

# **HarbourView Equity Partners, LLC**

(Legal Name: HV ManCo, LLC)

## **Part 2A of Form ADV: Firm Brochure**

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**March 28, 2024**

**This brochure provides information about the qualifications and business practices of HarbourView Equity Partners, LLC (“HVEP”). If you have any questions about the contents of this brochure, please contact The Chief Compliance Officer at (973) 329-0285. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.**

**Any reference to HVEP as a registered investment adviser does not imply a certain level of skill or training.**

**Additional information about HVEP also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**



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***Item 2: Material Changes***

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Since HVEP's last Form ADV Part 2A amendment, the following material updates have been made:

- Update to Item 11 regarding cross transactions.

Certain non-material changes were also made to this brochure. Consequently, we encourage you to read the brochure in its entirety.

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**Item 3: Table of Contents**

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**Item 4: Advisory Business**

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HV ManCo, LLC - doing business as HarbourView Equity Partners, LLC (“HVEP”) is a Delaware limited liability company. HVEP’s principal place of business is in New Jersey, with another temporary, remote office location in California. HVEP was formed in 2020 and commenced investment advisory operations in 2021. HVEP was founded by its principal owner, Sherrese Clarke Soares, who is HVEP’s managing member. Ms. Clarke Soares wholly owns HVEP indirectly through a limited liability company.

HVEP provides discretionary investment advisory services to private funds together with a series of parallel investment vehicles (each a “Fund” and collectively, the “Funds”). The Funds invest in interests of media-related investment opportunities which are powered by intellectual property, including interests in music content. HVEP is responsible for determining the specific securities and other investments to be bought and sold and for arranging the execution of all purchase and sale orders on behalf of the Funds.

HVEP advisory services are provided to the Funds pursuant to the terms of the applicable Fund’s private placement memorandum, operating agreement, limited partnership agreement, and/or investment management agreement, as applicable (collectively, the “Governing Documents”) and based on the specific investment objectives and strategies as disclosed therein. Please refer to Item 8 methods of analysis, investment strategies, and risks of loss.

Ms. Clarke Soares and her team intend to leverage their deep networks in the music and entertainment industry with the goal of providing access to proprietary opportunities and enhancing HVEP’s ability to create value for the Fund. HVEP seeks to capitalize on the team’s combination of the music industry, institutional investment, and finance experience to distinguish itself in this dynamic asset class.

The Funds’ investment committee currently consists of Ms. Clarke Soares and members of her senior leadership team including the Managing Director, Head of Investments; the Managing Director, Chief of Staff Officer; the Managing Director, Chief Compliance Officer; the Managing Director, Chief Operating Officer; the Managing Director, Chief Financial Officer; and the Managing Director, Head of Business and Legal Affairs. Investment committee membership may change from time to time.

HVEP’s investment management services are provided to the Funds on a discretionary basis. HVEP generally does not permit investors in a Fund to impose limitations on the Fund’s investment activities. Under certain circumstances, HVEP will contract with an investor to adhere to the limited risk and/or operating guidelines imposed by such an investor. HVEP will negotiate such arrangements on a case-by-case basis.

HVEP does not participate in wrap-fee programs.

As of December 31, 2023, HVEP has approximately \$1,450,942,114 in regulatory assets under management. HVEP does not currently manage any client assets on a non-discretionary basis.



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***Item 5: Fees and Compensation***

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HVEP is compensated through management and performance fees or allocations which are described in its advisory contracts with the Fund.

HVEP's fee schedule is omitted because this brochure is only being delivered to "qualified purchasers" as defined in the Investment Company Act of 1940, as amended. The management fee may be paid out of current income and disposition proceeds of the Fund and, to the extent necessary, from drawdowns of capital which will reduce the remaining commitments. Any amount drawn down from commitments to pay the Management Fee may, to the extent limited partners receive subsequent distributions, be added to the unfunded commitments and be subject to recall.

The Fund bears all reasonable legal and other organizational and offering expenses incurred in the formation of, and the offering of interests in, the Fund (and any subsidiaries of any of the foregoing) and related entities, including, without limitation, legal fees, and expenses, the cost of producing and distributing offering documents, any related marketing materials, printing and mailing costs, filing fees and expenses, marketing and roadshow expenses and any other expenses related to the foregoing. Expenses in excess of the limits delineated in the applicable Fund's Governing Documents (excluding placement agent expenses, where applicable, will be borne by HVEP through a 100% offset against the management fee.

Any amount drawn from commitments to pay expenses may, to the extent the Fund's limited partners receive subsequent distributions, be added to the unfunded commitments and be subject to recall.

Each limited partner in the Fund is solely responsible for all its own legal and tax counsel expenses and any out-of-pocket expenses incurred in connection with its subscription or the maintenance of its interest in the Fund.

HVEP pays all its ordinary administrative and overhead expenses in managing investments, including salaries, benefits, rent, and the cost of office equipment and utilities.

As discussed here and in the Governing Documents, each Fund pays directly, or reimburses each Fund's affiliated member ("Affiliated Member")(an entity controlled and owned by HVEP) and HVEP for, all expenses related to its activities (including the fees and expenses of any affiliate of the Affiliated Member or HVEP performing such functions in lieu of third-party service providers) including: (i) expenses incurred in connection with the evaluation, acquisition and disposition of investments, including sales commissions, any expenses relating to unconsummated investments, broken deal expenses, appraisal fees, taxes, brokerage fees, underwriting commissions and discounts, and legal, compliance, accounting, investment banking, consulting, information services and professional fees; (ii) private placement fees incurred in connection with marketing the Fund, including all fees and expenses under any placement agent agreement, (iii) expenses incurred in connection with the carrying or management of investments, including custodial, trustee, record keeping and other administration fees; (iv) expenses incurred in connection with the Fund's financial statements and tax returns; (v) attorney's and accountant's fees and disbursements in connection with investments or the operation of the Fund; (vi) taxes and other



governmental charges levied against the Fund; (vii) insurance, regulatory or litigation expenses (and damages), including regulatory expenses of HVEP and the Affiliated Member related to its registration under and compliance with the Investment Advisers Act of 1940, as amended (the “Advisers Act”); (viii) expenses incurred in connection with the winding up or liquidation of the Fund; (ix) expenses relating to defaults by the Fund’s limited partners in the payment of any capital contributions; (x) out-of-pocket expenses for transactions not consummated; (xi) expenses incurred in connection with any restructuring or amendments to the constituent documents of the Fund and related entities, including HVEP and the Affiliated Member; (xii) expenses incurred in connection with the formation of parallel investment entities and alternative investment vehicles (as discussed in Governing Documents) to the extent permitted under the Governing Documents; (xiii) loan servicing expenses; (xiv) expenses incurred in connection with distributions to the Fund’s limited partners and in connection with any meetings with limited partners called by the Fund’s advisory committee (defined in the Governing Documents); (xv) any tax, audit, investigation, settlement or review with respect to the tax obligations of the Fund; (xvi) costs, fees and expenses associated with any financing facility of the Fund (whether or not such financing is ultimately utilized by the Fund) and any amounts paid by HVEP on behalf of the Fund’s limited partners, and costs, fees, and expenses associated therewith (including, without limitation, any interest expense related thereto); (xvii) computer software, licensing, programming, and operating expenses and data-processing costs; (xviii) out-of-pocket expenses with respect to any investment structuring utilized in respect of the Fund; and (xviv) operating expenses, excluding any administrative and overhead expenses, of HVEP that, in its good faith judgment, are attributable to the Fund.

HVEP reserves the right to vary the fees to particular investors by separate agreement and to reduce or waive any fees at any time without entitling any other investor to a waiver or reduction. HVEP may waive or reduce the fee for its own capital and that of its constituent partners, affiliates, employees, and family members of the foregoing. HVEP has waived management fees in respect of the Affiliated Members.

Investors should refer to the Fund’s Governing Documents for a detailed discussion on the fees and expenses paid by the Fund.

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***Item 6: Performance-Based Fees and Side-by-Side Management***

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The Affiliated Member and the Related Limited Partners' proportionate shares of net proceeds attributable to the disposition of an investment and any dividends or interest income with respect to such investment (in each case based on its capital contributions made in respect of such investment described in Governing Documents) are distributed to the Affiliated Member and the Related Limited Partners. "Related Limited Partner" shall mean any limited partner that is an employee of or partner or a related person of HVEP.

Each of the Fund's limited partners' proportionate share of net proceeds attributable to the disposition of an investment and any dividends or interest income with respect to such investment (in each case based on its capital contributions made in respect of such investment) are distributed to such limited partner in varying rates as described in the Governing Documents. Distributions to the Affiliated Member at varying rates produces a "carried interest."

The fact that HVEP is compensated based on investment proceeds may create an incentive for HVEP to make investments, on behalf of the Fund, that are riskier or more speculative than would be the case in the absence of such compensation. Further, it is important to note that a conflict of interest may exist as HVEP may have an economic incentive to allocate potentially more favorable investment opportunities to accounts that have a performance-based fee structure, to the extent that HVEP provides advisory services to multiple clients in the future. To address this risk, HVEP has adopted policies and procedures to ensure that investment opportunities are allocated among eligible clients fairly and equitably over time.

Upon dissolution of the Fund and distribution of its remaining assets, the Affiliated Member will be required to restore funds to the Fund for distribution to the limited partners and the Affiliated Member (up to the amount of its cumulative net after-tax carried interest) to the extent, if any, that the amount previously distributed to the Affiliated Member as its carried interest exceeds the aggregate amount due the Affiliated Member as its carried interest on a cumulative basis. To the extent that the assets of the Affiliated Member are insufficient to satisfy such obligations, the members of the Affiliated Member will be severally (but not jointly) liable for such insufficiency *pro-rata* to their interests in the Affiliated Member. This is generally referred to as a "clawback" provision.

***Certain Conflicts Attendant to Side-by-Side Management***

Managing multiple Funds can create actual or potential conflicts of interest for HVEP in respect of the allocation of investment opportunities, competition for investments and allocating expenses. These conflicts may be exacerbated in situations where HVEP or an affiliate is entitled to higher fees or performance compensation from certain of its clients than from other clients, where certain accounts may have certain strategic or large investors that are important to HVEP's overall business or where there are differences in investments by HVEP among the accounts. The results of a Fund's activities may differ significantly from the results achieved by HVEP on behalf of any other Fund or account. HVEP has policies and procedures, including investment allocation policies, designed to manage such conflicts.



HVEP may determine that for legal, tax, regulatory, or other similar considerations, it is in the best interests of the Fund or one or more partners of the Fund that certain partners participate in a potential investment through an alternative investment structure. HVEP may affect the making of such investment outside of the Fund by requiring certain or all partners to make capital contributions with respect to such investment to a limited partnership or other vehicle that would provide for the limited liability of the limited partners investing therein (each, an “Alternative Investment Vehicle”). The Governing Documents of any such Alternative Investment Vehicle will contain terms and conditions generally comparable to those of the Fund and will be managed by HVEP or an affiliate thereof. The HVEP may, at its discretion, allocate the fees and expenses associated with developing Alternative Investment Vehicles to the affected limited partners.



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***Item 7: Types of Clients***

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HVEP provides investment advisory services to the Fund as described in Item 4. All Fund investors are “accredited investors” as defined under Rule 501 of Regulation D of the Securities Act of 1933, as amended, and “qualified clients” as defined under Rule 205-3 of the Advisers Act. In addition, the Fund can limit the sale of interests to investors who are “qualified purchasers” as defined under the Investment Company Act of 1940, as amended.

HVEP imposes a minimum of \$5 million to invest in the Fund. However, this amount can be waived or reduced at the discretion of HVEP.

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***Item 8: Methods of Analysis, Investment Strategies, and Risk of Loss***

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HVEP invests primarily in media and entertainment opportunities, including royalties, interests in royalties, and intellectual property media and entertainment assets.

HVEP, in accordance with normal investment portfolio management practices, will endeavor to ensure that the media assets acquired have the proper management to maximize returns. This includes monitoring portfolio returns with real-time performance data and managing investments within the portfolio to maximize returns.

HVEP aims to leverage long-tenured relationships in the media space in order to source and pursue premium content at attractive valuations through differentiated structuring. HVEP seeks to aggregate a fragmented and difficult asset class to offer investors diversification and non-correlated risk at scale.

HVEP believes that intellectual property related to media and entertainment content is a highly-leverageable asset class. HVEP will endeavor to seek efficient financing at the asset level to increase leverage and buying power while endeavoring to maximizing returns, using individually, or in combination (1) first-lien debt, (2) second-lien debt, and (3) bonds.

**Certain Risk Factors**

An investment in the Fund involves certain risks and other considerations and, therefore, should be undertaken only by investors capable of evaluating the risks of such investment. The Fund is designed for investors that are sophisticated and have the skill to carefully consider the following risk factors, in addition to the matters set forth in Governing Documents. The following list is not a complete list of all risks and other considerations that may be involved in connection with an investment in the Fund. There can be no assurance that the Fund will be able to achieve its investment objectives or that the investors will receive any return on, or recovery of, their capital. As such, the investments involve a high degree of business and financial risk and can result in substantial loss. HVEP may add, modify and/or remove investment strategies at any time pursuant to the applicable Fund's Governing Documents.

***Nature of Private Investment***

Investment in the Fund requires a long-term commitment, with no certainty of return. Identifying potentially profitable investments is a difficult task. The assets in which the Fund will invest may involve a high degree of risk. Such assets may face intense competition, including competition from companies with greater financial resources, more extensive development, marketing, and service capabilities, and a larger number of qualified managerial and technical personnel. Many of the Fund's investments will be highly illiquid, and there can be no assurance that the Fund will be able to realize a return on such investments in a timely manner, if at all. There will likely be no near-term cash flow available to investors. Since the Fund may only make a limited number of investments and since many of the Fund's investments may involve a high degree of risk, poor performance by a few of the investments could severely affect the total returns to investors. Investments in the Fund are not insured by the Federal Deposit Insurance Corporation or the



Securities Investor Protection Corporation. Additionally, it should be noted that past performance is not a guarantee of future results.

### *Liquidity Factors*

Lacking a public market and restrictions on the transfer of the Fund's interests, investment in the Fund is illiquid for investors who are willing to hold their interests for the term of the Fund and who understand that they may lose all or a significant portion of their invested capital. Capital commitment obligations (discussed in the Governing Documents) will be outstanding for a number of years, and capital and profits, if any, from investments will generally be realized upon the partial or complete disposition of an investment. The Fund will generally expect to hold or remain committed with respect to investments for a number of years. In addition, in some cases, the Fund may be prohibited by contract from selling, transferring, or otherwise liquidating its investments for a period of time.

### *Availability of Investments*

HVEP's success depends largely on the ability to source, screen, select, win bids and make investments that it believes meet the investment strategy, guidelines, and policies of the Fund. The availability of such opportunities will depend upon (among other things) financial, market, business, and economic conditions.

Although HVEP believes that suitable opportunities consistent with the Fund's investment objectives currently exist, there can be no assurance that HVEP will be able to identify and consummate a sufficient number of opportunities to permit the Fund either to invest any or all of the capital commitments or to diversify the investments, even to the limited extent described herein.

In addition, investments made by the Fund are likely to be concentrated in a limited number of investments, especially during the early stages when the ability to diversify is restricted by having a limited number of actual investments. A consequence of a limited number of investments would be that the aggregate return realized by the Fund may be substantially adversely affected by the unfavorable performance of even one investment.

### *Partial Ownership of Intellectual Property*

The Fund's ability to monetize the acquired assets may be limited by the scope of rights owned in each investment. Acquired investment opportunities often have multiple owners of a percentage share of the underlying intellectual property. Certain licensing arrangements may be subject to the express approval of all owners. In such cases, the Fund may not be able to obtain revenue from certain possible licensing opportunities because some portion of the rights necessary to enter into such arrangements are held by other individuals or entities outside of our control who may choose not to consent to such exploitations.

### *Uncertainty of Individual Film, Television, and Other Media Distribution and Performance*



The success of the individual film, television, and other media is unpredictable and may vary significantly. While the Fund seeks to acquire assets relating to a broad portfolio of entertainment intellectual property and other media rights the period-to-period performance may fluctuate significantly corresponding to the performance of such media. Furthermore, the results of any one period may not be indicative of the results for any future period.

#### *Reliance on Third-Party Distributors*

Distribution of the Fund's intellectual property investments will be handled by third-party distributors. The successful distribution of media content is subject to numerous uncertainties, including risks associated with the chosen release schedule, marketing strategies, competition from other forms of content, and corresponding competition for consumers. Performance of film, television, and other media programs is also subject to competition from other forms of entertainment and leisure activities at any particular time. The ability to successfully distribute films, television, and other media content will depend on the capabilities of each respective distributor but may be impacted by uncertainties beyond the control of the distributor. There can be no assurance that the third parties will successfully distribute the Fund's content.

#### *Music Publishing Trends*

There is significant uncertainty as to the nature and scale of the future development of the music industry, especially in light of digital access to music and the increased use of streaming services. As such, it is not certain that current royalty income sources will be maintained or replaced with other income sources of a similar value.

#### *Artist Reputational Damage*

There may be circumstances involving impropriety in the personal life of the songwriter or a recording artist who successfully performed a song owned by the Fund, or other factors, which could have a material adverse effect on the popularity of that song, and which could result in radio stations and other media refusing to play the song for a period or indefinitely. Reputational damage is more likely to result from the impropriety of a recording artist rather than the songwriter, as the recording artist is the public-facing element of the song and therefore more susceptible to the opinion of consumers and society. If a recording artist's or songwriter's reputation was damaged, resulting in a decrease in a song's popularity, and such circumstances endured for a significant period of time, this could impact significantly the revenues the Fund receives from the songs or the catalog and may, depending on the relative weighting of the affected songs or catalogs within the portfolio, have a material adverse effect on the Fund's performance.

#### *Competition*

The Fund may be competing for investments against other groups, including private equity investment and "hedge" funds, industry participants such as film studios, publishers, labels, large and well-capitalized companies, and other investors, some of which will have greater resources



than the Fund. It is possible that competition for appropriate investment opportunities may increase, thus reducing the number of opportunities available and adversely affecting the terms upon which investments can be made.

#### *Future Royalty Payments are Uncertain*

Because the length of a recording artist's popularity is uncertain, we must estimate the popularity of a recording artist in the future. Due to the inherent uncertainty in predicting the future, it is difficult to estimate with precision the projected future royalty payments associated with the music assets or any future royalty interests. These estimations are based on future events that may or may not occur, such as the continued growth of streaming revenue. Additionally, future events change based on a number of factors that are difficult or impossible to control. As a result, it is difficult to predict an accurate return on investment or rate of return of an investment in any music assets, and our competitive position, results of operations, financial condition and cash flows could be materially adversely impacted if we receive less revenue from royalty interests than estimated.

#### *Changes in Technology*

The recorded music business is dependent in part on technological developments, including access to and selection and viability of new technologies, and is subject to potential pressure from competitors as a result of their technological developments. For example, the recorded music business may be further adversely affected by technological developments that facilitate the piracy of music, such as internet peer-to-peer file sharing activity, by an inability to enforce intellectual property rights in digital environments, and by a failure to develop successful business models applicable to a digital environment. The recorded music business also faces competition from other forms of entertainment and leisure activities, such as cable and satellite television, motion pictures, and videogames, whether in physical or digital formats. The new digital business, including the impact of ad-supported music services, some of which may be able to avail themselves of defenses against copyright infringement actions under copyright laws, may also limit the recorded music industry's ability to receive payments from royalty interests. Due to such defenses, revenue from ad-supported music services may not fully reflect increases in consumption of recorded music. In addition, the recorded music industry is currently dependent on a small number of leading digital music services, which allows such services to significantly influence the prices that can be charged in connection with the distribution of digital music. It is possible that the share of music sales by a small number of leading mass-market retailers, as well as online retailers and digital music services, will continue to grow, which could further increase their negotiating leverage and put pressure on prices, ultimately decreasing the payments we receive from royalty interests.

#### *Cybersecurity Risks*

The operations of HVEP rely on the secure processing, storage, and transmission of confidential and other information in its computer systems and networks and the computer systems and networks of service providers. Although HVEP takes protective measures, and it is expected that service providers would take protective measures, their respective computer systems, software and networks may be vulnerable to unauthorized access, theft, misuse, computer viruses or other malicious code, and other events that could have a security impact. If one or more such events



occur, the investors' confidential information processed and stored in, and transmitted through their respective computer systems and networks could be jeopardized.

### *Geo-Political Events and Risk Factors*

The response by governments, central banks and other policy makers to any crises (e.g., the global pandemic caused by COVID-19 and the 2008 global financial crisis and recent interventionist policies of many numerous governments and their agencies against inflation) could have an adverse impact on the performance of the Funds. In particular, this intervention could impair the ability of private sector investors (like the Funds) to pursue investment opportunities in certain markets and could cause artificial market prices or result in other unanticipated consequences that could adversely affect the Funds. This risk has been pronounced recently by the economic intervention of numerous governments and their agencies through interest rate policies designed to restore price stability in the face of inflationary pressures by increasing the underlying federal interest rate. As a result of increasing interest rates, reserves held by banks and other financial institutions in bonds and other debt securities could face a significant decline in value relative to deposits and liabilities which, coupled with general economic headwinds resulting from a changing interest rate environment, creates liquidity pressures at such institutions, as evidenced by the bank run on the Silicon Valley Bank (SVB) Financial Group ("SVB") in March 2023. This bank run caused SVB to be placed into receivership. Further, if other financial institutions are subject to bank runs or banking collapses, there is a risk that the Funds will not be able to recover funds held in accounts at such financial institutions (if applicable). Even if a Fund is able to recover such funds, it may not be able to recover all of its funds and there is likely to be uncertainty with respect to the time period that would be required to recover such funds.

### *Piracy*

It is impossible to measure the impact of piracy on the entertainment industry; however, it may be significant. Technological advancements have facilitated the unauthorized reproduction of film, television, and other media content through the use of digital files, which has made it more difficult to contain the loss of revenue from piracy. While the major studios and various trade organizations, record labels, and music publishers continually seek to limit or prevent piracy, there can be no assurance that these efforts will be successful.

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***Item 9: Disciplinary Information***

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Neither HVEP nor any of its officers, directors, employees, or other management persons have been involved in any legal or disciplinary events that would require disclosure in response to this item.

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***Item 10: Other Financial Industry Activities and Affiliations***

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There are instances where HVEP has a revenue-sharing arrangement with parties that invest in the Fund, Parallel Vehicles, or have an investment advisory arrangement with HVEP. Such agreements are made for HVEP's financing needs. Conflicts of interest relating to such arrangements will be mitigated by the methods discussed in Items 6 and 8.

As a method to mitigate conflicts, HVEP has established, an advisory committee (the "LP Advisory Committee") consisting of at least three representatives of the limited partners selected by the HVEP at its sole discretion. One representative from HVEP serves as an ex-officio, non-voting member and as chairman of the LP Advisory Committee. The purpose of the LP Advisory Committee is to review certain actual or potential conflicts of interest, and certain other matters, brought to it by the Affiliated Member, as provided in the Governing Documents. The LP Advisory Committee is authorized, if so, requested by HVEP, to waive on behalf of the Fund any such actual or potential conflicts of interest or to authorize HVEP to provide consent, on behalf of the Fund, including consents that may be required under the Advisers Act, if applicable, to conflict transactions or assignments of the Fund investment advisory agreements. The LP Advisory Committee will generally act by a vote of a majority of its members. The LP Advisory Committee will not have any direct management control or fiduciary or other duties to the Fund or its limited partners but will serve in an advisory capacity to HVEP.

HVEP provides leverage management services, for compensation, to Alternative Investment Vehicle owned by the Fund.

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

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HVEP recognizes its fiduciary responsibility to treat clients fairly and avoid actual or potential conflicts of interest. HVEP's supervised persons have an obligation to act solely in the best interests of clients, and to make full and fair disclosure of all material facts, particularly where the clients' interests may conflict with the interests of HVEP and/or HVEP's supervised persons. HVEP's supervised persons must maintain the highest industry standards of conduct based on principles of professionalism, integrity, honesty, and trust and therefore HVEP has adopted a Code of Ethics (the "Code") which describes the general standards of conduct that it expects of all supervised persons and focuses on specific areas where supervised persons' conduct has the potential to adversely affect clients, such as: misuse of confidential information, personal securities trading and outside business activities. Failure to uphold the Code may result in disciplinary sanctions, including termination by HVEP. All supervised persons must acknowledge the terms of the Code annually, or as amended.

Any client or prospective client may request a copy of HVEP's Code. Under the Code, HVEP's supervised persons are permitted to maintain personal trading accounts provided that such accounts are disclosed to HVEP and that any personal trading by supervised persons is consistent with the Code and all applicable laws. Employees may buy, sell or hold for their own personal trading accounts securities that HVEP also may buy, sell or hold for the private funds it manages subject to compliance with applicable laws, rules, and regulations, the Code, pre-approval, and a determination that no conflict of interest exists.

***Misuse of Material Nonpublic Information***

HVEP's Code also addresses the misappropriation of material nonpublic or proprietary information (e.g., insider trading) and outside business activities. HVEP's insider trading prohibitions (i) apply to all supervised persons, (ii) extend to activities within and outside their duties as HVEP supervised persons, and (iii) apply to investment interest-related information that is internal to HVEP. Employees are permitted to engage in limited outside business activities provided these activities are pre-cleared by the CCO and more importantly, do not create an actual or potential conflict of interest with any client due to the amount of time spent on such activities and the investment-related nature of certain activities.

***Allocation of Investment Opportunities***

HVEP recognizes its duty to treat all Funds fairly and equitably. Typically, investments pursued by HVEP on behalf of its Funds are capacity constrained by the nature of intellectual property investment transactions. To the extent possible, the Firm will allocate investment opportunities that are appropriate for more than one Fund or Funds according to policies designed by the Firm to distribute investment opportunities on a fair and equitable basis over time guided by attributes of each specific investment and Fund, as well as other factors including, but not limited to: standing commitments from investors and cash flow changes (including available cash, redemptions, exchanges, capital additions and capital withdrawals). As such, allocations are affected by specialized investment objectives or restrictions emphasizing investment in a specific investment or type intellectual property; Funds having specific investment size restrictions that affect



allocations; prior investments in other Funds or special purpose vehicles; each Fund's investment objectives and investment focus; each Fund's appropriate risk profile; each Fund's liquidity and reserves; each Fund's risk appetite; each Fund's diversification; each Fund's targeted rate of return; anticipated holding period and/or liquidity of the investment; composition of each Fund's portfolio; tax implications; legal, contractual or regulatory constraints; timeliness of an investment commitment; and size of an investor's commitment relative to the proposed loan investment. These factors lead to different allocation priorities which will cause certain Funds to receive allocations over or in different proportion to other Funds.

Cross transactions occur when HVEP arranges for the purchase and sale of an investment or investments between certain types of Funds at a price specified by HVEP. Under certain conditions, HVEP is permitted to enter into such cross transactions provided they are executed in compliance with the Advisers Act and, if permitted by the Fund documentation and/or Fund governing bodies.

#### *Personal Securities Trading*

Subject to compliance with applicable laws, rules and regulations, and the Code, supervised persons may buy, sell or hold for their own personal accounts securities and other assets, including the same securities or assets in client accounts. HVEP has adopted personal trading policies and procedures to prevent conflicts of interest with the Fund. HVEP at times may maintain a restricted list of securities that it and its supervised persons may not trade in order to avoid the misuse of material nonpublic information or confidential client information. HVEP's Chief Compliance Officer and/or his/her designee periodically reviews the personal accounts of its employees for compliance with these policies and procedures.

#### *Outside Business Activities*

HPEV's Chief Compliance Officer must pre-approve all outside activities conducted by HVEP's supervised persons. If any activities are deemed to be in conflict with the Funds, such conflicts will be fully disclosed.

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***Item 12: Brokerage Practices***

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HVEP, in acquiring media and entertainment intellectual property rights, does not engage broker-dealers.

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***Item 13: Review of Accounts***

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HVEP's management team monitors each investment on a continuous basis.

HVEP will arrange for audited financial statements to be provided annually to all Fund investors. On a quarterly basis, each investor will be furnished with unaudited financial statements of the Fund in which they invest.

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***Item 14: Client Referrals and Other Compensation***

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HVEP has entered into placement agent agreements pursuant to which it compensates third parties for referrals that result in a potential investor becoming a limited partner in the Fund. Any fees payable to any such placement agents will be borne by the ManCo in accordance with the Governing Documents.

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***Item 15: Custody***

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HVEP is deemed to have custody of the Funds' assets because of the authority that HVEP and/or its affiliated entities have over those assets. The Funds' financial statements are subject to an annual audit by an independent public accountant that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board, and the audited financial statements are distributed to each investor in each Fund within 120 days following the end of each fiscal year of the Fund. The audited financial statements are prepared in accordance with generally accepted accounting principles (GAAP).

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***Item 16: Investment Discretion***

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HVEP has investment discretion which shall be exercised in a manner consistent with the stated investment objectives for the Fund and in accordance with the Fund's Governing Documents. See also Item 13 – Review of Accounts above. Important information about the Fund, including the specific investment policies, fees and expenses, and other material terms, are set forth in the Funds' Governing Documents.

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***Item 17: Voting Client Securities***

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HVEP does not receive proxies regarding the acquired intellectual property rights.

Although HVEP does not expect to receive proxies with respect to Fund investments, HVEP has, in accordance with its fiduciary duty to clients and Rule 206(4)-6 of the Advisers Act, adopted and implemented written policies and procedures governing the voting of Fund securities, if any. Any proxies that HVEP receives will be treated in accordance with these policies and procedures.

Investors will be able to obtain a copy of HVEP's proxy voting policy and procedures or information with respect to a specific proxy vote as it relates to their account by submitting a request to the Chief Compliance Officer, whose contact information can be found on the cover page of this brochure.

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***Item 18: Financial Information***

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HVEP does not solicit or require the prepayment of management fees from the Fund's limited partners six months or more in advance and, to the best of its knowledge and belief, does not have any financial condition that would be likely to impair its ability to meet its commitments to its clients.

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