

Goldner Hawn LP

Part 2A of Form ADV

The Brochure

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This brochure provides information about the qualifications and business practices of Goldner Hawn LP (the “Adviser” or “Goldner Hawn”). For more information on the disclosure requirements required for Part 2A see the “General Instructions for Part 2 of Form ADV” by visiting www.sec.gov/rules/final/2010/ia-3060.pdf. If you have any questions about the contents of this brochure, please contact us at 612-338-5912.

The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

Additional information about Goldner Hawn is also available on the SEC’s website at: www.adviserinfo.sec.gov.

Material Changes

This brochure is Goldner Hawn's initial Form ADV Part 2A submitted with its application for registration as an investment adviser; therefore, there are no material changes to report. In the future, this item will identify and discuss the material changes since the last annual update.

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Advisory Business

Goldner Hawn is a private equity firm formed in March 2018 under the laws of the State of Delaware as a Limited Partnership. Headquartered in Minneapolis, Minnesota, the firm is led by Jason Brass, Chadwick Cornell, Joseph Heinen, Timothy Johnson, and Peter Settle (each a “Partner” and collectively, the “Partners”). The Partners have worked together for many years and average over two decades of private equity experience. Jason Brass, Joseph Heinen, Timothy Johnson, and Peter Settle have worked together since 2004, while Chadwick Cornell joined the team in 2013. Messrs. Brass, Cornell, Heinen and Johnson are the owners of Goldner Hawn and are also shareholders of Goldner Hawn Johnson & Morrison Incorporated (“GHJM”), a Minnesota corporation, which manages Trailhead Fund Limited Partnership, a Delaware limited partnership (“Fund VI”), and a Small Business Investment Company licensed by the United States Small Business Administration. GHJM was established in 1989.

Goldner Hawn serves as an investment manager and provides investment advisory services to private investment partnerships. Currently, this includes Goldner Hawn Fund VII, L.P. (“Fund VII”, or the “Fund”), a Delaware limited partnership and related vehicles. The Fund has been organized for the primary purpose of seeking to make control-oriented private equity investments in lower-middle market companies based in the United States. The Fund’s investments will be diversified across a number of industries, such as food manufacturing and distribution, transportation and logistics, outsourced business service providers and manufacturing of industrial and consumer products. Within these sectors, the Fund generally seeks to partner with business owners and management teams to develop a shared vision and drive value creation.

Goldner Hawn’s advisory services for the Fund are detailed in the applicable offering memoranda, management agreements, and partnership agreements (collectively, the “Governing Documents”) and are further described below under “Methods of Analysis, Investment Strategies and Risk of Loss.”

Goldner Hawn GP, LLC (the “General Partner”), a Delaware limited liability company, serves as the general partner of Fund VII. The General Partner is an affiliated adviser of Goldner Hawn and is included in Goldner Hawn’s investment adviser registration application with the SEC. This brochure also describes the business practices of the General Partner, which operates as a single advisory business together with Goldner Hawn. For further information regarding these entities, see “Other Financial Industry Activities and Affiliations” below.

As of the date of this filing, Goldner Hawn manages \$177,949,176 on a discretionary basis.

In providing services to the Fund, Goldner Hawn executes the investment objective, directs and manages the investment of the Fund’s assets, and provides periodic reports to investors in the Fund. Investment advice is provided directly to the Fund and not individually to the Fund’s investors. Goldner Hawn manages the assets of the Fund in accordance with the terms of the Governing Documents applicable to the Fund, which are generally established at the time of the formation of a Fund. The Fund investors are not permitted to direct investments by the Fund, and except in limited circumstances, investors are not permitted to withdraw from the Fund prior to completion of the Fund’s winding up.

Investor interests in the Fund are not registered under the U.S. Securities Act of 1933, as amended (the “Securities Act”), and the Fund is not registered under the Investment Company Act of 1940, as amended (the “Investment Company Act”). Accordingly, interests in the Fund are offered and sold exclusively to investors satisfying the applicable eligibility and suitability requirements either in private transactions within the United States or in offshore jurisdictions.

Fees and Compensation

Management Fees

Goldner Hawn receives an investment management fee from the Fund payable quarterly in advance. Such fees are pro-rated for any period that is less than a full quarter period. The Fund is charged an annual management fee at the rates and for the periods set forth in the Governing Documents of the Fund, which typically provide for a fee of 2.0% of capital commitments during the Fund’s investment periods.

The management fee payable by a Fund is subject to reduction by the amount borne by the Fund in respect of the excess organizational expenses and placement fees and expenses described under “Expenses” below.

Carried Interest Allocations

Carried interest is a share of the net profits derived from investments that is allocated to the General Partner as an incentive for Goldner Hawn to maximize the performance of the Fund. The Fund is subject to a carried interest of 20% of net profits from investments.

Arrangements with Certain Investors

Goldner Hawn may, in its sole discretion, permit investors who are employees or otherwise related to Goldner Hawn personnel to invest in a Fund without being subject to the management fee or the carried interest. In addition, certain investors may be entitled to invest on a reduced or otherwise more favorable management fee and/or carried interest basis pursuant to certain Side Letters (as defined in “Types of Clients” below) entered into by Goldner Hawn with such investors.

Other Fees

If the General Partner receives any transaction fees, break-up fees and/or directors’ fees (collectively, “Other Fees”) that are attributable to the General Partner’s or Goldner Hawn’s activities with respect to the Fund, then 100% of the amount of such Other Fees shall be applied ratably to reduce the management fees (but not below zero) payable by the Fund, which reduction shall be allocated to the Fund investors that bear the management fee pro rata based on the respective management fees paid to date by each such investor.

From time to time, Goldner Hawn may agree to pay a portion of Other Fees, such as a transaction fee, to another third party, such as a consultant, adviser, finder, broker, investment bank and/or co-investor involved in respect of a specific transaction. In such event, the portion of the Other Fees paid to such third parties is not applied to reduce the management fees payable by the Fund or otherwise shared with the Fund or its investors.

The fee structures described herein may be modified from time to time. Detailed information regarding Other Fees and the amount of, and manner in which, Other Fees are applied to reduce management fees payable by a Fund is provided in such Fund's Governing Documents.

Expenses

In addition to the fees and carried interest described above, Fund investors will bear the expenses charged to the Fund. Those expenses will vary, but typically will include, without limitation:

- all operating expenses of the Fund, including all fees and expenses incurred in connection with the opening and maintenance of bank, brokerage or custodial accounts;
- all legal, accounting, administration (including administrator fees and expenses), expenses of the advisory board, annual registration and registered office fees, valuation, auditing, bookkeeping, tax return and K-1 preparation, compliance consulting fees and expenses and other professional and consulting fees and expenses;
- all director and officer, errors and omissions, fidelity bond and other insurance premiums for insurance for the benefit of the Fund, any General Partner or their affiliates to the extent related to their respective management of the Fund, the costs of research products and services that are of benefit to the Fund, including the costs of research subscriptions, software products and services, live market data feeds, pricing and valuation data and services and other research products and services, the costs of internet and other line charges, data storage, transfer and backup and record retention; information technology systems, services, consulting and software, including without limitation systems, consulting and software for portfolio and order management, pre- and post-investment compliance, portfolio reconciliations and accounting, risk management and other activities of the Fund;
- all fees associated with industry association memberships and sponsorships;
- all expenses in connection with meetings of and communications with the investors and prospective investors;
- all costs and expenses related to the maintenance and legal and regulatory compliance of the Fund and any General Partner to the extent related to its management of the Fund, including all costs and fees relating to preparation and filing of required regulatory filings and reports (including without limitation filings under the Securities Act, such as Form D, filings under the U.S. Securities Exchange Act of 1934, as amended, such as Section 13 filings, investment company related filings under the Investment Company Act, as amended, and the Advisers Act, such as Form PF, filings under the U.S. Commodity Exchange Act, as amended, and state "blue sky" filings) and all registered agent and office and other regulatory costs and expenses;
- all out-of-pocket investment-related expenses, which include any expenses incurred in connection with the investigation, sourcing, making, holding, financing, management, sale or proposed sale of any Fund investment, including any such expenses associated with proposed transactions that are ultimately not consummated by the Fund (including broken-deal or similar costs), including brokerage fees, private placement fees, finder's fees and other execution and clearing services fees, interest on borrowed money and other borrowing charges, including costs associated with guarantees of indebtedness, costs and expenses in

connection with the registration of investments under applicable securities laws and related legal, accounting and other fees and expenses, investment-related travel and entertainment, any costs or fees, including legal fees, relating to the formation, management or administration of any special purpose investment vehicles, alternative investment vehicles, and any costs associated with entering into currency or other hedging, protective or enhancing transactions with respect to such investments;

- all costs, fees and expenses in connection with the liquidation of the Fund and its assets; and
- all extraordinary expenses, including litigation-related, indemnification and other extraordinary expenses of the Fund.

All Fund expenses shall be allocated pro rata among the investors in accordance with their capital commitments as of the calendar quarter end of the quarter in which expensed. The General Partner of the Fund will also have the right in its discretion to allocate expenses in a different manner, as set forth in the Fund's Governing Documents.

Performance Based Fees and Side-by-Side Management

As described above, the General Partner of the Fund, which is an affiliate of Goldner Hawn, receives a carried interest of 20% of net profits from the Fund which calculation is based on the profits derived from investments. The carried interest may create an incentive for the General Partner to make more speculative investments and make different decisions regarding the timing and manner of the realization of such investments than would be the case if such carried interest were not allocated to the General Partner.

Types of Clients

Goldner Hawn provides investment advisory services to the Fund. The minimum commitment for each investor in Fund VII is an aggregate of \$5 million; however, Goldner Hawn maintains discretion to accept less than the minimum commitment threshold. In addition, the Fund may enter into letter agreements or other similar arrangements (collectively, "Side Letters") with one or more investors that have the effect of establishing rights under, or altering or supplementing the terms of the Governing Documents of the Fund as they apply to a particular Fund investor. As a result of such Side Letters, certain investors may receive additional benefits that other investors will not receive, including without limitation better economic terms such as a reduced or otherwise more favorable management fee and/or carried interest, co-investment rights, information rights, economic terms, voting rights, assignment rights and exculpation and indemnity. The other investors will have no recourse against the Fund or any of its affiliates in the event that certain investors receive additional or different rights or terms as a result of such Side Letters.

Investors will be required to make certain representations when investing in the Fund, including but not limited to: (i) they are acquiring an interest for their own account, (ii) they received or had access to all information they deem relevant to evaluate the merits and risks of the prospective investment, and (iii) they have the ability to bear the economic risk of an investment in the Fund. Each investor will be furnished with a copy of the Governing Documents.

Methods of Analysis, Investment Strategies and Risk of Loss

Goldner Hawn intends to invest in a portfolio of lower middle market companies. The Fund will lead change of control transactions and recapitalizations of equity investments, typically totaling \$20 million to \$40 million per transaction with overall company enterprise values generally ranging from \$25 million to \$150 million, although any particular investment may fall outside of these ranges. The Fund will primarily focus on the Midwestern United States, and particularly on the upper Midwest. Goldner Hawn expects that the Fund's investments will be diversified across a number of industries, such as food manufacturing and distribution, transportation and logistics, outsourced business service providers, and manufacturing of industrial and consumer products. Although the Fund will aim to ultimately have a portfolio diversified across industry sectors, it may be concentrated in any one sector at particular times, as further discussed below. Goldner Hawn expects to target companies that operate in large growing markets, have a sustainable competitive advantage and a history of growing operating cash flow. The Fund's investments, while control-oriented in nature, are made on the basis of partnering with the existing ownership and/or the existing management team to execute on a shared thesis.

The following description of the Adviser's investment process is a general description and individual processes may vary in some respects. Goldner Hawn's process generally involves a preliminary review of an investment prospect's business and its financial statements, together, if appropriate, with a discussion of the prospect with any business intermediary engaged by the prospect to explore a sale. If the investment committee comprised of Goldner Hawn's Partners (the "Investment Committee") approves a preliminary indication of interest, and the prospect invites Goldner Hawn to conduct further inquiries, Goldner Hawn will typically engage legal counsel, and other experts as appropriate, such as accountants, environmental engineers and industry consultants, to assist in a "due diligence" investigation of the prospect and the proposed transaction. Goldner Hawn will seek to secure third party financing sources to finance the purchase price required to complete the acquisition. Discussions with the owners and managers of the prospect will be conducted. A definitive investment memorandum will be prepared by Goldner Hawn's team working on the project and will be reviewed by the Investment Committee.

The Investment Committee will review the definitive investment memorandum and conduct in-depth discussions of the project with Goldner Hawn's team members. If the Investment Committee is unanimously in favor of proceeding with the investment, the team is authorized to negotiate definitive arrangements for the acquisition and, if such negotiations are successful, the acquisition is consummated.

The decision to sell an investment is similarly controlled by the Investment Committee. In general, the Investment Committee considers whether it believes the value of a portfolio investment can continue to increase at a rate consistent with Goldner Hawn's return expectations for the Fund as a whole. If so, the investment will remain in the portfolio; if not, the investment will be sold in a manner best calculated to maximize value for the Fund.

An investment in the Fund entails certain risks including those summarized below. Prior to making an investment decision, prospective investors should consider the following factors, among others, in determining whether an investment in the Fund is appropriate for them.

Risk of Loss

An investment in the Fund involves a high degree of risk, including the risk of substantial or even total losses. “Alternative investment strategies,” such as those implemented for the Fund, are subject to a “risk of ruin” – sudden and material losses – of which no indication is given in their past performance.

Achievement of Goals

The Fund will attempt to invest the commitments and to achieve its rate of return objectives. The process of private equity investing is complex, and there can be no assurance that either of these goals can be achieved, or that the Fund will avoid substantial losses. Attainment of these goals may be subject to general and economic factors beyond the control of the General Partner or the Fund.

Nature of Investments

Private equity investments in small to medium sized private companies, including subordinated debt and preferred stock, typically involve a greater degree of risk than more senior obligations and investments in larger companies. The Fund’s investments will also be illiquid and difficult to value due to the lack of a secondary market for the securities.

No Operating History

The Fund, the General Partner, and the Adviser are new entities, and each has a very limited operating history. There is, therefore, little information upon which investors may base an evaluation of the likely performance of the Fund. An investor in an interest must rely upon the ability of the General Partner in making investments consistent with the Fund’s objectives and priorities. The investor will not have the opportunity to evaluate personally the relevant economic, business, financial and other information that will be used by the General Partner in making investment decisions. There may be a significant period of time before all of the net proceeds from this offering are committed to investments. In the meantime, the Fund may expend funds in the investigation of businesses which, after investigation, are determined to be unsuitable for investment. Past performance, especially the past performance of other investment funds managed by the Firm’s investment team, is not indicative of future results.

Reliance on General Partner

All decisions with respect to the management of the Fund will be made by the General Partner, and the Fund’s future profitability will depend upon the business and investment skills of the General Partner. While the management and affiliates of the General Partner have prior experience in investing, the General Partner, the Adviser, and the Fund each has a very limited operating history upon which investors may base an evaluation of the likely performance of the Fund. Investors have no right or power to take part in the management of the Fund. Accordingly, no person should purchase an interest unless such person is willing to entrust all aspects of the success of the Fund to the General Partner. Given this reliance, prospective investors should also consider that the individuals who comprise the management of the General Partner and its affiliates may change in the future. There can be no assurance that any of the key personnel of the Adviser’s investment team will continue to be associated with the Adviser throughout the life of the Fund. The departure of one or more individuals could adversely affect the Fund’s business.

Failure to Successfully Raise Capital

There can be no assurance that the Fund will raise sufficient commitments in order to fully implement its investment program and achieve its objectives.

Default Risk

While portfolio companies will be subject to the Fund's disciplined underwriting standards, portfolio companies could experience adverse business conditions which could result in a default on all or part of their obligations to the Fund. A portfolio company's ability to satisfy its obligations to the Fund could be impacted by market or industry conditions, national or international economic or political factors or other developments beyond a company's control. The conduct of management and employees of companies in which investments are made will be outside the General Partner's ability to control and may adversely affect Fund performance. Defaults could ultimately result in a loss of investment principal. In some cases, the success of the Fund's investment strategy will depend, in part, on the ability of the Fund to restructure and effect improvements in the operations of a portfolio company. The activity of implementing restructuring programs and operating improvements at portfolio companies entails a high degree of uncertainty. There can be no assurance that the Fund will be able to successfully identify and implement such restructuring programs and improvements. The General Partner will actively manage default risk through disciplined due diligence and monitoring but there can be no absolute protection against defaults and losses of investment principal.

Availability of Investment Opportunities

The success of the Fund depends largely on the ability of the General Partner to locate, analyze, select and make investments that it believes meet the investment objectives and guidelines of the Fund. The availability of suitable opportunities will depend upon (among other things) financial, market, business and economic conditions. The Fund may not be able to obtain the opportunity to invest and complete investments which satisfy the Fund's investment criteria. There will be other parties competing to acquire assets targeted by the Fund and there is no certainty that the Fund will be able to purchase certain assets that the General Partner believes present attractive investment opportunities. There also can be no assurance that the Fund will succeed in realizing profits from its investments which are sufficient to yield positive returns to the investors. The Fund may not be able to invest fully its committed capital. The Fund, and the investors, indirectly through their investment in the Fund, will pay the management fee and bear its other operating expenses based on the amount of Commitments for the period prior to the end of the investment period regardless of the amount of investments that are made.

Illiquid Portfolio Investments

The Fund is intended for long-term investors who can accept the risks associated with investing primarily in illiquid, privately negotiated portfolio company investments. Investment of the Fund's assets in relatively illiquid portfolio company investments may restrict the ability of the Fund to dispose of its investments at the time it wishes to do so or to realize what it perceives to be their fair values in the event of a sale. The sale of illiquid portfolio company investments often requires more time and results in higher selling expenses. An investment in the Fund is suitable only for certain sophisticated investors who do not require immediate liquidity in their investments. Investors should be aware that they might be required to bear the financial risks of this investment for an indefinite period of time.

Portfolio Company Management

Each portfolio company's day-to-day operations will be the responsibility of such portfolio company's management team. Although the General Partner will be responsible for monitoring the performance of each portfolio investment, there can be no assurance that the existing management team, or any successor thereto, will be able to successfully operate the portfolio company in accordance with the Fund's plans and objectives. The success of each portfolio company depends in substantial part upon the skill and expertise of each portfolio company's management team. Additionally, portfolio companies will need to attract, retain and develop executives and members of their management teams. The market for executive talent is extremely competitive. There can be no assurance that portfolio companies will be able to attract, develop, integrate and retain suitable members of its management team, and as a result, such investment and the Fund may be adversely affected thereby.

Reliance on the Integrity of Financial and Economic Reporting

The Fund's investment strategy will rely on the financial, economic and policy data made available by portfolio companies. Such data can have a material influence and effect on the investment positions taken by the General Partner on behalf of the Fund. However, the General Partner generally has no ability to independently verify such information and will be dependent on the integrity and competence of the individuals and processes by which such data are generated. The Fund could incur material losses as a result of the misconduct or incompetence of such individuals and/or a failure of or substantial inaccuracy in the generation of such information. Past events have demonstrated the material losses which investors can incur as a result of corporate (as well as government agency) mismanagement, fraud and accounting irregularities.

Control Position Risk

Although non-control investments may also be made, the General Partner intends to make investments that allow the Fund to acquire control or exercise influence over management and the strategic direction of a portfolio company. The exercise of control over a company imposes additional risks of liability for environmental damage, product defects, failure to supervise management and other types of liability in which the limited liability characteristic of business operations may be ignored. The exercise of control over an investment could expose the assets of the Fund to claims by such portfolio companies, its shareholders and its creditors. While the General Partner intends to manage the Fund in a manner that will minimize the exposure of these risks, the possibility of successful claims cannot be precluded.

Need for Follow-on Investments

Following its initial investment in portfolio companies, the Fund may be called upon to provide additional funds to such companies. There is no assurance that the Fund will have sufficient funds to make such follow-on investments. Any decision by the Fund not to make such follow-on investments or its inability to make them may have a substantial negative impact on a portfolio company in need of such an investment or may result in a lost opportunity for the Fund.

Uncertain Exit Strategies

Due to the illiquid nature of many (if not all) of the investments which the Fund expects to make, the General Partner will be unable to predict with confidence what, if any, exit strategy will ultimately be available for any given core position. Exit strategies which appear to be viable when

an investment is initiated may be precluded by the time the investment is ready to be realized due to economic, legal, political, or other factors.

Co-Investment by Fund Investors and Other Investors

The General Partner may in its discretion make available co-investment opportunities to strategic investor, lenders, non-employee advisors of the General Partner, Fund investors and/or other investors. In addition, following the acquisition of a portfolio company, the Fund may transfer a portion of the Fund's interest in such portfolio company to co-investors or to one or more entities formed to hold any such co-investment as specified in the Governing Documents. Investors should note, however, that during the period prior to the syndication of such co-investment (which may or may not occur), the Fund will be underwriting the risks associated with the portfolio investment.

Competitive Environment

There are a number of institutions, family offices and private funds both regionally and nationally which are actively seeking private equity investment opportunities. Competitors for investment opportunities may have access to greater amounts of capital and to capital that may be committed for longer periods of time or may have different return thresholds than the Fund, and thus these competitors may have advantages not shared by the Fund. The General Partner believes that there will be a sufficient number of high-quality transactions available for the Fund to invest in. However, increased competition among providers of private equity capital could result in fewer available opportunities and/or lower investment returns. The Fund may incur significant expenses in connection with identifying portfolio company investment opportunities and investigating other potential portfolio company investments which are ultimately not consummated, including expenses relating to due diligence, transportation, legal expenses and the fees of other third-party advisers.

Lack of Diversification

The Fund may at certain times hold relatively few portfolio company investments. A consequence of a limited number of portfolio company investments is that the aggregate returns realized by the investors may be substantially adversely affected by the unfavorable performance of a small number of the portfolio company investments. In this regard, a default under a small number of the portfolio company investments could have a material adverse effect on the aggregate returns realized by the investors. Specifically, in the event of a loss of capital invested in any of the portfolio company investments, the current income and capital appreciation from the Fund's other portfolio company investments may not equal the loss recognized by the Fund from the portfolio company investment in default. Additionally, the Fund could be subject to significant losses if it holds a large position in a particular portfolio company investment that declines in value or is otherwise adversely affected, including default of the issuer. The Fund's focus on portfolio companies in the Midwest and, particularly the upper Midwest, results in geographical concentration which could adversely impact the Fund.

Distributions Uncertain

There can be no assurance that Fund income will exceed Fund expenses (including General Partner compensation). Cash flow may not be sufficient to make distributions to the Investors, and Fund capital may be used to pay expenses. The authority to determine the timing and amount of cash distributions is vested solely in the General Partner and may be subject to certain restrictions imposed by any financing agreement to which the Fund may become a party. There can be no

assurance that, even if the Fund is profitable and has funds available for distribution, the General Partner will deem it appropriate or have the ability to distribute funds of the Fund to the investors. Investors may be allocated taxable income and not receive any distributions. Any return on investment to the investors will depend upon successful investments made at the discretion of the General Partner.

Lack of Liquidity

Investors may not make voluntary withdrawals from the Fund or require that distributions be made. There will not be a public market for the interests. Interests are transferable only in very limited circumstances. Investors should assume that they will have to bear the economic risk of their investment for the life of the Fund.

Required Withdrawals

In general, the General Partner may require the complete or partial withdrawal of an investor from the Fund in certain circumstances, which could materially adversely impact such investor.

Long-Term Commitment by Fund Investors

Investors likely will be committed to the Fund for at least ten years and possibly more. Investors will not be able to withdraw capital contributions or terminate their commitments, irrespective of material adverse changes in the world economy or applicable laws, regulations or taxes, or the Fund's, the General Partner's, or investors' own financial conditions.

Substantial Expenses

An investment in the Fund is subject to substantial fees and expenses. The Fund is subject to management fees irrespective of the profitability of the Fund, as well as servicing and related fees payable to other service providers. Given the Fund's investment strategy, these expenses are expected to be substantial. Such profits as the Fund is able to achieve are also potentially subject to the carried interest.

Valuation Risk

Under the terms of the Governing Documents, the General Partner intends to determine the value of the Fund's assets without review by an independent third party. It is expected that a focus of the investments by the Fund will be in non-publicly traded securities. The General Partner intends to rely, in part, on valuations using the mark to model which may result in valuations different than had the General Partner been able to obtain bids from commercial banks, brokers or other third parties. The General Partner may also determine to value a material portion of the Fund's portfolio based on "manager marks," "fair value adjustments," models or theoretical values rather than available market prices if the General Partner believes doing so better reflects fair value. There can be no assurance valuations using the mark to model or these other methods will correctly represent the then current value of any such asset. While the General Partner will value assets in good faith, in the absence of independent pricing such subjective valuations may prove to be incorrect. Accordingly, there is the risk that valuations by the General Partner may not accurately reflect market prices or realizable value and such valuations may adversely impact the investors.

The General Partner will not bear any liability if a price, reasonably believed by it to be an accurate valuation of a particular direct or indirect investment of the Fund, is subsequently found to be

inaccurate. The General Partner may retain third-party verification agents regarding the valuation of some or all of the Fund's portfolio.

Use of Estimates

The General Partner (or its delegate) is authorized to make all financial (and the related tax) allocations, based on estimates and unaudited financial information. Valuations may be sufficiently uncertain such that the estimates used by the Fund may be materially inaccurate.

Cybersecurity Breaches

The Fund, its portfolio companies, and its service providers, including the General Partner and the Adviser, are subject to risks associated with a breach in their cybersecurity. Cybersecurity is a generic term used to describe the technology, processes and practices designed to protect networks, systems, computers, programs and data from "hacking" by other computer users, other unauthorized access and the resulting damage and disruption of hardware and software systems, loss or corruption of data as well as misappropriation of confidential information. If a cybersecurity breach occurs, the Fund may incur substantial costs, including those associated with: forensic analysis of the origin and scope of the breach; increased and upgraded cybersecurity; investment losses from sabotaged trading systems; identity theft; unauthorized use of proprietary information; litigation; adverse investor reaction; the dissemination of confidential and proprietary information; and reputational damage. Any such breach could also have other adverse impacts on the Fund.

Use of Leverage

The Fund may invest on a leveraged basis through bank or other borrowings. Losses incurred on the Fund's leveraged investments increase in direct proportion to the degree of leverage employed. The Fund would also incur interest expense on any borrowings used to leverage its positions. To the extent that the assets of the Fund have been leveraged through the borrowing of money, the interest expense and other costs and premiums incurred in relation thereto may not be recovered. If gains earned by the Fund's portfolio fail to cover such costs, the value of the Fund may decrease faster than if there had been no borrowings made by the Fund. The Fund may also guarantee the obligations of investments (and any direct or indirect subsidiaries or related acquisition vehicles) and other similar obligations. Any such indebtedness or guarantees may be secured by the assets of the Fund, including the General Partner's ability to call unfunded Commitments.

There can be no assurance that the Fund will be able to maintain adequate financing arrangements under all market circumstances. The financing available to the Fund from banks, dealers and other counterparties are particularly likely to be term financing with restrictive covenants that make it more difficult to leverage in disrupted markets.

Portfolio companies could use varying degrees of leverage, which could magnify the impact of circumstances such as unfavorable market or economic conditions, operating problems and other general business and economic risks and/or changes that affect a portfolio company or its industry, resulting in a more pronounced effect of such circumstances on the profitability or prospects of such companies. In using leverage, these companies may be subject to terms and conditions that include restrictive financial and operating covenants, which may impair their ability to finance or otherwise pursue their future operations or otherwise satisfy additional capital needs and may limited such company's flexibility to respond to changing business and economic conditions.

Financial Intermediary Credit Risk

The institutions, including banks, with which the Fund may do business, or to which its assets may be entrusted for custodial purposes, may encounter financial difficulties that impair their operational capabilities or result in losses to the Fund. The bank or banks selected to act as custodians may become insolvent, causing the Fund to lose all or a portion of its assets held by those parties.

Federal and State Income Tax Matters

There are certain risks associated with the federal income tax aspects of an investment in the Fund that are complex and will not be the same for all investors. Among such risks are the following: (i) investors may be allocated taxable income and not receive any distributions; (ii) frequent changes in applicable laws, rules and regulations; (iii) the Fund has not sought, and will not seek, a ruling from the Internal Revenue Service that the Fund will be classified as a partnership for federal income tax purposes; (iv) the Fund may generate unrelated business taxable income for a U. S. investor that is a tax-exempt entity under Sections 401(a) or 501(a) of the Code which invests directly in the Fund; and (v) there is a possibility that the tax returns of the Fund will be examined by the IRS. Such an examination could result in adjustments to the tax consequences and may result in an audit of an investor's tax returns.

Carried Interest

The carried interest payable to the General Partner may create an incentive for the General Partner to make investments that are more speculative than would be the case in the absence of the carried interest. In addition, the existence of carried interest may create conflicts of interest with respect to the management and disposition of investments, including the timing of dispositions.

Conflicts of Interest

There may be occasions in which the interests of the General Partner/Adviser and the Fund will not be identical. The General Partner and the Adviser will devote as much time to the Fund as in their judgment is reasonably required to achieve the Fund's objectives. The agreements and arrangements between the Fund and the General Partner and the Adviser, including compensation to be received by each party, have been established by the General Partner and are not the result of arm's length negotiations. The investors have not been represented by counsel in connection with the formation of the Fund, sale of the interests or in connection with any transactions between the Fund and the General Partner.

Absence of Regulatory Oversight

The Fund is not registered as an investment company under the Investment Company Act, and, accordingly, the protections of the Investment Company Act are not applicable to the Fund. In addition, the interests have not been registered under the laws of any jurisdiction (including the Securities Act, the laws of any state of the United States, or the laws of any non-U.S. jurisdiction), and were offered in reliance upon an exemption from such laws. The interests have not been recommended by any U.S. federal or state, or any non-U.S. securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of any Fund's confidential private placement memorandum.

Changes in Regulation

It is likely that SEC regulations and other laws or regulations will be changed during the life of the Fund. While the impact of such potential changes on the Fund's operations cannot be anticipated,

any changes could impose additional restrictions on the Fund's operations. It is impossible to predict what, if any, changes in regulation (or interpretations thereof) applicable to the Fund and the markets in which it invests or the counterparties with which it does business may be instituted in the future. Any such regulation could have a material adverse impact on the profit potential of the Fund, as well as require increased transparency to government authorities as to the identity of the investors. The Fund may incur major losses in the event increased regulation leads to disrupted markets and other extraordinary events.

Market Disruptions

The Fund may incur major losses in the event of disrupted markets where liquidity is diminished in the market. The Fund may have to sell assets in illiquid markets and at distressed prices, which may result in substantial losses to the Fund. In addition, market disruptions and other extraordinary events can result in otherwise historically low-risk strategies performing with unprecedented volatility and risk.

Variances from Projected Financial Information

Any forecasts prepared by the General Partner on are made on the basis of various assumptions and estimates set forth therein. In preparing these forecasts, the General Partner makes a number of significant assumptions, based on the general experience of officers of the General Partner in prior banking and investment endeavors. The forecasts could be significantly affected by a change in any of the underlying assumptions, by the general business and investing climate in its area of operations and by other factors. Therefore, there is no assurance that the assumptions and estimates will prove to be accurate, and the forecast may not correctly reflect the future results of the Fund or the financial consequences to an investor of an investment in the Fund.

Side Letters

The Fund (or the General Partner), without any further act, approval or vote of any investor, may enter into Side Letters with certain investors which have the effect of amending, modifying or supplementing the terms of the Governing Documents, with respect to such investor. The terms of any Side Letter with an investor will govern with respect to such investor notwithstanding the provisions of the Governing Documents or other agreements. The General Partner may determine to provide redacted copies of Side Letters to actual or potential investors.

Disciplinary Information

Goldner Hawn and its employees have not been involved in any legal or disciplinary events in the past 10 years that would be material to a client's evaluation of the company or its personnel.

Other Financial Industry Activities and Affiliations

Goldner Hawn is affiliated with the General Partner. This affiliate provides investment management services to the Fund and is included in Goldner Hawn's investment adviser registration application with the SEC.

Goldner Hawn or its General Partner will be responsible for all decisions regarding portfolio transactions of the Fund and have full discretion over the management of the Fund's investment activities. Upon registration, all of the General Partners' investment advisory activities will be subject to the Advisers Act and the rules thereunder. In addition, employees and persons acting on

behalf of the General Partner are subject to the supervision and control of Goldner Hawn. Thus, the General Partners, all of its employees and the persons acting on its behalf would be "persons associated with" the registered investment adviser so that the SEC could enforce the requirements of the Advisers Act against the General Partner.

In addition, supervised persons of Goldner Hawn may serve as directors and officers of certain portfolio companies and, in that capacity, will be required to make decisions that consider the best interests of such portfolio companies and their respective shareholders. In certain circumstances, for example in situations involving bankruptcy or near-insolvency of a portfolio company, actions that may be in the best interests of the portfolio company may not be in the best interests of the respective Fund, and vice versa. Accordingly, in these situations, there will be conflicts of interest between such individuals' duties as a supervised person of Goldner Hawn and such individuals' duties as a director or officer of such portfolio company.

The Goldner Hawn Partners, other than Peter Settle, are shareholders in GHJM a Minnesota corporation, along with Van Zandt Hawn and John Morrison. GHJM manages Fund VI, a Small Business Investment Company licensed by the United States Small Business Administration. Mr. Hawn and Mr. Morrison are members of the investment committee for Fund VI but are not continuing in this capacity for Fund VII.

In the ordinary course of conducting its activities, the interests of a Fund or its investors may conflict with the interests of Goldner Hawn or its affiliates or one or more other funds or with their respective affiliates. When identified, business conflicts are brought to the attention of the Chief Compliance Officer ("CCO") for review and resolution monitoring.

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

Goldner Hawn has adopted a Code of Ethics pursuant to Rule 204A-1 under the Advisers Act that is predicated on the principal that Goldner Hawn owes a fiduciary duty to the Fund. Accordingly, supervised persons of Goldner Hawn must disclose or avoid activities, interests, and relationships that run contrary (or appear to run contrary) to the best interests of the Fund. Goldner Hawn will provide a copy of its Code of Ethics to investors and prospective investors upon request.

Goldner Hawn's supervised persons, as defined by Rule 204A-1, must have written clearance for all transactions involving initial public offerings, private placements, and certain publicly traded securities before completing the transactions. Goldner Hawn may disapprove any proposed transaction, particularly if the transaction appears to pose a conflict of interest or otherwise appears improper. Goldner Hawn also endeavors to maintain current and accurate records of all personal securities accounts of its supervised persons in an effort to monitor such activity.

Goldner Hawn, its supervised persons, or a related entity will have an investment in the Fund. For example, the General Partner of the Fund is owned by Goldner Hawn's Partners. In addition, Goldner Hawn and its General Partner will participate in the Fund's investment program by agreeing to commit a certain percentage of the Fund's total capital commitments or a certain amount as defined in the Fund's Governing Documents. Therefore, Goldner Hawn, its supervised persons, or a related entity indirectly participate in transactions effected for the Fund.

Brokerage Practices

Goldner Hawn focuses on making investments in private securities, thus it does ordinarily deal with any financial intermediary such as a broker-dealer, and commissions are not ordinarily payable in connection with such investments. To the limited extent Goldner Hawn may transact in public securities it intends to select brokers based upon the broker's ability to provide best execution for the Fund. Goldner Hawn is generally authorized to make the following determinations, subject to the Fund's investment objectives and restrictions, without obtaining prior consent from the Fund or any of its investors: (i) which securities or other instruments to buy or sell; (ii) the total amount of securities or other instruments to buy or sell; (iii) the executing broker or dealer for any transaction; and (iv) the commission rates or commission equivalents charged for transactions.

In making its decisions regarding the allocation of brokerage transactions for the Fund, Goldner Hawn will consider a variety of factors including but not limited to: (i) the ability to effect prompt and reliable executions at favorable prices; (ii) the operational efficiency with which transactions are effected (such as prompt and accurate confirmation and delivery), taking into account the size of order and difficulty of execution; (iii) the financial strength, integrity, and stability of the broker-dealer or counter party; and (iv) the competitiveness of commission rates in comparison with other broker-dealers. Although Goldner Hawn will generally seek competitive commission rates and commission equivalents, it will not necessarily pay the lowest commission or equivalent. Transactions may involve specialized services on the part of a broker-dealer, which may justify higher commissions and equivalents than would be the case for more routine services.

Goldner Hawn does not participate in any soft dollar arrangements outside of receiving research available to other institutional investors. Research services received from brokers and dealers are supplemental to Goldner Hawn's own research effort.

Review of Accounts

Goldner Hawn focuses on making private equity investments in lower middle market companies based in the Midwestern United States. All investments are carefully reviewed and approved by the Investment Committee which is comprised of Goldner Hawn's Partners. The portfolio companies are reviewed on a regular basis and Goldner Hawn investment professionals meet regularly to discuss investment ideas, economic developments, industry outlook and other issues related to current portfolio holdings and potential investment opportunities.

Goldner Hawn provides Fund investors with quarterly written reports and capital account statements, capital call/distribution notices, periodic press releases and annual tax information necessary to complete any applicable tax returns. Fund investors also receive annual audited financial statements. In addition, Goldner Hawn holds annual meetings with the investors of the Fund.

Client Referrals and Other Compensation

Goldner Hawn does not compensate any person for client referrals, nor does it offer or receive sales awards or prizes for providing investment advice to clients.

During a fundraising cycle, Goldner Hawn has compensated placement agents who introduce new investors that commit capital to the Fund. Any fees and expense reimbursements payable to any such placement agents are generally borne by Goldner Hawn through an offset against management fees payable by the relevant Fund.

Please see the description of Other Fees in “Fees and Compensation” above.

Custody

All Fund assets are held in custody by unaffiliated broker/dealers or banks, however Goldner Hawn has access to client accounts since it or an affiliate serves as the general partner of the Fund. Fund investors will not receive statements from the custodian. Instead the Fund is subject to an annual audit and the audited financial statements are distributed to each investor. The audited financial statements will be prepared in accordance with U.S. generally accepted accounting principles and distributed within 120 days of the Fund’s fiscal year end.

Investment Discretion

The General Partner of the Fund has discretionary authority to determine, without obtaining specific consent from the Fund or its investors, the securities and amount to be bought or sold. Any limitations on authority are included in the Fund’s Governing Documents, including Side Letters with particular Fund investors.

Voting Client Securities

Most of the portfolio companies in which the Fund invests are private companies which typically do not issue proxies. However, in the event proxies have to be voted, Goldner Hawn has adopted proxy voting policies and procedures, and will be responsible for voting proxies on behalf of the Fund. Goldner Hawn will vote client proxies in a way that it believes will maximize shareholder value. Goldner Hawn investment professionals are generally responsible for making voting decisions with respect to proxies received.

In exercising its voting discretion, Goldner Hawn will seek to avoid any direct or indirect conflict of interest raised by a voting decision. All conflicts of interest will be resolved in the interests of the Fund. Resolutions will be reached after such conflicts are presented by the CCO to a group consisting of at least a majority of Goldner Hawn’s Partners. In situations where the group perceives a material conflict of interest, the vote under consideration and the perceived conflict of interest may be reviewed with the respective Fund’s investor advisory committee. The committee will reach a consensus and make a recommendation regarding the proxy vote. The CCO will record the recommendation and vote the proxy according to the committee’s recommendation.

Certain supervised persons of Goldner Hawn may serve as board members for the Fund’s portfolio companies. In situations where Goldner Hawn votes the proxy for a company for which a supervised person of Goldner Hawn serves on the board of directors, Goldner Hawn has determined that it does not inherently present a conflict of interest as the purpose for serving on the board is to maximize the return on the Fund’s investment and to ensure that the Fund’s interests are protected.

A record of all proxy votes cast on behalf of the Fund will be maintained and available for review. Fund investors should contact the CCO for a copy of the proxy voting policy or information with respect to a specific proxy vote.

Financial Information

Goldner Hawn has never filed for bankruptcy and is not aware of any financial condition that is expected to affect its ability to manage client accounts.