

HILDENE

CAPITAL MANAGEMENT

Firm Brochure

Form ADV, Part 2A

Hildene Capital Management, LLC
333 Ludlow Street, South Tower, 5th Floor
Stamford, Connecticut 06902
Telephone: (203) 517-2500
Facsimile: (203) 517-2548
Email: investorrelations@hildenecap.com
Web: www.hildenecap.com

March 28, 2024

This brochure (this “Firm Brochure”) provides information about the qualifications and business practices of Hildene Capital Management, LLC (“HCM”) and certain of its affiliates that are relying advisers of HCM (all such affiliates, together with HCM, collectively, “Hildene”).

If you have any questions about the contents of this brochure, please contact Lisa Harris, Chief Compliance Officer of Hildene, by telephone at (203) 517-2558 or by email at lharris@hildenecap.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.

Hildene is a registered investment adviser. Registration as an investment adviser reflects only that a firm has registered with the SEC and does not imply a certain level of skill or training.

More information about Hildene is available on the SEC’s website at <http://www.adviserinfo.sec.gov>. You can search this site by a unique identifying number, known as a CRD number. Hildene’s CRD number is 160415.

ITEM 2: MATERIAL CHANGES

Annual Update

Hildene is filing an annual updating amendment to its Firm Brochure. This Item 2 summarizes the material changes that have been made to our Firm Brochure since Hildene's last annual update was filed on March 31, 2023 (the "2023 Annual Update").

Material Changes Since Last Annual Update

Since the 2023 Annual Update, the following changes have occurred in respect of Hildene's business and operations:

- In 2023, the following Taberna CDOs managed by HCMC II, LLC were liquidated pursuant to their terms: (i) Taberna Preferred Funding III, Ltd. and (ii) Taberna Preferred Funding VII, Ltd. These changes are reflected in Item 4 of this Firm Brochure.
- Hildene Structured Advisors, LLC, a relying adviser of HCM, closed two new securitization transactions: (i) Hildene TruPS Securitization 5, Ltd. in March 2023 and (ii) Hildene TruPS Resecuritization A4B, LLC in March 2024. These changes are reflected in Item 4 of this Firm Brochure.

Full Brochure Available

Whenever you would like to receive a complete copy of this Firm Brochure, please contact Lisa Harris, Hildene's Chief Compliance Officer, by telephone at (203) 517-2558 or by email at lharris@hildenecap.com.

ITEM 3: TABLE OF CONTENTS

Item 2: Material Changes	2
Item 3: Table of Contents	3
Item 4: Advisory Business	4
Item 5: Fees and Compensation	10
Item 6: Performance Based Fees and Side-By-Side Management	12
Item 7: Types of Clients.....	13
Item 8: Methods of Analysis, Investment Strategies and Risk of Loss	14
Item 9: Disciplinary Information	25
Item 10: Other Financial Industry Activities and Affiliations	26
Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.....	27
Item 12: Brokerage Practices.....	29
Item 13: Review of Accounts.....	32
Item 14: Client Referrals and Other Compensation	33
Item 15: Custody	34
Item 16: Investment Discretion	35
Item 17: Voting Client Investments.....	36
Item 18: Financial Information.....	37

ITEM 4: ADVISORY BUSINESS

The Firm

Hildene Capital Management, LLC, a Delaware limited liability company ("HCM"), was founded by Brett Jefferson in January 2008 to take advantage of opportunities in the stressed/distressed structured finance market. HCM is a wholly-owned subsidiary of Hildene Holding Company, LLC ("HoldCo"). In turn, HoldCo is principally owned by Mr. Jefferson and heirs. Neither HoldCo nor HCM is publicly owned or traded. In March 2022, HCM entered into a strategic relationship with Leucadia Asset Management ("Leucadia"), a division of Jefferies Financial Group Inc. In connection with the transaction, Leucadia acquired a non-controlling financial interest in HCM and has and will help seed certain new HCM vehicles and businesses.

Hildene Collateral Management Company, LLC ("HCMC I"), a Delaware limited liability company, was founded in December 2016 to provide portfolio and collateral management services to certain issuers of collateralized debt obligations ("CDOs"). HCMC II, LLC ("HCMC II"), a Delaware limited liability company, was founded in October 2018 to provide portfolio and collateral management services to certain issuers of CDOs. HCMC III, LLC ("HCMC III") and, together with HCMC I and HCMC II, collectively, "HCMC", a Delaware limited liability company, was founded in December 2019 to provide portfolio and collateral management services to certain issuers of CDOs. HCMC I, HCMC II and HCMC III are each a wholly-owned subsidiary of HCMC Holding Company, LLC ("HCMC HoldCo"). HCMC HoldCo is majority beneficially owned by Brett Jefferson and no person other than Mr. Jefferson beneficially owns 25% or more of HCMC HoldCo's equity. None of HCMC HoldCo, HCMC I, HCMC II nor HCMC III are publicly owned or traded.

Hildene Structured Advisors, LLC ("HSA"), a Delaware limited liability company, was founded in October 2017 to provide portfolio and collateral management services primarily to new issue CDOs sponsored by HSA. HSA is a wholly-owned subsidiary of HoldCo, and is not publicly owned or traded.

Each of HCMC I, HCMC II, HCMC III and HSA are included in Form ADV, Schedule R, as relying advisors, and are referred to individually herein as a "CM Affiliate" and collectively herein as "CM Affiliates."

Types of Advisory Services

HCM provides continuous investment management services on a fully discretionary basis to a diverse array of clients, including institutions and pooled investment vehicles and in limited circumstances, non-discretionary investment management services. Services provided are consistent with each client's investment guidelines as noted in the applicable investment management agreement and/or offering documents.

HCM primarily provides advice with respect to structured finance opportunities such as collateralized debt obligations (CDOs), collateralized loan obligations (CLOs), residential mortgage-backed securities (RMBS), and other types of debt securities or debt obligations backed by the payments from pools of fixed income instruments. HCM also advises clients on other types of fixed income and equity securities, including, without limitation, trust preferred securities issued by bank and insurance holding companies and real estate investment trusts, high yield bonds, syndicated bank loans, mortgage loans, common and preferred equity of various issuers, consumer loans, multifamily loans and other types of investments. HCM

specializes in complex financial instruments and uncovering overlooked long-term value opportunities within inefficient markets. With a disciplined, systematic approach, HCM seeks to achieve high risk-adjusted returns through calculated investments at deeply discounted fundamental values in dislocated markets. Structured finance investments and other types of investments that HCM advises on can be complex, opaque and require specialized expertise to analyze.

HCM provides its investment management services through a variety of vehicles, including private funds and separate accounts. A description of the advisory services HCM provides in respect of these vehicles is as follows.

Private Funds

Hildene Opportunities Master Fund, Ltd. (“HOF”)

HOF was launched in May 2008 for the purpose of investing and trading primarily in structured finance securities including collateralized debt obligations, collateralized loan obligations, mortgage-backed securities, asset-backed securities, bank debt, special situations, high-yield bonds and special situation equity securities. HOF is part of a “master-feeder” fund structure comprised of investments by two feeder funds, Hildene Opportunities Fund, LP, a Delaware limited partnership established for U.S. taxable investors, and Hildene Opportunities Offshore Fund, Ltd., a Cayman Islands-based corporation established for non-U.S investors and U.S. tax-exempt investors.

HOF’s investment objective is to achieve absolute risk-adjusted returns over an extended period of time with a minimum correlation to the broadly-based stock and bond indices. HOF invests (directly and indirectly) primarily in CDOs backed by trust-preferred securities (“TruPS”) issued by small and regional financial institutions in the United States (including CDOs managed by affiliates of HCM).

HOF invests in securities that are complex and illiquid, and leverage is used in an effort to enhance returns.

Hildene Opportunities Master Fund II, Ltd. (“HOF II”)

HOF II was launched in August 2011 for the purpose of investing and trading primarily in credit-related opportunities including small and medium-sized corporate credits, single name credits, CLOs, seasoned residential mortgage-backed securities, asset-backed securities, bank debt, special situations, high-yield bonds, seasoned ABS CDOs, CRE CDOs, TruPS CDOs and other structured credit investments (including CDOs managed by affiliates of HCM). HOF II is part of a “master-feeder” fund structure comprised of investments by two feeder funds, Hildene Opportunities Fund II, LP, a Delaware limited partnership established for U.S. taxable investors, and Hildene Opportunities Offshore Fund II, Ltd., a Cayman Islands-based corporation established for non-U.S investors and U.S. tax-exempt investors.

HOF II’s investment objective is to achieve absolute risk-adjusted returns over an extended period of time with a minimum correlation to the broadly-based stock and bond indices. To do this, HOF II primarily invests in credit-based securities, applying a thorough and multi-faceted fundamental valuation of the underlying structure. This entails an in-depth analysis of the legal components, a detailed analysis of the underlying cash flows and a thorough understanding of the overall credit risk of the underlying investment.

HOF II invests in securities that are complex and illiquid, and leverage is used in an effort to enhance returns.

Hildene Private Credit Fund I, LP (“HPCF”)

HPCF was launched in January 2022, and completed its first close in November 2022. The fund was formed for the purpose of investing and trading primarily in residential, multifamily and consumer/specialty assets through the formation of unique, exclusive or limited access strategic relationships with operating partners that are actively involved in the origination, sourcing, monitoring, servicing or securitizing of residential, multifamily and consumer loans. HPCF’s investment objective is to achieve absolute risk-adjusted returns with low correlation to traditional fixed income and equity benchmarks through a combination of current income and capital appreciation.

Hildene Private Credit Rated Feeder Fund I, LP was formed in September 2023 and will invest all of its investable assets in limited partner interests of HPCF.

HPCF invests in securities that are complex and illiquid, and leverage may be used in an effort to enhance returns.

HCM 2021-1, LLC

In January 2021, Hildene launched HCM 2021-1, LLC, a co-investment vehicle established to acquire multifamily credit investments, predominantly “B-pieces” backed by Freddie Mac loans.

Hildene TruPS Co-Invest Fund, LP (“TruPS Co-Invest Fund”)

In October 2022, Hildene launched the TruPS Co-Invest Fund for the purpose of investing in certain TruPS CDOs.

Bryant Park Credit Funds

Bryant Park Credit Fund I, LP (previously known as Hildene Rated Credit Fund I, LP) and Bryant Park Credit Fund II, LP (previously known as Hildene Rated Credit Fund II, LP) were formed in September 2022, Bryant Park Credit Fund III, LP (previously known as Hildene Rated Credit Fund III, LP) was formed in May 2023 and Bryant Park Credit Fund IV, LP was formed in December 2023. Bryant Park Credit Fund I, LP, Bryant Park Credit Fund II, LP, Bryant Park Credit Fund III, LP and Bryant Park Credit Fund IV, LP are collectively referred to herein as the “Bryant Park Credit Funds.” The Bryant Park Credit Funds’ investment objective is to generate superior risk-adjusted returns primarily by investing in TruPS, including both TruPS CDOs and single name TruPS.

Separate Accounts

HCM manages separate accounts for institutional clients. These separate accounts invest primarily in structured finance opportunities, including CDOs and CLOs, preferred stock and subordinated debt issued by banks or bank holding companies, high yield bonds, and other types of credit-related assets. Specific investment strategies employed by HCM in connection with any separate account are memorialized in an advisory services contract with the account holder.

Notwithstanding the foregoing, HCM generally retains the authority to invest and trade on behalf of its clients in a wide variety of instruments and securities of all kinds and descriptions, whether privately placed or publicly traded, including, but not limited to, common or preferred stock, bonds and other debt securities (including U.S. government and agency securities), convertible securities, accounts receivable, notes, interests in other investment funds and vehicles, loans and loan participations (including second lien or mezzanine loans on a secured or unsecured basis), instruments issued by distressed companies, limited partnership or limited liability company interests, repurchase agreements with respect to any securities, mutual fund shares, closed-end investment funds, options, warrants, commodities, futures contracts, currencies (including forward contracts therein), derivative products of all types (including interest rate and currency derivatives, total return swaps, credit default swaps and other types of swaps, forward contracts and structured/indexed securities), monetary instruments and cash and cash equivalent investments.

Reinsurance Accounts

In August 2022, Hildene established Hildene Re SPC, Ltd. (previously known as Ludlow Re SPC, Ltd.), a Class B-III licensed insurance company domiciled in the Cayman Islands ("Hildene Re"). Hildene Re is currently owned directly and indirectly by Hildene accounts as well as principals and employees of Hildene. Hildene Re has entered into reinsurance contracts to reinsure fixed index annuities through quota share agreements with two U.S.-based insurance companies. Hildene expects Hildene Re to continue to enter into additional reinsurance transactions in the future. In connection with Hildene Re's reinsurance business, Hildene manages one or more separate accounts that invest insurance- and reinsurance-related capital ("Hildene Insurance Accounts"). Among other things, Hildene Insurance Accounts invest in securities of issuers affiliated with Hildene accounts, including asset back securities issued and other debt securities and instruments issued (as part of a financing, refinancing or similar transaction) by other Hildene accounts. Hildene Insurance Accounts also provide financing to other Hildene accounts from time to time.

Other Clients

HCM may also from time to time manage other accounts which utilize investment strategies that may or may not be similar to strategies employed by HCM on behalf of existing clients.

Tailored Advice and Investment Restrictions

HCM offers investment strategies through a variety of vehicles, including separate accounts and private funds. HCM may agree to tailor its advice in respect of separate account clients on a client-by-client basis, and may agree to impose reasonable restrictions on the types of investments made on behalf of such account. HCM's investment advice in respect of the private funds it manages is governed by the offering materials and governing documents of such funds, and is not tailored to specific investors in such funds.

On occasion, investment opportunities may be identified which are larger than existing capacity for a fund. In such circumstances, HCM may allow specific clients and/or fund investors to participate directly in such investments, either on a standalone basis or alongside an investment by the fund. Any such opportunities are presented only to individual clients or fund investors who are sophisticated enough to understand both the risks of the investment and the risk to the client from direct exposure to the same investment held within the fund. Such opportunities may also be offered to prospective clients.

Relying Advisers

Hildene Collateral Management Company, LLC

HCMC I is primarily engaged in the business of providing portfolio and collateral management services to various CDO issuers. HCMC I currently acts as collateral manager for the following CDO issuers: Trapeza CDO I, LLC, Trapeza CDO III, LLC, Trapeza CDO IX, Ltd., Trapeza CDO X, Ltd., Trapeza CDO XI, Ltd., Trapeza CDO XII, Ltd. and Trapeza CDO XIII, Ltd. (collectively, the “Trapeza CDOs”); and Alesco Preferred Funding X, Ltd., Alesco Preferred Funding XI, Ltd., Alesco Preferred Funding XII, Ltd., Alesco Preferred Funding XIII, Ltd., Alesco Preferred Funding XIV, Ltd., Alesco Preferred Funding XV, Ltd., Alesco Preferred Funding XVI, Ltd. and Alesco Preferred Funding XVII, Ltd. (collectively, with Alesco Preferred Funding IX, Ltd., the “Alesco CDOs”). The management rights in respect of the Trapeza CDOs were acquired from Trapeza Capital Management, LLC and its affiliates between March 6, 2017 and June 8, 2017. The management rights in respect of the Alesco CDOs were acquired from affiliates of Fortress Investment Group LLC on November 27, 2018. The Trapeza CDOs and Alesco CDOs are each governed by an indenture and collateral management agreement that sets forth the manner in which each CDO is to be managed, including types of eligible collateral, investment objectives and risk criteria. HCMC I is entitled to fees for its services and such fees will be indirectly borne by clients to the extent the clients invest in HCMC I-managed CDOs.

HCMC II, LLC and HCMC III, LLC

HCMC II and HCMC III are primarily engaged in the business of providing portfolio and collateral management services to various CDO issuers. HCMC II currently acts as collateral manager for the following CDO issuers: Taberna Preferred Funding IV, Ltd., Taberna Preferred Funding VI, Ltd., Taberna Preferred Funding VIII, Ltd. and Taberna Preferred Funding IX, Ltd. (the “HCMC II Taberna CDOs”). HCMC II previously served as collateral manager to Taberna Preferred Funding III, Ltd. and Taberna Preferred Funding VII, Ltd., which were liquidated pursuant to their terms in 2023.

HCMC III currently acts as collateral manager for the following CDO issuers: Taberna Preferred Funding I, Ltd., Taberna Preferred Funding II, Ltd. and Taberna Preferred Funding V, Ltd. (together with the HCMC II Taberna CDOs, collectively, the “Taberna CDOs”). HCMC III also serves as collateral manager for Alesco Preferred Funding IX, Ltd. (“Alesco IX”), which HCMC III assumed the management rights to on March 15, 2021. The management rights in respect of the Taberna CDOs were acquired from affiliates of Fortress Investment Group LLC on March 26, 2020.

The Taberna CDOs and Alesco IX are each governed by an indenture and collateral management agreement that sets forth the manner in which each CDO is to be managed, including types of eligible collateral, investment objectives and risk criteria. HCMC II and HCMC III are entitled to fees for its services and such fees will be indirectly borne by clients to the extent the clients invest in HCMC II- or HCMC III-managed CDOs.

Hildene Structured Advisors, LLC

HSA is primarily engaged in the business of providing portfolio and collateral management services to new issue CDOs sponsored by Hildene clients. As of March 31, 2024, HSA acts as collateral manager or collateral servicer on eight securitization transactions: Hildene TruPS Securitization 2018-1, Ltd. (“HITR 2018-1”); Hildene TruPS Securitization 2019-2, Ltd. (“HITR 2019-2”); Hildene TruPS Securitization 2020-3,

Ltd. ("HITR 2020-3") Hildene TruPS Securitization 4, Ltd. ("HITR 4"); Hildene TruPS Securitization 5, Ltd. ("HITR 5"); Hildene TruPS Resecuritization 2019-P10B, LLC ("HITRR P10B"); Hildene TruPS Resecuritization 2019-P12B, LLC ("HITRR P12B"); and Hildene TruPS Resecuritization A4B, LLC ("HITRR A4B"). HSA has also sponsored and currently manages two other pre-securitization warehouse vehicles in anticipation of one or more future securitization transactions: HITR Quattro, Ltd. (previously known as Hildene TruPS Securitization 2021-4, Ltd.) ("HITR Quattro"); and Hildene Financials Securitization 2020-1, Ltd. ("HIFI 2020-1"). HSA also provides portfolio and collateral management services to a CDO issuer, Hildene Community Funding CDO, Ltd. ("HCOMF", together with HITR 2018-1, HITR 2019-2, HITR 2020-3, HITR 4, HITR 5, HITRR P10B, HITRR P12B, HITRR A4B, HITR Quattro, and HIFI 2020-1, collectively, the "HSA CDOs"), the management rights in respect of which were acquired from StoneCastle Investment Management, LLC on August 4, 2020. HSA has entered into an investment management agreement, collateral management agreement and/or collateral servicing agreement with each of the HSA CDOs that, together with any applicable indentures, sets forth the manner in which each HSA CDO is to be managed, including types of eligible collateral, investment objectives and risk criteria. HSA is responsible for the selection of any securities to be acquired and held by each of the HSA CDOs as collateral. Certain clients of Hildene, including HOF, HOF II, TruPS Co-Invest Fund, the Bryant Park Credit Funds and certain separately managed accounts, invest in one or more of the HSA CDOs, and will likely invest in future warehouses or CDOs managed by HSA, provided that such clients will not be subject to any underlying management or incentive fees charged by HSA.

Wrap Fee Programs

Hildene does not offer or participate in any wrap fee programs.

Client Assets Under Management

As of December 31, 2023, Hildene managed client assets on a discretionary basis in the approximate amount of \$14,662,175,000, including (i) approximately \$5,450,302,000 of private fund and separately managed account assets managed by HCM; (ii) approximately \$7,545,234,000 aggregate par notional value of collateralized debt obligations managed by HCMC; and (iii) approximately \$1,666,639,000 aggregate par notional value (or fair value, if available) of collateralized debt obligations ("Sponsored CDO AUM") managed by HSA. To avoid double-counting of client assets under management, Sponsored CDO AUM excludes the fair market value of securities issued by HSA-sponsored CDOs that are retained by other Hildene clients. As of December 31, 2023, Hildene managed approximately \$10,639,000 client assets on a non-discretionary basis.

ITEM 5: FEES AND COMPENSATION

HCM charges a management fee to clients based on a percentage of assets the client has supervised by HCM. The standard management fees charged to clients range from 0.5% per annum to 2% per annum. Management fees are generally deducted from the assets managed by HCM on behalf of a client on a quarterly basis, in advance; provided that certain separately managed account clients pay management fees on a less frequent basis and/or in arrears. Management fees are negotiable depending on the size of the client's investment and/or the client's investment strategy. HCM may also elect to waive any management fees payable by any investor or client or may elect to rebate management fees received to a client. Management fees are typically non-refundable once paid, though Hildene may negotiate with a client to refund a pro rata portion of management fees paid in advance in respect of certain separately managed accounts in the event such account is terminated during the applicable fee period. As discussed in Item 6, HCM also typically receives an incentive fee or allocation based on the performance of each account for which it provides investment management services, subject to a high-water mark or preferred return.

HCMC receives base collateral management fees equal to between 0.10% to 0.25% per annum of the collateral balance of each CDO it manages. However, some portions of HCMC's fees may be payable only after certain levels of payments have been made to the holders of securities issued by the CDO. In addition, HCMC may receive a subordinated collateral management fee of between 0.10% and 0.20% per annum of the collateral balance of the CDO, including any previously accrued but unpaid subordinate collateral management fees, and may also receive performance fees as discussed in Item 6 below.

All fees attributable to the Trapeza CDOs, Alesco CDOs and Taberna CDOs are paid quarterly (or, for some Trapeza CDOs, biannually) to HCMC by an independent trustee for the CDO in accordance with the terms of the applicable indenture. Management fees attributable to the Trapeza CDOs, Alesco CDOs and Taberna CDOs are calculated by the trustee and confirmed by HCMC. HCMC does not require the CDOs to pay fees in advance.

HSA does not currently charge any fees in respect of the services it provides to any of the HSA CDOs. HSA may in the future charge a management fee and/or an incentive fee in respect of CDOs for which it provides collateral management services.

Neither HCM nor any of its relying advisers or supervised persons accepts compensation for the sale of securities or other investment products.

Other than management fees and the incentive fees discussed above and in Item 6 below, neither HCM nor its relying advisers receives any additional fees from clients for its services.

In addition to management fees and incentive fees, funds and separate accounts managed by HCM and its relying advisers incur certain fees and expenses in connection with the provision of investment advisory services. As provided in a client's account documents, clients may bear expenses such as administrator fees, custodian/settlement agent fees, insurance, research, organizational expenses, accounting/audit fees, taxes, legal fees and transaction costs. See Item 12 Brokerage Practices, for a description of transaction costs borne by clients and client accounts.

Expenses incurred by a client are generally paid directly by the client, but Hildene may pay the expenses directly and seek reimbursement from the applicable client. Certain costs and expenses may be incurred for the benefit of, or be shared by, multiple clients, including clients which are not eligible to bear such costs and expenses. Such shared expenses generally will be allocated across the applicable clients pro rata based on relative assets under management or in such other manner as Hildene deems appropriate. Hildene will bear the portion of such shared costs and expenses otherwise allocable to clients who benefit from, but are not eligible to pay, such shared costs and expenses.

ITEM 6: PERFORMANCE BASED FEES AND SIDE-BY-SIDE MANAGEMENT

HCM receives an incentive fee or allocation based on the performance of each account for which it provides investment management services. This performance-based payment is payable either directly to HCM or to an affiliate of HCM. The standard incentive payment for clients ranges from 15% to 20% per annum, subject to a high-water mark or preferred return. Incentive fees are negotiable depending on the size of the client's investment. HCM seeks to align its incentive fees with investors and has committed with certain investors to classify certain amounts of incentives as unearned redemption payments that are not earned or payable until capital is withdrawn or redeemed by the investor. Each client paying an incentive fee to HCM must qualify as a "qualified client" under Rule 205-3 promulgated under the Investment Advisers Act of 1940, as amended (the "Advisers Act").

Earned incentive payments are deducted from a client's assets at the end of each year and/or upon each withdrawal of capital by a client, and, in the case of private funds managed by HCM, are typically treated as an allocation by such fund to HCM or its affiliates.

HCM may manage its own accounts or the accounts of an affiliate of HCM (an "Affiliated Account") alongside client accounts on a side-by-side basis. Affiliated Accounts and client accounts may have similar investment objectives, investment guidelines and investment limitations, and certain investment opportunities considered by HCM may be suitable for both clients and Affiliated Accounts. In such circumstances, in accordance with HCM's trade allocation policy, HCM shall first allocate such opportunities to HCM's clients for whom allocation would be appropriate, in such amounts as may be appropriate, prior to allocating such opportunities to any Affiliated Accounts. In any circumstance involving the side-by-side management of client accounts and Affiliated Accounts, HCM shall always put client accounts first. HCM has adopted the foregoing policy to ensure the fair and equitable allocation of investment opportunities among clients and Affiliated Accounts.

HCM also manages client accounts (including private funds and separately managed accounts) on a side-by-side basis. For more information, please see "Allocation of Trades" in Item 12 below.

HCMC charges a performance fee of between .15% and .25% per annum to certain of the Trapeza CDOs and Alesco CDOs it manages, as set forth in the applicable indenture and collateral management agreement. The performance fee is payable when the equity class of securities of the CDO has achieved a specified return on investment.

HSA does not currently charge any fees in respect of the services it provides to any of the HSA CDOs. HSA may in the future charge a management fee and/or an incentive fee in respect of CDOs for which it provides collateral management services.

ITEM 7: TYPES OF CLIENTS

HCM offers discretionary investment management services to private funds, including, but not limited to, HOF, HOF II and HPCF and separate accounts. Investors are generally institutional clients, such as financial institutions, insurance companies, pension funds, corporations and other business entities, as well as family offices, endowments, trusts and high net worth individuals through private funds.

HCM generally requires a minimum investment of \$1,000,000 from investors in its private funds and a minimum investment of \$50,000,000 from separate account clients. Occasionally, investments less than these amounts are accepted by HCM from “friends and family” and other investors and clients, as determined by HCM in its discretion. Prospective investors should refer to the appropriate fund offering documents or separate account advisory contract, as the case may be, for additional qualification requirements for investment.

HCMC provides portfolio and collateral management services to the Trapeza CDOs, Alesco CDOs and Taberna CDOs. Certain private funds and separate accounts managed by HCM are also investors in the Trapeza CDOs, Alesco CDOs and Taberna CDOs managed by HCMC.

HSA provides portfolio and collateral management services to the HSA CDOs. Certain private funds and separate accounts managed by HCM are also investors in the HSA CDOs managed by HSA.

ITEM 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

Methods of Analysis and Investment Strategy

HCM primarily provides advice regarding structured finance opportunities, including CDOs, CLOs, RMBS, and other types of debt securities backed by the payments from pools of fixed income instruments. HCM also advises clients on other types of fixed income and equity securities, including, without limitation, trust preferred securities issued by bank and insurance holding companies and real estate investment trusts, high yield bonds, syndicated bank loans, mortgage loans, common and preferred equity of various issuers, consumer loans and other types of investments. HCM's investment ideas are generated from a wide variety of sources.

HCM uses a bottom-up approach that analyzes investment opportunities from a fundamental and technical perspective, evaluating innate structural value, net asset value, liquidation value and other fundamental and technical factors. Using this approach, HCM purchases instruments and securities that it believes are mispriced because of either their complexity or a technical component in the marketplace. Ultimate value is achieved through a long-term view that focuses on the general realization of value in the underlying assets. HCM believes that performance is best achieved when understanding all the macroeconomic components of the overall market and dissecting microeconomic drivers that define a structure or company.

HCM typically gathers information about an investment from a number of sources including, but not limited to, trustee reports, licensed and proprietary software, issuers, customers, vendors, suppliers, competitors, consultants, advisors, dealers and industry executives. Through these channels of communication, HCM is often alerted to relevant news, nuances and information that may enhance the effectiveness of its investment analysis. HCM also gathers information from public filings (10-K's, 10-Q's, 8-K's, 13-G's, etc.), trade and financial publications, publication search engines, yield rankings, valuation screens, corporate action calendars, investment conferences and other available information sources.

HCM's due diligence is founded on an in depth knowledge of underlying structural nuances. A thorough analysis of the expected result based on financial engineering and an overall understanding of the terminal value and risks of the underlying credits of a specific company are utilized in decision-making.

HCMC monitors the portfolio investments of the Trapeza CDOs, Alesco CDOs and Taberna CDOs to evaluate their performance. However, because the reinvestment period has ended with respect to each of the Trapeza CDOs, Alesco CDOs and Taberna CDOs, HCMC is not actively making new portfolio investments on behalf of the Trapeza CDOs, Alesco CDOs or Taberna CDOs. In monitoring portfolio investments with respect to the Trapeza CDOs, Alesco CDOs and Taberna CDOs, HCMC analysts review a variety of sources for information including, but not limited to, financial newspapers and magazines; inspections of and meetings with portfolio companies; third party research materials; corporate rating services; company press releases; and corporate regulatory filings.

For new issue CDOs, HSA has discretionary authority over each HSA CDO's assets during the pre-securitization warehouse period and is responsible for the selection of any securities to be acquired and held in each of the warehouses. Post-securitization, HSA monitors the portfolio investments of the HSA CDOs to evaluate their performance. However, because the new issue HSA CDOs are comprised of static portfolios, HSA does not make new portfolio investments on behalf of the HSA CDOs after securitization.

In monitoring portfolio investments with respect to the HSA CDOs, HSA analysts review a variety of sources for information including, but not limited to, financial newspapers and magazines; inspections of and meetings with portfolio companies; third party research materials; corporate rating services; company press releases; and corporate regulatory filings.

Summary of Material Risks

Hildene invests in securities that are complex and may be distressed. Prices of securities react to the business and financial condition of the issuer as well as macro-economic factors. Investing in any security entails risk of loss, particularly when the securities are complex or distressed. Hildene has listed certain risks below; however the list of risks is not comprehensive or complete. Clients are strongly advised to review the risk factors and potential conflicts of interest contained in the relevant offering materials, organizational documents and/or investment management agreements relating to their investments with Hildene.

The investment strategies that Hildene employs for its clients entail various risks, including, but not limited to, the following:

- Structured Finance Securities. The investment strategies employed by Hildene involve investing and trading in structured finance products. Investing in structured finance securities entails a variety of unique risks. In addition, the performance of a structured finance security will be affected by a variety of factors, including its priority in the capital structure of the issuer thereof, the availability of any credit enhancement, the level and timing of payments and recoveries on and the characteristics of the underlying receivables, loans or other assets that are being securitized, remoteness of those assets from the originator or transferor, the adequacy of and ability to realize upon any related collateral and the capability of the servicer of the securitized assets.
- Distressed Securities. The investment strategies employed by Hildene may involve investing in distressed securities or underperforming or non-performing debt. Distressed debt securities are subject to the significant risk of an issuer's inability to meet principal and interest payments on the obligations (credit risk) and also may be subject to price volatility due to such factors as interest rate sensitivity, market perception of the creditworthiness of the issuer and general market liquidity (market risk). Distressed securities may react to developments affecting market and credit risk to a greater extent than non-distressed securities. In addition, certain types of distressed securities involve bankruptcy risks, including with respect to securities purchased after an issuer emerges from a bankruptcy reorganization. With respect to post-reorganization securities, such securities typically entail a higher degree of risk than investments in securities of companies which have not undergone a reorganization or restructuring. Moreover, post-reorganization securities can be subject to increased selling or downward pricing pressure after the completion of a bankruptcy reorganization or restructuring. If Hildene's evaluation of the anticipated outcome of an investment situation should prove incorrect, clients holding such investment could experience a loss.
- Financial Institution Risk. Clients are subject to the risk that one of the client's account's banks, brokers, hedging counterparties, lenders or other custodians of some or all of the account's assets (each, a "Financial Institution") fails to perform its obligations or experiences insolvency, closure, receivership or other financial distress or difficulty (each, a "Distress Event"). Distress Events can be caused by factors including, but not limited to, eroding market sentiment, significant

withdrawals, fraud, malfeasance, poor performance or accounting irregularities. In the event a Financial Institution experiences a Distress Event, Hildene and/or its accounts may not be able to access deposits, borrowing facilities or other services for an extended period of time or ever. Although assets held by regulated Financial Institutions in the United States frequently are insured up to stated balance amounts by organizations such as the Federal Deposit Insurance Corporation ("FDIC"), in the case of banks, or the Securities Investor Protection Corporation ("SIPC"), in the case of certain broker-dealers, amounts in excess of the relevant insurance are subject to risk of loss, and any non-U.S. Financial Institutions that are not subject to similar regimes pose increased risk of loss. Although in recent events governmental intervention has resulted in additional protections for depositors, there can be no assurance that governmental intervention will be successful or avoid the risk of loss, substantial delays or negative impact on banking or brokerage conditions or markets.

A Distress Event may have a potentially adverse effect on the ability of Hildene to manage client accounts and their investments, and on the ability of Hildene and/or its clients to maintain operations, which in each case could result in significant losses and unconsummated investment acquisitions and dispositions. Such losses have the potential to include fees and expenses incurred by a client in the event the client is not able to close a transaction (whether due to the inability to draw capital on a credit line provided by a Financial Institution experiencing a Distress Event, the inability of investors to make capital contributions or otherwise), as well as the inability of a client to acquire or dispose of investments at prices believed to reflect the fair value of such investments. Although Hildene expects to exercise contractual remedies under the agreements with Financial Institutions in the event of a Distress Event, there can be no assurance that such remedies will be successful or avoid losses or delays.

Although Hildene seeks to do business with Financial Institutions that it believes are creditworthy and capable of fulfilling their respective obligations to clients, Hildene is under no obligation to use a minimum number of Financial Institutions with respect to any client, or to maintain account balances at or below the relevant insured amounts.

- Concentration of Investments. The investment strategies employed by Hildene may be concentrated and may involve investing in a small number of investments. The allocation of a large portion of an account's capital to one or a small number of investments could increase the risk of investing in the account because of the lack of diversification in its portfolio. The concentration of an account's portfolio in any one issuer, industry or strategy would subject such account to a greater degree of risk with respect to the failure of one or a few issuers or with respect to economic downturns in relation to such industry. Certain clients accounts are concentrated in CDOs backed by TruPS issued by small and regional banks and insurance companies. The issuers of these TruPS operate within a sector of the economy which has recently been, and may continue to be, subject to significant stress.
- Leverage. Hildene uses leverage in connection with the investment strategies employed for certain clients, including the use of borrowed funds and investments in certain types of options. Hildene may also employ leverage through the use of total return swaps or credit default swaps, or through repurchase transactions. While such strategies and techniques increase the opportunity to achieve higher returns on the amounts invested, they also increase the risk of loss. To the extent a client purchases securities with borrowed funds, its net assets will tend to increase or decrease at a greater rate than if borrowed funds are not used. The level of interest rates generally, and the rates at which

such funds may be borrowed in particular, could affect the performance of a client's account. If the interest expense on borrowings were to exceed the net return on the portfolio securities purchased with borrowed funds, the use of leverage would result in a lower rate of return than if the applicable account were not leveraged.

- Limited Liquidity. The investment strategies employed by Hildene may involve investing in assets that are illiquid or have limited liquidity. At times, Hildene may be unable to realize certain of its illiquid investments, or would only be able to realize such investments at a value determined by Hildene to be a discount to their true value. If an investment is thinly traded or is not traded at all, Hildene could have difficulty unwinding the investment at a desirable price. If invested in illiquid assets, a client's account might suffer significant losses if forced to unwind an illiquid investment as a result of changing market conditions, margin calls or other factors.
- Investments in Undervalued Securities. The investment strategies employed by Hildene may involve investing in undervalued securities. The identification of investment opportunities in undervalued securities is a difficult task, and there are no assurances that such opportunities will be successfully recognized or acquired. While investments in undervalued securities offer the opportunities for above-average capital appreciation, these investments involve a high degree of financial risk and can result in substantial losses. Returns generated from these investments may not adequately compensate for the business and financial risks assumed. Hildene may make certain speculative investments in securities which Hildene believes to be undervalued, however, there are no assurances that the securities purchased will in fact be undervalued. In addition, Hildene may be required to hold such securities for a substantial period of time before realizing their anticipated value.
- Risks Associated with Residential Mortgage Loans. Investments in residential mortgage loans, including mortgages made to borrowers with lower credit scores, are sensitive to economic factors that could affect the ability of borrowers to pay their obligations under mortgage loans. Residential mortgage loans may incur substantial delinquencies and defaults and adversely affect the amount of liquidation proceeds realized in the event of foreclosures and liquidations and may face increased or decreased prepayment activity. Residential mortgage loans may face substantial delinquencies and defaults, which may become the subject of loss mitigation measures, including modifications that reduce the principal balance of the mortgage loans, or may result in partial or total loss on the mortgage loans.

Defaults on mortgage loans may occur in large concentrations over a short period of time, which may increase, possibly substantially, the level of applied realized loss amounts, and result in rapid declines in the performance and value of investments. The values of the related mortgaged properties may have declined since the mortgage loans were originated. The time periods to resolve defaulted mortgage loans generally have in the past been long and the time periods for resolving defaulted mortgage loans in the future may be long, and those periods may be further extended because of borrower bankruptcies, borrower litigation instituted for the purpose of delaying foreclosure or other loss mitigation, court delays due to capacity issues and any federal and state legislative, regulatory and/or administrative actions or investigations, which may be especially true in the case of a mortgage loan made to a borrower that has substantial debts other than the mortgage loan, or in connection with any federal and state legislative, regulatory and/or administrative actions or investigations

- Discontinuation of LIBOR and Transition to SOFR. The U.S. dollar London Interbank Offered Rate (“LIBOR”), which was commonly used as a reference rate within various financial contracts (any such rate, a “Reference Rate”), ceased to be published after June 30, 2023 (the one-week and two-month tenors of U.S. dollar LIBOR ceased to be published after December 31, 2021). The United States and other countries have replaced LIBOR with alternative Reference Rates. The Secured Overnight Financing Rate (“SOFR”) (and, with respect to term SOFR rates, the CME’s term SOFR rates (“Term SOFR”)) is the Reference Rate recommended by the Alternative Reference Rates Committee (the “ARRC”) convened by the U.S. Federal Reserve Board and the Federal Reserve Bank of New York. Since June 30, 2023, LIBOR has generally been replaced with SOFR as the Reference Rate applicable to the financial contracts to which Hildene accounts are a party, which may include corporate and municipal bonds and loans, consumer loans, bank loans, floating rate debt, certain asset-backed securities, and interest rate swaps and other derivatives. Investors should expect that Hildene accounts will be a party to SOFR-based contracts, or contracts utilizing different Reference Rates than LIBOR. Since the initial publication of SOFR, daily changes in SOFR have, on occasion, been more volatile than daily changes in comparable benchmark or market rates, and SOFR in the future may bear little or no relation to historical actual or historical indicative data. In addition, Term SOFR is the rate published by CME Group Benchmark Administration Limited (“CME”). There is no guarantee that CME will continue to publish SOFR, or that the rates calculated and reported by CME reflect rates applied in actual transactions. It is likely that SOFR will continue to fluctuate and no representation is made as to what SOFR will be in the future.

Notwithstanding the discontinuation of LIBOR generally, the transition away from LIBOR may cause pricing volatility within the markets for the financial contracts in which Hildene accounts participate and may negatively impact the pricing and liquidity of such financial contracts. Further to the foregoing, on April 3, 2023, the United Kingdom Financial Conduct Authority (“FCA”) announced that it would compel ICE Benchmark Administration Limited to publish a non-representative synthetic LIBOR for one, three and six month USD LIBOR settings for use in certain legacy contracts through the end of September 2024. Therefore, certain obligations that bear interest based on LIBOR may not have migrated away from LIBOR on June 30, 2023. There is no guarantee that such transition will occur with respect to all financial contracts to which Hildene accounts are a party, and if it occurs, when such transition will occur, or whether SOFR or Term SOFR will replace LIBOR as the Reference Rate.

- Catastrophe Risks. Clients may be subject to the risk of loss arising from direct or indirect exposure to various catastrophic events, including the following: hurricanes, earthquakes and other natural disasters; war, terrorism and other armed conflicts; cyberterrorism; major or prolonged power outages or network interruptions; and public health crises, including infectious disease outbreaks, epidemics and pandemics. To the extent that any such event occurs and has a material effect on global financial markets or specific markets or issuers in which Hildene clients invest (or has a material negative impact on the operations of Hildene or the client’s service providers), the risks of loss can be substantial and could have a material adverse effect on the client and its investments.
- Board Participation. Hildene employees serve as directors of certain portfolio investments of clients and, as such, have duties to persons other than the investing client. Although holding board positions could be important to a client’s investment strategy, these positions can also impair Hildene’s ability to sell the applicable asset due to the duties imposed on board members or the receipt of material nonpublic information in connection with the position. Hildene may be subject to claims it would not otherwise be subject to as an investor, including claims of breach of duty of

loyalty, securities claims and other director related claims. Should Hildene or its employees receive compensation for a board position, that compensation will be paid to the relevant clients.

- *Reinsurance Transactions.* Reinsurance transactions may include financial instruments, the returns on which are linked to mortality risks or other performance-based measures of a portfolio of insurance policies. A reinsurer is dependent on the original underwriting decisions made by the ceding company and therefore is subject to the risk that the ceding company may not have adequately evaluated the risks that are being reinsured, such that the premiums may not adequately compensate for the risks assumed or the losses incurred. In connection with its investment diligence process related to reinsurance transactions, Hildene may rely on models and analysis performed by third parties, including actuaries. Actual loss experience can materially differ from that generated by such models. These models rely on various assumptions, some of which are subjective and some of which vary between the different risk modeling firms. The loss probabilities generated by such models are not predictive of future events or of the magnitude of losses that may occur. Actual frequency of events and their attendant losses could materially differ from those estimated by such models, which could result in significant losses.
- *Insurance/Reinsurance Industry is Highly Regulated.* The insurance industry (including reinsurance) is highly regulated and certain Hildene accounts, through any investment in a reinsurance business, are indirectly subject to significant legal restrictions, which may have a material adverse effect on the reinsurance business, financial condition, results of operation, liquidity, cash flows, and prospects. Failure to obtain or maintain licenses and/or other regulatory approvals as required for the operation of reinsurance investment(s) may have a material adverse effect on the reinsurance business, financial condition, results of operation, liquidity, cash flows and prospects, which, in turn, would negatively impact certain Hildene accounts' investments.

Conflicts of Interest Involving Affiliate-Managed CDOs. Various potential and actual conflicts of interest may arise from the overall advisory, investment and other activities of HCM, in its role as investment manager of private funds and separate accounts, and HCMC, in its role as collateral manager of CDOs, including the Trapeza CDOs, Alesco CDOs and Taberna CDOs (collectively, the "HCMC-managed CDOs"). HCM and its affiliates own, or advise private funds and separate accounts that own, equity or debt securities issued by CDOs for which HCMC acts as collateral manager. HCMC is entitled to fees for its services and such fees will be indirectly borne by clients to the extent the clients invest in HCMC-managed CDOs. HCM and HCMC will endeavor to resolve any conflicts in a manner that HCM and HCMC deem equitable under the facts and circumstances.

In addition, various potential and actual conflicts of interest may also arise from the overall advisory, investment and other activities of HCM, in its role as investment manager of private funds and separate accounts, and HSA, in its role as collateral manager or collateral servicer of the HSA CDOs (together with the HCMC-managed CDOs, the "Affiliate-Managed CDOs").

Various clients, including certain private funds and separate accounts, managed by HCM own equity or debt securities issued by the Affiliate-Managed CDOs. HCM and HSA will endeavor to resolve any conflicts in a manner that HCM and HSA deem equitable under the facts and circumstances.

Such potential and actual conflicts of interest involving Affiliate-Managed CDOs include, but are not limited to, the following:

- Material Non-Public Information. In its role as collateral manager or collateral servicer of an Affiliate-Managed CDO, a CM Affiliate and personnel working on its behalf ("CM Personnel") may be exposed to material, non-public information ("MNPI") relating to one or more Affiliate-Managed CDOs or the assets constituting collateral therein. To address the compliance risk of MNPI, Hildene has implemented procedures to prevent the dispersion of MNPI relating to Affiliate-Managed CDOs to individuals involved in making investment decisions for clients. However, if Hildene determines that these controls are insufficient to prevent such dispersion, the client may be prohibited from trading in certain Affiliate-Managed CDOs or certain of the assets constituting collateral therein during "black out" periods while CM Personnel have access to such MNPI.
- Voting and Corporate Actions relating to Affiliate-Managed CDOs and Collateral. In circumstances where votes are required from the securityholders of an Affiliate-Managed CDO (e.g., in connection with the optional redemption of an Affiliate-Managed CDO), a potential conflict of interest may arise between a client, on the one hand, and one or more private funds, separate accounts or other clients or accounts managed by HCM or its CM Affiliates (including proprietary accounts of HCM or its affiliates) (collectively, "Other Hildene Accounts"), on the other hand, if, for example, a client holds securities of an Affiliate-Managed CDO that are of a different class than the class of securities held by Other Hildene Accounts in the same Affiliate-Managed CDO. Additionally, Affiliate-Managed CDOs may hold securities of an issuer in its underlying collateral pool (the "Collateral") that are of a different class or type than the class or type of securities of the same issuer held by a client either directly or indirectly through a CDO, including another Affiliate-Managed CDO. This would potentially result in the client being senior or junior to an Affiliate-Managed CDO in the capital structure of such entity, which could mean that in a workout or other distressed scenario, an Affiliate-Managed CDO might be adverse to the client, and might recover all or part of its investment while the client might not. In such circumstances, to the extent possible, HCM and its CM Affiliates will attempt to vote such securities held by each of their clients in a manner that serves the best interests of such client.
- Certain Matters Relating to Collateral. Collateral held by an Affiliate-Managed CDO may be acquired prior to the securitization of such CDO in cross trades from one or more Other Hildene Accounts. A CM Affiliate may also direct an Affiliate-Managed CDO to dispose of Collateral in cross trades between the CDO and one or more Other Hildene Accounts, in accordance with applicable legal and regulatory requirements, and as permitted by the governing documents of the CDO and such Other Hildene Accounts. Additionally, if a client directly owns the same class and type of securities of an issuer that are also held by an Affiliate-Managed CDO as Collateral, HCM or the applicable CM Affiliate may determine it is in the best interest of the client to dispose of such securities at the same time, or at a different time, as the CDO. In such cases, HCM and/or its CM Affiliates may have a conflicting division of loyalties and responsibilities. Under certain circumstances, HCM or a CM Affiliate may determine it is appropriate to avoid such conflicts by selling Collateral at a fair value that has been calculated pursuant to Hildene's valuation procedures to Other Hildene Accounts or to a third-party. Hildene may engage in cross trades of Collateral at any time that it believes such transaction to be fair to the Affiliate-Managed CDO and to the Other Hildene Accounts involved in such transaction, subject to the governing documents of such CDO and of such Other Hildene Accounts. Additionally, in the event an Affiliate-Managed CDO sells Collateral at an auction, liquidation or redemption sale (each, a "Sale"), HCM or a CM Affiliate may wish to bid on such collateral on behalf of Other Hildene Accounts. If a CM Affiliate is involved in a Sale process in its capacity as collateral manager or collateral servicer, and is provided information regarding bid levels, this may unfairly advantage the Other Hildene Accounts over third parties

seeking to acquire the Collateral. Hildene will endeavor to prevent any bid-level information from being exchanged between CM Personnel involved in the Sale process and Hildene's personnel involved in bidding on Collateral, if such information would potentially advantage the Other Hildene Accounts in the Sale process; provided, however, that nothing shall be deemed to restrict HCM or its CM Affiliates from exercising any rights of first offer or final refusal contained in any Affiliate-Managed CDO's governing documents with respect to the Sale of Collateral by such Affiliate-Managed CDO.

Investing in Different Levels of the Capital Structure. HCM or its CM Affiliates may from time to time invest a client's assets in different parts of the capital structure of the same issuer in which Other Hildene Accounts are invested. For example, HCM or its CM Affiliates may invest a client's assets in debt securities of an issuer in which Other Hildene Accounts hold equity securities. Various potential and actual conflicts of interest may arise from such circumstances. Under such circumstances, the interests of such client and such Other Hildene Account will not always be aligned, which will give rise to conflicts of interest, or the appearance of such conflicts of interest. Actions taken for Other Hildene Accounts might therefore be adverse to those taken for the client, or vice versa. HCM and its CM Affiliates will take actions and make decisions on behalf of both the client and any such Other Hildene Accounts, and will attempt to resolve any and all conflicts of interest in a fair and equitable manner and in accordance with any requirements in applicable client governing documents; however in certain circumstances, any such resolutions may adversely affect the client.

Such potential and actual conflicts of interest arising from clients holding in different parts of the capital structure of a CDO issuer include but are not limited to the following:

- Investments in CDO Securities. HCM may invest in CDO debt securities ("CDO Debt") and/or CDO equity securities ("CDO Equity") issued by Affiliate-Managed CDOs. In addition, HCM or its CM Affiliates may determine it is in the best interests of Other Hildene Accounts to invest in CDO Debt and/or CDO Equity of the same CDOs, including Affiliate-Managed CDOs. The holders of CDO Equity will rank behind all of the creditors, whether secured or unsecured and known or unknown, of the CDO issuer, including, without limitation, the holders of CDO Debt. Consequently, the CDO Equity of the CDO issuers will be subject to the greatest risk of loss, will be the first part of the capital structure of the related CDO issuer to incur losses and will be directly affected by any losses or delays in payment on the related Collateral. CDO Equity, in general, does not bear a stated rate of interest but is entitled to receive residual distributions on each payment date if and to the extent proceeds received during the previous payment period exceed what is needed for the CDO to pay expenses and current interest on its debt, as well as maintain the required level of subordination and certain required ratios of assets-to-liabilities and expected interest proceeds to current interest obligations for each tranche of CDO Debt. Such distributions to the holders of the CDO Equity of excess current proceeds are subordinate to all other obligations of the CDO on each payment date. In addition, upon the maturity or redemption of CDO Debt, any additional Collateral proceeds that remain after full repayment of all CDO liabilities are distributed to the holders of CDO Equity.
- Events of Default. If a client were to invest in CDO Debt of a CDO in which one or more Other Hildene Accounts hold CDO Equity, or if Other Hildene Accounts were to invest in CDO Debt of a CDO in which such client holds CDO Equity, the interests of such client and such Other Hildene Accounts may be adverse if an event of default occurs with respect to such CDO. For example, if any Other Hildene Account were to invest in more senior tranches of CDO securities than the client, such Other Hildene Account would have priority over the client in the capital structure of such

CDO, and in a distress or workout scenario such Other Hildene Account could recover on its investment while the client might not. If the client holds CDO Equity, the client would not have any creditors' rights against the CDO issuer and would not have the right to determine the remedies to be exercised under the CDO indenture. Additionally, holders of the most senior CDO Debt, which may include Other Hildene Accounts, may have consent rights in respect of amendments and CDO manager removal rights in connection with certain events. This situation would present numerous other conflicts or the appearance of conflicts, and could result in the client declining to act in furtherance of its economic interests.

- Mandatory Redemption of Senior Tranches of CDO Debt. In some cases, cash flows from the Collateral that otherwise would have been paid to the holders of any related CDO Debt and the related CDO Equity will be used to redeem the related CDO senior tranches, potentially including those held by Other Hildene Accounts. This could result in a deferral, reduction or elimination of the interest payments, principal repayments or other payments made to the client.
- Optional Redemption of CDO Securities. An optional redemption of CDO Debt or CDO Equity held by Other Hildene Accounts could require the collateral manager or collateral servicer of the related CDO to liquidate Collateral more rapidly than would otherwise be preferable, which could negatively affect the realized value of the items of Collateral sold, and which in turn could adversely impact the holders of any related CDO Debt, and/or the holders of the related CDO Equity.
- Collateral Sales. From time to time, HCM and/or its CM Affiliates determines it is in the best interests of the client and/or one or more Other Hildene Accounts to direct and/or to participate in the Sale of Collateral by a CDO, including Affiliate-Managed CDOs. Sales of Collateral may occur as the result of a mandatory or optional redemption of CDO securities or an event of default with respect to the CDO securities, subject in each case to the governing documents of the CDO. From time to time, HCM and/or its CM Affiliates may determine it is in the best interests of the client and/or Other Hildene Accounts to cause a Sale by directing the redemption of CDO securities or the liquidation of a CDO. In addition, a CM Affiliate may be required by the governing documents of an Affiliate-Managed CDO to periodically conduct auctions of Collateral, which may result in an auction sale of such Collateral subject to the requirements of the applicable governing documents.
- Application of Sale Proceeds. The proceeds of a Sale by a CDO ("Sale Proceeds") are distributed to holders of the securities issued by such CDO in accordance with the priority of payments contained in the CDO's governing documents (the "Priority of Payments"). In accordance with such Priority of Payments, Sale Proceeds may be used by the CDO to pay for its expenses, including collateral management fees, and Sale Proceeds received by an Affiliate-Managed CDO may be directed pursuant to the Priority of Payments to pay collateral management or collateral servicing fees to a CM Affiliate of the Manager. Following a successful Sale of CDO Collateral, after the application of the proceeds from the CDO assets to pay senior classes of CDO Debt and the fees, expenses, and other liabilities payable by the CDO issuer pursuant to the Priority of Payments, there may not be any funds remaining to make distributions to the holders of subordinate CDO Debt and CDO Equity. HCM or a CM Affiliate may bid on behalf of its clients on Collateral offered for Sale by CDOs, including Affiliate-Managed CDOs. If HCM or a CM Affiliate successfully bids for its client on Collateral of a CDO, and if Other Hildene Accounts own securities issued by such CDO, the proceeds paid by the client in exchange for such Collateral may ultimately be directed to such Other Hildene Accounts pursuant to the CDO's Priority of Payments. Additionally, if HCM or a

CM Affiliate successfully bids for its client on Collateral of an Affiliate-Managed CDO, the proceeds paid by the client in exchange for such Collateral may be used to pay collateral management or collateral servicing fees, including previously accrued but unpaid collateral management fees, to a CM Affiliate in accordance with the Priority of Payments.

- *Risk Retention Compliance.* From time to time, Hildene and/or its affiliates, as well as a client, may directly or indirectly own a portion of securities issued in connection with a securitization in order to comply with legal, regulatory or tax requirements, including risk retention. Any securities held for risk retention compliance purposes ("*Risk Retention Securities*") may be required to be retained by its owner for the term of the securitization and may be subject to other restrictions, including restrictions on hedging and financing. In the event Hildene and/or its affiliates, own, directly or indirectly, any Risk Retention Securities alongside a client, any or all of the conflicts of interests set forth herein with respect to Other Hildene Accounts and Affiliate-Managed CDOs may apply in such circumstances.

There is no limitation or restriction on CM Affiliates with regard to acting as collateral manager or collateral servicer (or in a similar role) to other CDO issuers or other parties or persons. This and other future activities of HCM and/or its CM Affiliates may give rise to additional conflicts of interest.

Investors in private funds or separate accounts managed by HCM and CDOs managed by HCMC or HSA should refer to the offering memoranda, organizational documents and/or investment management or collateral management agreements relating to their investments with Hildene for a more complete description of the risks associated with such investment.

Investors should be prepared to bear the risk of loss of some or all of their investment with HCM, HCMC or HSA.

Insurance and Reinsurance Conflicts of Interest. Hildene Insurance Accounts' investments generally will be made on terms determined to be arm's length market terms (based on terms negotiated with third-party investors or terms that Hildene otherwise determines to be consistent with arm's length market terms). However, Hildene Insurance Accounts' investments in debt securities and/or instruments will result in Hildene Insurance Accounts and other Hildene accounts being invested in different levels of an issuer's capital structure. These situations will give rise to conflicts of interests and potential adverse impacts on Hildene Insurance Accounts and/or such other Hildene accounts, which are described in more detail (including as to the manner in which Hildene will manage these situations) in "Investing in Different Levels of the Capital Structure" above.

Principals and employees of HCM indirectly own approximately 23% of Hildene Re, and as a result, HCM is, or could be perceived to be, able to exercise significant influence over matters requiring shareholder approval relating to Hildene Re's business, including approval of significant corporate transactions, appointment of members of Hildene Re's management, election of directors, approval of the termination of Hildene Re's IMA and determination of Hildene Re's corporate policies. Particular Hildene personnel are also directors of certain Hildene Insurance Account clients. HCM has the ability to invest Hildene Re's assets across other accounts managed by Hildene, and as a result, HCM may grant Hildene Re certain preferential terms, including reduced management fee and performance-based fees (including carried interest) that are lower than those applicable to other Hildene accounts, access to co-investment opportunities and other preferential terms, which, in each case, will not be subject to "most favored nation" treatment by other Hildene accounts.

Certain transactions (such as, for example, cross trades or other transactions involving a Hildene account, on the one hand, and a Hildene Insurance Account, on the other hand, or the provision of financing or other transactions between Hildene clients, on the one hand, and a Hildene Insurance Account, on the other hand) present conflicts of interest. There will not necessarily be third parties involved in any such transaction in order to seek to ensure, among other things, that the terms of such participation by Hildene Insurance Accounts will reflect customary or market terms.

From time to time, HCM will be required to effect reinsurance settlement payments between or among different Hildene Insurance Accounts pursuant to reinsurance treaties and/or related documents between such accounts. Such settlement payments could be made in cash or through an asset-in-kind payment. Such reinsurance settlement payments or other transfers that are made in connection with or pursuant to a reinsurance treaty and/or related documents are not considered cross trades by HCM, even if HCM assists in the selection of assets to be so transferred and calculating the price at which such assets are transferred. HCM will transfer such assets using statutory carrying value for purposes of insurance company statutory reporting on the assets held in certain Hildene Insurance Accounts. Because HCM uses valuation policies and procedures for Hildene Insurance Accounts that may differ in certain respects from the policies used for other clients, asset transfer prices and other valuations determined by HCM on behalf of Hildene Insurance Accounts could differ from asset transfer prices and other valuations prepared by HCM in respect of the same assets held by other clients.

Material Conflicts of Interest Relating to Other Investment Advisers. HCM has entered into a strategic relationship with Leucadia Asset Management (“Leucadia”), a division of Jefferies Financial Group Inc., whereby Leucadia: (i) will invest in one or more funds managed by HCM; (ii) serves as a placement agent for the funds; and (iii) has a revenue sharing arrangement with HCM. In connection with its investment in HCM, Leucadia has been granted certain rights, including (a) consent rights, (b) certain reporting, notice and information access rights, (c) periodic consultation meetings with HCM, (d) certain transfer rights, (e) certain “most favored nation” rights and (f) indemnification. Notwithstanding the rights enumerated above, Leucadia does not participate in the day-to-day management of HCM or its clients, or the day-to-day selection, structuring, management, or disposition of any of its clients’ investments. Various potential and actual conflicts of interest may arise from HCM’s relationship with Leucadia. HCM will endeavor to resolve any conflicts in a manner that HCM deems equitable under the facts and circumstances.

Side Letters. In accordance with common industry practice, the Firm and/or a client’s General Partner may from time to time enter into side letters or other similar agreements with certain investors (without the approval of any other investors) in connection with their admission to such client. These side letters or other similar agreements may grant investors specific rights, benefits or privileges (including, without limitation, discounts to management fees, performance allocations and/or performance hurdles, more favorable liquidity, reporting or access to information, minimum investment amounts, co-investment opportunities, notices of certain events or other investment terms). These rights, benefits or privileges are not always made available to all investors nor in some cases are they required to be disclosed to other investors.

ITEM 9: DISCIPLINARY INFORMATION

Hildene has no disciplinary events to disclose.

ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Neither HCM, HCMC, HSA nor any of their respective management persons has registered as, or has a pending application to register as, a broker-dealer, futures commission merchant, commodity pool operator, commodity trading advisor or an associated person of any of the foregoing entities.

Hildene Advisors, LLC ("HADV"), a Delaware limited liability company and an affiliate of HCM serves as the general partner of certain feeder funds of HOF and HOF II and TruPS Co-Invest Fund; Hildene Private Credit Fund I GP, LLC ("HPCFGP"), a Delaware limited liability company and an affiliate of HCM serves as the general partner of HPCF and Hildene Private Credit Rated Feeder Fund I, LP; Bryant Park Credit Fund I GP, LLC ("BPCFGP I"), a Delaware limited liability company and an affiliate of HCM serves as the general partner of Bryant Park Credit Fund I, LP; Bryant Park Credit Fund II GP, LLC ("BPCFGP II"), a Delaware limited liability company and an affiliate of HCM serves as the general partner of Bryant Park Credit Fund II, LP; Bryant Park Credit Fund III GP, LLC ("BPCFGP III"), a Delaware limited liability company and an affiliate of HCM serves as the general partner of Bryant Park Credit Fund III, LP; Bryant Park Credit Fund IV GP, LLC ("BPCFGP IV"), a Delaware limited liability company and an affiliate of HCM serves as the general partner of Bryant Park Credit Fund IV, LP; and Hildene Trapeza Manager, Inc. ("HTMI"), a Delaware corporation and an affiliate of HCMC I serves as the manager of certain Trapeza CDOs for which HCMC I serves as collateral manager. Each of HCMC I, HCMC II, HCMC III and HSA is currently registered with the SEC as a relying adviser of HCM. None of HADV, HPCFGP, HRCFGP, BPCFGP I, BPCFGP II, BPCFGP III, BPCFGP IV or HTMI is registered or licensed in any capacity with any regulatory body, nor do they conduct any activities other than serving as the general partner or manager, as the case may be, of certain private funds and CDOs managed by HCM and HCMC, respectively.

In August 2022, HCM created and received regulatory approval for a Cayman Islands-domiciled Class B-III insurance company named Hildene Re SPC, Ltd.

HCM, HCMC and HSA do not have any other financial industry affiliations material to its advisory business.

HCM, HCMC and HSA do not recommend other investment advisors to clients or receive any compensation from other investment advisors. Certain private funds managed by HCM and certain CDOs managed by HCMC and/or HSA may have common investors.

ITEM 11: CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

Code of Ethics and Personal Trading

HCM has adopted a written Code of Ethics (the “Code”) in compliance with Securities and Exchange Commission (“SEC”) Rule 204A-1. The Code is updated by HCM from time to time to reflect new legislation or regulations, or to otherwise reflect evolving best practices. All employees are required to read the Code, as part of HCM’s overall Compliance Manual (the “Manual”), and annually acknowledge compliance with the policies and procedures set forth therein. HCM will provide a copy of the Code, as contained in the Manual, to any client or prospective client upon request to the email address on the cover of this brochure. HCM’s relying advisers, including HCMC I, HCMC II, HCMC III and HSA, operate under the same policies and procedures as HCM.

The Code holds individuals to the highest standards of ethical conduct and places upon them a duty to act for the client’s benefit as well as to place the financial interests of HCM’s clients ahead of their own interests at all times. The Code also sets forth trading restrictions and/or prohibitions on certain types of securities for personal accounts, requires mandatory pre-clearance in respect of personal trades conducted in certain types of securities, and mandates reporting of initial holdings information upon employment and periodic transaction reporting thereafter for access persons of Hildene. HCM reviews these reports to ensure compliance by employees with HCM’s policies and procedures regarding personal trading activities.

Participation or Interest in Client Transactions

HCM and/or its principals and affiliates on occasion own, buy and/or sell securities which HCM recommends to its clients, subject to the personal trading limitations noted above. Such transactions may also include trading in securities in a manner that differs from or is inconsistent with advice given to clients. HCM recognizes that potential conflicts arise from such transactions and has taken reasonable measures to mitigate such conflicts.

Additionally, HCM occasionally permits certain investors to participate directly along with investments made by a private fund managed by HCM. If, in such event, HCM later determines that it will sell any such investments for the relevant private fund, clients holding the same position will be contacted to give them an opportunity to sell concurrently with such fund.

Certain affiliates of HCM serve as general partner, managing member or investment adviser to pooled investment vehicles which HCM recommends to its clients. In particular, if HCM determines that it is in a client’s best interest, HCM recommends from time-to-time that its clients invest in securities issued by the Trapeza CDOs, Alesco CDOs, Taberna CDOs or HSA CDOs, for which affiliates of HCM serve as the collateral manager, collateral servicer and/or managing member. HCMC receives collateral management fees and may in certain cases receive performance fees from the Trapeza CDOs, Alesco CDOs and Taberna CDOs, as described in Items 5 and 6 above. HSA does not currently charge any fees in respect of the services it provides to any of the HSA CDOs.

From time-to-time, HCM engages in transactions in which it causes one of its clients to purchase securities or other instruments from, or sell securities or other instruments to, other clients managed by HCM and/or its affiliates (“cross trades”). HCM and/or its principals or affiliates also engage in principal transactions

with clients (“principal transactions”) from time-to-time, subject to the client’s prior written consent and after full disclosure to the client of HCM and/or its principals’ or affiliates’ interest in the transaction. HCM and/or its affiliates will not take brokerage commissions or otherwise be compensated for effecting these cross trades or principal transactions. If utilized, HCM intends that cross trades and principal transactions will, to the best of HCM’s ability, reflect the fair value of the asset or other instrument being purchased or sold. In determining such fair value, HCM will typically rely on the most recent month-end quotations obtained from market makers, dealers or pricing services for cross transacted assets; provided, however, that if HCM obtains reliable information (e.g., through HCM’s trading activity in an asset) to indicate that the fair value of an asset has changed after the most-recent valuation date but before the execution date of a principal or cross transaction involving the asset, HCM may in its discretion (i) revise the valuation, upwards or downwards as the case may be, to reflect the new pricing information if HCM determines that the most-recent month-end valuation is no longer reflective of the asset’s fair value or (ii) to the extent practicable, obtain one or more third party quotes of the asset as of the transaction date or a recent date thereto. Prior to effecting any cross trade or principal transaction, HCM will make a good faith determination that the transaction is in the best interests of the relevant clients.

ITEM 12: BROKERAGE PRACTICES

HCM is responsible for the placement of the portfolio transactions of clients and the negotiation of any commissions or spreads paid on such transactions. Portfolio investments are generally purchased through brokers on securities exchanges or directly from the issuer or from an underwriter or market maker for the investments. Purchases of portfolio investments through brokers will typically involve a commission to the broker. Purchases of portfolio investments from dealers serving as market makers include the spread between the bid and the ask price.

In placing portfolio transactions and negotiating commission rates, HCM will seek to obtain the best execution for its clients where possible; provided, however, that many of HCM's portfolio transactions occur in the OTC marketplace, where HCM may not have the ability to compare or evaluate different broker-dealers in respect of a particular portfolio transaction. In reviewing best execution, HCM may take into account the following factors: (i) the ability to effect prompt and reliable executions at favorable prices (including the applicable dealer spread or commission, if any); (ii) the operational efficiency with which transactions are effected, taking into account the size of order and difficulty of execution; (iii) the financial strength, integrity and stability of the broker; (iv) the reputation of the broker; (v) the firm's risk in positioning a block of securities; (vi) efficiency of execution and error resolution; (vii) the quality, comprehensiveness and frequency of available research services considered to be of value; and (viii) the competitiveness of commission rates in comparison with other brokers satisfying HCM's other selection criteria.

HCM is authorized to pay higher prices for the purchase of securities from or accept lower prices for the sale of securities to brokerage firms that provide it with such investment and research information or to pay higher commissions to such firms if HCM determines such prices or commissions are reasonable in relation to the overall services provided. Research services furnished by brokers may include written information and analyses concerning specific securities, companies or sectors; market, financial and economic studies and forecasts; statistics and pricing or appraisal services; discussions with research personnel; and invitations to attend conferences or meetings with management or industry consultants. HCM is not required to weigh any of these factors equally. Information so received is in addition to and not in lieu of services required to be performed by HCM, and HCM's fees charged to clients are not reduced as a consequence of the receipt of such supplemental research information. Research services provided by broker/dealers used by HCM clients may be utilized by HCM or its affiliates (including other investment funds managed by such persons) in connection with their other investment activities. Since commission rates in the United States are negotiable, HCM's selection of brokers on the basis of considerations which are not limited to applicable commission rates may at times result in HCM's clients being charged higher transaction costs than they could otherwise obtain.

Use of "Soft Dollars"

The term "soft dollars" refers to the receipt by an investment manager of products and services provided by brokers, without any cash payment by the investment manager, based on the volume of brokerage commission revenues generated from securities transactions executed through those brokers on behalf of the investment manager's clients. Section 28(e) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), provides a "safe harbor" to investment managers with respect to potential liability for violating their duty to obtain best execution for a client's securities transactions in circumstances in which such managers use soft dollars generated by their advised accounts only for purposes of obtaining

investment research and brokerage services (i) that provide lawful and appropriate assistance to the investment manager in the performance of investment decision-making responsibilities and (ii) where the commissions paid are reasonable in relation to the value of the services provided. HCM does not currently, and does not in the future intend to, engage in any soft dollar transactions. In the event that HCM does engage in any soft dollar transactions, it will not engage in any such transactions other than with respect to products and services which fall within the Section 28(e) safe harbor or where such products or services would otherwise be chargeable to its clients pursuant to the relevant fund offering documentation or separate account advisory contract.

Client Referrals

HCM may direct some of its clients' brokerage business to brokers who refer prospective investors to HCM. Because such referrals, if any, are likely to benefit HCM but will provide an insignificant (if any) benefit to HCM's clients, HCM will have a conflict of interest with its clients when allocating such clients' brokerage business to a broker who has referred investors to HCM. To prevent HCM's clients' brokerage commissions from being used to pay investor referral fees, HCM will not allocate its clients' brokerage business to a referring broker unless HCM determines in good faith that the commissions payable to such broker are not materially higher than those available from non-referring brokers offering services of substantially equal value to such clients.

Aggregation of Orders

HCM will at times determine that certain securities are suitable for acquisition by more than one account, possibly including Affiliated Accounts, and may aggregate purchase or sale orders for client accounts. The aggregation or blocking of transactions typically allows an adviser to execute transactions in a more timely, equitable, and efficient manner and seeks to reduce overall commission charges to accounts. HCM's policy is to aggregate transactions where possible and when advantageous to the accounts participating in such transactions. When HCM is placing bids for securities in certain OTC markets in which it and its clients invest, it may routinely aggregate orders into a single bid due to timing constraints and other practical considerations.

From time to time, HCM participates in auctions or bid solicitations in which HCM bids to acquire securities in its capacity as investment adviser on behalf of its clients. In such instances, HCM will generally place a single bid for securities based upon the aggregate number of securities that HCM seeks to acquire on behalf of all of its clients. HCM will allocate any securities acquired in such auction or pursuant to such bid solicitation among accounts for whom such securities are suitable in accordance with its trade allocation policy described below, with such allocation determined upon acquisition of the relevant securities (rather than at the time of the relevant bid).

Any transaction costs arising from an aggregated transaction will be shared on a pro rata basis by participating accounts, based upon the assets allocated to each such account in accordance with HCM's trade allocation policy. HCM may aggregate transactions for clients and Affiliated Accounts, subject to HCM's policy to place client account allocations first.

Allocation of Trades

When HCM aggregates orders, HCM will seek to allocate investments among clients, including Affiliated Accounts, on a fair and equitable basis over time based on the following factors: (i) diversity of the accounts'

investment objectives; (ii) differences in the accounts' investment guidelines and investment restrictions; (iii) differences in the accounts' risk tolerances and return targets; (iv) differences in the accounts' existing portfolio holdings and related balancing and diversification concerns; (v) differences in the accounts' relative sizes; (vi) differences in the accounts' available investment resources (including the timing of capital contributions and withdrawals) and side pocket constraints; (vii) differences in the accounts' liquidity requirements; (viii) differences in the accounts' investment time horizons; (ix) tax considerations; and (x) such other factors as HCM may determine to be relevant at the time of allocation. In addition, HCM may take into account settlement costs in making allocation determinations. For example, if the amount of a security that would be allocated to a particular account would be small in view of the factors described above, and if HCM determines in its discretion that the settlement costs associated with making such allocation would outweigh the benefits of such allocation due to the small amount of securities proposed to be allocated, HCM may elect not to make an allocation to such account.

Allocations may be made among accounts in a manner that is not *pari passu* if such allocation is determined to be reasonable by HCM in accordance with the factors described above. Allocations based on these factors will result in differences in invested positions and securities held among clients, and consequently in performance.

HCM shall endeavor to afford each account fair and equitable treatment in allocating trades among accounts, provided that allocations shall first be made to HCM's clients for whom allocation would be appropriate in light of the factors described above, in such amounts as may be appropriate in accordance with such factors, prior to making any allocation to any Affiliated Accounts.

To the extent relevant, HCMC and HSA adhere to the foregoing brokerage practices in connection with their respective management of the Trapeza CDOs, Alesco CDOs, Taberna CDOs and HSA CDOs.

ITEM 13: REVIEW OF ACCOUNTS

Transaction activity for each HCM account is reviewed on a daily basis, typically by a senior investment team member, as well as Compliance. HCM investment personnel typically meet weekly to discuss new investment opportunities and current market conditions. Additionally, HCM investment management personnel review HCM's portfolios on at least a monthly basis for compliance with each portfolio's guidelines and investment strategy. Additional portfolio reviews may be conducted as a result of client contributions or distributions, revised client objectives, or changes in law.

HCM, or an administrator engaged by HCM, typically provides clients with reports concerning account holdings, transaction summaries and performance data, on either a monthly or quarterly basis. More frequent reporting may be provided as requested by a client or investor. Investors in HCM managed private funds and separately managed accounts receive monthly or quarterly account statements from the accounts administrator or custodian. Audited financial statements are typically provided to investors in private funds managed by HCM on an annual basis.

Investments held by CDOs or CDO warehouses are periodically reviewed by investment professionals of HCMC and/or HSA, as applicable. This review primarily focuses on an analysis of each investment's financial performance, a review of each investment's capital structure and a review of each investment's industry prospects. Individual CDO deal metrics are also periodically reviewed. Investors in CDOs receive monthly or quarterly reports from the account's trustee, which are reviewed for accuracy by CM Personnel.

ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION

HCM has entered into arrangements with placement agents whereby HCM will compensate third parties who introduce certain private fund investors and clients. Such placement agent arrangements will seek to conform to Rule 206(4)-1 of the Advisers Act, to the extent applicable. Compensation typically takes the form of a percentage of the management fees and performance fees received by HCM from such investors. The fees paid to such placement agents are generally paid by HCM and are not borne by investors, and such fee arrangements are disclosed to applicable investors.

HCM does not receive economic benefits from any person not a client of HCM in exchange for providing advisory services to HCM clients.

Neither HCMC nor HSA has any written agreements in place with any third party marketers. Neither HCMC nor HSA receives any economic benefits from any person not a client of HCMC or HSA, as the case may be, in exchange for providing advisory services.

ITEM 15: CUSTODY

HCM does not have custody of its clients' assets; however, HADV, HPCFGP, BPCFGP I, BPCFGP II, BPCFGP III, and BPCFGP IV, affiliates of HCM, serve as the general partner of certain private funds, and HCM has a principal who serves on the board of directors of certain private funds for which HADV and/or HCM are deemed to have custody under certain rules promulgated by the SEC. With respect to any account in which HCM or an affiliate is deemed to have custody, the assets of such HCM clients are held by a qualified custodian, which provides monthly account statements to each client and provides copies of such statements to HCM. Investors in HCM's private funds additionally receive monthly account statements from the applicable fund's administrator. Investors are urged to carefully review such statements.

Additionally, the private funds undergo an audit on an annual basis by an independent public accountant that is both registered with and subject to regular inspection by the Public Company Accounting Oversight Board. In respect of such private funds, HCM provides audited financial statements of each fund to the investors in the fund within 120 days of the end of the fund's fiscal year. Investors are urged to carefully review such audited financial statements.

Neither HCMC nor HSA currently maintains custody of any client's funds or securities.

ITEM 16: INVESTMENT DISCRETION

HCM generally has discretionary authority over its clients' assets pursuant to the advisory contracts it enters into with such clients. This means that HCM places trades in its clients' accounts without contacting the client prior to any trade to obtain the client's permission. HCM's discretion may be limited pursuant to the terms and conditions of the applicable advisory relationship, provided that the restrictions are essentially consistent with HCM's investment process.

Similarly, HSA has discretionary authority over each HSA CDO's assets during the pre-securitization warehouse period pursuant to investment management agreements entered into between HSA and the applicable HSA CDO. HSA's discretion may be limited pursuant to the terms and conditions of the applicable advisory relationship, provided that the restrictions are essentially consistent with HSA's investment process.

The applicable indentures for CDOs managed by HCMC and HSA, including the Trapeza CDOs, the Alesco CDOs, the Taberna CDOs and the new issue HSA CDOs, place significant restrictions on HCMC and HSA's ability to buy and sell collateral debt securities on behalf of the CDOs once warehouse operations have ceased and a securitization transaction has occurred (and, in the case of HCOMF, the reinvestment period has ended). These indentures generally restrict HCMC and HSA during such periods from selling collateral debt securities on behalf of a CDO unless such securities have experienced specified credit deterioration, ratings downgrades, or events of default.

ITEM 17: VOTING CLIENT INVESTMENTS

HCM accepts authority to vote client securities for certain clients, including the private funds it manages. In such circumstances, proxy and other corporate action material is promptly reviewed by HCM to evaluate the issues presented. In voting proxies, HCM is guided by general fiduciary principles. HCM's goal is to act prudently, solely in the best interest of the client accounts it manages. HCM attempts to consider all aspects of its vote that could affect the value of the investment; and where HCM votes proxies, it will do so in the manner that it believes will be consistent with efforts to maximize the value of security holdings.

HCM may determine to abstain from voting a proxy or a specific proxy item when it concludes that the potential benefit of voting is outweighed by the cost or when it is not in the client's best interest to vote. In many instances, the disparate interests of HCM's clients may make it difficult for HCM to determine a manner in which to vote and, in those circumstances, HCM may abstain from voting. However, if HCM does vote, HCM shall vote in a manner it believes to be consistent with the interests of its clients and shall not subordinate client interests to its own, or subordinate one client's interest to another client's.

HCMC and HSA's CDO investments are primarily comprised of various tranches of debt securities. Generally, the holders of these investments are not entitled to vote on corporate matters, however, to the extent relevant, HCMC and HSA will adhere to the foregoing voting practices in connection with its management of CDOs.

In furtherance of Hildene's goal to vote proxies in the best interests of clients, Hildene follows procedures designed to identify and address material conflicts that may arise between Hildene's interests and those of its clients before voting proxies on behalf of such clients. In the event a material conflict of interest is identified, certain methods may be used to resolve the conflict, including (i) disclosing the conflict to the client and obtaining its consent before voting; (ii) suggesting to the client that it engage another party to vote the proxy on its behalf; or (iii) such other method as Hildene deems appropriate under the circumstances, given the nature of the conflict.

Clients may obtain a copy of Hildene's proxy voting policies and procedures upon request to the email address on the cover of this brochure. Hildene maintains records of each proxy form or corporate action as voted for its clients.

ITEM 18: FINANCIAL INFORMATION

None of HCM, HCMC or HSA has additional financial circumstances to report. A balance sheet is not required to be provided because none of these entities requires or solicits prepayment of more than \$1,200 in fees per client more than six months in advance of services rendered.