

Form ADV Part 2A: Brochure

HITE Hedge Asset Management LLC

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This brochure provides information about the qualifications and business practices of **HITE Hedge Asset Management LLC** ("HITE" or "Adviser"). If you have any questions regarding the contents of this Brochure, please contact us at (617) 431-4360 and/or via electronic mail at hrubin@hitehedge.com. 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. HITE is a registered investment adviser. Registration as an investment adviser does not imply a certain level of skill or training. Additional information about HITE is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 - Material Changes

Since the last annual amendment of HITE's brochure on March 31, 2023, we wish to report the following material changes:

- In April 2023, HITE began managing its second separately managed account.

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Item 4 - Advisory Business

HITE, a Delaware limited liability company which has been in business since 2003 and first began managing assets in 2004, offers the services described below to private funds ("Private Funds" or "Funds" and, each individually, a "Fund") and two separately managed accounts. The firm is owned by Matt Niblack and James Jampel. As of December 31, 2023, HITE managed regulatory assets under management of \$1,878,932,034. All client assets are managed on a discretionary basis. HITE provides investment advisory services to HITE Hedge LP, HITE Hedge Offshore Ltd, and HITE Hedge II LP (formerly HITE Energy LP) and two separately managed accounts.

The Adviser formulates each Private Fund's investment objective, directs and manages the investment and reinvestment of each Private Fund's assets and provides reports to investors. HITE manages the assets of each Private Fund in accordance with the terms of the governing documents applicable to each Private Fund.

HITE does not tailor its advisory services, investment objectives or strategies to the requests or needs of individual Private Fund investors. The Private Funds may impose restrictions on HITE with respect to investing in certain securities or types of securities, but investors in these Funds are not permitted to restrict a Fund's investments. For more detailed information regarding each Fund's restrictions, refer to each Fund's offering memorandum.

HITE currently provides discretionary investment advisory services to two separate account clients. HITE tailors its services to the individual needs of those clients. The client may impose restrictions on investing in certain securities or types of securities.

Item 5 - Fees and Compensation

This section contains a summary of the fees received by HITE for management of the Funds as well as a summary of expenses payable by the Funds. The Adviser or its affiliates, as applicable, may waive, modify or reduce the management fee or performance fee (Incentive Allocation) for investors that are principals, employees or affiliates of the Adviser, relatives of such persons and for certain large or strategic investors at its sole discretion. For more detailed information and a complete description regarding each Fund's fees and expenses refer to each Fund's offering memorandum. The principals and other qualified employees of HITE may from time to time invest their personal funds in Private Funds managed by HITE.

Management Fees

As compensation for its services rendered to a Fund, a Fund will pay the Adviser, with respect to each investor, each quarter, a management fee which is a percentage of the investor's capital account balance at the end of each quarter. The general partner may, however, in its discretion, waive the payment of all or part of the management fee payable with respect to any investor for any quarter the General Partner determines is appropriate. The following summarizes the management fee for each Fund and separate account:

HITE Hedge LP —2.0% annually, payable quarterly.
HITE Hedge Offshore Ltd. —2.0% annually, payable quarterly.
HITE Hedge II LP – 2.0% annually, payable quarterly.

Separate Accounts – 2.0% annually, payable monthly or quarterly

Performance Fees

As of the end of each fiscal year, a percentage of the excess of (i) the net capital appreciation otherwise allocable for such year to each Fund investor's capital account over (ii) any balance remaining

in such investor's loss recovery account as of the beginning of such fiscal year, will be allocated to the general partner's capital account as an "Incentive Allocation" or deducted and paid in cash to the Adviser, which is a performance fee. If all or part of an investor's interest is redeemed at any time other than the last business day of a fiscal year, the date of such redemption will be treated as the last business day of a fiscal year, and any applicable Incentive Allocation or fee will be made to the general partner's capital account (and from the investor's capital account) or to the Adviser in the proportion that the redeemed interest bears to such investor's total Interest immediately before the redemption. To calculate the Incentive Allocation or incentive fee, a "loss recovery account" will be established for each investor, the opening balance of which will be zero. As of the end of each fiscal year, the balance in each investor's loss recovery account will be increased by any net capital depreciation or reduced by any net capital appreciation allocated to such investor's capital account for such year. The balance in a loss recovery account will never be reduced below zero. The below summarizes the Incentive Allocation/Fee for each Fund and separate account:

HITE Hedge LP, HITE Hedge Offshore Ltd., HITE Hedge II LP, -- 20% of profits, payable annually.

Separate Accounts -- 20% of profits, payable annually.

Expenses

Each Fund pays all costs and expenses related to its investments and operations, which may include, without limitation, trading, due diligence, financing, insurance, legal, accounting, auditing, tax preparation, reporting and filing costs, as well as the fees of the administrator. Each investor in a Fund bears its share of these costs in addition to the management fees and Incentive Allocation/Fee disclosed above.

Each separate account investor bears its own direct expenses associated with their account in addition to the management fee and incentive fee disclosed above.

Side Letters

The Adviser may enter into agreements (sometimes referred to as "side letters") with certain prospective or existing investors whereby such investors may be subject to terms and conditions that are more advantageous than those set forth in a Fund's private placement memorandum ("PPM"). For example, such terms and conditions may provide for special rights to make future investments in a Fund, other investment vehicles or managed accounts; special withdrawal rights relating to frequency, notice, a reduction or rebate in fees or withdrawal penalties to be paid by the investor and/or other terms; rights to receive reports from the Adviser on a more frequent basis or that include information not provided to other investors (including, without limitation, more detailed information regarding portfolio positions) and such other rights as may be negotiated by the Adviser and such investors. The modifications are solely at the discretion of the Adviser and may, among other things, be based on the size of the investor's investment in a Fund, with an affiliated investment entity or a managed account, an agreement by an investor to maintain such investment in a Fund for a significant period of time, or other similar commitment by an investor to a Fund. As of this date, the Private Funds or the Adviser have entered into an agreement or a side letter with three investors, each of which amends the terms of an LPA or PPM or provides special terms to an investor in a Private Fund.

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

HITE has entered into performance fee arrangements with the Funds it manages. Performance-based fee arrangements may create an incentive for the Adviser to recommend investments that may be riskier or more speculative than those which would be recommended under a different fee arrangement. Such fee arrangements also create an incentive to favor Private Funds with higher performance fees over other Private Funds or separate accounts in the allocation of investment opportunities. HITE's trade allocation procedures are designed to ensure that all Private Funds and separate accounts are treated fairly and equally, subject to their investment objectives and restrictions, and to prevent these conflicts from influencing HITE's allocation of investment opportunities among the Private Funds and separate account.

Item 7 - Types of Clients

HITE offers its services to private investment funds and separately managed accounts. The minimum initial investment in the Funds is \$1,000,000, subject to waiver in the sole discretion of the Fund or Adviser.

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

HITE focuses exclusively on an investing strategy that seeks to profit from relative value trading within the U.S. and global energy sector while generally attempting to generate returns uncorrelated with any asset class. In our market neutral portfolios (HITE Hedge LP, HITE Hedge Offshore Ltd., and HITE Hedge II LP), we will put on long and short equity and debt positions primarily within the major subsectors of energy: upstream (exploration and production), midstream, downstream (refining, petrochemicals, and fuels distribution), and related services. We also execute similar strategies in the utilities, mobility and renewable energy sectors. HITE hopes to generate alpha through a variety of trade types, including exploiting technical moves, relative value discrepancies, dislocations between equities and commodities, and activist opportunities.

Our market neutral portfolios are managed in “near-neutral” fashion, meaning that net exposure will typically range between -35% to +35%. We expect that gross exposure will be less than 500% of a Fund’s Net Asset Value. Under most circumstances, we will seek to maintain only limited, if any, beta to major energy and commodity indices. We may also invest in other pooled investment vehicles (such as money market funds) for hedging or investment purposes. Notwithstanding the foregoing, we reserve the right to trade in any securities or derivatives that we believe, in our sole discretion, may help the Funds meet their investment objectives.

Our market neutral portfolios are designed for those desiring an absolute return strategy within the energy sector, but with lower volatility than more directional energy funds. We may employ leverage, both for speculative and hedging purposes, in a wide variety of ways, including purchasing instruments with borrowed funds and investing and trading in futures contracts, options on futures, options on securities, forward contracts, swaps and other derivative instruments. There generally is no formal limitation on the amount of leverage that we may use.

Risks

It is possible that some of the investment vehicles and direct investments selected by HITE will not meet all of the above criteria, and that some or all of the investments selected by HITE will not perform as anticipated. Depending on conditions and trends in the financial and securities markets and the economy in general, HITE may pursue any objective, employ any investment technique or purchase any type of security that it considers appropriate and in the best interests of the Funds or the separate accounts, that may not be described above. The summary above is based upon numerous assumptions and opinions of HITE concerning world financial markets and other matters, the accuracy of which cannot be assured. There can be no assurance that the Funds’ or the separate account’s investment strategy will achieve profitable results, and results may vary substantially over time. Past performance of a Fund or separate account or that of HITE or its affiliates is not indicative of future results of a Fund or separate account. Investors risk the loss of their entire investment.

The risks below are summaries of the material risks of HITE’s primary investment strategies. For more detailed information regarding each Fund’s risks, refer to its PPM.

Lack of Diversification; Investment Concentration. The Funds’ portfolios will not be diversified among a wide range of securities and will therefore be subject to sector risk related primarily to energy related securities. Energy related securities are concentrated in the oil, gas, propane and coal industries. As such, the securities’ financial performance is subject to demand for these commodities, and to a lesser degree, their price. Among other things, economic activity, weather, conservation and technological advances will play critical roles in the overall demand for these commodities and for related companies. Energy related

securities also may be subject to regulatory risk, terrorist attacks, or forces of nature (e.g., earthquakes and hurricanes) beyond their control. Many energy related companies employ significant leverage and may have limited cash reserves. Therefore, their ability to weather significant downturns is dependent upon their ability to access the capital markets, an access that cannot be ensured. HITE is also invested in utilities, mobility and renewable energy securities, which may be subject to many of the same factors.

General Economic and Market Conditions. Markets can be volatile in response to a number of factors, as well as broader economic, political and regulatory conditions, which may prevent HITE from executing a particular strategy successfully. For example, a pandemic like the novel coronavirus ("COVID-19"), and reactions thereto could cause uncertainty in financial markets and the operation of businesses, including HITE's business, and may adversely affect the performance of the global economy, induce market volatility, and cause market and business closures, supply chain and travel interruptions, the need for employees and vendors to work at external locations, and extensive medical absences. The effects of COVID-19 and other geopolitical issues continue to impact global economic activity and may heighten pre-existing political, social and economic risks, domestically or globally. Deteriorating economic fundamentals may in turn increase the risk of default or insolvency of particular companies, negatively impact market value, increase market volatility, cause credit spreads to widen, and reduce liquidity.

Interest rates had been unusually low in recent years in the U.S. and abroad, but the Federal Reserve in the United States increased interest rates dramatically in 2022 and 2023, when it signaled its intention to effect policies to control potential inflation. Actions taken by the Federal Reserve or foreign central banks to stimulate or stabilize either economic growth or inflation, such as interventions in currency markets, could cause high volatility in the market.

Actual events involving limited liquidity, defaults, non-performance or other adverse developments that affect financial institutions, transactional counterparties or other companies in the financial services industry or the financial services industry generally, or concerns or rumors about any events of these kinds or other similar risks amplified by digital communications, have in the past and may in the future lead to market-wide liquidity problems which could adversely affect a Fund's performance. For example, last year's banking turmoil that began with the closing of Silicon Valley Bank and Signature Bank spread uncertainty over liquidity concerns broadly across the global financial system and jolted financial markets. While this situation was resolved the overall future impact of it is still unknown, if any parties with which HITE conducts business were unable to access deposits with another financial institution, or were unable to access funds pursuant to instruments or lending arrangements with such a financial institution, such parties' credit quality, ability to pay their obligations to HITE, or ability to enter into new commercial arrangements requiring additional payments to HITE, could negatively impact HITE.

The full impact of these events are unpredictable and may adversely affect a portfolio's performance and HITE's management of a Fund or separate account. It is not always possible to access certain markets or to sell certain investments at a particular time or at an acceptable price, thereby impacting the liquidity of a given portfolio. The value of a Fund may change daily based on changes in market, economic, industry, political, regulatory, geopolitical and other considerations.

Risk of Losing Entire Investment. Investors in a Fund or separate account must be prepared to lose all or substantially all of their investments.

Speculative, Highly-Leveraged Trading. A Fund's or separate account's trading will often be highly leveraged and may be affected in markets in which price levels may be volatile and materially affected by unpredictable factors such as governmental intervention. The combination of leverage and volatility creates a high degree of risk.

No Material Limitation on Strategies or Markets. The Funds have been formed specifically so as to provide the Adviser with an investment vehicle through which it can opportunistically implement whatever strategies or discretionary approaches it believes may be best suited to prevailing market conditions. There can be no assurance that the Adviser will be successful in applying any strategy or discretionary approach with respect to trading in the Funds' portfolios.

Competitive Market for Investments. The business of identifying and executing certain transactions of the nature contemplated by the Funds and separate accounts is competitive (and may become more competitive in the future) and involves a high degree of uncertainty. There can be no assurance that the Funds or separate accounts will be able to locate and complete attractive investments that satisfy their investment selection criteria or that, if located and completed, any such investments will produce superior risk-adjusted rates of return or otherwise achieve the Funds' or separate accounts' objectives.

Limited Diversification and Risk Management Failures. The Funds have limited formal guidelines for diversification; the only restriction is that a Fund may invest up to 15% of its gross assets in one security at the time of investment (20% of gross assets for utility securities). As a result, the Funds' portfolio could be significantly concentrated in a limited number of issues, types of financial instruments, industries, sectors, strategies, countries or geographic regions, and any such concentration of risk may increase losses suffered by a Fund. At any given time, it is possible that a Fund's investments could be concentrated in only a few industries, companies, geographic regions, asset types, strategies or other areas of risk. This limited diversity could expose a Fund to losses disproportionate to market movements in general. Even when the Adviser attempts to control risks and diversify the portfolio, risks associated with different assets may be correlated in unexpected ways, with the result that the Funds may face concentrated exposure to certain risks. In addition, many hedge funds pursue similar strategies, which creates the risk that many funds could be forced to liquidate positions at the same time, reducing liquidity, increasing volatility and exacerbating losses. Although the Adviser attempts to identify, monitor and manage significant risks, these efforts do not take all risks into account and there can be no assurance that these efforts will be effective. Many risk management techniques are based on observed historical market behavior, but future market behavior may be entirely different. Any inadequacy or failure in the Adviser's risk management efforts could cause the Funds to incur material losses.

Short Sales. A Fund's or separate account's investment portfolio may include short positions. Short sales involve selling securities which may or may not be owned and borrowing the same securities for delivery to the purchaser, with an obligation to replace the borrowed securities at a later date. Short sales allow the investor to profit from a decline in the price of a particular security. A short sale creates the risk of a theoretically unlimited loss, in that the price of the underlying security could theoretically increase without limit, thus increasing the cost to a Fund of buying those securities to cover the short position. There can be no assurance that the security necessary to cover a short position will be available for purchase. Purchasing securities to close out the short position can itself cause the price of the securities to rise further, thereby exacerbating the loss.

Hedging Transactions. HITE, on behalf of the Funds or separate account, may utilize a variety of aggressive techniques including, but not limited to, purchase of securities on margin, use of options, short-term trading, derivatives, options, swaps, caps and floors, and forward contracts, both for investment purposes and for risk management purposes. While the Funds may enter into such transactions to seek to reduce risk, such transactions may result in a poorer overall performance for the Funds than if they had not engaged in any such hedging or leveraging transaction. Moreover, the portfolios of the Funds and separate accounts will always be exposed to certain risks that cannot be hedged, such as credit risk (relating both to particular securities and counterparties). The Adviser is not obligated to establish hedges for portfolio positions and may not do so.

Use of Leverage. HITE may leverage the Funds' and separate accounts' investment positions by borrowing funds from securities broker-dealers, banks or others. From time to time, the Funds may borrow significant amounts to take advantage of perceived opportunities, such as short-term price disparities between markets or related securities. Such leverage increases both the possibilities for profit and the risk of loss. Borrowings will typically be secured by the Funds' or separate accounts' securities and other assets. Under certain circumstances, such a lender may demand an increase in the collateral that secures a Fund's or separate account's obligations, and if the Fund or separate account were unable to provide additional collateral, the lender could liquidate assets held in the account to satisfy the Fund's or separate account's obligations. Liquidation in that manner could have extremely adverse consequences. In addition, the amount of a Fund's or separate account's borrowings and the interest rates on those borrowings, which will fluctuate, may have a significant effect on a Fund's or separate account's profitability.

Futures Contracts. The value of futures depends upon the price of the financial instruments, such as commodities, underlying them. The prices of futures are highly volatile, and price movements of futures contracts can be influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies. In addition, investments in futures are also subject to the risk of the failure of any of the exchanges on which the Funds' or separate account's positions trade or of its clearing houses or counterparties.

Derivatives. The Funds and separate account have essentially unlimited discretion to use derivative instruments, including (among others) convertible bonds, convertible preferred stock, options, futures, forward contracts, repurchase agreements, reverse repurchase agreements and many different types of swaps involving payments based on a wide range of risks. The Funds and separate accounts use derivatives extensively. In many cases, derivatives provide the economic equivalent of leverage by magnifying the potential gain or loss from an investment in much the same way that incurring indebtedness would. Many derivatives provide exposure to potential gain or loss from a change in the market price of a financial instrument (or a basket or index) or other event or circumstance in a notional amount that greatly exceeds the amount of cash or assets required to establish or maintain the derivative contract. Accordingly, relatively small price movements in the underlying financial instruments or other events or circumstances may result in immediate and substantial losses to the Funds or separate account. In some cases, the Funds' or separate account's exposure under a derivative contract is limited to the amount invested (for example, when a Fund buys a call option). In other cases, the derivative contract creates an open-ended obligation (for example, when the Fund writes a call option). Many derivatives, particularly those negotiated over-the-counter, are substantially illiquid or could become illiquid under certain market conditions. As a result, it may be difficult or impossible to determine the fair market value of a Fund's or separate account's interest in such contracts. Many derivative contracts involve exposure to the credit risk of the counterparty, since the Funds and separate accounts acquire no direct interest in the underlying financial instrument, but instead depend on the counterparty's ability to perform under the contract.

Options. Purchasing put and call options are highly specialized activities and expose the Funds and separate accounts to significantly greater risk than ordinary investment risks. Investing in options can provide greater potential for profit or loss than an equivalent investment in the underlying asset. The value of an option may decline because of a change in the value of the underlying asset relative to the strike price, the passage of time, changes in the market's perception as to the future price behavior of the underlying asset, or any combination of those factors. In the case of the purchase of an option, the risk of loss of an investor's entire investment (*i.e.*, the premium paid plus transaction charges) reflects the nature of an option as a wasting asset that may become worthless when the option expires. Where an option is written or granted (*i.e.*, sold) uncovered, the seller may be liable to pay substantial additional margin, and the risk of loss is unlimited, as the seller will be obligated to deliver, or take delivery of, an asset at a predetermined price which may, upon exercise of the option, be significantly different from the market value. Over-the-counter options that the Funds or separate accounts may use in their investment strategies generally are not assignable except by agreement between the parties concerned, and no party or purchaser has any obligation to permit such assignments. The over-the-counter market for options is relatively illiquid, particularly for relatively small transactions.

Highly Volatile Markets. Price movements of forwards, futures, derivative contracts and other financial instruments in which the Funds' or separate accounts' assets may be invested can be highly volatile and are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies. In addition, governments from time to time intervene in certain markets, directly and by regulation, particularly in currencies, futures and options. Such intervention is often intended to directly influence prices and may, together with other factors, cause some or all of these markets to move rapidly in the same direction. The effect of such intervention is often heightened by a group of governments acting in concert.

Foreign Investments. The Funds and separate accounts may invest in securities of non-U.S. companies located in countries other than the United States. Investing in the equity securities of non-U.S. companies

involves certain considerations not usually associated with investing in securities of U.S. companies, including political and economic considerations, such as greater risks of expropriation and nationalization, the potential difficulty of repatriating funds and general social, political and economic instability; the small size of the securities markets in such countries and the low volume of trading, resulting in potential lack of liquidity and in price volatility; fluctuations in the rate of exchange between currencies and costs associated with currency conversion; and certain government policies that may restrict the Funds' and separate accounts' investment opportunities. In addition, accounting and financial reporting standards that prevail in foreign countries generally are not equivalent to U.S. standards and, consequently, less information may be available to investors in companies located in foreign countries than is available to investors in companies located in the U.S. There is also less regulation, generally, of the securities markets in foreign countries than there is in the U.S.

Item 9 - Disciplinary Information

In February 2023, The SEC and HITE entered into a settlement to resolve a single violation of Rule 105 of Regulation M. The SEC found that HITE violated Rule 105 by participating in one secondary offering in 2021 while also selling short during the restricted period. HITE has resolved this matter without admitting or denying the SEC's findings. As part of this resolution, HITE agreed to cease and desist from violating and any future violations of Rule 105. HITE also agreed to pay a one-time civil money penalty of \$103,591. The funds that participated in the secondary offering were required to disgorge \$111,629.52 and to pay prejudgment interest of \$4,937.24; HITE has reimbursed the funds for this disgorgement and prejudgment interest to ensure that there would be no financial loss for investors as a result of this settlement. HITE has always taken Rule 105 very seriously, and this event occurred despite our team following the appropriate compliance practices based in part on incorrect information from the underwriter about the nature of the offering. Since this occurrence, we have further enhanced our documentation and procedures based on the knowledge gained from this experience.

Item 10 - Other Financial Industry Activities and Affiliations

HITE does not currently have any financial industry affiliations or activities other than those involved in the management of the Private Funds and separate accounts, including acting as the general partner of certain of the Private Funds.

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

HITE has adopted a code of ethics (the "Code") pursuant to Rule 204A-1 under the Investment Advisers Act of 1940 ("Advisers Act"). All prospective and current investors in the Private Funds managed by HITE can request a copy of HITE's code of ethics by contacting HITE's compliance department. HITE's code of ethics, which includes policies regarding personal trading by HITE's employees is designed to detect and prevent potential conflicts of interest between HITE, the Private Funds and separate accounts; and is based on these principles:

- Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- Compliance with all applicable securities laws, rules and regulations;
- The protection of material nonpublic information about HITE's securities recommendations and its clients' securities holdings and transactions;
- Full, fair, accurate and timely disclosure by employees of all personal securities transactions and holdings;
- Principals and employees of HITE are required to obtain prior approval by the CCO in any transaction in any individual security, which includes a prohibition on any purchases of those

securities that HITE advises the private funds and separate accounts (the clients) to buy, sell, or otherwise participate in owning.

- Pre-clearance by employees before they directly or indirectly acquire beneficial ownership in any security in a private placement. Prohibition from participation in initial public offerings.
- The prompt internal reporting of violations of the Code; and
- Accountability for adherence to the Code.

Insider Trading Policy

As part of its Code, HITE has adopted an “Insider Trading” policy in accordance with Section 204A of the Advisers Act, which prohibits the misuse of material nonpublic information by HITE and all of its employees. In addition, the Code contains restrictions on using inside information to engage in any personal transactions or to disclose any material nonpublic information. Any HITE officer or employee who fails to observe the above-described policies risks serious sanctions, including dismissal and personal liability.

Item 12 - Brokerage Practices

Selection of Broker-Dealers

The Adviser has full discretion to select brokers for the trades by the Funds and the separate accounts. In selecting brokers to effect portfolio transactions in public securities for the portfolios of the Funds and the separate accounts, the Adviser will consider such factors as the ability of the brokers to affect the transactions, the brokers’ facilities, reliability and financial responsibility and the provision or payment of the costs of research products or services or other services. The Adviser need not solicit competitive bids and does not have an obligation to seek the lowest available commission cost. Accordingly, if the Adviser determines in good faith that the amount of commissions charged by a broker is reasonable in relation to the value of the brokerage and research products or services or other services provided by such broker, clients may pay commissions to such broker in an amount greater than the amount another broker might charge.

The Adviser may also consider referrals of potential investors in the Funds as a factor in the selection of brokers. As a result, HITE may have an incentive to select brokers based on the Adviser’s interest in receiving investor referrals rather than receiving the most favorable execution. However, HITE will only direct brokerage for investor referrals if it believes it can obtain best execution by trading with that broker.

Section 28(e) of the Securities Exchange Act of 1934, as amended, (the “Exchange Act”) is a “safe harbor” that permits an investment manager to use commissions or “soft dollars” to obtain research and brokerage services that provide lawful and appropriate assistance in the investment decision-making process. Research services within Section 28(e) may include, but are not limited to, research reports (including market research); certain financial newsletters and trade journals; software providing analysis of securities portfolios; corporate governance research and rating services; attendance at certain seminars and conferences; discussions with research analysts; meetings with corporate executives; consultants’ advice on portfolio strategy; data services (including services providing market data, company financial data and economic data); advice from brokers on order execution; and certain proxy services. Brokerage services within Section 28(e) may include, but are not limited to, services related to the execution, clearing and settlement of securities transactions and functions incidental thereto (i.e., connectivity services between an investment manager and a broker-dealer and other relevant parties such as custodians); trading software operated by a broker-dealer to route orders; software that provides trade analytics and trading strategies; software used to transmit orders; clearance and settlement in connection with a trade; electronic communication of allocation instructions; routing settlement instructions; post trade matching of trade information; and services required by the SEC or a self-regulatory organization such as comparison services, electronic confirmations or trade affirmations.

In some instances, the investment manager may receive a product or service that may be used only partially for functions within Section 28(e) (e.g., an order management system, trade analytical software or proxy services). In such instances, the Adviser will make a good faith effort to determine the relative proportion of the product or service used to assist the Adviser in carrying out its investment decision-making responsibilities and the relative proportion used for administrative or other purposes outside Section 28(e). The proportion of the product or service attributable to assisting the Adviser in carrying out its investment decision-making responsibilities will be paid through commissions generated by client transactions, and the proportion attributable to administrative or other purposes outside Section 28(e) will be paid for by the Adviser from its own resources.

Although the Adviser will make a good faith determination that the amount of commissions paid is reasonable in light of the products or services provided by a broker, commission rates are generally negotiable and thus, selecting brokers on the basis of considerations that are not limited to the applicable commission rates may result in higher transaction costs than would otherwise be obtainable. The receipt of such products or services and the determination of the appropriate allocation in the case of “mixed use” products or services create a potential conflict of interest between HITE and its clients. In addition, when HITE receives “soft dollars” and uses commissions to pay for research, HITE receives a benefit because the Adviser did not have to produce or pay for the research, product or service directly. A potential conflict exists since HITE uses a subset of its brokers to pay third-party “soft dollar” expenses. As such, HITE may have an incentive to select brokers based on the fact they pay for research or other products or services as opposed to providing more favorable execution quality than another broker.

The Funds’ and separate accounts’ public securities transactions can be expected to generate a substantial amount of brokerage commissions and other compensation, all of which the Funds and separate accounts will be obligated to pay. The Adviser will have complete discretion in deciding which brokers and dealers the Funds and separate accounts will use and in negotiating the rates of compensation the Funds and separate accounts will pay. In addition to using brokers as “agents” and paying commissions, the Funds and separate accounts may buy or sell securities directly from or to dealers acting as principals at prices that include markups or markdowns, and may buy securities from underwriters or dealers in public offerings at prices that include compensation to the underwriters and dealers.

Brokers sometimes suggest a level of business they would like to receive in return for the various services they provide. Actual brokerage business received by any broker may be less than the suggested allocations, but can (and often does) exceed the suggestions, because total brokerage is allocated on the basis of all the considerations described above. A broker may receive business even if it has not been identified as providing research services.

Research or other services received by HITE may or may not benefit all Funds and the separate accounts whose transactions, and the commissions resulting from those transactions, generated the “soft dollars” to pay for said research or other services. Nonetheless, the Adviser believes that such investment information provides the Funds and separate accounts with benefits by supplementing the research otherwise available to the Funds and the separate accounts. As indicated above, certain of the services provided or paid for with “soft dollars” may benefit the Adviser and its affiliates and not the Funds or the separate accounts.

Trade Aggregation

HITE will, when appropriate although not required to do so, aggregate the Funds’ and separate accounts’ orders to achieve more efficient execution and to provide for equitable treatment among all Funds and the separate accounts. Funds and separate accounts participating in aggregated trades will be allocated securities based on the average price achieved for such trades.

Cross Trading

From time to time, the Adviser may cause a Fund to sell a securities position and cause another Fund to purchase some or all of that position to the extent permitted by applicable law and subject to certain terms and conditions; provided that the assets of the relevant Fund are not treated as “plan assets” (as defined

in Section 3(42) of ERISA and any regulations promulgated thereunder). Such transactions are commonly referred to as “cross trades.” The Adviser typically uses cross trades for purposes of rebalancing the portfolios of the Funds, or for other reasons that are consistent with the investment and operating guidelines of the Private Funds. Any such “cross trades” will be done in accordance with all relevant regulatory requirements and consistent with the Private Funds’ governing documents.

Item 13 - Review of Accounts

Review and Reviewers of Accounts

On a daily basis, the portfolio managers review the investment positions in all Private Funds and separate accounts for any changes in investment thesis and monitor news, earnings, announcements and other indicators. The portfolio managers have sole responsibility for investment decisions with respect to the portfolios of the Funds and the separate accounts.

Nature and Frequency of Reports

Weekly rates of return are calculated by the Funds’ administrator or the investment manager and disseminated to each investor via email upon request. Within ten business days after month-end, each investor is sent a statement, by the administrator with the net asset value of the investor’s account and rate of return for the month and year to date.

Item 14 - Client Referrals and Other Compensation

The Adviser compensates third-party marketing firms in compliance with the requirements set out in newly revised Rule 206(4)-1 under the Advisers Act, including, among other things, the requirement that the relationship between the solicitor and the Adviser, including any potential conflicts, be disclosed to the client or Investor at the time of the solicitation or referral. Compensation is paid pursuant to a written agreement and generally represents a percentage of the fees earned by the Adviser from the investor referred to HITE. *The individuals with the U.S.-based marketing firm are registered representatives of a broker-dealer.*

Item 15 - Custody

All assets in the Private Funds and separate account are held at qualified custodians. HITE is deemed to have custody of the Funds’ assets because a related person of HITE is either the general partner of the onshore Funds or a director of the offshore Fund. Pursuant to Rule 206(4)-2 under the Advisers Act, each Fund is subject to an annual audit conducted by an independent public accountant registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board. Each Fund’s audited financial statements, prepared in accordance with generally accepted accounting principles, are distributed to investors within 120 days of each Fund’s fiscal year end.

Item 16 - Investment Discretion

Each Fund and each separate accounts grants HITE the discretionary authority to manage the client’s portfolio by executing an investment advisory agreement.

Item 17 - Voting Client Securities

The Advisers Act requires investment advisers to act solely in the best interest of their clients at all times. Rule 206(4)-6 under the Advisers Act requires any adviser who votes proxies on behalf of clients to have written policies and procedures. HITE has adopted Proxy Voting Policies and Procedures (“Procedures”), which it believes are reasonably designed to ensure that proxies are voted in the best interest of the Private Funds and separate accounts and consistent with its fiduciary duties.

The Chief Compliance Officer is responsible for implementing, updating and monitoring the Procedures, and for ensuring appropriate disclosure is given to investors. Any conflicts of interest are resolved in the best interests of HITE's clients. The Chief Compliance Officer is also responsible for maintaining, as part of the Adviser's books and records, copies of the Procedures, proxy records and backup documentation relating to voting decisions and conflict resolution in accordance with applicable record keeping requirements. The Chief Compliance Officer can delegate in writing any of his responsibilities under this policy to another person.

Investors may obtain information from HITE regarding how HITE voted client proxies and may also request a copy of the Procedures by contacting HITE's compliance department. HITE believes that voting proxies in accordance with the following guidelines generally is in the best interests of its clients: Generally, HITE votes in favor of routine corporate housekeeping proposals, including election of directors (where no corporate governance issues are implicated), selection of auditors, and increases in or reclassification of common stock.

Generally, HITE will vote against proposals that make it more difficult to replace members of the issuer's board of directors, including proposals to stagger the board, cause management to be overrepresented on the board, introduce cumulative voting, introduce unequal voting rights, and create supermajority voting.

Item 18 - Financial Information

A registered investment adviser is required to provide clients with certain financial information or disclosures about its financial condition. HITE does not have any financial condition that would impair its ability to meet contractual and fiduciary commitments to clients and has not been the subject of a bankruptcy proceeding.