to the volatility of portfolios in relation to distributions (to avoid unplanned realization of losses)
- Focus on deep fundamental research (companies, securities, and events)
- Partner with those we believe to be the best professional investors in the market to express our investment views
- Evaluate investments on a risk-adjusted, absolute return basis
- Evaluate sustainability, environmental, social, and governance factors as possible value enhancement and /or risk mitigation

Investment Strategies. Hall Capital's goal is to invest with attractive underlying managers across asset classes and geographies on whom we have completed extensive fundamental and operational due diligence. Hall Capital's objective is to build relatively concentrated but diversified portfolios of complementary managers with asymmetrical return profiles. Asset classes used by Hall Capital include, but are not limited to: cash and fixed income; global equities; hedge funds; private equity; real assets; and hybrid.

Methods of Analysis. The Research Group, which includes the firm's Co-Chief Investment Officers, reviews, evaluates, and conducts due diligence on potential and existing underlying managers. The Research Group is divided into teams that cover broad asset classes: Absolute Return/Credit Strategies (including credit, arbitrage, multi-strategy, and distressed); Public Equity (long-only and equity-hedge); Private Equity (buyout, growth, distressed, and venture capital); and Real Assets (real estate, energy and power, timber, and other hard assets). Each team is responsible for monitoring the capital markets, identifying investment opportunities and risks, and conducting due diligence on managers being used (or considered for use) in client portfolios and HCP Pooled Vehicles. In addition, senior professionals from each asset class group contribute to the Firm's Cross Asset Research & Strategy team, which frames and compares investment opportunities by looking across asset classes and markets, implementing additional data analytics, considering strategic asset allocation, and conducting risk analysis.

Hall Capital's analysis of potential investments includes the performance of comprehensive due diligence on underlying managers and the private funds or other strategies they manage. For the managers vetted in the due diligence process that are considered attractive, the Research Group prepares a detailed investment memorandum which is presented to the firm's Investment Committee. In the first of two formal internal evaluations, the Investment Committee (which includes all of the Firm's Portfolio Managers, Research Group professionals, and other senior professionals) conducts an iterative review of the proposed investment opportunity. If appropriate, the fund goes into the second formal evaluation: an evaluation performed by the Investment Review Committee. Here the relevant Research Group professionals present a full suite of analysis to the Investment Review Committee for formal approval. The Investment Review Committee consists of the following individuals, all of whom are Managing Directors:

- Eric Alt, Managing Partner and Co-CIO;
- Ann Barber, Managing Director, Portfolio Management;
- John Buoymaster, Chairman;
- Katie Hall, CEO and Co-CIO;
- Simon Krinsky, Managing Partner;
- Elizabeth F. Marshall, Managing Director, Private Equity;
- Ed Patron, Managing Director, Information Technology and Operational Due Diligence;
- Jessica Reed Saouaf, Deputy CIO and Director of Research;
- Kurt Rieke, Managing Director and Director of Portfolio Management;
- Sarah Stein, Managing Partner; and
- Brian Zeiger, Managing Director, Real Assets.

Hall Capital's professionals also actively monitor approved underlying managers and funds on an ongoing basis, after client or HCP Pooled Vehicle investments are made with them.

B. MATERIAL RISKS OF INVESTMENT STRATEGIES AND METHODS OF ANALYSIS

1. General

Although the firm works diligently to preserve clients' capital and achieve preservation and growth of client wealth, investing in securities by its nature involves risk of loss that clients should be prepared to bear. For any given investment, the possibility of a total or partial loss of

client capital exists, and prospective clients and investors should not invest unless they can readily bear the consequences of such loss.

No Assurance of Returns. There can be no assurance that a client portfolio or HCP Pooled Vehicle will perform well or achieve its investment objectives. Similarly, there can be no assurance that the underlying funds and direct investments will perform well. The possibility of a total or partial loss of capital exists. The timing of profit realization, if any, is highly uncertain. There can be no assurance that the HCP Pooled Vehicle or the underlying funds will achieve their investment objective. There can be no assurance that the HCP Pooled Vehicle will be adequately compensated for investment risks taken. A loss of a significant portion or all of the investor's investment is possible.

Past Performance Results. Past performance is not indicative of future results. Similarly, the historical performance of any underlying manager is not a guarantee or prediction of the future performance of the manager's fund.

Reliance on Key Personnel. While Hall Capital has significant depth and experience in investing, and specifically in private fund investing, the loss of one or more of the firm's senior personnel could adversely impact the firm's and the HCP Pooled Vehicles' ability to successfully implement investment strategies.

Reliance on Underlying Fund Management. Clients and the HCP Pooled Vehicles typically invest in underlying funds and through separate accounts managed by underlying managers that will generally be unrelated to Hall Capital. Returns could be substantially and adversely affected by the unfavorable performance of one or more such underlying funds or separate accounts. Subjective decisions made by the underlying managers may cause the underlying funds or separate accounts to incur losses or to miss profit opportunities on which they would otherwise have capitalized. Furthermore, underlying managers may have a substantial amount of discretion to change their investment approach, typically without notice to or approval by investors. Investors will have no right or power to participate in the management or control of the underlying funds or separate accounts, and will not have an opportunity to evaluate the specific investments made by the underlying managers.

General Risks Relating to Underlying Managers and Other Financial Intermediaries. In connection with investments in underlying funds, clients and HCP Pooled Vehicles will be dependent upon underlying managers, which will have custody and control of client and HCP Pooled Vehicle assets invested in such underlying managers' underlying funds. The failure of an underlying manager or financial intermediary to fulfill its obligations may have a material adverse effect on the related investment and overall performance. If any underlying manager, any other financial intermediary, or any of such underlying manager's or financial intermediary's counterparties becomes insolvent or files for bankruptcy, a client or investor could suffer complete or partial losses and increased illiquidity.

Availability of Suitable Opportunities. The success of a client portfolio or HCP Pooled Vehicle as a whole depends on the ability of the firm or its affiliates to identify and invest in underlying funds or other investments that meet the desired investment criteria. Identifying attractive investment opportunities and the right investment managers is difficult and involves a high degree of uncertainty. The identification of an attractive fund does not ensure that a client or HCP Pooled Vehicle will be able to invest capital in the particular fund, given the high level of investor demand some funds receive.

Due Diligence Errors. It is possible that the firm may miss or misinterpret information during its due diligence. The firm has established procedures to mitigate this risk, but there is no assurance it will be successful in any particular situation. An underlying manager could be engaged in wrongdoing that is not uncovered by the due diligence process.

Systemic and Counterparty Risk. Credit risk may arise through a default by one of several large institutions that are dependent on one another to meet their liquidity or operational needs, so that a default by one institution causes a series of defaults by the other institutions. This is sometimes referred to as a “systemic risk” and may adversely affect financial intermediaries, such as clearing agencies, clearing houses, banks, securities firms and exchanges, with which the underlying managers interact on a daily basis.

Certain underlying managers may be required to post collateral with counterparties to support the managers’ obligations in connection with transactions involving forwards, swaps, futures, options, and other derivative instruments. Generally, counterparties will have the right to sell, pledge, rehypothecate, assign, use or otherwise dispose of the collateral posted by the underlying funds in connection with such transactions. This could increase such underlying funds’ exposure to the risk of a counterparty default since, under such circumstances, such collateral could be lost or such underlying funds may be unable to recover such collateral promptly. Also, counterparties have an interest in maximizing the return from such collateral. This interest could conflict with the interests of such underlying funds in preserving and protecting their portfolios.

Some of the markets in which an underlying fund may effect transactions are “over-the-counter” or “interdealer” markets. The participants in such markets are typically not subject to the same credit evaluation and regulatory oversight as are members of “exchange-based” markets. In addition, many of the protections afforded to participants on some organized exchanges, such as the performance guarantee of an exchange clearinghouse, might not be available in connection with such “over-the-counter” transactions. This exposes such underlying fund engaging in such transactions to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a dispute over the terms of the contract (whether or not bona fide) or because of a credit or liquidity problem, thus causing such underlying fund to suffer a loss. Such “counterparty risk” is accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where the underlying fund has concentrated its transactions with a single or small group of counterparties. Underlying funds are generally not restricted from dealing with any particular counterparty or from concentrating any or all of their transactions with one counterparty. Moreover, certain underlying funds may not have any formal credit function that evaluates the creditworthiness of the counterparties. The ability of the underlying funds to transact business with any one or number of counterparties, the lack of any meaningful and independent evaluation of such counterparties’ financial capabilities and the absence of a regulated market to facilitate settlement may increase the potential for losses by the underlying funds or separate accounts of the underlying managers.

Non-U.S. Investments. It is anticipated that where appropriate, clients or HCP Pooled Vehicles will invest directly or indirectly in investments outside the United States. Any investment in a foreign country involves risks not found in the domestic securities market, including the following: the risk of economic and financial instability in the foreign country, which in some cases may include a collapse in credit markets, stock prices, currencies, and/or consumer spending; the risk of adverse social and political developments, including nationalization, confiscation without fair compensation, political and social instability, and war; the risk that the

foreign country may impose restrictions on the repatriation of investment income or capital or on the ability of foreign persons to invest in certain types of companies, assets, or securities; risks related to the possible lack of availability of sufficient financial information as a result of corporate governance, accounting, auditing, and financial disclosure standards that differ, in some cases significantly, from those in the United States; risks related to foreign laws and legal systems, which are likely to differ from those of the United States, including in particular the laws with respect to the rights of investors which may not be as comprehensive or well developed as those in the United States and the procedures for the judicial or other enforcement of such rights which may not be as effective as in the United States; risks related to the fact that some investments may be denominated in foreign currencies and therefore will be subject to fluctuations in exchange rates; and risks related to applicable tax laws and regulations and tax treaties, which are likely to vary from country to country and may be less well developed than those in the United States, possibly resulting in retroactive taxation, so the Fund could become subject to an unanticipated local tax liability. Further, a non-United States investment may require significant government approvals under corporate, securities, exchange control, foreign investment, and other similar laws, and may require financing and structuring alternatives that differ significantly from those customarily used in the United States.

Emerging Markets. It is anticipated that where appropriate, clients or HCP Pooled Vehicles will invest directly or indirectly in companies in one or more emerging markets (including, without limitation, in the People's Republic of China, India, other South and Southeast Asian countries, Africa, and South America). Investing in companies based in emerging markets involves considerations including political and economic factors, such as greater risks of expropriation, nationalization, and general social, political and economic instability; the small size of the securities markets in emerging markets and the low volume of trading, resulting in potential lack of liquidity and in price volatility; fluctuations in the rate of exchange between currencies and costs associated with currency conversion; inconsistencies among local, regional, and national laws; and certain government policies that may restrict investment opportunities. An underlying fund or underlying manager, as a foreigner, may be subject to legal or regulatory constraints or prejudices that do not affect local investors. Less information may be available to investors, and there may be a lack of uniform accounting, auditing and financial reporting standards, inadequate settlement procedures and potential difficulties in enforcing contractual obligations.

Foreign Exchange Risks. In the case of investments in securities that are not denominated in U.S. dollars, any fluctuation in currency exchange rates will affect the value of such investments and the returns ultimately achieved. In addition, costs may be incurred in connection with conversions between various currencies.

2. Market Risk

Status of Markets. In recent times, economic markets have experienced a period of unprecedented stress and volatility. The unavailability, or hindered operation of external credit markets, equity markets and other economic systems that the firm and investments may depend upon to achieve objectives may have a significant negative impact on private fund operations and profitability. There can be no assurance that such markets and economic systems will be available as anticipated or needed for investments or for private funds to operate successfully.

Global Economic Conditions. The outcome of any investment activity is determined to some degree by general economic conditions, which may affect the level and volatility of equity markets and interest and currency rates and the extent and timing of investor participation in the equities, interest rate, and currency markets.

The investment performance will be materially affected by conditions in the global financial markets and economic conditions generally. The global markets in recent years have been characterized by lack of liquidity, general uncertainty about economic activity levels, substantially increased volatility and short-selling and an overall reduction of investor and consumer confidence. There can be no assurance that these conditions will improve in the near term or at all. Changing economic conditions in the global economy or in specific regional economies may also impact the ability to reduce relative investment risk. The stability and sustainability of growth in global economies may be rapidly impacted by extrinsic factors such as risks inherent in the financial system, economic intervention by governments, terrorism or acts of war.

Highly Volatile Markets. The prices of investments made by the underlying funds, and the net asset value of such investments, can be highly volatile. Price movements of futures contracts and other derivative contracts in which an underlying fund may invest are influenced by, among other things, interest rates, currency exchange rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies. In addition, governments from time to time intervene, directly and by regulation, in certain markets, particularly those in currencies, financial instruments and currency exchange rate-related futures and options. Such intervention often is intended directly to influence prices and may, together with other factors, cause all of such markets to move rapidly in the same direction. Moreover, since internationally there may be less government supervision and regulation of worldwide stock and futures exchanges and clearinghouses than in the U.S., the investments made by the underlying funds also are subject to the risk of the failure of the exchanges on which the positions trade or of their clearinghouses, and there may be a higher risk of financial irregularities and/or lack of appropriate risk monitoring and controls.

The financial crisis in the U.S. and global economies over the past several years, including the European sovereign debt crisis, has resulted, and may continue to result, in an unusually high degree of volatility in the financial markets and the economy at large. In addition, global economies and financial markets are becoming increasingly interconnected, which increases the possibilities that conditions in one country or region might adversely impact issuers in a different country or region.

Suspensions of Trading. Securities and commodities exchanges typically can suspend or limit trading in any instrument traded on the exchange. A suspension could render it impossible for an underlying manager to liquidate positions and expose the underlying funds and direct investments and thus, HCP Pooled Vehicles and clients, to losses.

Lack of Liquidity. The markets for some instruments have limited liquidity and depth or may in the future experience periods of limited liquidity and depth. In addition, under certain market conditions, such as during volatile markets or when trading in a security or market is otherwise impaired, the liquidity of the underlying managers' portfolio positions may be further reduced.

Portfolio funds' or separate accounts' large positions with respect to a specific type of financial instrument may also reduce liquidity. This lack of liquidity could be a disadvantage to underlying funds or separate accounts, both in the realization of the prices that are quoted and in the execution of orders at desired prices. Accordingly, underlying funds or separate accounts may be required to hold investments for a longer period of time than desired or may be required to mark down the value of investments that are subject to such limited liquidity.

An underlying manager of a portfolio fund or an HCP Pooled Vehicle affected by market conditions may seek to impose certain limitations on redemptions from such fund for prolonged periods by, for example: (1) suspending the determination of the fund's net asset value, (2) suspending redemptions in whole or in part, (3) suspending subscriptions or capital contributions, (4) imposing "gates" or restrictions on redemption amounts above a certain level and/or (5) extending the period for payment of redemption proceeds. In addition, such an underlying manager or an HCP Pooled Vehicle may seek to, among other things, (i) wind up the relevant fund, including at times and under conditions where the disposition of its securities and other assets may not be at prices deemed favorable to an HCP Pooled Vehicle and/or client that is invested in such fund, (ii) assign certain illiquid or similar assets held by the relevant fund to "special situation" or "side pocket" accounts, or retain illiquid securities in the main fund, resulting in an investor's inability to redeem such holdings for an extended period of time, (iii) distribute certain securities or other assets held by the relevant fund into a liquidating trust or similar account or vehicle, in which case payment to an HCP Pooled Vehicle, client, and/or other investors in such fund of the portion of their redemptions attributable to the securities or other assets held in such liquidating trust or similar account or vehicle may be delayed until such time as such securities and other assets are liquidated or become freely tradable, and/or (iv) distribute certain securities and other assets held by such fund in-kind to the HCP Pooled Vehicles, clients, and/or other investors in the fund, in which case the HCP Pooled Vehicles and/or clients may not be able to liquidate such securities and other assets during certain periods and/or at prices deemed favorable to the investors therein.

The financial markets in the United States and other countries experienced a variety of difficulties and changed conditions as a result of the financial crisis that began in 2008. These difficulties and changed conditions, coupled with other recent challenges affecting the economies of certain countries, may result in reduced demand for the securities and other assets in which a portfolio fund invests, and may affect the valuations assigned to such securities and assets. Further, a portfolio fund and such other market participants may not always value these investments at the same prices or in the same manner. Such reduced demand and affected valuations may in turn decrease the value of securities and assets held by a portfolio fund, and may prevent a portfolio fund from liquidating such securities or other assets at any price, or at prices deemed favorable to a portfolio fund, during certain periods, which periods may be substantial and prolonged and which may include periods during which investors are seeking to redeem substantial amounts from a portfolio fund.

Furthermore, if the underlying fund or separate account incurs substantial trading losses, the need for liquidity could rise sharply while its access to liquidity could be impaired. In addition, in conjunction with a market downturn, an underlying fund's or separate account's counterparties could incur losses of their own, thereby weakening their financial condition and increasing such underlying fund's or separate account's credit risk to them. Those would

adversely affect the underlying fund's or separate account's ability to rebalance its portfolios or to meet withdrawal requests.

Legal, Tax and Regulatory Risks. Legal, tax and regulatory changes could occur that could adversely affect the investments made by underlying funds or separate accounts of underlying managers. Market disruptions and the dramatic increase in the capital allocated to asset management strategies during recent years have led to increased governmental as well as self-regulatory organization scrutiny of alternative investment vehicles such as the portfolio funds. It is uncertain what impact legal, tax and regulatory changes applicable to the HCP Pooled Vehicles or the one or more portfolio funds, the markets in which the portfolio funds trade and invest, or the counterparties with which they do business will have, or what further changes may be instituted. Any such regulation could have a material adverse impact on the profit potential of the portfolio funds (and, as a result, an HCP Pooled Vehicle or client).

3. Strategy, Portfolio and Investment Risk

Multiple Asset Classes. The underlying managers invest in multiple asset classes, including, but not limited to, investments in securities, debt instruments, derivatives, contracts and other assets. Investment in all these assets involves the risk of capital loss and no assurance can be given that the underlying managers' investment activities will be successful or that an investor will not suffer losses. In addition, the underlying managers may pursue a variety of investment strategies to improve returns, reduce the total portfolio risk or both, such as (i) buying and selling of puts and calls on both a covered and uncovered basis, (ii) buying and selling of derivatives, including swap contracts, futures contracts, forward contracts and custom derivative or synthetic instruments, (iii) securities borrowing and selling short, (iv) investing borrowed funds secured by the underlying manager's investment portfolio, and (v) offsetting positions in various credit and/or equity instruments, including unsecured and secured debt, preferred stock, common stock and derivatives. Those investment strategies may instead increase adverse impacts of events and circumstances on the underlying managers' returns.

Asset Class Categories and Inadvertent Concentration. An important investment philosophy of the firm is the development of portfolio holdings in multiple asset classes, which affords expected diversification benefits. A number of underlying funds or separate accounts may have overlapping strategies and could accumulate large positions in the same or related securities. As a result, unfavorable performance of a small number of such investments could have a substantial adverse impact on an HCP Pooled Vehicle's or a client portfolio's performance. In addition, the cumulative effect of all asset classifications, which are made subject to the foregoing inherent subjectivity, may result in risk of a skewed perception by the firm of the true risk and return characteristics of its overall portfolio. As a result, certain asset classes may be under- or over-weighted relative to the firm's preferred asset allocation targets and, accordingly, a client's portfolio may be over-allocated to certain asset classes or may be incurring concentration risks within the portfolio as a result. The firm's ability to avoid such concentration depends on the firm's ability to reallocate client capital among existing or new underlying funds or separate accounts, which might not be feasible for several months until withdrawals and contributions are permitted. In addition, certain asset classes may be generally more difficult to value accurately, such as tactical/hedged equities, and inaccuracies in valuation may result in departures of the actual portfolio from intended asset allocation targets.

Allocation Risk. . There is no assurance that the firm's recommendation to under- or overweight allocations among funds of varied focuses will be effective in increasing investment returns or limiting relative risk. In addition, the firm may be limited in its ability to make changes to allocations due to the subscription and redemption provisions of the underlying funds, including notice periods and limited subscription and redemption dates, the ability of the underlying funds to suspend and postpone redemptions, and lock-ups on redemptions imposed by certain underlying funds. In addition, asset allocation decisions made by the firm will be based largely on information previously provided by the underlying funds or separate account managers and collected from third parties. If such information is inaccurate or incomplete, it is possible that the allocation to the asset classes from a risk/reward perspective may not reflect the firm's intended allocations. This could have a material adverse effect on the ability of the firm to implement the investment objectives of a client.

Leverage (Borrowed Money). Certain underlying managers may use leverage in their investing, which would increase the potential for loss as well as transaction expenses. The use of leverage will increase the volatility of such underlying managers' investments. Leverage increases returns to investors if the underlying funds or separate accounts earn a greater return on leveraged investments than the cost of such leverage. However, the use of margin borrowing exposes the underlying funds or separate accounts to additional levels of risk including (i) greater losses from investments than would otherwise have been the case had the underlying funds or separate accounts not borrowed to make the investments, (ii) margin calls or changes in margin requirements may force premature liquidations of investment positions and (iii) losses on investments where the investment fails to earn a return that equals or exceeds the underlying funds' or separate accounts' cost of leverage related to such investments. In case of a sudden, precipitous drop in value of the underlying funds' or separate accounts' assets, they might not be able to liquidate assets quickly enough to repay their borrowings, further magnifying the losses incurred.

In an unsettled credit environment, the underlying managers may find it difficult or impossible to obtain leverage. If leveraging is part of the investment strategy of the underlying managers, they may not be able to fully implement their strategies because of the difficulty of obtaining leverage. In addition, any leverage obtained, if terminated on short notice by the lender, could result in an underlying manager being forced to unwind positions quickly and at prices below fair value.

Short Selling. Some underlying managers may engage in short selling. Short selling involves selling securities which may or may not be owned by the seller and borrowing the same securities for delivery to the purchaser, with an obligation to replace the borrowed securities at a later date. Short selling allows the investor to profit from declines in securities. A short sale creates the risk of a theoretically unlimited loss, in that the price of the underlying security could theoretically increase without limit, thus increasing the cost of buying those securities to cover the short position. There can be no assurance that the securities necessary to cover a short position will be available for purchase. Purchasing securities to close out the short position can itself cause the price of the securities to rise further, thereby exacerbating the loss.

Non-Marketable Securities. Some underlying funds may invest in non-marketable securities, which are generally difficult to liquidate and price. Certain underlying funds invest in restricted securities. Restricted securities are securities that may not be sold to the public without an effective registration statement under the Securities Act or, if they are unregistered, may be sold

only in a privately negotiated transaction or pursuant to an exemption from registration. Positions in restricted or non-publicly traded securities and certain futures contracts may be illiquid. Market and general economic conditions may also affect liquidity of specific asset classes or investments in certain regions or markets.

Derivatives. Various underlying funds may use derivatives, such as options, futures and swaps. These financial instruments derive their performance, at least in part, from the performance of an underlying asset, index or interest rate and generally involve a higher degree of risk. The derivatives market is, in general, a relatively new market and there are uncertainties as to how it will perform during periods of unusual price volatility or instability, market illiquidity, or credit distress. Substantial risks are also involved in borrowing and lending against derivatives. Derivatives prices can be volatile, market movements are difficult to predict, and financing sources and related interest rates are subject to rapid change. Certain derivatives also involve embedded leverage, and a relatively small price movement may result in substantial losses to the underlying fund. To date, most of these instruments have not been traded on exchanges but rather through a network of banks and dealers that have no obligation to make markets in them and can apply essentially discretionary margin and credit requirements (and thus in effect force an underlying manager to close out positions). The market for many derivatives is, or suddenly can become, illiquid. Changes in liquidity may result in significant, rapid, and unpredictable changes in the prices of derivatives.

In addition, some derivatives carry the risk of failure to perform by the counterparty to the transaction. Many unforeseeable events, such as government policies, can have significant effects on interest and exchange rates, which in turn can have large and sudden effects on prices of derivative instruments.

Hedging and Other Trading Strategies. The decision as to when and to what extent to hedge or follow other trading strategies depends on many factors. There can be no assurance that hedging or other trading strategies will be available or effective or that the performance of the hedge will correspond appropriately to that of the assets hedged.

Fixed Income Securities. Fixed income securities are subject to the risk of the issuer's or a guarantor's inability to meet principal and interest payments on its obligations (i.e., credit risk) and are subject to price volatility due to such factors as interest rate sensitivity, market perception of the creditworthiness of the issuer, the rate of inflation, and general market liquidity (i.e., market risk). In addition, mortgage-backed securities and asset-backed securities may also be subject to call risk and extension risk. For example, the duration of a security backed by home mortgages can either shorten (i.e., call risk) or lengthen (i.e., extension risk).

High-Yield Debt; Distressed Debt. High-yield bonds (commonly known as "junk bonds"), distressed debt instruments, and other debt securities in which underlying funds may invest will typically be junior to the obligations of companies to senior creditors, trade creditors, and employees. The lower rating of high-yield debt reflects a greater possibility that adverse changes in the financial condition of the issuer or in general economic, financial, competitive, regulatory, or other conditions may impair the ability of the issuer to make payments of principal and interest. High-yield debt securities have historically experienced greater default rates than investment grade securities. The ability of holders of high-yield debt to influence a company's affairs will be substantially less than that of senior creditors.

The market for lower grade debt securities may be thinner and less active than for higher grade debt securities, and thus less liquid. This could result in an underlying fund being unable to sell such securities for an extended period of time, if at all.

Public Equity Securities. Portfolio funds and underlying managers may invest long and short in publicly traded equity securities. The value of the stocks and other securities and instruments may decline over short or extended periods. The volatility of equity securities means that the value of an investment may increase or decrease.

Small Capitalization Companies. Portfolio funds and underlying managers may invest in securities of small capitalization companies and recently organized companies and, conversely, the underlying funds may establish significant short positions in such securities. Historically, such securities have been more volatile in price, and less liquid, than those of larger, more highly capitalized, established companies and therefore may pose greater investment risks. Small capitalization companies may require substantial additional capital or borrowings. There is often less publicly available information concerning such companies, making them more difficult to value. Investments in companies with limited or no operating histories are more speculative and entail greater risk than do investments in companies with an established operating record.

Growth Stock Risk. Certain underlying funds or underlying managers invest in “growth” stocks. Securities of growth companies may be more volatile since such companies usually reinvest a high portion of earnings in their businesses, and they may lack the dividends of value stocks that can cushion stock prices in a falling market. In addition, earnings disappointments often lead to sharply falling prices because investors buy growth stocks in anticipation of superior earnings growth.

Value Stock Risk. Certain underlying funds or underlying managers invest in “value” stocks. A particular risk of a value approach is that some holdings may not recover and provide the capital growth anticipated or that a stock judged to be undervalued may actually be appropriately priced. Further, because the prices of value-oriented securities tend to correlate more closely with economic cycles than growth-oriented securities, they generally are more sensitive to changing economic conditions, such as changes in interest rates, corporate earnings, and industrial production. The market may not favor value-oriented stocks and may not favor equities at all. During those periods, relative performance may suffer.

Global Equity/ Hedge. The Global Equity/ Hedge strategy primarily involves investments in publicly traded equity instruments generally in developed countries. This strategy involves identifying securities that are mispriced relative to related securities, groups of securities, or the overall market. The strategy may rely on the use of derivatives, leverage and a number of assumptions about the intrinsic value of publicly traded equity instruments. There can be no assurance that such assumptions will prove to be correct or that the strategy will be implemented correctly.

Real Estate Investing. While real estate investing presents the potential for significant capital appreciation, such investments also involve a high degree of risk, including a significant degree of financial, operating, illiquidity, and competitive risk. Frequently, real estate investments made through underlying funds are structured with the use of leverage (or borrowed money). While the use of leverage will enhance the returns on a successful investment, a leveraged capital structure will be subject to increased exposure to extreme economic conditions, such as a

significant rise in interest rates, or a severe downturn in the economy, increasing the risk of loss associated with the investment.

Energy and Timber Investments. Energy, timber, or other real asset opportunities are likely to be subject to the same or similar risks described in the preceding paragraph.

Buyouts/Growth Capital. Buyout and growth capital funds frequently structure their investments with the use of leverage. While the use of leverage may enhance the returns on a successful investment, a company with a leveraged capital structure will be subject to increased exposure to changing economic conditions, such as a significant rise in interest rates, or a downturn in the economy or the company's industry, enhancing the risk of loss associated with the investment.

Venture Capital. It is anticipated that the portfolio companies of venture capital funds will confront a significant degree of financial, operating, illiquidity, and competitive risk. In addition, many of these companies, due to their limited revenues and history of operating losses, may need to rely on their ability to fund continuing operations via the private and public capital markets. Such continued funding may be curtailed as a result of a variety of factors which may include, but would not be limited to, rising interest rates, downturns in the economy or deterioration in the condition of the company or its industry.

Distressed and Special Situations. Significant risk exists that a turnaround effort for a company in a distressed financial condition will not be successful and that all or a significant portion of the capital invested in such situations may be lost. "Special situation" investments are opportunistic in nature. Such investments are likely to involve significant risks and illiquidity, and any returns from these investments will be subject to substantial uncertainty.

Limited Liquidity. There is no public market for interests in private funds, including the HCP Pooled Vehicles, and it is not expected that a public market will develop. There will also be substantial restrictions upon the transferability of interests, including the requirement in a partnership agreement that most transfers be approved by the General Partner. There are also other contractual restrictions and restrictions imposed by applicable federal securities laws and the laws and the regulations of other jurisdictions, which may require an indefinite holding period with respect to private fund interests, including those of HCP Pooled Vehicles. A purchase of an interest in a private fund, including an HCP Pooled Vehicle, should be considered only by persons financially able to maintain their investment and also able to afford a loss of all or a substantial part of such investment. In addition, investors who invest through an offshore fund should be aware that an interest in the offshore fund may be less attractive to other investors that are not foreign or tax-exempt entities in the United States, and therefore an interest in an offshore fund may be even less liquid than a direct investment interest in an onshore fund. There is no assurance that any distribution will be made or that fund investments will be successful.

Many approved private funds have lock-up provisions that prohibit an investor from withdrawing money for a certain period of time, for example 12 to 24 months or significantly longer. Some of these investments require advance notice should an investor seek a full or partial redemption, while other investments last until the fund ends. In addition, payment of a full cash redemption sometimes takes time.

Illiquid Investments. Investments in certain underlying funds, including private equity and real assets, will be illiquid, entailing a high degree of risk. An investor in an illiquid underlying fund

may be expected to hold its investment in the underlying fund for the entire life of the underlying fund, which is typically seven to ten years or more.

The underlying investments of an underlying fund, at any given time, may consist of significant amounts of securities and other financial instruments that are very thinly traded, or for which no market exists, or which are restricted as to their transferability under U.S. or state or non-U.S. securities laws. In some cases, underlying funds may also be prohibited by contract from selling such securities for a period of time. In other cases, the types of investments made by underlying funds may require a substantial length of time to liquidate. Consequently, there is a significant risk that the underlying funds will be unable to realize their investment objectives by sale or other disposition of portfolio company securities at attractive prices, or will otherwise be unable to complete any exit strategy with respect to their portfolio companies. These risks can be further increased by changes in the financial condition or business prospects of the portfolio companies, changes in economic conditions and changes in law.

An underlying fund may distribute its investments “in-kind”, which may be composed of illiquid securities. The HCP Pooled Vehicles may in turn make in-kind distributions of these investments. There can be no assurance that clients or investors would be able to dispose of these investments or that the value of these investments, as determined generally by an underlying fund, will ultimately be realized.

Interest Rate Risk. Changes in interest rates can affect the value of fixed-income debt securities such as bonds and notes. Increases in interest rates may cause the value of such investments to decline. A client portfolio or an HCP Pooled Vehicle may experience increased interest rate risk to the extent that the underlying funds or separate accounts of underlying managers invest in lower rate securities, debt securities with longer maturities, debt securities paying no interest (such as zero coupon securities), or debt securities paying non-cash interest in the form of other debt securities (pay-in-kind securities).

Valuation of Investments. Hall Capital and the HCP Pooled Vehicles ordinarily rely on valuations provided by underlying managers and other asset custodians. Certain securities may not have a readily ascertainable market price. In this regard, an underlying manager may face a conflict of interest in valuing the securities, as their value will affect the underlying manager’s compensation with respect to asset-based fees as well as performance-based fees and allocations. Such compensation may be based on an underlying manager’s calculations, without independent oversight, of realized and unrealized gains.

To the extent the values of the assets are determined inaccurately, clients and investors may be adversely affected in connection with the contribution of additional capital to, or the withdrawal or distribution of capital from, an underlying fund or HCP Pooled Vehicle. If an investor contributes additional capital, such investor may be adversely affected if the value of the portfolio assets is overstated and the other pre-existing investors would be adversely affected if the value of the portfolio assets is understated. Similarly, an investor that is withdrawing capital is adversely affected if the value of the portfolio assets is understated, and the other non-withdrawing investors would be adversely affected if the value of the portfolio assets is overstated.

4. Underlying Funds and Manager Risk

Unregistered Funds. Many funds approved by Hall Capital, including the HCP Pooled Vehicles, are private limited partnerships or similar structures sold in private placements, and are not registered investment companies under the Investment Company Act of 1940. Some of the underlying managers may not be registered as investment advisers under federal or state law. Interests in the HCP Pooled Vehicles have not been registered under the Securities Act of 1933. Consequently, clients will not be entitled to certain of the protections of the federal securities laws.

Possible Misconduct by Underlying Managers. Because clients invest through underlying managers or private funds that are separate from Hall Capital and over which Hall Capital does not have physical custody or control, an underlying manager could divert or abscond with a client's assets, fail to follow its stated investment strategies, issue false reports, or engage in other misconduct.

Multiple Levels of Fees and Expenses. By investing in underlying funds indirectly through an HCP Pooled Vehicle, non-client investors bear asset-based fees payable to Pooled Vehicle's general partner in addition to any asset-based fees and performance-based fees and allocations payable to underlying managers. In addition to bearing fees at two levels, an investor in an HCP Pooled Vehicle, whether or not he/she is a client of Hall Capital, bears a proportionate share of the expenses and other operating costs of both the HCP Pooled Vehicle and, indirectly, similar expenses of the underlying funds. Thus, an investor in an HCP Pooled Vehicle will be subject to higher aggregate fees and expenses than what each investor would have borne if the investor had invested in the underlying funds directly or in an investment fund which invests directly in the assets in which the underlying funds invest.

Effect of Carried Interest. The existence of a carried interest payable to the underlying managers may create an incentive for such underlying managers to make riskier or more speculative investments on behalf of their underlying funds than would be the case in the absence of this arrangement. In addition, underlying managers of certain underlying funds may be permitted to take carried interest distributions prior to the time that such underlying funds have returned capital to their investors, and this may result in lower returns and/or higher losses for the investors in such underlying funds.

Key Principals of the Underlying Managers. Underlying managers are likely to be dependent on the services of one or a few key individuals. The loss for any reason of the services of a key individual could impair an underlying fund's ability to achieve its investment objective.

Significant Increase or Decrease in Managed Assets. Clients or investors may invest directly or indirectly with underlying managers or HCP Pooled Vehicles who are experiencing a significant increase or decrease in the assets they manage, which may impair their ability to generate returns on a par with their historical results. In addition, an underlying manager or an HCP Pooled Vehicle faced with a significant increase or decrease in assets to invest may divert from stated strategies into strategies or markets with which it may have little or no experience. This could result in losses.

Conflicts Related to Multiple Underlying Fund Managers. Because the underlying managers make their trading decisions independently, it is theoretically possible that one or more of such underlying managers may, at any time, take investment positions that are opposite of positions

taken by other underlying managers. It is also possible that the underlying funds or separate accounts may on occasion be competing with each other for similar positions at the same time.

New Strategies. Strategies used by underlying funds may not have been in use during periods of major market stress, disruption, or decline. As a result, it is not known how these strategies will perform in these periods.

Access to Information. Hall Capital generally requests information from each underlying manager regarding the underlying fund manager's historical performance and investment strategy, as well as portfolio information on the underlying fund on a continuing basis.

However, Hall Capital may not always be provided with such information because certain of this information may be considered proprietary information or a confidential trade secret by the particular underlying manager. This lack of access to information may make it more difficult to select, allocate among, and evaluate underlying managers.

Furthermore, Hall Capital may be restricted from providing clients or investors in an HCP Pooled Vehicle with information in its possession regarding an underlying fund. This may make it more difficult for clients or investors in an HCP Pooled Vehicle to evaluate the performance of their investments, including in such HCP Pooled Vehicle.

5. Direct Investments

Direct investments may involve taking positions in the equity or debt securities of private companies. Often, little or no secondary market exists for such securities of private companies, and many of the direct investments could involve placing investor capital at risk for longer periods than for investments in underlying funds. Direct investments in private and public companies may entail a higher than normal level of volatility. There can be no assurance that the future performance of direct investments will be positive or result in rates of return that are consistent with historical performance. The markets for securities of private companies have limited liquidity and depth.

6. Tax Considerations

Hall Capital and the HCP Pooled Vehicles endeavor to furnish tax information as soon as practicable following the end of each year. However, in order to furnish such tax information, the firm must first receive corresponding tax information from all underlying funds and other investments. It is likely that clients and HCP Pooled Vehicle investors will be required to file extensions for any given year, particularly as a result of illiquid investments. The tax liability with respect to income and gains of an underlying fund or HCP Pooled Vehicle for a year may exceed the cash withdrawn by or distributed to the investor in respect of such year.

Investing in private funds may involve complex tax issues for particular clients. Hall Capital is not a tax accounting firm, and in some situations clients may need to consult their own tax advisors.

Please also refer to disclosures elsewhere in this Brochure. Specific risks with respect to specific investments can be found in the Private Placement Memoranda or other disclosure documents relating to those investments.

Item 9. Disciplinary Information

Hall Capital and its personnel have no reportable disciplinary history.

Item 10. Other Financial Industry Activities and Affiliations

A. KHALL LLC – RELYING ADVISER

Kathryn A. Hall, Chief Executive Officer and Co-Chief Investment Officer of Hall Capital, also controls KHALL LLC (“KHALL”), which is registered as an investment adviser with the SEC, relying upon Hall Capital’s registration. As of 2016, KHALL has four clients, which are investment partnerships of a family group. KHALL serves as the general partner and investment adviser for the partnerships. These partnerships are not Hall Capital clients, but one of them is a substantial investor in an HCP Pooled Vehicle.

KHALL is under common control with Hall Capital, is subject to both Hall Capital’s, and its own, compliance policies and procedures. KHALL compensates Hall Capital for compliance expenses (*see* Item 5.D Fee Arrangement between Hall Capital and KHALL). Helane L. Morrison serves as Chief Compliance Officer of Hall Capital and KHALL. Where applicable to KHALL, this Brochure provides combined information about Hall Capital and KHALL.

B. SIGNIFICANT RELATIONSHIPS

HCP Pooled Vehicles. Hall Capital or an affiliate acts as a general partner or manager of the HCP Pooled Vehicles. Both clients and other investors invest in the HCP Pooled Vehicles. Generally, clients are placed in a no-management fee category in the Pooled Vehicle or if they pay a management fee to an HCP Pooled Vehicle, they would receive an offset to their advisory fee. For more detail, *see* Item 5.A.

Hellman & Friedman. Matthew Barger and Marco Hellman, both board members of Hall Capital, are Senior Advisors to Hellman & Friedman LLC. Hellman & Friedman LLC and other of its affiliates serve as general partners to various Hellman & Friedman private funds (together with their respective affiliated partnerships and alternative investment vehicles, the “H&F Funds”). The H&F Funds are private equity funds that typically invest in public or private companies. Some of Hall Capital’s clients invest in H&F Funds. Some H&F Funds are on Hall Capital’s Approved Investments List.

Mr. Barger also serves as Managing Member of Frog & Peach Investors LLC (“Frog and Peach”), a member of Hall Capital that along with others has certain rights, including the right to elect certain directors of the firm’s Board. Many of the other members of Frog & Peach are current or former senior personnel of Hellman & Friedman LLC. Hall Capital does not recommend Frog & Peach to its clients. In addition to Frog & Peach, Mr. Barger serves as Managing Member or Partner of several entities or family limited partnerships. None of these entities is currently open for investment.

HMI Capital. Marco Hellman, a board member of Hall Capital, is the founder and managing member of HMI Capital, LLC. HMI Capital, LLC is the general partner of HMI Capital Partners L.P., an investment partnership that is on our Approved Investment List and in which certain Hall Capital clients and an HCP Pooled Vehicle invest. HMI Capital Partners focuses primarily on global equity. In addition, Mr. Hellman is the managing member of a family limited liability company, which is not offered to anyone outside of the family.

Farallon. Certain current and former senior personnel of Farallon Partners, LLC are investors in HCP Investors, LLC, which is a member of Hall Capital. HCP Investors, LLC, along with other members of Hall Capital, has certain rights, including the right to elect certain directors to the firm's Board. Hall Capital does not recommend HCP Investors, LLC to its clients. Farallon Partners, LLC is the general partner of a number of funds ("Farallon Funds"), which are listed in the Form ADV of Farallon Capital Management, L.L.C., an SEC-registered investment adviser. Some of Hall Capital's clients invest in certain Farallon Funds. Some Farallon Funds are on Hall Capital's Approved Investments List. The Farallon Funds are private funds that invest pursuant to a broad and flexible investment program using investment strategies such as long/short equity, credit, merger arbitrage, and real estate.

C. POTENTIAL OR ACTUAL CONFLICTS APPROVED INVESTMENT LIST

The firm currently has on its approved list certain investment advisers and investment vehicles managed by (or related to) (i) Hall Capital affiliates, (ii) clients, (iii) outside members, (iv) directors, (v) referral sources, or (vi) Farallon, Hellman & Friedman, or HMI Capital or their principals. The approved list includes:

- a. Certain investment advisers of which Benefited Persons (Hall Capital's clients, outside members, directors, and/or persons or entities with which Hall Capital has a relationship) are control persons and/or in which Benefited Persons and/or their related persons have a financial interest ("Benefited Investment Advisers");
- b. Investment funds of which Benefited Persons are the general partner, manager, investment adviser and/or control persons, and/or in which Benefited Persons or their related persons have a financial interest (including the Farallon Funds, H&F Funds, and HMI Capital Partners) ("Benefited Investment Funds");
- c. HCP Pooled Vehicles, from which the firm or its affiliate receives management fees and/or incentive compensation or in which the firm's personnel have financial interests; and
- d. Investment advisers that have, from time to time, referred people to the firm who ultimately became clients of the firm.

Management fees and/or incentive compensation that a client pays to a Benefited Investment Adviser or Benefited Investment Fund confer a benefit on the applicable Benefited Person, which potentially conflicts with the firm's duty to treat each client equitably and make recommendations that are in each client's best interest. *See also* Item 11.

D. MITIGATION OF POTENTIAL CONFLICTS IN INVESTMENT RECOMMENDATIONS

The firm mitigates potential or actual conflicts, including in the following ways. *See also* Item 11.

Equitable Allocation of Investment Opportunities. Please see our Allocation Policy in Item 11.C.

Compensation Policies. The firm pays its personnel a set salary, and a bonus based on overall firm performance and individual contributions. Personnel do not receive commissions. Compensation is not based on the size of clients, their fee structure, or any particular investment recommendation.

No Management Fee Category/Advisory Fee Offset for Advisory Client Investments in HCP Pooled Vehicles. Please see Item 5.A for a discussion of the Pooled Vehicle no-management fee category and the offset available for advisory clients in certain HCP Pooled Vehicles. As the firm does not receive compensation from Benefited Investment Advisers or Benefited Investment Funds, no such reduction applies concerning client investments with or in such entities.

No Payment for Referrals. The firm itself does not receive any compensation making referrals to investment advisers or Benefited Persons. In addition, the firm does not pay for any referrals received from any investment advisers, Benefited Persons, or any other outside parties. Nevertheless, the firm recommends an investment to a client only if the firm believes the recommendation is appropriate for the client and is in the client's best interest.

Investment Due Diligence, Decision-Making, and Monitoring. The firm recommends investments with investment advisers and in investment funds (including Benefited Investment Advisers and Benefited Investment Funds) only after the firm's Research Group recommends such investments after undertaking its diligence process, the Investment Committee discusses the recommendation, and the firm's Investment Review Committee approves such investments. Following approval, the Research Group continues to actively monitor approved funds. Importantly, no Benefited Person or other adviser participates in the recommendation and review processes, even though certain Benefited Persons may be members or directors of the firm, as the firm does not bring investment recommendations to the firm's board members.

Fairness to Clients. The firm attempts to resolve all potential or actual conflicts in a manner that is generally fair to all of its clients.

Best Interests of Clients. The firm recommends an investment to a client only if the firm believes the recommendation is appropriate for the client and is in the client's best interest.

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

A. CODE OF ETHICS

The firm endeavors to operate in conformity with applicable law and to conduct its business in an ethical and professional manner. The firm has adopted procedures reasonably designed to prevent violations of the federal securities laws. The firm's Code of Ethics contains principles and conduct to which personnel are held. The Code of Ethics includes prohibitions of and requirements for personal trades, reporting of securities holdings and transactions, and establishes a Restricted Watch List, pursuant to which the firm restricts personnel from trading in certain securities for certain periods, subject to certain exceptions. Hall Capital's Personal Trading Policy generally prohibits the trading of single name securities by firm personnel. The policy also requires personnel to submit

securities transactions reports quarterly and securities holdings reports initially upon joining the firm and annually thereafter.

The Code of Ethics also requires confidential treatment of information relating to clients and fund investors, and contains political contributions and gift policies, among other items. The Code of Ethics is an exhibit to the firm's Compliance Manual, which contains, among other items, policies and procedures relating to securities transactions for clients, allocation of investment opportunities, proxy voting, anti-money laundering, and prohibition of insider trading.

Annually, all personnel are required to certify that they have complied with the provisions of the Compliance Manual, including the Code of Ethics, and submit other compliance-related certifications. The firm's Chief Compliance Officer or delegate actively monitors and tests compliance with the Compliance Manual and the Code of Ethics.

Hall Capital reviews the Code of Ethics and its requirements with each new employee and provides periodic training on compliance issues. The firm requires adherence to the Code of Ethics as a condition of employment. Hall Capital's Chief Compliance Officer or her delegate is responsible for overseeing compliance with the Code of Ethics and recommending sanctions as deemed appropriate for violations.

The firm will provide a copy of its Code of Ethics to any client or prospective client upon request. Requests should be directed to:

Helane Morrison, General Counsel and Chief Compliance Officer
Hall Capital Partners LLC
One Maritime Plaza, 5th Floor
San Francisco, California 94111
Telephone: 415-288-0544

B. POTENTIAL OR ACTUAL CONFLICTS

The firm may give advice and take action with respect to any of its clients that differs from advice given or the timing or nature of action recommended with respect to any other particular client. The firm is not obligated to acquire for any client account any security or investment that the firm or its personnel may acquire for its or their own accounts or for the account of any other client if, in the absolute discretion of the firm, it is not practical or desirable to acquire a position in such security for that account.

Hall Capital and its personnel or affiliates are, from time to time, presented with opportunities to invest in securities of the same classes as are purchased for clients and may own securities of issuers whose securities are purchased for clients. These securities may include private funds managed by managers other than Hall Capital and direct investments in companies. Such investment opportunities will be considered in accordance with Hall Capital's policies and procedures.

Hall Capital and its personnel may buy or sell securities (including private fund interests or shares) for their own accounts based on personal investment considerations. It is likely that such investment opportunities may not be suitable or appropriate for Hall Capital Pooled Vehicles or other clients. If Hall Capital and its personnel invest personally in securities of the same classes as Hall Capital invests in or recommends for its clients, they may do so at different times and different values. Moreover, Hall Capital and its personnel may determine to sell or redeem these securities for their

own accounts at different times than Hall Capital advises its clients to do so, which may result in Hall Capital or its personnel's obtaining a better value.

In addition, as described in the Fees & Compensation section above, Hall Capital personnel may invest (i) in pooled investment vehicles that invest in certain of the HCP Pooled Vehicles or (ii) directly in an HCP Pooled Vehicle. Generally, in these circumstances, Hall Capital personnel are not charged a management fee by such vehicles.

Kathryn A. Hall, Chief Executive Officer and Co-Chief Investment Officer of Hall Capital, also controls KHALL, which is registered as an investment adviser with the SEC, relying upon Hall Capital's registration. KHALL has four clients, which are investment partnerships of a family group that are associated with one of Hall Capital's longest tenured clients. These partnerships, for which KHALL also serves as general partner and has a small percentage interest, are not Hall Capital clients but have, directly or indirectly, a substantial investment in an HCP Pooled Vehicle. Ms. Hall's role with respect to this relationship has remained essentially the same over many years.

Ms. Hall has discretion to invest the KHALL clients' assets in similar types of instruments as those in which the firm's clients invest, including stocks, bonds, investment partnerships, direct investments and non-marketable securities. Research conducted by Hall Capital personnel is sometimes used by KHALL as the basis for investment decisions. At times, the KHALL clients are or may be offered investment opportunities that are also appropriate for the firm's clients. Potential conflicts between the firm's clients and KHALL's clients are mitigated by, among other things, an allocation policy that provides a process with respect to investment opportunities that are available to both Hall Capital and KHALL clients and by Ms. Hall providing information to Hall Capital's Chief Compliance Officer or delegate and receiving preclearance for the KHALL clients' public securities trades and subscriptions to private funds.

The firm currently has on its approved list certain investment advisers and investment vehicles managed by (or related to) (i) Hall Capital affiliates, (ii) clients, (iii) outside members, (iv) directors, (v) referral sources, or (vi) Farallon, Hellman & Friedman, or HMI Capital or their principals. *See* Item 10.

Certain personnel of the firm serve on advisory boards of private funds in which clients or HCP Pooled Vehicles invest.

There may be conflicts of interest over the firm's time devoted to managing any one account and the allocation of investment opportunities among all accounts managed by the firm.

C. MITIGATION OF POTENTIAL OR ACTUAL CONFLICTS

The firm mitigates potential or actual conflicts, including in the following ways. *See also* Item 10.

Fairness to Clients. The firm attempts to resolve all potential conflicts or conflicts in a manner that is generally fair to all of its clients.

Best Interests of Clients. The firm recommends an investment to a client only if the firm believes the recommendation is appropriate for the client and is in the client's best interest.

Equitable Allocation of Investment Opportunities. The Firm seeks to allocate investment opportunities fairly and equitably over a period of time to its clients in a manner consistent with the

Firm's fiduciary duties as an investment adviser, taking into consideration each client's investment objectives, restrictions or policies.

The Firm's allocation process begins with a determination that a particular investment is suitable and appropriate for a particular client in light of such factors as the portfolio's objectives and guidelines and other considerations. Portfolio Managers, who oversee client relationships and have direct responsibility for making portfolio recommendations for clients, in relevant situations provide clients information about a proposed investment opportunity. If clients are interested in a particular investment opportunity, their indications of interest are tracked on an "indication list." Indications of interest by our HCP Pooled Vehicles are treated in substantially the same manner as those of advisory clients.

The Firm's recommendations often relate to investments in investment funds. Those investment opportunities may be constrained by the underlying fund manager's capacity limitations. For example, hypothetically a manager of a private fund may indicate to the Firm that it will have \$15 million in capacity for subscriptions by Firm clients, and the indication list shows that we have a \$35 million aggregate interest from our clients. In this situation, capacity is constrained because our client demand exceeds the supply offered by the manager to Firm clients on the given closing date.

The starting presumption for a constrained capacity situation is to make a pro rata allocation across all client accounts that have expressed interest (through the indication list) in that investment. In some cases a straight pro rata allocation may raise issues. For example, a fund manager may give Firm clients a total of \$5 million of capacity with the stipulation that the minimum investment it will accept is \$1 million from any particular client. Hypothetically, 10 clients might have indicated interest of \$1 million each. In that situation, a straight pro rata allocation would result in each client receiving no allocation because it would not be workable to allocate \$500,000 to each client.

When pro rata allocations are not feasible or when we determine that a different approach would be fairer to the client, in Hall Capital's good faith determination under the circumstances, we often select a random participation approach. In the random selection process, if a client indicated interest for more than one of its client accounts, we typically consider each of the client's accounts as separate entries; however, we in rare situations treat multiple client accounts as a single entry for that client where we view the capacity constraint as particularly significant and/or such an approach appropriate under the circumstances. Further, if one of multiple accounts of a client is selected through random selection, we typically permit the client to transfer the opportunity to another of its accounts that had indicated interest in the opportunity. Our approach with respect to the HCP Pooled Vehicles is to treat each as a separate entity, and not permit the HCP Pooled Vehicles to transfer an opportunity received through random selection.

In certain cases, a client hypothetically might have indicated interest that met or exceeded the manager minimum, but through the allocation process was cut back to less than the manager minimum. Depending on the circumstances and reasonableness, we might, and at times do, adjust such client's allocation to meet the minimum amount required to invest. Due to manager-imposed minimums, entities requesting lower amounts than other clients request may receive a higher percentage of their requested amounts.

Other factors may come into play as relevant to particular situations. The type of fee paid by a client and the size of the fee are not factors considered. We also have a waiting list process for some investment funds where deemed appropriate.

Some fund managers view the Firm's individual clients as their clients; other managers view the Firm as the client. For those managers who view the Firm's individual clients as their clients, the manager may make the allocation decision, and in these cases some clients may receive larger allocations or allocations where other clients do not, and the Firm will have little or no authority regarding the manager's decision. For instance, a manager may choose to give preference to existing clients. In other cases, a manager may choose to give preference to a client viewed as a "strategic investor" from the manager's perspective. In commitment structure funds which raise a series of vintages, the Firm frequently treats investors in the prior vintage as existing investors, in accordance with industry standards.

Co-investment opportunities are typically offered by fund managers to all clients who are currently invested in the fund that is offering the opportunity. If there is a constraint in the opportunity, it is generally the fund manager that determines how the opportunity would be allocated among the investors who indicated their interest. If a fund manager were to leave the allocation decision to Hall Capital, we would allocate the opportunity in an equitable manner.

The Firm's relying adviser KHALL at times invests its clients in the same types of investments, or the same investments, as Hall Capital invests its clients. In many situations, fund managers make the allocation decision with regard to KHALL's clients independent of their allocation decision with regard to the Firm or the Firm's clients. Thus, fund managers may offer an investment to KHALL's clients but not to Hall Capital's clients, or may offer a disproportionately larger allocation to KHALL's clients than to Hall Capital's clients. In some situations this is a result of relationships KHALL's clients or affiliates have with the fund manager or the fund. In those situations, Hall Capital and KHALL have two separate and distinguishable allocation processes.

If an investment opportunity is presented and available to KHALL's clients as a result of Hall Capital's relationship with the fund manager, and there is constrained capacity, Hall Capital will allocate the investment opportunity to the Hall Capital clients first, and KHALL's clients will receive an allocation only if excess capacity remains after the allocation to Hall Capital's clients.

The final Hall Capital allocation decision resides with Hall Capital's Chief Executive Officer/Co-Chief Investment Officer. The Director of Strategy, Funds, and Finance serves as the CEO's back up as the final sign-off for the allocation process. Other Firm personnel may provide input into the allocation process. Final allocation decisions are documented with the reasons for the allocation.

The Compliance Team performs a periodic look-back review over a specified time period of all allocations of constrained investment opportunities in an effort to determine whether any clients were either favored or disadvantaged over other clients.

Compensation Policies. The firm pays its personnel a set salary, and a bonus based on overall firm performance and individual contributions. Personnel do not receive commissions. Compensation is not based on the size of clients or their fee structure, or any particular investment recommendation.

Trades by Hall Capital Personnel. To the extent personnel are permitted to trade, the Code of Ethics requires preclearance of personal trades in both public and private securities. The firm maintains a Restricted Watch List, pursuant to which the firm restricts personnel from trading in certain securities for certain periods, subject to certain exceptions.

Item 12. Brokerage Practices

Hall Capital does not have a trading desk and does not recommend individual, publicly traded securities to clients. However, at times the Firm will recommend or, where the Firm has discretionary authority select, a broker for client accounts, and assist in effecting securities transactions.

In selecting or recommending brokers, Hall Capital will seek best execution, which involves a number of quantitative and qualitative factors. In seeking best execution, Hall Capital need not solicit competitive bids and does not have an obligation to seek or pay the lowest available commission cost. The firm does not negotiate “execution only” commission rates. In selecting a broker, the firm may take into account, among other things, the broker’s commission rate, execution capabilities, actual experience, efficiency, promptness, financial stability, reputation, confidentiality, and research services provided by the broker.

The firm receives research from brokers through which the firm and/or its clients effect transactions as well as possibly other brokers. Research services furnished by brokers may be used in servicing all of Hall Capital’s accounts. Not all of these services may be used by Hall Capital in connection with accounts that paid commissions to the brokers providing such services.

Research received from brokers is generally developed by the brokerage firm, rather than by third-parties. When Hall Capital obtains research from brokers, it receives a benefit because it does not have to produce or pay for the research. The firm may have an incentive to select or recommend a broker based on the firm’s interest in receiving research or other products or services, rather than on a client’s interest in receiving most favorable execution.

Hall Capital may direct a client account to pay a brokerage commission in excess of that which another broker might charge for effecting the same transaction, in recognition of the value of the execution capability, brokerage, research and other services that broker provides. In such a case, the firm determines in good faith that the commission is reasonable in relation to the value of such brokerage, research and other services, viewed in terms of either the specific transaction or Hall Capital’s overall responsibilities to its clients. An account may, therefore, pay higher brokerage commissions than are otherwise available.

In the situation where a client directs Hall Capital to use a specific broker and the firm has not negotiated the terms and conditions (including, but not limited to, commission rates), Hall Capital does not have any responsibility for obtaining the best prices or particular commission rates. Clients who direct Hall Capital to use a specific broker may pay higher commission rates or receive less favorable execution transactions than non-directing clients.

Since Hall Capital only infrequently executes securities transactions for clients, it rarely has opportunities to aggregate trades for client accounts.

Item 13. Review of Accounts

Hall Capital generally reviews all client accounts approximately quarterly and provides clients with detailed quarterly reports about their accounts.

A. ACCOUNT REVIEWS

CGMA Clients. The Portfolio Management Group (“PMG”) generally reviews all accounts approximately quarterly or more frequently as deemed appropriate. Reviews generally include reconciling current balances, analyzing performance, analyzing liquidity, assessing the appropriateness of each investment in the portfolio in light of the client’s objectives and guidelines or investment policies, and as appropriate, recommending changes to investment portfolios.

Portfolio Managers are responsible for review of their respective clients. Portfolio Managers are: Kathryn Hall (CEO and Co-CIO); John Buoymaster (Chairman), Sarah Stein (Managing Partner); Eric Alt (Managing Partner and Co-CIO); Simon Krinsky (Managing Partner), Kurt Rieke (Director of Portfolio Management), Rachel Kort (Managing Director); Ann Barber (Managing Director); Sarah Whitelaw (Managing Director); Katherine Lavin (Managing Director); Jeff Daems (Principal); Rob Sawyer (Principal); John Shea (Vice President), Katherine Krieg Fischer (Senior Associate), Jennifer Wilcox Thomas (Senior Associate), Jonathan Smith (Senior Associate), and Danielle Ross (Senior Associate), each assisted by other personnel.

In addition, the firm’s Portfolio Peer Review Committee, chaired by Mr. Rieke, regularly reviews the investment policies, objectives and guidelines, and portfolios of new clients, and conducts annual or biennial reviews of client portfolios in a peer-review process, in which overall asset allocation and adherence to client-specific objectives and guidelines or investment policies are discussed.

Lastly, the firm also conducts semi-annual Chief Investment Officer/Research Reviews of client portfolios. These are conducted by two or more of Mr. Alt, Mr. Krinsky and Mr. Rieke. The primary purpose of these reviews is to determine that important themes, investment ideas, and risk mitigation strategies are represented in portfolios, as deemed appropriate.

HCP Funds. The Pooled Vehicles group on a quarterly basis reviews performance and portfolio allocation for the Pooled Vehicles. The Research group also reviews such information for certain Pooled Vehicles. In addition, certain people from the Pooled Vehicles, Research and Portfolio Management groups discuss performance periodically or as deemed appropriate.

B. CLIENT REPORTS

CGMA Client Reports. Hall Capital provides clients with detailed written performance evaluation reports and financial statements and analysis on an approximately quarterly basis (“client books”), or more frequently in certain cases as deemed appropriate. Portfolio Managers conduct formal meetings with clients generally on a quarterly basis to review such things as market conditions, the client books, portfolio performance, asset allocation, liquidity needs, and any recommended changes to the portfolio. The Portfolio Managers listed above supervise the preparation of client books by personnel performing reporting, client service, and portfolio management functions. Additional meetings, phone calls, and/or correspondence may occur in between quarterly meetings.

HCP Fund Investor Reports. Investors in the HCP Pooled Vehicles receive quarterly capital statements, and investors in certain HCP Pooled Vehicles also receive monthly performance statements and/or quarterly investor letters. Investors receive annual audited financial statements, except that the HCP Pooled Vehicles created specifically for personnel are not audited.

Item 14. Client Referrals and Other Compensation

Hall Capital does not compensate people outside of the firm for client referrals.

Hall Capital does not receive payment from persons unconnected with a client relationship for providing services to clients.

Item 15. Custody

Hall Capital's practice is not to have physical custody of client assets. However, Hall Capital meets the legal definition of having custody over certain client accounts. For example, in some circumstances certain Managing Directors of Hall Capital serve as trustee or hold a power of attorney for a client account. In those situations, generally clients will receive account statements directly from a qualified custodian such as a broker-dealer or bank.

Hall Capital's reports to clients are prepared using statements from underlying managers and/or custodians. Hall Capital encourages clients to compare the reports from Hall Capital with the statements received from qualified custodians.

In addition, the firm or its affiliates are general partners or managers of the HCP Pooled Vehicles, and are deemed to have custody of the assets of certain HCP Pooled Vehicles.

In accordance with the SEC's Custody Rule, certain accounts over which Hall Capital is deemed to have custody are subject to an annual surprise examination and HCP Pooled Vehicles that fall within the scope of the Custody Rule undergo annual financial statement audits.

Item 16. Investment Discretion

The firm provides services on either a non-discretionary or discretionary basis. For both types of relationships, the firm coordinates the construction of investment portfolios, conducts initial and ongoing investment and operational due diligence, and generally receives statements and other communications directly from investment managers. The firm charges the same fees, according to the schedules in Item 5 above, for non-discretionary and discretionary client relationships. Generally, the firm's investment management services contracts reflect whether the authority granted to Hall Capital is non-discretionary or discretionary.

Discretionary relationships may have the following attributes. In some instances, Hall Capital or a Managing Director of Hall Capital may hold a full or limited power of attorney with respect to a client account. For either a non-discretionary or discretionary relationship, a Managing Director may serve as trustee for a client account or sub-account. Generally, these types of authority are documented in writing by a client before they are initially exercised. A client may impose limits different from, or in addition to, those mentioned here.

The firm or its affiliates are general partners or managers of the HCP Pooled Vehicles, and in those roles, exercise discretionary investment authority over the HCP Pooled Vehicles.

Item 17. Voting Client Securities

A. BACKGROUND

Generally, the types of investments recommended by Hall Capital do not solicit proxies from shareholders, and Hall Capital generally does not vote proxies on behalf of its clients. However, if and when the firm has the responsibility to vote proxies, it will do so in accordance with the following policies and procedures.

B. GENERAL VOTING POLICIES

Client's Best Interest. Proxies are voted with the paramount aim of furthering the best economic interest of clients over the long term ("best interest of clients"), which often includes promoting good corporate governance and promoting adequate disclosure of company policies, activities and returns, including the fair and equal treatment of shareholders.

Case-by-Case Basis. These policies and procedures are guidelines. Each vote is ultimately cast on a case-by-case basis, taking into consideration the best interest of clients, the contractual obligations under Hall Capital's advisory agreement or other document, as applicable, and all other relevant facts and circumstances at the time of the vote. Such action may be based on fundamental, social, environmental, or human rights grounds if they are in accordance with the best interest of clients. Hall Capital's general philosophy is to support existing management on votes on routine issues such as the financial statements of a company or the appointment of independent auditors.

Individualized. To the extent that clients have adopted their own procedures, and Hall Capital is asked to vote proxies in accordance with those procedures, the firm may vote the same securities differently depending upon those clients' directions.

Sources of Information. Hall Capital may conduct research internally or use the services of an independent research consultant or independent service provider. Hall Capital may consider any information it deems relevant, including, without limitation, legislative materials, studies of corporate governance and other proxy voting issues, or analyses of shareholder and management proposals by a certain sector of companies, e.g., Fortune 500 companies.

Limitations. Under certain circumstances, Hall Capital may take a limited role in voting proxies, or not vote proxies, including: if Hall Capital does not learn about or receive materials about a proxy vote in a timely manner, if the effect on shareholders' economic interests or the value of the portfolio holding is indeterminable or insignificant, or if costs are unjustifiably high (e.g., non-U.S. securities). If a client requests in writing that Hall Capital vote its proxy in a manner inconsistent with the firm's obligations under its advisory contract or similar document, Hall Capital will decide on a course of action at that time.

Delegation to Sub-Advisers. Where sub-advisers manage all or portions of a client's portfolio, the sub-advisers typically handle proxy voting responsibility for the appropriate portion of the entity's portfolio. In these cases, Hall Capital does not vote proxies.

C. MATERIAL CONFLICTS OF INTEREST

Material conflicts of interest are resolved in the best interest of clients. If Hall Capital determines there is, or may be, a material conflict of interest in voting proxies between Hall Capital's interests and those of the client, Hall Capital may choose among the following options, or others, to address the conflict: (1) vote in accordance with the recommendations of an independent service provider; (2) "echo vote" or "mirror vote" the proxies in the same proportion as the votes of other proxy holders that are not Hall Capital's clients; (3) if possible, erect information barriers around the person or persons making voting decisions sufficient to insulate the decision from the conflict; (4) if practical, notify affected clients of the conflict of interest and seek a waiver of the conflict; or (5) if agreed upon with the client, forward the proxies to affected clients allowing them to vote their own proxies. "Material conflict of interest" includes circumstances when Hall Capital knowingly does business with a proxy issuer or an entity under common control with such an issuer, which creates an actual or apparent material conflict between the interests of Hall Capital and the interests of one or more clients in how proxies of that issuer should be voted.

D. CLIENT PROXY VOTES

Generally, the firm does not have the responsibility to vote proxies. In such cases, clients may receive their proxies or solicitations directly from their custodian, a transfer agent, or other parties, depending on the situation. Clients with questions about a particular proxy solicitation should contact the client team working with them or Helane Morrison, General Counsel and Chief Compliance Officer, whose contact information is provided below.

E. AVAILABILITY OF PROXY POLICIES AND VOTING RECORD

If Hall Capital has proxy voting responsibility for a client, upon request, it will provide a record of how the client's shares were voted and a current copy of the proxy voting policies and procedures.

Clients should direct their requests in writing to:

Helane Morrison
General Counsel and Chief Compliance Officer
Hall Capital Partners LLC
One Maritime Plaza, 5th Floor
San Francisco, CA 94111
Telephone: 415-288-0544

Item 18. Financial Information

Hall Capital does not have any financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients.