

ITEM 1
COVER PAGE

PART 2A OF FORM ADV: FIRM BROCHURE
HIGHFIELDS CAPITAL MANAGEMENT LP
MARCH 28, 2019

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This brochure (the “Brochure”) provides information about the qualification and business practices of Highfields Capital Management LP. If you have any questions about the contents of this Brochure, please contact Investor Relations at (617) 850-7500 or investorrelations@highfieldscapital.com. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

Additional information about Highfields Capital Management LP is also available on the SEC’s website at www.adviserinfo.sec.gov.

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

ITEM 2

MATERIAL CHANGES

Since the last annual update of Part 2A, dated March 29, 2018, Highfields Capital Management LP (“HCM” or the “Management Company”) has announced it is winding down its business. This was announced to investors in a letter dated October 3, 2018. Per the letter, HCM ceased charging its clients management fees effective January 1, 2019, and capital is being returned on a compulsory basis in accordance with a plan laid out in said letter. Voluntary redemptions from the funds Highfields manages have been suspended. In addition, though she remains a managing director of HCM, the Management Company’s Chief Financial Officer has retired from this position and been replaced. Further, HFLO Partners LP, a former private fund advisory client, has been closed and dissolved. Effective April 1, 2019, the personal trading policy set forth in the Code of Ethics has been revised to permit precleared transactions in a broader range of assets, provided they are not held by the Funds.

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ITEM 4

ADVISORY BUSINESS

Highfields Capital Management LP, a Delaware limited partnership, provides administrative and managerial services to private investment funds. HCM and Highfields Associates LLC (“Highfields Associates”), a Delaware limited liability company that serves as general partner of certain investment funds managed by HCM, were founded in 1998 with offices located in Boston, Massachusetts. Jonathon S. Jacobson is HCM’s principal owner, Chief Executive Officer and Chief Investment Officer and is responsible for winding down the portfolios of the private funds HCM manages.

HCM provides investment management and administrative services to six private investment funds (each a “Fund” and collectively the “Funds”), each of which is winding down its business and no longer being offered to potential investors. HCM does not provide investment or management services to managed accounts, registered investment companies or directly to individuals.

The Funds include Delaware limited partnerships with multiple limited partners who are, or are owned by, taxable individuals and entities, and a Delaware limited partnership with multiple limited partners who are non-taxable United States (“U.S.”) entities (collectively, the “U.S. Funds”); a Cayman Islands exempted company, shareholders of which are non-taxable U.S. entities and non-U.S. persons (the “Offshore Fund”); a Cayman Islands exempted limited partnership that serves as a master fund through which certain of the Funds invest (the “Master Fund”); and a Cayman Islands exempted limited partnership intermediary entity through which the Offshore Fund invests in the Master Fund.

HCM manages all of the Funds with substantially the same overall value-focused investment strategy, employing a variety of investment and trading strategies across a wide range of instruments, industries and geographic markets. Accordingly, though the Funds typically invest in marketable U.S. equity securities, a significant portion of each Fund’s investment portfolio is comprised of non-U.S. equity securities, as well as U.S. and non-U.S. fixed income securities, debt instruments, convertible securities, financial derivatives (e.g., listed and over-the-counter options, rights, futures and forward contracts on equity and fixed income securities, commodity futures, currencies, and equity, credit default, interest rate and other swaps) and other public and non-public securities.

HCM is not restricted in the types of securities or other assets in which it may invest on behalf of the Funds. HCM also does not tailor advisory services to the individual needs of Fund investors, nor do Fund investors have the opportunity to choose which investments are allocated to their interests in the Funds. HCM is no longer causing the Funds to participate in Special Investments (as defined in the Offering Memorandums) made by the Funds. Special Investments generally are assets or securities acquired by the Funds in private transactions or otherwise which, on account of their terms, nature or expected life, are treated separately from the general investment portfolio of each Fund, with the result that the capital allocated to each Special

Investment is subject to withdrawal restrictions until such Special Investment is liquidated or no longer deemed to be a Special Investment.

As of December 31, 2018, HCM managed approximately \$4.1 billion of assets, all of which is managed on a discretionary basis. HCM does not manage any assets on a non-discretionary basis.

Additional information about HCM's business, history, organization and other matters addressed in Item 4 can be found in the Offering Memorandum and constituent documents of the relevant Fund.

ITEM 5

FEES AND COMPENSATION

As of January 1, 2019, HCM no longer receives asset-based fees from the Funds. However, HCM continues to receive performance-based incentive compensation from the Offshore Fund. Highfields Associates receives a performance-based incentive allocation from each Fund other than the Offshore Fund. The terms and amounts of incentive compensation are not negotiable by investors in the Funds.

Any incentive fee due to HCM from the Offshore Fund, or an incentive allocation due to Highfields Associates from the other Funds, is also calculated by reference to each investor's capital account (or multiple capital accounts, where applicable) in a Fund. Except where an investor has made a mid-year withdrawal, incentive compensation and allocations are determined as of December 31 of each year. In the event of a mid-year withdrawal, incentive compensation and allocations are determined with respect to the portion of the investor's capital that is withdrawn, and incentive compensation and allocations on the remaining capital balance are determined at year-end. Incentive compensation and incentive allocations for all Funds are equal to 20% of each capital account's annual net realized and unrealized profits subject to a "High Water Mark" under which prior losses incurred by a capital account must be recovered before any new incentive compensation or allocation will be due. For capital accounts that hold Special Investments, the calculation of any incentive compensation or allocation will value Special Investments at the lower of net cost or current market value and therefore will not take into account unrealized appreciation in the value of a Special Investment above such Special Investment's net cost. Incentive compensation or allocation on capital invested in a Special Investment is only paid or allocated, as applicable, upon a realization event with respect to the Special Investment or at such time as HCM determines that the investment should no longer be maintained in a Special Investment account. The High Water Mark for interests in the Funds created prior to January 1, 2007, includes a priority return for each fiscal year that equals the lesser of the one-year Constant Maturity Treasury rate or 8%. Incentive fees and allocations are deducted from investors' capital.

The Management Company and Highfields Associates do not receive incentive compensation or allocations from Fund capital accounts of HCM employees, affiliates, family members and similar parties, and they may reduce or waive these costs for other investors, or for particular investments, in their discretion.

The Funds bear their own operating expenses, including all investment expenses relating to investments or contemplated investments. Such investment expenses incurred by the Funds include, but are not limited to, brokerage commissions, clearing and settlement charges, custodial fees, interest expense, stock borrowing fees, proxy solicitation expenses, public relations, and third-party consulting, advisory, research, investment banking and professional fees. The Funds' other operating expenses include, but are not limited to, legal expenses, third-party accounting, administrative or custodial services, audit and tax preparation expenses, SEC or other government regulatory and reporting expenses, including filing fees, corporate licensing and expenses relating to the offer of interests in the Funds. Expenses that benefit more than one Fund are generally

allocated among such Funds on a pro rata basis in accordance with the relative amounts of investment capital of the respective Funds. Expenses arising from Special Investments are allocated according to the Funds' respective interests in the Special Investment. The Management Company pays or advances certain expenses of a Fund, subject to later reimbursement.

There are no other fees, custodian charges, finder's fees, brokerage fees or other compensation paid to HCM or Highfields Associates by the Funds or the investors in the Funds. The Management Company may become entitled to receive from third parties, or target investments, a transaction, structuring, management or other fee in connection with the making or holding of an investment. Such fees may be credited or passed through to investors in the Funds, or may be retained by the Management Company, in its discretion.

Additional information about matters addressed in Item 5 can be found below in Item 12 ("Brokerage Practices") and in the Offering Memorandum and constituent documents of the relevant Fund.

ITEM 6

PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

Item 5 above describes performance-based compensation or allocations that are received by HCM or Highfields Associates from all of its clients. As a result, HCM and its affiliates do not face the conflicts of interest that arise when an investment adviser receives performance-based compensation from some clients and not from others. Nevertheless, side-by-side management of the Funds creates conflicts of interest in that in certain circumstances HCM is incented to favor one Fund versus another with regard to allocation of investment opportunities. For example, differences amongst the Funds with regard to High Water Marks or the methodology used in the calculation of incentive compensation creates an incentive for HCM to favor one Fund over another. Similarly, because the assets of employees and affiliates of HCM are disproportionately invested in the Funds designed for taxable U.S. investors, HCM may be seen to have an incentive to favor these Funds. Certain Funds currently invest through a “master-feeder” structure. To the extent that multiple Funds’ assets are invested in the Master Fund, certain conflicts of interest in managing the Master Fund portfolio may exist due to differing tax and other considerations applicable to each Fund. These considerations may cause the Master Fund to structure or dispose of particular investments in a manner that is more advantageous to one Fund than to another Fund. The Funds often transact in the same or similar securities at different times, different prices, different rates and different sizes, via different trading venues and partners, in different execution environments, and/or in a different form.

To mitigate such conflicts, Highfields has adopted investment allocation policies and procedures to provide for fair and equitable allocation of investments and trades among the Funds. Under such policies, new investments are generally allocated to each Fund in a manner to provide each Fund with equivalent exposure to such new investment, subject to modification on account of regulatory, tax and other considerations as determined by the Management Company.

ITEM 7
TYPES OF CLIENTS

The Management Company's clients are the Funds to which it provides investment management and administrative services. Investors in the Funds primarily consist of charitable foundations, endowments, pension plans, governmental entities, funds of funds, private or family-owned investment entities, trusts and individuals. Investors in the Funds have met certain qualification requirements under applicable federal securities and commodities laws as set forth in each Fund's Offering Memorandum and/or constituent documents. The Funds' stated minimum initial investment is \$5,000,000. These minimum investment amounts are waived by the Funds in certain circumstances and are not applied to investors who are HCM employees, affiliates, family members and similar parties.

Additional information about qualifications for investment in the Funds addressed in Item 7 can be found in the Offering Memorandum and constituent documents of the relevant Fund.

ITEM 8

METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

Jonathon S. Jacobson, HCM's founder and Chief Investment Officer, is responsible for managing the orderly liquidation of the remaining assets of the Funds. He is assisted in this regard by portfolio managing directors who focus on one or more sectors, including but not limited to industrials, media and telecommunications, financial services, healthcare, real estate, consumer businesses, and energy, metals and other resources.

Methods of Analysis and Investment Strategies

The Funds' capital is currently invested primarily in marketable equity securities, as well as a variety of other instruments available in both the U.S. and non-U.S. markets, including debt instruments, convertible securities, financial derivatives (such as listed and over-the-counter options, futures and forward contracts, commodity futures, as well as equity, credit default, interest rate and other swaps) and certain non-public securities.

Investments generally fall into one of two broad categories: "absolute value" and "relative value." Absolute value strategies include investments in "event-driven" or distressed special situations, such as recapitalizations, spinoffs, restructurings, turnarounds, management changes, consolidating industries and other catalyst-oriented situations, or, in other securities that HCM believes to be mispriced by the market. Relative value strategies may involve taking positions in multiple securities that are believed to have an economic or intrinsic relationship to each other and where a distortion exists between either the historical price or the fair value of that relationship.

The Funds have made, and may continue to make, debt and equity investments in specific real estate projects, as well as long/short investments in more liquid securities that are closely tied to the real estate markets.

The Funds engage in short sales of securities, buy securities on margin and arrange with banks, brokers and others to borrow money in order to employ leverage. In general, there are no restrictions on the Funds' use of leverage or borrowing, other than those which may be imposed by applicable statutes and regulations, or by their credit counterparties. Broad diversification of investments in number, or by industry or geography, is not a primary investment objective of any Fund and as the Funds' portfolios wind down, they will become increasingly concentrated. This concentration could expose the Funds to losses disproportionate to market movements in general if there are disproportionately greater adverse price movements in the selected investments.

The Funds have certain investments directed by other investment managers, including through sub-advisory agreements, where HCM determined that the Funds' portfolios will benefit from such other managers' special expertise and/or access to certain investments. **The investment program that HCM follows for the Funds is speculative and entails substantial risks**

including the risk of loss by an investor of its entire investment amount. Since market risks are inherent in all securities investments there can be no assurance that the investment objectives of the Funds will be achieved. In fact, certain investment practices described above can, in some circumstances, potentially increase the adverse impact of market movements on the Funds' investment portfolios.

Material, Significant or Unusual Risks Relating to Investment Strategies

HCM's investment strategy for the Funds entails substantial and material risks that are inherent in securities investing of all kinds, as well as risks specific to the investment assets, processes, strategies and portfolio composition that HCM may utilize at any given time. The most significant of these risks are briefly described below; each Fund's Offering Memorandum contains a more complete listing and explanation of such risks, the effects on the Fund's strategies and financial condition and on the investor's investment in the Fund. Investors in the Funds must be financially capable and willing to bear the risk of loss that arises from HCM's strategy and the Funds' investment approach.

- Long-Biased Investment Program: The Funds portfolios have a long-exposure bias making it more likely that adverse changes in the overall market will result in a decline in the value of the Funds' assets. HCM's hedging strategies should not be viewed as insulating a Fund investor from risks attendant to investing in the market as a whole.
- Special Situations: The Funds pursue investments in "event-driven" or distressed special situations, such as recapitalizations, spinoffs, and financial restructurings and other catalyst-oriented situations which are complex in their analysis, may have limited liquidity and may be difficult or costly to establish or unwind.
- Price Volatility: The prices of the Funds' investments can be highly volatile and may have extreme reactions to changes in interest rates, changing supply and demand relationships, trade, fiscal, monetary, and exchange control programs and governmental policies, and national and international political and economic events and policies. Such changes may fundamentally change the trading or investment conditions underlying the HCM analysis on which the Funds relied when making an investment, and may therefore result in losses. Price volatility also may result in a "margin call" on the Funds, requiring the Funds to post additional collateral to a broker or even result in the forced liquidation of an asset causing losses to the Fund.
- Counterparty Risk: The Funds have established relationships to obtain financing, derivatives and prime brokerage services that permit the Funds to trade in a variety of markets or asset classes. There is no assurance that the Funds will be able to maintain such relationships and a failure to do so would limit the Funds' trading activities and could create losses. The Funds could also suffer losses if there were a default or insolvency by prime brokers, custodians, brokerage firms and other financial institutions with which the Funds do business. Some of the markets in which the Funds may invest are "over-the-counter" or "interdealer" markets, including many derivatives and debt markets,

in which the terms of transactions are not standardized and are negotiated on an individual basis. This exposes the Funds to the risk that a counterparty will not settle a transaction because of a dispute over the terms of the contract or because of a credit or liquidity problem, thus causing the Funds to suffer a loss.

- Leverage and Financing Risk: HCM's investment strategy employs leverage by the Funds, including through borrowings of funds, use of margin accounts, repurchase agreements, options and similar derivatives, and such leverage may magnify the effect of events that have adverse effects on the Funds' portfolios and the losses that result.

- Liquidity of Investments: Many of the Funds' investments are not traded on major exchanges or may trade in limited volume, including debt instruments or other assets that are traded in the over-the-counter market, or only in privately negotiated transactions. There is no limit to the amount of capital the Funds may invest in such assets or in assets that are subject to restrictions on transfer, and the inability to timely or easily transact in such assets may result in losses to the Funds.

- Short Selling: Short selling (borrowing and selling a security with the intent of replacing it later at lower cost) creates the risk of a theoretically unlimited loss, since the potential increase in the replacement cost of the security is not limited. In addition, the timing of closing a short sale may not be in HCM's control as there can be no assurance that the Funds will be able to borrow the securities for the planned duration of the trade, or that securities necessary to cover a short position will be available for purchase at or near prices quoted in the market. Closing out a short position in an illiquid market, or being forced to purchase replacement securities, can increase the Funds' risk of loss on a short sale.

- Options, Swaps and Other Derivatives: The Funds purchase and sell options on securities, currencies and commodities on national and international exchanges and in over-the-counter markets. The Funds also enter into swaps or functionally equivalent instruments where the value of the instrument is determined by reference to the value of one or more underlying securities, assets or indexes. Options, swaps and similar derivative instruments represent leveraged investments and may result in greater volatility in the Funds' portfolios, particularly when they are used for investment rather than as a hedge on a related investment position.

- Futures: HCM uses futures contracts as part of the Funds' investment and hedging strategies, the value of which depends upon the price of the security, commodity, index or other asset underlying the contract. The prices of futures contracts are highly volatile, and price movements can be influenced by, among other things, interest rates, market risk of the underlying asset, government fiscal or monetary policies, and political and economic events. In addition, any such futures position is also subject to the risk of illiquidity as a result of exchange and/or regulatory changes or the failure of any of the relevant exchanges, clearinghouses, or counterparties.

- Distressed Securities: The Funds have invested in securities of, or claims against, entities experiencing significant financial or business difficulties, including notes, loans, commercial paper, partnership interests and similar financial instruments or in securities backed by distressed assets. In addition to the inherent risk of investing in a troubled business, these investments pose additional risks attendant to their structural complexity, limited information, claims of competing creditors and stakeholders, and illiquid markets. These factors contribute to typically higher-than-average price volatility for such assets and may result in losses for the Funds.

- Risk of Certain Debt Investments and Interest Rate Fluctuations: The Funds have invested in bonds or other fixed income securities, including “higher yielding” (and, therefore, higher risk) debt securities that are often below “investment grade.” Issuers of such debt may face ongoing uncertainties and ultimately default on interest and principal payments. Changes in economic conditions, prevailing interest rates or competitive and other industry factors may all result in the default of the issuer or a significant reduction in the securities’ value on account of a perceived risk of default.

- Investing in Real Estate and Loans Secured by Real Estate: The Funds have invested in real estate and related loans or interests that entail many of the risks incident to the direct ownership and operation of commercial or other real estate as well as the risks attendant to investing in less liquid assets. Operating or ownership risks include disruptions of cash flow, changes in supply of, or demand for, competing properties, degradation in the financial condition of tenants or buyers, changes in tax, environmental and zoning laws, or changes in the availability and cost of financing. In addition, typically HCM and the Funds are dependent on the ability of third parties to successfully operate the underlying real estate assets, including their ability to foresee, manage and react to the development of the conditions described above.

- Non-U.S. Securities: The Funds invest in securities of non-U.S. issuers (including non-U.S. governments) and securities priced in non-U.S. currencies that pose currency exchange risks (including blockage, devaluation and non-exchangeability) as well as risks attendant to the imposition of withholding or other local taxes and political or social instability. In addition, less information is typically available to HCM regarding securities of non-U.S. issuers and such issuers may not be subject to financial reporting standards comparable to those of U.S. issuers. Investments in developing countries present the further risks of securities markets that are smaller and more volatile than the securities markets of the U.S.

Additional information about HCM’s investment strategy, methods of analysis, the risks of investing in the Funds and other matters addressed in Item 8 can be found in the Offering Memorandum and constituent documents of the relevant Fund.

ITEM 9

DISCIPLINARY INFORMATION

There are no legal or disciplinary events that are material to a client's or a prospective client's evaluation of HCM's advisory business or the integrity of its management.

ITEM 10

OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

HCM has been registered with the U.S. Commodity Futures Trading Commission (the “CFTC”) since 1998 as a Commodity Pool Operator and is a member of the National Futures Association (“NFA”). Jonathon S. Jacobson, founder and Chief Investment Officer, and Peter Mulderry, Head of Investor Relations, are registered with the NFA as associated persons and principals of HCM, and Jennifer L. Stier, Chief Operating Officer, Kristin J. Marcus, Managing Director, Shawn Campbell, Chief Financial Officer and Scott D. Pomfret, Chief Compliance Officer, are also registered with the NFA as principals of HCM.

HCM evaluates any material conflicts of interest presented by any proposed relationship or arrangement it may contemplate with a service provider, broker or similar party that has a material business relationship with the Funds to ensure that the transaction or arrangement is fair and equitable to the investors in the Funds, and on terms that are consistent with arm’s length dealings, and HCM reviews any such arrangement on an ongoing basis thereafter to ensure continued benefit to the Funds and their investors. Except as described in the paragraph immediately below, neither HCM nor any of its management persons currently has any such relationship.

Employees of HCM have family and other relationships with investors in, or service providers to, the Funds or with employees of issuers in which the Funds invest. HCM reviews such relationships to identify and address any conflicts.

Additional information about HCM’s affiliate relationships and other matters addressed in Item 10 can be found in the Offering Memorandum and constituent documents of the relevant Fund.

ITEM 11

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

Code of Ethics

HCM has adopted a Code of Ethics (the “Code”) consistent with the requirements of Rule 204A-1, which, among other things, (i) sets forth the standards of professional conduct for HCM employees; (ii) governs the personal securities transactions of HCM’s employees; (iii) governs the treatment and forbids the misuse of material nonpublic information by HCM employees; and (iv) requires all supervised persons to report any violations of the Code to HCM’s Chief Compliance Officer. HCM will make a copy of the Code available to any investor or potential investor upon request.

Participation or Interest in Client Transactions

HCM and its affiliates (including for this purpose, Highfields Associates, Jonathon S. Jacobson, and officers and employees of HCM, and accounts controlled by them) have invested substantial capital in the U.S. Funds and collectively represent the largest investor in the aggregate capital of the Funds. The personal investments of such affiliates are concentrated in the Funds that are organized as Delaware partnerships for U.S. taxable investors. Such persons are not charged incentive compensation or allocation and are subject to differing policies on minimum subscription amounts and, with respect to Highfields Associates only, withdrawal terms than are generally applicable to investors in the Funds.

Such Fund ownership presents conflicts of interest in that HCM and its affiliates have a larger interest in certain Funds than in others. This potential conflict is evaluated on an ongoing basis by HCM’s senior management and is addressed, in part, through HCM’s allocation policies discussed in Item 6 above. Allocations, and conformance to allocation policies, are reviewed on an ongoing basis.

Personal Trading

Effective April 1, 2019, the Code generally prohibits employees from transacting in publicly traded securities in which the Funds are invested or that are on HCM’s restricted list. Transactions in other publicly traded securities require preclearance by the Legal and Compliance Group, except for: (i) open-ended mutual funds, approved ETFs or closed-end mutual funds, money market funds and government securities; and (ii) transactions in an approved managed account over which the employee has no control or foreknowledge of specific investments and/or in which a third-party manager directs transactions pursuant to a formula or approach applicable to all similar managed accounts. In addition, the Code generally requires employees to (1) disclose all personal securities holdings upon commencement of employment and annually thereafter; and (2) report all personal securities transactions at least quarterly. Pursuant to the Code, employees

may not participate in initial public offerings and must obtain permission from HCM before acquiring securities in private transactions. The Funds and certain third-party managed investment vehicles in which employees of HCM hold interests have overlapping investment mandates and therefore hold the same or similar underlying securities from time to time.

Except as described in Item 10 and except for certain Funds invested through a “master-feeder” structure, HCM does not cause the Funds to buy or sell securities in which HCM or its principals have a material financial interest. HCM does not regularly initiate cross transactions between one or more Funds to achieve comparable exposure among the Funds to certain investments. On account of the ownership of HCM affiliates in certain Funds, certain such cross transactions, if they occurred, may be viewed as principal transactions. If HCM were to initiate a cross transaction, HCM would comply with the relevant provisions of the Investment Advisers Act of 1940, as amended (the “Advisers Act”), including, where appropriate, requiring the appointment of an independent third party to review and approve the terms of such transaction.

Additional information about HCM’s matters addressed in Item 11 can be found in the Offering Memorandum and constituent documents of the relevant Fund.

ITEM 12

BROKERAGE PRACTICES

HCM has discretion in deciding which brokers and dealers the Funds will use and in negotiating the rates of compensation the Funds are willing to pay. Portfolio transactions for the Funds are allocated to brokers and dealers in a manner consistent with the obligation to seek “best execution,” taking into account one or more factors such as the broker’s execution capability, reliability and financial condition, securities pricing and transaction expenses, confidentiality, capital commitment and transaction responsiveness. HCM also considers a broker’s effectiveness in providing market or industry information, arranging for access to knowledgeable industry sources or issuer management and the provision or payment of the costs of brokerage or research products or services that benefit the Funds and assist HCM in the performance of its responsibilities. HCM need not solicit competitive bids and does not always select the lowest available commission cost, including where, as described below, it directs trading activity to brokers who provide soft dollar credits. Accordingly, if HCM determines in good faith that the commissions charged by a broker are reasonable in relation to the value of the brokerage and research products or services provided by such broker, HCM may direct brokerage transactions to such broker and/or pay a commission rate that is greater than the amount another broker might charge.

In the past, a portion of the Funds’ trading was directed to brokers that provided “soft dollar” credits which HCM continues to use to acquire research and research-related items that benefit the Funds and assist HCM in the management of the Funds’ investment portfolios. In most cases, research services provided by the brokers and dealers are generated by third parties, including other brokers, pursuant to “commission sharing arrangements” whereby HCM pays the brokers and dealers for trade execution and requests that brokers and dealers allocate a portion of the commissions to third-party providers of brokerage and research products and services. HCM’s use of commissions or “soft dollars” to pay for brokerage and research products or services is undertaken within the safe harbor created by Section 28(e) of the Securities Exchange Act of 1934, as amended. Research acquired through this process includes research services that the Funds would otherwise purchase for their own accounts directly from a third party, including consulting, advisory or other specialty research products or services, but may also include research that HCM would otherwise develop or acquire at its own expense. Where HCM receives such benefit, it has an incentive to select a broker and dealer based on HCM’s interest in receiving research products or services.

All Funds generally receive the benefit of research obtained with soft dollar credits, and HCM does not apportion such benefit according to the actual credits generated by the trading of one Fund as compared to the others. HCM believes soft dollar benefits generally accrue proportionately to the Fund that generated the soft dollar credit given that the Funds follow substantially the same investment strategy and, therefore, commissions and soft dollar credits are incurred and generated generally according to the relative capital of the Funds.

Subject to the considerations described above, the selection of a broker (including a prime broker) also may be influenced by, among other things, the provision by the broker of consulting with respect to technology, operations and equipment, capital introduction, marketing assistance, commitment of capital and access to deal flow. HCM does not separately compensate any broker for any of these other services. Provision of services, including services that HCM might otherwise pay for, capital introduction and other matters, provides HCM with an incentive to select the respective broker and dealer for client transactions without regard to best execution.

HCM uses a broker vote system whereby it obtains information from investment professionals regarding the execution, research and other services provided by brokers, which assists HCM in determining the appropriate allocation of transactions and commissions to brokers. HCM's trade desk reviews best execution information, analysis and reports prepared by a third party to evaluate HCM's trading and execution performance. Allocation of trades, best execution, and soft dollar credits and use are all reviewed by HCM's Trading Practices Committee.

Consistent with its approach of pursuing substantially the same investment strategy for each of the Funds, brokerage orders for securities are typically aggregated, and the cost of execution is shared by the Funds according to the allocable portion of the transaction assigned to each Fund.

Additional information about HCM's brokerage practices, execution of transactions and other matters addressed in Item 12 can be found in the Offering Memorandum of the relevant Fund and in its constituent documents.

ITEM 13

REVIEW OF ACCOUNTS

The Funds' investment portfolios are reviewed and monitored by HCM's Chief Investment Officer and portfolio managing directors on an ongoing basis. Information provided for this review sets forth the Funds' exposures by sector, instrument and geographic region, as well as information regarding the Funds' leverage, credit exposures and performance.

In light of the ongoing unwinding of the Funds' portfolios, HCM makes few written reports and information available to continuing investors in the Funds. This information includes:

- Quarterly unaudited account statements;
- Schedule K-1 (where applicable) as soon as practicable after the fiscal year-end; and
- Fund financial statements audited by Ernst & Young LLP and Ernst & Young Ltd., within 90 days after fiscal year-end.

Investors that have withdrawn all capital except capital invested in Special Investments do not receive monthly performance estimates.

Additional information about matters addressed in Item 13 can be found in the Offering Memorandum and constituent documents of the relevant Fund.

ITEM 14

CLIENT REFERRALS AND OTHER COMPENSATION

Neither HCM nor any of its related persons compensates any person who is not a supervised person of HCM for client referrals to HCM.

Neither HCM nor any of its related persons receives an economic benefit from any other person for providing investment advice or any other advisory services to HCM's clients.

ITEM 15
CUSTODY

HCM is subject to Rule 206(4)-2 (often referred to as the “Custody Rule”) under the Advisers Act. Accordingly, HCM has engaged an independent accounting firm registered with and subject to inspection by the PCAOB to perform an annual audit of each Fund and distributes audited financial statements prepared in accordance with U.S. GAAP to all investors within 120 days of each Fund’s fiscal year end. In addition, HCM has engaged “qualified custodians” (as defined in the Custody Rule) to hold all assets of the Funds that must be held with a qualified custodian pursuant to the Custody Rule. These qualified custodians do not send statements to investors in the Funds.

ITEM 16

INVESTMENT DISCRETION

Pursuant to applicable agreements, HCM has discretionary authority over the assets of the Funds. The Funds typically place no restrictions on HCM's authority; however, the investment strategy of each of the Funds is subject to certain guidelines, such as an intention that the net cost of any single investment will not exceed 10% of the net assets of any Fund at the time of investment (except as otherwise determined to be in the interest of the Fund), that a new Special Investment will not be undertaken if it would cause the aggregate fair market value of all existing Special Investments held by eligible investor accounts in a Fund to exceed 20% of the aggregate net asset value of such accounts, and that investments in investment funds managed by third-party managers will not exceed in the aggregate 20% of the net assets of any Fund.

ITEM 17

VOTING CLIENT SECURITIES

HCM has discretion over the Funds' exercise of voting rights with respect to securities they hold. HCM endeavors to obtain and review each proxy solicitation to determine if the Funds have an interest in the outcome of the vote in question and how a vote may be in furtherance of such interest. Though outside advisors or other service providers are retained to act as voting agent, to provide analysis of issuer and shareholder proposals, and to provide voting guidelines for reference, HCM generally does not delegate the proxy voting decision to, or defer to the recommendation of, outside advisors or other service providers. In certain cases, an abstention or non-vote may be determined to be appropriate or in the best interest of the Funds, particularly during the wind-down period.

From time to time, conflicts of interest may arise in connection with the voting of proxies. HCM's policy requires that personnel who become aware of such a conflict notify the Legal and Compliance Group, and that the conflict be addressed and resolved by senior management of HCM.

Upon written request, HCM will make available information concerning how HCM exercised voting rights as well as a copy of HCM's proxy voting policies and procedures.

Additional information about voting of proxies on behalf of the Funds and other matters addressed in Item 17 can be found in the Offering Memorandum and constituent documents of the relevant Fund.

ITEM 18
FINANCIAL INFORMATION

Not Applicable.