



J.H. LANE PARTNERS

FIRM BROCHURE (Part 2A of Form ADV)

MARCH 28, 2024

J.H. LANE PARTNERS, LP

126 EAST 56TH STREET, SUITE 1620

NEW YORK, NY 10022

PHONE: 212-899-9790

[HTTP://WWW.JHLANEPARTNERS.COM/](http://www.jhlanepartners.com/)

This Brochure provides information about the qualifications and business practices of J.H. Lane Partners, LP (“J.H. Lane”) and any relying advisers. If you have any questions about the contents of this Brochure, please contact Haskel Ginsberg at 212-899-9793 or by e-mail at info@jhlanepartners.com. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority, and references in this Brochure to J.H. Lane as a “registered investment adviser” are not intended to imply a certain level of skill or training.

Additional information about J.H. Lane is also available on the SEC’s website at www.adviserinfo.sec.gov.

ITEM 2 – MATERIAL CHANGES

As of March 29, 2024, J.H. Lane Partners, L.P. is submitting its annual amendment to the Brochure. There have been no material changes to J.H. Lane Partners, L.P. since its last annual amendment in March 2023.

In the future, when J.H. Lane Partners, LP amends its Brochure for its annual update (or otherwise) and the amended version contains material changes from the last annual update, it will identify and discuss those changes either on this page or as a separate document accompanying the Brochure.

ITEM 3 – TABLE OF CONTENTS

ITEM 2 – MATERIAL CHANGES.....	2
ITEM 3 – TABLE OF CONTENTS	3
ITEM 4 – ADVISORY BUSINESS.....	1
ITEM 5 – FEES AND COMPENSATION	2
ITEM 6 – PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT	4
ITEM 7 – TYPES OF CLIENTS	5
ITEM 8 – METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS	6
ITEM 9 – DISCIPLINARY INFORMATION.....	14
ITEM 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS	15
ITEM 11 – CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING.....	16
ITEM 12 – BROKERAGE PRACTICES	18
ITEM 13 – REVIEW OF ACCOUNTS	20
ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION	21
ITEM 15 – CUSTODY	22
ITEM 16 – INVESTMENT DISCRETION	23
ITEM 17 – VOTING CLIENT SECURITIES	24
ITEM 18 – FINANCIAL INFORMATION.....	25

ITEM 4 – ADVISORY BUSINESS

J.H. Lane Partners, LP (“J.H. Lane”) is a Delaware limited partnership formed on November 10, 2015. J.H. Lane’s office is located in New York, New York.

J.H. Lane is beneficially owned and controlled by Jonathan Neiss and Seth Lax (the “Principals”). The general partner of J.H. Lane (the “General Partner”) is J.H. Lane Management GP, LLC (formerly J.H. Lane Partners, LLC), which is also owned by the Principals. Jonathan Neiss serves as J.H. Lane’s Portfolio Manager. Seth Lax serves as J.H. Lane’s President.

J.H. Lane serves as an investment adviser to pooled investment vehicles exempt from registration under the U.S. Investment Company Act of 1940, as amended (the “Investment Company Act”), pursuant to Section 3(c)(7) of the Investment Company Act (collectively, the “J.H. Lane Funds”). J.H. Lane also provides investment advisory services to a private equity type vehicle (collectively with the J.H. Lane Funds, the “Funds” or the “Advisory Clients”).

J.H. Lane generally has broad and flexible investment authority with respect to the investment portfolios that it manages for the Funds. The Funds’ investment objectives and/or parameters are set forth in more detail in Item 8 below and in the Funds’ governing documents (the “Fund Documents”) provided to each investor in each Fund (each, an “Investor”). The Funds are highly flexible and have the ability to select and dispose of investments in response to market opportunities and other circumstances.

J.H. Lane provides discretionary investment advisory services to the J.H. Lane Funds: J.H. Lane Partners Master Fund, LP, a Cayman Islands exempted limited partnership (the “Master Fund”), in which two feeder funds, J.H. Lane Partners Fund, LP, a Delaware limited partnership (the “Onshore Feeder”), and J.H. Lane Partners Offshore Fund, Ltd., a Cayman Islands exempted company (the “Offshore Feeder” and together with the Onshore Feeder, the “Feeder Funds”) invest as part of a “master-feeder” portfolio structure by which the Master Fund acts as a central trading mechanism for the Feeder Funds. The Feeder Funds invest most or all of their investable assets in the Master Fund.

J.H. Lane Holdings GP, LLC, a Delaware limited liability company (the “Fund General Partner”), is a relying adviser of J.H. Lane Partners, LP and serves as the general partner to the Funds which are limited partnerships.

J.H. Lane may invest on behalf of the Funds in certain investments it deems illiquid and treat such investments differently, pursuant to the parameters described in the Fund Documents.

J.H. Lane neither tailors its advisory services to the individual needs of investors in the J.H. Lane Funds, nor accepts investor-imposed investment restrictions. The J.H. Lane Fund Documents set forth each Fund’s investment strategy, including guidelines regarding the types of securities in which the J.H. Lane Fund will invest and portfolio limits (if any).

J.H. Lane or the Fund General Partner from time to time cause the J.H. Lane Funds to enter into side letter agreements or other similar agreements with one or more Investors that provide such Investors with terms additional to or different from those set forth in the J.H. Lane Fund Documents.

As of December 31, 2023, J.H. Lane manages \$252,600,000 of client assets on a discretionary basis. J.H. Lane does not currently manage any assets on a non-discretionary basis.

ITEM 5 – FEES AND COMPENSATION

As J.H. Lane will only provide this Brochure to “qualified purchasers” as defined in Section 2(a)(51)(A) of the Investment Company Act of 1940, we have not included a fee schedule or the other information requested by Item 5.A.

Fees are deducted from each J.H. Lane Fund’s assets. Investors do not have the ability to choose to be billed directly for fees incurred. The Management Fee (“Management Fee”) with respect to the J.H. Lane Funds—which is calculated as a share of the net asset value for each class of shares/interests in each Feeder Fund—is generally payable quarterly in advance and will be prorated in the event of a contribution during the month.

The performance allocation with respect to the Funds—which, subject to the terms described in the applicable Fund Documents, is calculated as a share of the increase in net asset value for each class of shares/interests in the Funds — and charged at the end of each fiscal year (or at the time of any withdrawal/redemption).

Each J.H. Lane Fund bears, or reimburses J.H. Lane and/or the Fund General Partner for advancing, its administrative and operational expenses, including but not limited to, expenses related to investment transactions and positions for the Funds’ account, including brokerage commissions and custody charges, clearing and settlement charges, interest and commitment fees on loans and debit balances, costs of borrowing securities to be sold short; third-party operations, accounting and portfolio and trading-related software and system costs; research and market data fees, expenses and materials (including subscriptions to online news and quotation services and print publications, computer hardware, data feed for portfolio securities, data and software used for research (and any exchange fees related thereto), Bloomberg services and terminal, Debtwire service and travel expenses (including transportation, lodging and meals) relating to investment research, due diligence and execution); trustees’ fees; proxy solicitation firm fees, public relations firm fees related to the J.H. Lane Funds’ investment activities; fees and expenses incurred in connection with the J.H. Lane Funds’ risk management systems and processes (including software); costs of any outside appraisers, accountants, auditors, attorneys, independent pricing services or other experts or consultants engaged by J.H. Lane, the Fund General Partner and/or the Master Fund to serve the needs of the J.H. Lane Funds; fees and expenses of the Funds’ administrator (such as portfolio and investor accounting, middle office, tax and financial reporting and investor servicing costs); costs and expenses in connection with communications to investors, including preparation and distribution to investors of marketing and reporting materials; bank charges; costs of insuring against risks to the J.H. Lane Funds’ assets; all legal fees and costs, including legal expenses arising in connection with the J.H. Lane Funds’ investing activities; legal expenses relating to the formation and organization of the J.H. Lane Funds and legal expenses and costs (including settlement costs) arising in connection with any litigation or regulatory investigation instituted against the J.H. Lane Funds, J.H. Lane and/or the Fund General Partner regarding the affairs of the J.H. Lane Funds; the J.H. Lane Funds’, the Fund General Partner’s and J.H. Lane’s costs and expenses relating to regulatory and statutory filings (such as filings for FATCA, Form D, Form PF and blue sky); fees and expenses incurred in connection with the compliance by the J.H. Lane Funds or by J.H. Lane, and/or the Fund General Partner related to advising the J.H. Lane Funds with applicable laws, rules, regulations and procedures (including the cost of any outside compliance consultants, but excluding the preparation of the Form ADV); any taxes applicable to any J.H. Lane Fund on account of its operations and/or investments (including the cost of professional advice relating thereto), including any withholding or transfer taxes; administrative costs, including portfolio and investor accounting, tax and investor servicing costs; valuation costs and the costs of the audit of the J.H. Lane Funds’ annual financial statements; expenses related to the offering of the Interests (not including J.H. Lane’s travel and lodging expenses relating to marketing the Interests); and other similar fees and expenses. Each J.H. Lane Fund will also be responsible for its organizational fees and expenses. In addition, the J.H. Lane Funds will bear the expenses of any blocker corporations formed by the J.H. Lane Funds, and each Feeder Fund will bear

its pro rata share of the Master Fund's expenses. The Fund General Partner and/or J.H. Lane may, in their discretion, waive their right to be reimbursed for any of the foregoing expenses for any period of time.

Except as provided above, J.H. Lane and the Fund General Partner will bear their own operating, rent and similar overhead expenses, in addition to the salaries and benefits of their employees. The Funds may purchase and maintain (or reimburse J.H. Lane and/or the Fund General Partner for purchasing or maintaining) directors' and officers' and errors and omissions insurance on behalf of the Funds, the Fund General Partner, J.H. Lane, their principals, officers, employees, partners, directors, members, affiliates or agents of any of the foregoing.

To the extent any expenses are incurred by J.H. Lane or the Fund General Partner on behalf of more than one Fund, J.H. Lane or the Fund General Partner, as applicable, will allocate such expenses in a reasonable manner among Funds.

As described above, the Management Fee for the J.H. Lane Funds is paid quarterly in advance. Contributions made as of times other than the first day of the calendar quarter will be assessed a pro rata Management Fee at the time such contribution is made. Once paid, the Management Fee will be non-refundable.

Performance-based allocations for the Funds will not be paid in advance.

It is critical that investors refer to the relevant Fund's confidential private placement memorandum and other governing documents for a complete understanding of how J.H. Lane is compensated for its advisory services, how fees are deducted from their assets, their withdrawal/redemption rights and when fees are charged, and how expenses are allocated. The information contained herein is a summary only and is qualified in its entirety by such documents.

Neither J.H. Lane nor any of J.H. Lane's supervised persons accept compensation (e.g., asset-based sales charges or services fees) for the sale of securities or other investment products.

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

As described in Item 5, J.H. Lane or an affiliate of J.H. Lane receive performance-based compensation from investors in the Funds.

It should be noted that the fact that J.H. Lane and/or its affiliates receive performance-based compensation creates a potential conflict of interest in that it may create an incentive for J.H. Lane to effect transactions in investments that are riskier or more speculative than would be the case if compensation were based solely on a flat percentage of capital. In addition, the Funds' performance-based fees are generally calculated on a basis that includes unrealized appreciation of the Funds' assets; such compensation may be greater than if it were based solely on realized gains.

J.H. Lane faces a conflict of interest to the extent that it receives different levels of performance-based compensation from different clients. J.H. Lane may have an incentive to favor a client, or take increased investment risk on behalf of a client, for which it receives greater performance-based compensation. Because J.H. Lane serves as investment adviser to clients that may have similar investment programs and overlapping strategies, J.H. Lane's policies and procedures to address this conflict of interest include those designed to ensure allocation of trades among clients on a fair and equitable basis.

ITEM 7 – TYPES OF CLIENTS

J.H. Lane provides investment advisory services to pooled investment vehicles operating as private investment funds, exempted from registration under the Investment Company Act. Each investor in the Funds must meet certain eligibility provisions: interests/shares in the Funds are generally offered to (A) U.S. investors who are (i) accredited investors within the meaning of Regulation D of the Securities Act of 1933, as amended and (ii) qualified purchasers within the meaning of Section 2(a)(51) of the Investment Company Act of 1940, as amended; and (B) non-U.S. investors. Admission to the Funds is not open to the general public.

The minimum investment amount for initial investments in each Fund is at least \$2,500,000. J.H. Lane or its affiliates, in their sole discretion, has accepted lesser amounts, and may do so again in the future.

Prospective investors to the J.H. Lane Funds should refer to the private placement memorandum of each respective Feeder Fund for information on minimum investment requirements or other such requirements for opening or maintaining an account.

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

Methods of Analysis and Investment Strategies

J.H. Lane has broad discretion in making investment decisions for the Funds, which it believes allows maximum liquidity and flexibility to trade in and to capitalize on opportunities with superior risk/reward characteristics. J.H. Lane utilizes various methods of analysis in formulating its investment management decisions. J.H. Lane seeks to achieve superior risk-adjusted returns for Investors throughout economic cycles. To execute this strategy of trading, J.H. Lane utilizes its wide breadth of experience in event-driven investing in stressed and distressed securities and other financial instruments, deep knowledge of bankruptcy and restructuring process and relevant industries, and J.H. Lane's extensive network of industry relationships.

The investment strategies are set forth in the Fund Documents that are provided to investors in respect of the applicable Fund. With respect to the Funds, J.H. Lane pursues an actively managed event-driven investment strategy focusing on companies that are currently experiencing, or likely to experience, financial and/or operational stress or distress. The Funds primarily invest in long or short opportunities as they arise across the capital structure in publicly traded equity and debt securities and obligations, but may from time to time invest in private securities and obligations. Such investment instruments may include common and preferred equity or other securities that J.H. Lane may identify from time to time, bank debt, corporate bonds, debentures, notes, municipal bonds, claims held by trade or other creditors, limited partnership interests, equipment lease certificates, equipment trust certificates, foreign currency, derivatives, warrants, litigation claims and, to the extent permitted by applicable laws and regulations, securities issued by troubled foreign issuers, including foreign governments. Environmental, Social and Governance ("ESG") criteria are taken into account as part of the investment process, principally in regard to avoiding investments in certain industries, which are generally prohibited by J.H. Lane's ESG policy. J.H. Lane provides its ESG policy to investors upon request.

Please note that an investment in the Funds is deemed highly speculative and is not intended as a complete investment program. Investing in the securities markets in general and in funds advised by J.H. Lane in particular involves significant risk. Investments in the Funds are designed only for experienced and sophisticated persons who are able to bear the economic risk of the loss of their investment and who have a limited need for liquidity.

It is critical that investors refer to the relevant confidential private offering memorandum and other governing documents for a complete understanding of J.H. Lane's investment strategies and methods of analysis. The information contained in this Item 8 is a summary only and is qualified in its entirety by such documents.

General Economic and Market Conditions. J.H. Lane's activities will also be affected by general economic and market conditions, such as global and local economic growth, interest rates, availability of credit, credit defaults, inflation rates, economic uncertainty, changes in laws (including laws relating to taxation of clients' investments), trade barriers, currency exchange controls, and national and international political circumstances (including wars, terrorist acts or security operations), and more recently in 2020 and 2022, a pandemic (i.e. coronavirus) and Russian invasion of Ukraine, respectively. These factors may affect the level and volatility of the prices and the liquidity of clients' investments. Volatility or illiquidity could impair clients' profitability or result in losses.

Force Majeure Events. Investments, particularly but not exclusively equity securities, may be adversely affected by "force majeure" events, i.e. events beyond the control of the issuers such as, among other things, fires, floods, tornadoes, other natural disasters, outbreaks of infectious diseases (such as the COVID-19 pandemic), other serious public health concerns, environmental disasters, war, terrorism, government

action, labor unrest, and utility disruptions. Certain of such events may adversely affect the ability of a portfolio company (or its counterparties) to manufacture products, perform services or meet its contractual obligations during the pendency of the force majeure event. Certain of such events could have a long-term or permanent effect upon the company and possibly on the world economy and international business activity generally.

At the onset of 2022, there were major disruptions to the securities and energy markets caused by the Russian invasion of Ukraine. This military action may result in greater adverse effects due to the fear of and any actual escalation or broadening of the conflict and the effect of sanctions on financial institutions. It is difficult to predict the long-term effects of this crisis.

Force majeure events may adversely affect (and cause wide fluctuations in) the value of a client's holdings, reduce a client's cash flow and liquidity, and make portfolio asset valuations more difficult and uncertain.

Coronavirus and Global Health Events. Epidemics, pandemics and other widespread public health problems could adversely affect a client's performance. For example, in late 2019, a novel virus started causing a disease ("COVID-19") with severe acute respiratory syndromes in humans, at times with serious health complications that sometimes result in death. What began as a local outbreak in Wuhan, China, spread globally over the course of weeks, stressing advanced healthcare systems of Western countries. Many countries imposed stringent restrictions on travel and strict measures of social distancing.

As the final impact on global markets from the COVID-19 pandemic, or future epidemics, pandemics or other health crisis, is impossible to predict, the extent to which any such crisis may negatively affect a client's performance or the duration of any potential business disruption is uncertain. Precautions or restrictions imposed by governmental authorities and public health departments have resulted in indeterminate periods of decreased economic activity throughout the U.S. and globally, including reduced or ceased business operations, decline in international trade and shortages of supplies, goods and services. An outbreak such as COVID-19, and the reactions to it have caused uncertainty in the markets and the economy, including due to market volatility, market and business uncertainty and closures, supply chain and travel interruptions, the need for employees to work at external locations and extensive medical absences among the workforce. As a reaction to an outbreak, governmental fiscal and economic measures have led, and will likely continue to lead to an increase in spending and other forms of financial stimuli, and it is difficult to predict what effect such measures will have on the U.S. and the global economy. Although vaccines for COVID-19 have been widely distributed in developed countries, it is impossible to predict when or whether the disruptions caused by the COVID-19 pandemic will end.

The impact that pandemics and other public health events have on the performance of a client in particular is uncertain, and it will depend to a large extent on future developments and new information that may emerge regarding the duration and severity of the coronavirus or other health crisis, and the actions taken by authorities and other entities to contain such crisis, particularly in the United States, all of which are beyond the Adviser's control.

Distressed Investments. The Funds invest in "distressed investments" – securities, trade claims, litigation claims, warrants and other derivatives, real estate interests, bank debt and other obligations of entities which are experiencing significant financial or business difficulties. Distressed investments may result in significant returns, but involve a substantial degree of risk. The Funds may lose a substantial portion or all of their investment in a distressed investment or may be required to accept cash or securities with a value much less than the Funds' investment. In addition, it frequently may be difficult to obtain information as to the true condition of such issuers. Distressed investments are often significantly less liquid than marketable securities or other assets with readily ascertainable market value. Such investments also may be adversely affected by laws relating to, among other things, fraudulent conveyances, voidable preferences, lender liability, litigation risks and a bankruptcy court's discretionary power to disallow, subordinate or disenfranchise particular claims. The market price of such investments is subject to abrupt and erratic market movements and above average price volatility, and the spread between the bid and asked

prices of such instruments may be greater than normally expected. In investing in distressed investments, litigation is sometimes required, which can be time-consuming and expensive, and can lead to unpredicted delays or losses.

Trade claims are purchased on an individual basis from trade creditors of the insolvent entity. As a result, it may be difficult for J.H. Lane to identify claimholders and to acquire a sufficient quantity of claims to make an investment worthwhile. Trade claims are subject to individual defenses which may be asserted by the debtor as well as possible deficiencies in the seller's title to the claim. As a result, the Funds will have a greater risk of loss than would apply to a more generic debt instrument and the Funds may be forced to incur substantial legal fees in enforcing their rights.

Any investment that the Funds may make in real estate will be subject to the risks incident to the ownership and operation of residential, commercial and industrial real estate. The value of any loans and bonds secured by real estate assets may be detrimentally affected if the real estate collateral declines in value. To the extent that the Funds invest, directly or indirectly, in real property, the Funds will be subject to the following risks that may affect the value of such real property: risks associated with both the domestic and international general economic climate, local real estate conditions, community conditions, population trends, local employment conditions, changes in supply of, or demand for, competing properties in an area (as a result, for instance, of over-building), energy and supply shortages, various uninsured or uninsurable risks, terrorism, war, natural disasters, the ability of the Funds and third parties to manage the real properties, changes in applicable laws and government regulations (including tax laws), potential environmental and other legal liabilities, general availability of financing and changes in interest rate levels, changes in interest rates and ordinary market fluctuations in the value of property or equity taken as collateral for any loans made. Certain of these risks cannot be predicted with certainty or controlled by J.H. Lane. If the Funds purchase real property or foreclose on loans or bonds secured by real property, the Funds will incur the burdens of ownership of real property, which include the paying of expenses and taxes maintaining such property and any improvements thereon, and ultimately disposing of such property.

The Funds may purchase creditor claims subsequent to the commencement of a formal reorganization or wind down process. Under judicial decisions, it is possible that such purchase may be disallowed by the bankruptcy court if the court determines that the purchaser has taken unfair advantage of an unsophisticated seller, which may result in the rescission of the transaction (presumably at the original purchase price) or forfeiture by the purchaser.

The Dodd-Frank Act established the Orderly Liquidation Authority (the "OLA"), an insolvency regime for large, interconnected financial companies, including broker-dealers, whose failure poses a significant risk to the financial stability of the United States. The Funds may invest in, or transact with, such large, interconnected financial companies and therefore may face losses if such financial companies are put into receivership and then liquidated or reorganized upon a determination by the U.S. Federal Deposit Insurance Corporation (the "FDIC") and the Board of Governors of the U.S. Federal Reserve. If a financial company becomes liquidated or reorganized by the OLA, the Funds' investments in such a financial company could be adversely affected. Compared to bankruptcy proceedings, creditors, shareholders and contract counterparties will have less input into and/or advance notice about the liquidation or reorganization of the financial company. While the FDIC has outlined certain aspects of its strategy and promulgated certain rules and regulations with respect to the OLA, it is unclear how financial companies that become subject to liquidation proceedings or reorganizations by the OLA will ultimately be affected.

Equity Securities. The Funds invest in equity and equity-related securities. Equity securities fluctuate in value in response to many factors, including the activities, results of operations and financial condition of individual companies, the business market in which individual companies compete, industry market conditions, interest rates and general economic environments. In addition, events such as political instability, terrorism and natural disasters may be unforeseeable and contribute to market volatility in ways that may adversely affect investments made by the Funds.

Small Companies. The Funds invest a portion of its assets in small and/or unseasoned companies. While smaller companies generally have potential for rapid growth, they often involve higher risks because they may lack the management experience, financial resources, product diversification and competitive strength of larger companies. In addition, in many instances, the frequency and volume of their trading may be substantially less than is typical of larger companies.

Capital Structure Arbitrage. The Funds invest based on capital structure arbitrage strategies. The success of any such strategies will depend on J.H. Lane's ability to identify and exploit inefficiencies in the pricing of credit risk within a company's or sovereign's capital structure. Identification and exploitation of market opportunities involve uncertainty. There can be no assurance that J.H. Lane will be able to locate investment opportunities or to correctly exploit price discrepancies. A reduction in the pricing inefficiency of the markets in which the Funds will seek to invest will reduce the scope for the Funds' involvement in these strategies. In the event that the perceived mispricings underlying the Funds' positions fail to materialize, these strategies could be unsuccessful or result in losses.

Fixed Income Securities and Loans. The Funds invest in bonds or other fixed income securities of U.S. and non-U.S. issuers, including, without limitation, bank debt, bonds, notes, debentures and commercial paper, as well as derivatives thereon. Fixed income securities pay fixed, variable or floating rates of interest. The value of fixed income securities in which the Funds invest will change in response to fluctuations in interest rates. In addition, the value of certain fixed-income securities and bank loans can fluctuate in response to perceptions of creditworthiness, foreign exchange rates, political stability or soundness of economic policies.

Bank Loans. The Funds' investment program includes investments in bank loans and participations. These obligations are subject to unique risks, including: (i) the possible invalidation of an investment transaction as a fraudulent conveyance under relevant creditors' rights laws; (ii) so-called lender-liability claims by the issuer of the obligations; (iii) environmental liabilities that may arise with respect to collateral securing the obligations; and (iv) limitations on the ability of the Funds to directly enforce their rights with respect to participations.

There can be no assurance that future levels of supply and demand in loan trading will provide an adequate degree of liquidity or that any level of liquidity will continue. Because of the provision to holders of such loans of confidential information relating to the borrower, the unique and customized nature of the loan agreement, and the private syndication of the loan, loans are not as easily purchased or sold as a publicly traded security, and historically the trading volume in the loan market has been small relative to the high-yield debt market.

"High Yield" Securities. The Funds invest in "higher yielding" (and, therefore, higher risk) debt securities. Such securities are generally considered to be below "investment grade" and face ongoing uncertainties and exposure to adverse business, financial or economic conditions which could lead to the issuer's inability to meet timely interest and principal payments. In certain periods, there may be little or no liquidity in markets for these securities. Furthermore, it is likely that a major economic recession or financial crisis could have a materially adverse impact on the value of such securities. As expected, high yield securities have historically experienced greater default rates than has been the case for investment grade securities. The market values of certain of these lower rated debt securities tend to reflect individual corporate developments to a greater extent than do higher rated securities, which react primarily to fluctuations in the general level of interest rates. The markets for high yield securities tend to be more volatile, less liquid and less active than those for higher-rated securities, which can adversely affect the price at which these securities can be sold and may make it impractical or impossible to sell such securities at times of market dislocation. In addition, adverse publicity and investor perceptions, whether or not based on fundamental analysis, may also decrease the value and liquidity of these securities.

Illiquid Securities and Obligations. The Funds also trade in illiquid securities and other obligations (whether or not the issuer or debtor is distressed), such as unregistered securities of publicly held companies and securities and other obligations of privately held companies. Such positions may require a significant

amount of time from the date of initial investment before disposition. At various times, the markets for securities purchased or sold by the Funds may be “thin” or illiquid, making the purchase or sale of securities at desired prices or in desired quantities difficult or impossible. There may be no market for unlisted securities traded by the Funds. In some cases, the Funds may be contractually prohibited from disposing of such securities for a specified period of time. Further, the sale of any such positions may be possible only at substantial discounts and such positions may be extremely difficult to value. If a substantial number of Investors were to withdraw/redeem their interests from the Funds and the Funds did not have a sufficient number of liquid securities, the Funds might have to meet such withdrawals/redemptions through distributions of illiquid securities.

Structured Finance Securities. The Funds may invest in structured finance securities such as, for example, collateralized debt obligations. Structured finance securities may present risks similar to those of the other types of investments in which the Funds may invest and, in fact, such risks may be of greater significance in the case of structured finance securities. Moreover, investing in structured finance securities may entail a variety of unique risks. Among other risks, structured finance securities may be subject to prepayment risk. 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.

Convertible Securities. The Funds invest in convertible securities. The market value of convertible securities, as with all fixed income securities, tends to decline as interest rates increase and, conversely, to increase as interest rates decline. However, when the market price of the common stock underlying a convertible security exceeds the conversion price, the convertible security tends to reflect the market price of the underlying common stock. As the market price of the underlying common stock declines, the convertible security tends to trade increasingly on a yield basis and thus, may not decline in price to the same extent as the underlying common stock. If a convertible security held by the Funds is called for redemption, the Funds will be required to permit the issuer to redeem the security, convert it into the underlying stock or sell it to a third party. Any of these actions could have an adverse effect on J.H. Lane’s ability to achieve its investment objective.

Foreign Investments. The Funds invest in non-U.S. securities and other instruments denominated in non-U.S. currencies and/or traded outside of the U.S. Such transactions require consideration of certain risks not typically associated with trading in U.S. securities or other instruments. Such risks include unfavorable currency exchange rate developments, restrictions on repatriation of investment income and capital, imposition of exchange control regulation by the U.S. or foreign governments, confiscatory taxation and economic or political instability in foreign nations. In addition, there may be less publicly available information about certain non-U.S. companies than would be the case for comparable companies in the U.S., and certain non-U.S. companies may not be subject to accounting, auditing and financial reporting standards and requirements comparable to or as uniform as those of U.S. companies.

Currency Risks. Since the Funds invest in securities and other instruments denominated or quoted in currencies other than the U.S. dollar, changes in currency exchange rates will affect the value of the Funds’ portfolio and the unrealized gains or losses on investments. Further, the Funds may incur costs in connection with conversions between various currencies. Foreign currency exchange dealers realize a profit based on the difference between the prices at which they are buying and selling various currencies. Thus, a dealer normally will offer to sell currency to the Funds at one rate, while offering a lesser rate of exchange should the Funds desire immediately to resell that currency to the dealer. The Funds will conduct their currency exchange transactions either on a spot (i.e., cash) basis at the spot rate prevailing in the currency exchange market, or through entering into forward contracts to purchase or sell non-U.S. currencies.

Short Sales. A short sale involves the sale of a security that the Funds does not own in the expectation of

purchasing the same security (or a security exchangeable therefor) at a later date at a lower price. To make delivery to the buyer, the Funds must borrow the security and the Funds are obligated to return the security to the lender, which is accomplished by a later purchase of the security by the Funds. When the Funds make a short sale in the United States, they must leave the proceeds thereof with the broker and must also deposit with the broker an amount of cash or U.S. government or other securities sufficient under current margin regulations to collateralize the obligation to replace the borrowed securities that have been sold. If short sales are effected on a foreign exchange, such transactions will be governed by local law. A short sale involves the risk of a theoretically unlimited increase in the market price of the security that would result in a theoretically unlimited loss to the Funds. The extent to which the Funds will engage in short sales will depend upon J.H. Lane's investment strategy and perception of market direction and the value of individual securities. J.H. Lane may engage in short sales on behalf of the Funds as a hedge against potential market declines and/or based on its fundamental analysis of the subject issuers.

Call Options. There are risks associated with the sale and purchase of call options. The seller (writer) of a call option which is covered (e.g., the writer holds the underlying security) assumes the risk of a decline in the market price of the underlying security below the purchase price of the underlying security less the premium received, and gives up the opportunity for gain on the underlying security above the exercise price of the option. If the seller of the call option owns a call option covering an equivalent number of shares with an exercise price equal to or less than the exercise price of the call written, the position is "fully hedged" if the option owned expires at the same time or later than the option written. The seller of an uncovered call option assumes the risk of a theoretically unlimited increase in the market price of the underlying security above the exercise price of the option. The buyer of a call option assumes the risk of losing its entire investment in the call option.

Put Options. There are risks associated with the sale and purchase of put options. The seller (writer) of a put option which is covered (e.g., the writer has a short position in the underlying security) assumes the risk of an increase in the market price of the underlying security above the sales price (in establishing the short position) of the underlying security plus the premium received, and gives up the opportunity for gain on the underlying security below the exercise price of the option. If the seller of the put option owns a put option covering an equivalent number of shares with an exercise price equal to or greater than the exercise price of the put written, the position is "fully hedged" if the option owned expires at the same time or later than the option written. The seller of an uncovered put option assumes the risk of a decline in the market price of the underlying security below the exercise price of the option. The buyer of a put option assumes the risk of losing its entire investment in the put option.

Derivatives Generally. Derivative instruments, or "derivatives," include options, swaps, structured securities and other instruments and contracts that are derived from or the value of which is related to one or more underlying securities, financial benchmarks, currencies or indices. Derivatives allow an investor to hedge or speculate upon the price movements of a particular security, financial benchmark currency or index at a fraction of the cost of investing in the underlying asset. The Funds may seek to acquire derivatives for these or other reasons.

The value of a derivative is frequently difficult to determine and depends largely upon price movements in the underlying asset. Therefore, many of the risks applicable to investing in the underlying asset are also applicable to derivatives of such asset. However, there are a number of other risks associated with derivatives. For example, because many derivatives are "leveraged," and thus provide significantly more market exposure than the money paid or deposited when the transaction is entered into, a relatively small adverse market movement can not only result in the loss of the entire investment, but may also expose the Funds to the possibility of a loss exceeding the original amount invested. Over-the-counter derivatives generally are not assignable except by agreement between the parties concerned, and no party or purchaser has any obligation to permit such assignments. The over-the-counter market for derivatives is relatively illiquid. In the case of over-the-counter derivatives contracts, the Funds are subject to the credit risk of the counterparty.

Futures Trading. J.H. Lane may trade futures on behalf of the Funds. Futures trading is very speculative,

largely due to the traditional volatility of futures prices. Futures prices are affected by and may respond rapidly to a variety of factors, including (but not limited to) market and news reports, interest rates, national and international political or economic events, and domestic or foreign trade, monetary or fiscal policies or programs. Such rapid response might include an opening price on an affected futures contract sharply higher or lower than the previous day's close. In such an instance, the Funds might be unable to adjust their positions in time to avoid a loss.

Moreover, commodity exchanges limit fluctuations in commodity futures contract prices during a single day by regulations referred to as "daily price fluctuation limits" or "daily limits." During a single trading day no trades may be executed at prices beyond the daily limit. Once the price of a futures contract for a particular commodity has increased or decreased by an amount equal to the daily limit, positions in the commodity can be neither taken nor liquidated unless traders are willing to effect trades at or within the limit. Commodity futures prices have occasionally moved the daily limit for several consecutive days with little or no trading. Similar occurrences could prevent the Funds from promptly liquidating unfavorable positions and subject the Funds to substantial losses. In addition, the Dodd-Frank Act significantly expands the CFTC's authority to impose broader aggregate position limits.

Forward Trading. J.H. Lane engages in forward trading on behalf of the Funds. Deliverable forward contracts (including certain foreign exchange contracts) and options thereon, unlike futures contracts, are not traded on exchanges and are not standardized; rather banks and dealers act as principals in these markets, negotiating each transaction on an individual basis. Such forward trading is largely unregulated and currently daily price movements are not limited and speculative position limits are not applicable. The principals who deal in such forward markets are not required to continue to make markets in the currencies or commodities they trade and these markets can experience periods of illiquidity, sometimes of significant duration, which could result in substantial losses to the Funds.

Hedging Transactions. The Funds utilize financial instruments, both for investment purposes and for risk management purposes in order (i) to protect against possible changes in the market value of the Funds' portfolio resulting from fluctuations in the securities markets and changes in interest rates; (ii) to protect the Funds' unrealized gains in the value of the Funds' portfolio; (iii) to facilitate the sale of any such investments; (iv) to enhance or preserve returns, spreads or gains on any investment in the Funds' portfolio; (v) to hedge the interest rate or currency exchange rate on any of the Funds' liabilities or assets; (vi) to protect against any increase in the price of any securities the Funds anticipate purchasing at a later date; or (vii) for any other reason that J.H. Lane deems appropriate.

The success of the Funds' hedging strategy will depend, in part, upon J.H. Lane's ability to correctly assess the degree of correlation between the performance of the instruments used in the hedging strategy and the performance of the portfolio investments being hedged. Since the characteristics of many securities change as markets change or time passes, the success of the Funds' hedging strategy will also be subject to J.H. Lane's ability to continually recalculate, readjust and execute hedges in an efficient and timely manner. While the Funds may enter into hedging transactions to seek to reduce risk, such transactions may result in a poorer overall performance for the Funds than if it had not engaged in such hedging transactions. For a variety of reasons, J.H. Lane may not seek to establish a perfect correlation between the hedging instruments utilized and the portfolio holdings being hedged. Such an imperfect correlation may prevent the Funds from achieving the intended hedge or expose the Funds to risk of loss. J.H. Lane may not hedge against a particular risk because it does not regard the probability of the risk occurring to be sufficiently high as to justify the cost of the hedge, or because it does not foresee the occurrence of the risk. The successful utilization of hedging and risk management transactions requires skills complementary to those needed in the selection of the Funds' portfolio holdings.

Leverage and Borrowing Risks. The Funds have the power to borrow funds and may do so when deemed appropriate by J.H. Lane, including to enhance the Funds' returns and satisfy withdrawal/redemption requests that would otherwise result in the premature liquidation of investments. The Funds may borrow funds from brokers, banks and other lenders to finance their investment operations, which borrowings may

be secured by assets of the Funds. The use of such leverage can, in certain circumstances, maximize the losses to which the Funds' investment portfolio may be subject. Any event that adversely affects the value of an investment would be magnified to the extent that asset or the applicable Fund is leveraged. The cumulative effect of the use of leverage by the Funds in a market that moves adversely to the Funds' investments could result in a substantial loss to the Funds, which would be greater than if the Funds were not leveraged. Leverage may be achieved through, among other methods, direct borrowing, purchases of securities on margin and the use of options, futures, forward contracts, repurchase and reverse repurchase agreements and swaps. The access to capital could be impaired by many factors, including market forces or regulatory changes.

The use of margin and short-term borrowings creates several risks for the Funds. If the value of the Funds' securities falls below the margin level required by a prime broker, additional margin deposits would be required. If the Funds are unable to satisfy any margin call by a prime broker, then the prime broker could liquidate the Funds' position in some or all of the financial instruments that are in the Funds' accounts at the prime broker and cause the Funds to incur significant losses. Furthermore, secured counterparties and lenders may have the right to sell, pledge, rehypothecate, assign, use or otherwise dispose of collateral posted by the Funds. This could increase exposure to the risk of a counterparty default since, under such circumstances, the Funds may be unable to recover the posted collateral promptly or may be unable to recover all of the posted collateral. The occurrence of defaults may trigger cross-defaults under the Funds' agreements with other brokers, lenders, clearing firms or other counterparties, creating or increasing a material adverse effect on the performance of the Funds.

The purchase of options, futures, forward contracts, repurchase agreements, reverse repurchase agreements and equity swaps generally involves little or no margin deposit and, therefore, will provide substantial leverage. Accordingly, relatively small price movements in these financial instruments may result in immediate and substantial losses to the Funds.

It is critical that investors refer to the relevant confidential private offering memorandum and other governing documents for a complete understanding of the material risks involved in relation to the types of securities that J.H. Lane invests in on behalf of the Funds. The information contained herein is a summary only and is qualified in its entirety by such documents.

ITEM 9 – DISCIPLINARY INFORMATION

J.H. Lane has no legal or disciplinary information to disclose at this time.

ITEM 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Neither J.H. Lane nor any of its management persons are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.

Neither J.H. Lane nor any of its management persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, commodity trading advisor, or an associated person of such entities. J.H. Lane will operate under an exemption from registration with the CFTC as a commodity pool operator pursuant to CFTC Rule 4.13(a)(3), which is available to managers of privately offered funds whose investments in commodity interests are limited to certain thresholds and parameters and which are not marketed as a vehicle for trading commodity interests.

J.H. Lane serves as investment advisor to the Funds. J.H. Lane, its employees, affiliates or their related persons also invest directly in any one, some or all of the Funds. J.H. Lane has adopted a Code of Ethics concerning trading by personnel of J.H. Lane that is designed to detect and prevent potential conflicts of interest between J.H. Lane, including its employees, and the Fund and Investors. Please refer to Item 11 below for additional information regarding J.H. Lane's Code of Ethics.

An affiliate of J.H. Lane, J.H. Lane Holdings GP, LLC, serves as the general partner of the Funds which are limited partnerships. As described in Item 6, this creates a conflict of interest in that it may cause J.H. Lane or the Fund General Partner to take greater risks than they may have otherwise. This conflict of interest is addressed as described in Item 6.

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

J.H. Lane's Code of Ethics (the "Code") is designed to meet the requirements of Rule 204A-1 of the Investment Advisers Act of 1940 (the "Advisers Act"). The Code applies to J.H. Lane's "Access Persons." Access Persons include, generally, any partner, officer or director of J.H. Lane and any employee or other supervised person of J.H. Lane (or an affiliate) who, in relation to the Fund, (1) has access to non-public information regarding any purchase or sale of securities, or non-public information regarding securities holdings or (2) is involved in making securities recommendations, executing securities recommendations, or has access to such recommendations that are non-public. All employees of J.H. Lane are deemed to be Access Persons.

The Code sets forth a standard of business conduct that takes into account J.H. Lane's status as a fiduciary and requires Access Persons to place the interests of the Funds and Investors above their own interests and the interests of J.H. Lane and its affiliates. All Access Persons are required to acknowledge their receipt of, and agreement to abide by, the Code upon hire and at least annually thereafter. The Code requires Access Persons to comply with applicable federal securities laws. Further, Access Persons are required to promptly bring violations of the Code to the attention of J.H. Lane's Chief Compliance Officer (the "Chief Compliance Officer").

The Code also sets forth certain reporting and pre-clearance requirements with respect to personal trading by Access Persons. Access Persons must provide J.H. Lane's Chief Compliance Officer with a list of their personal accounts and an initial holdings report within 10 days of becoming an Access Person. In addition, J.H. Lane's Access Persons must provide annual holdings reports and quarterly transaction reports in accordance with Advisers Act Rule 204A-1.

J.H. Lane manages the potential conflicts of interest inherent in personal trading by Access Persons through rigorous enforcement of its Code, which contains limitations on Access Persons' personal investment activities. Access Persons' personal securities transactions are required to be made in accordance with J.H. Lane's Code. In addition, J.H. Lane receives transaction and holdings reports in accordance with Advisers Act Rule 204A-1. The Chief Compliance Officer reviews Access Persons' personal transaction and holdings reports in an effort to ensure each Access Person is conducting his or her personal securities transactions in a manner that is consistent with the Code.

J.H. Lane maintains a "Restricted List" with the names of issuers of securities about which J.H. Lane (or its Access Persons) has learned material, non-public information or that may require, for business or legal reasons, that the Fund and Access Persons do not trade in the securities for a specific period of time. Access Persons are strictly prohibited from trading securities on the Restricted List (or any other securities to which the material, non-public information relates). In addition, the Code seeks to ensure the protection of non-public information about the activities of the Funds.

As explained in Item 10 above, J.H. Lane serves as investment adviser to the Funds. J.H. Lane recommends interests in the Funds to prospective Investors. J.H. Lane, its affiliates and certain Access Persons have invested, and may continue to invest, in the Funds.

Investors or prospective Investors may obtain a copy of the Code by contacting the Chief Compliance Officer at info@jhlanepartners.com.

As explained above, J.H. Lane serves as the investment adviser to the Funds, and J.H. Lane, its employees, affiliates or their related persons also invest directly in any one, some or all of the Funds. An Affiliate of J.H. Lane serves as the general partner of the Funds which are limited partnerships.

The fact that J.H. Lane, its employees, affiliates or their related persons have a financial ownership interest in the Funds creates a conflict of interest in that it may incentivize J.H. Lane to make different investment decisions than if such persons did not have such a financial ownership interest. Further, J.H. Lane charges fees based on a percentage of assets under management. Such asset-based fee is payable without regard to the overall success or income earned by the Advisory Clients and therefore creates an incentive on the part of J.H. Lane to raise or otherwise increase assets under management to a higher level than would be the case if J.H. Lane were receiving a lower or no management fee. The receipt of performance-based compensation by affiliates of J.H. Lane may create an incentive for J.H. Lane to make investments that are riskier or more speculative than would be case in the absence of a performance-based fee structure. Such potential conflicts are addressed by the personal securities transaction pre-clearance and holding requirements described in J.H. Lane's Code of Ethics.

Related persons of J.H. Lane may not buy, sell or otherwise invest in securities that J.H. Lane also recommends to Advisory Clients unless prior written approval is obtained from the Chief Compliance Officer before engaging in these personal transactions, as described in J.H. Lane's Code of Ethics. Each such related person transaction is separately identified and made strictly in accordance with J.H. Lane's Code of Ethics and the terms of the offering described in the applicable private placement memorandum. Such employee transactions will be reviewed in the best interests of the Advisory Clients and will be denied by the Chief Compliance Officer if there is risk of potential adverse consequences to the Advisory Clients. J.H. Lane will also maintain a restricted securities list that contains the names of any public security about which J.H. Lane, its employees or its affiliates have received material non-public information. The Advisory Clients and related persons of J.H. Lane are generally prohibited from trading in securities on the restricted list.

J.H. Lane and its related persons conduct investment activities for their own accounts and may serve as investment advisers or investment managers to other clients in the future. Such other activities or accounts may have investment objectives or may implement investment strategies similar to those of the Advisory Clients. J.H. Lane and its principal owners have a significant investment in certain J.H. Lane Funds and may have investments in certain other entities managed by J.H. Lane or its affiliates from time to time.

The trades made by some funds or accounts managed by J.H. Lane or its affiliates in the future, may compete with trades for some Advisory Clients' portfolios. J.H. Lane will generally determine the allocation of assets pro rata based on assets under management or in some other manner which J.H. Lane determines is fair and equitable under the circumstances.

ITEM 12 – BROKERAGE PRACTICES

When performing investment management services for the Funds, J.H. Lane has full discretion to place buy and sell orders with or through such brokers or dealers as it may deem appropriate. It is the policy and practice of J.H. Lane to strive for the best price and execution that are competitive in relation to the value of the transaction (“best execution”). In selecting brokers to effect portfolio transactions for the Funds, J.H. Lane considers factors such as price, the ability of the brokers to effect the transactions, the brokers’ facilities, reliability and financial responsibility and the provision or payment (or the rebate to the Funds for payment) of the costs of property or services (e.g., short-term custodial services, research services, news and quotation services, publications, and other services). Accordingly, if J.H. Lane determines in good faith that the amount of commissions charged by a broker is reasonable in relation to the value of the brokerage and products or services provided by such broker, the Funds may pay commissions to such broker in an amount greater than the amount another broker might charge.

J.H. Lane may select a broker-dealer in recognition of the value of various services or products, beyond transaction execution, that such broker-dealer provides where, considering all relevant factors, it believes the broker-dealer can provide best execution. The amount of compensation paid to such broker-dealer may be higher than what another, equally capable broker-dealer might charge. Selecting a broker-dealer in recognition of the provision of services or products other than transaction execution is known as paying for those services or products with “soft dollars.”

J.H. Lane does not currently have any soft dollar arrangements in place, and at this time has no plan to enter into any such arrangements.

J.H. Lane has established prime brokerage arrangements on behalf of the Funds with one or more registered broker-dealers (each a “Prime Broker”). Under these arrangements, the Prime Broker, among other things: (i) settles and clears trades; (ii) extends margin and securities loans; (iii) maintains custody of cash and securities held by the Funds; and (iv) provides detailed portfolio and related reports. J.H. Lane may cause the Funds to pay for custodial and related services either in cash or by allocating a portion of its business to the Prime Broker. The brokerage commissions and other costs charged by the Prime Broker have been negotiated by J.H. Lane (or its affiliates) and are believed to be comparable to those charged by other brokerage firms for similar accounts. J.H. Lane and its affiliates may, in their sole discretion, change the Prime Broker, alter the terms of the arrangements with the Prime Broker, or make alternative arrangements to receive the services provided by the Prime Broker. J.H. Lane may also use additional brokers (in addition to the Prime Broker) to execute transactions.

J.H. Lane periodically evaluates the execution performance of broker-dealers to ensure that the services provided are consistent with best execution.

As part of the best execution review process, J.H. Lane will review any trade errors that have occurred. J.H. Lane maintains a detailed policy to ensure that trade errors are identified and corrected as soon as possible. It should be noted that the Funds (and not J.H. Lane, the Fund General Partner or their affiliates or personnel) shall (i) be responsible for any losses resulting from trading errors and similar human errors, absent gross negligence or willful misconduct in the performance of the obligations and duties of J.H. Lane, the Fund General Partner or their respective affiliates or personnel in respect of the Funds, as the case may be, or (ii) receive the gain from such trading errors, as the case may be.

At times, J.H. Lane may place transactions with a broker or dealer that (i) provides J.H. Lane with the opportunity to participate in capital introduction events sponsored by the broker-dealer or (ii) refers investors to the Funds or other products advised by J.H. Lane (or an affiliate).

Because such referrals, if any, are likely to benefit J.H. Lane and its affiliates but may provide an insignificant (if any) benefit to investors, J.H. Lane will have a conflict of interest with the Funds when

allocating brokerage business to a broker who has referred investors to the Funds. To prevent brokerage commissions from being used to pay investor referral fees, J.H. Lane will not allocate Fund brokerage business to a referring broker unless J.H. Lane determines in good faith that the commissions payable to such broker is consistent with seeking best execution.

J.H. Lane has complete discretion in deciding what brokers and dealers the Funds will use and in negotiating the rates of compensation the Funds will pay. As noted above, a prime brokerage relationship has been established on behalf of the Funds. It should be noted that not all investment advisers require their clients to direct brokerage. By directing brokerage to a particular broker-dealer, J.H. Lane may be unable to achieve the most favorable execution, which may cost the Funds more money.

J.H. Lane is not required to allocate either a stated dollar or stated percentage of transactions to any broker-dealer for any minimum time period, and will review such relationships periodically. As outlined above, J.H. Lane recognizes its duty to seek “best execution” in effecting transactions on behalf of the Funds.

In situations where J.H. Lane determines that the purchase or sale of a particular security is appropriate for multiple accounts, J.H. Lane may, but is not required to, aggregate purchase and sale orders of securities held by the Funds with similar orders being made simultaneously for other accounts if, in J.H. Lane’s reasonable judgment, such aggregation is reasonably likely to result in an overall economic benefit to the affected accounts. Such benefits may include better transaction prices, lower commissions or execution costs, beneficial timing of transactions, or a combination of these and other factors.

Because of prevailing market conditions, it may not be possible to execute all shares of an aggregated trade, in which case J.H. Lane will allocate the trade among participating accounts in an equitable manner determined prior to execution of the trade. Ordinarily, the executing broker-dealer will provide an average price, and where possible, average transaction costs will be allocated to all accounts participating in the aggregated trade. J.H. Lane may make investment allocations among the accounts in any manner which it considers to be fair under the circumstances, including, without limitation, allocations based on relative account sizes, available cash, the degree of risk involved in the securities acquired and the extent to which a position in such securities is consistent with the investment policies and strategies of the various accounts involved.

ITEM 13 – REVIEW OF ACCOUNTS

The Funds' portfolios will be reviewed by the Principals on an ongoing basis to ensure conformity with the Funds' objectives and guidelines. In addition, all portfolios are reviewed in light of emerging trends and developments as well as market volatility. Further, the Chief Compliance Officer will periodically review J.H. Lane's trading to ensure consistency with applicable laws and regulations.

Each investor in the Funds will receive periodic written unaudited statements of capital balance or letters relating to performance. Investors are also sent written audited financial statements on an annual basis prepared by an independent auditor. As noted in Item 4., J.H. Lane or its affiliates may agree to provide certain investors with the provision of additional information or reports on the Funds.

ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION

J.H. Lane has entered into an arrangement pursuant to which it compensates third parties for investor referrals. All such referral activities will be conducted in a manner that is consistent with Rule 206(4)-1 (The Marketing Rule) under the Advisers Act and relevant SEC guidance. All fees paid to solicitors, if any, will be fully disclosed to investors, to the extent required by applicable law.

ITEM 15 – CUSTODY

J.H. Lane (and any of its affiliates acting as general partner to the applicable Fund) is deemed to have custody of the Fund's assets pursuant to Advisers Act Rule 206(4)-2. The qualified custodians presently utilized for the Funds' cash and securities are J.P. Morgan Clearing Corp. (New York, NY), Wells Fargo Prime Services, LLC (New York, NY), and Principal Bank (Minneapolis, MN). A substantial portion of the Funds' assets consists of uncertificated bank debt interests (and participations therein), trade claims and interests in liquidating trusts and similar vehicles. These assets are generally not custodied with a qualified custodian.

To ensure compliance with Rule 206(4)-2 under the Advisers Act, J.H. Lane will ensure that the Funds are subject to annual audit by an independent public accountant that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board in accordance with its rules and that the Funds' audited financial statements prepared in accordance with generally accepted accounting principles are distributed to all investors within 120 days of the end of each fiscal year. The Funds are also subject to audit upon liquidation and the audited financial statements are distributed to all investors promptly after the completion of such audit. Investors should carefully review such audited financial statements.

ITEM 16 – INVESTMENT DISCRETION

Under the investment management agreement among the J.H. Lane Funds and J.H. Lane, J.H. Lane has full discretionary authority to manage the Funds. J.H. Lane is authorized to make trading, purchase and sale decisions for the Funds. Investors in the Funds do not have the ability to impose limitations on J.H. Lane's discretionary authority.

Each J.H. Lane Fund's investment strategy is set forth in detail in such Fund's offering memorandum. Prospective investors are provided with an offering memorandum prior to their investment and are encouraged to carefully review the offering memorandum, along with all other relevant offering materials, to be sure that the proposed investment is consistent with their investment goals and tolerance for risk. J.H. Lane may exercise its investment discretion and authority conditionally or unconditionally, arbitrarily, or inconsistently in varying or similar circumstances, without accountability to the Partnership or any Limited Partner. For example, J.H. Lane may provide certain Limited Partners more frequent or more detailed reports of the Partnership's portfolio holdings or performance, special fee and allocation arrangements and special withdrawal rights that it does not provide to other Limited Partners.

Prospective investors should also consult with their legal, tax, or other advisors prior to making any investment. Prospective investors must also execute a subscription agreement, in which they make various representations, including representations regarding their suitability to invest in a high-risk investment.

ITEM 17 – VOTING CLIENT SECURITIES

To the extent that J.H. Lane has discretion to vote the proxies on behalf of the Funds, J.H. Lane will vote any such proxies in its sole discretion in a manner which J.H. Lane believes serves the best interests and investment objectives of the Funds and in accordance with set compliance procedures.

Prior to voting any proxies, J.H. Lane's Chief Compliance Officer and the Principals will determine if there are any conflicts of interest related to the proxy in question. If a conflict is identified, the Chief Compliance Officer and the Principals will then make a determination (which may be in consultation with outside legal counsel) as to whether the conflict is material or not. If no material conflict is identified pursuant to its set procedures, the Chief Compliance Officer and the Portfolio Manager will make a decision on how to vote the proxy in question. Any proxies actually received by J.H. Lane will be provided to the Chief Compliance Officer. J.H. Lane keeps a record of its proxy voting policies and procedures, proxy statements received, votes cast, all communications received and internal documents created that were material to voting decisions and each client request for proxy voting records and J.H. Lane's response for the previous five years.

If you have any questions about J.H. Lane's proxy policy, its proxy record-keeping procedures or if you would like any detailed information about how proxies were actually voted, please contact J.H. Lane's Chief Compliance Officer at info@jhlanepartners.com.

ITEM 18 – FINANCIAL INFORMATION

J.H. Lane is not currently aware of any financial condition that is reasonably likely to impair its ability to meet contractual commitments to the Funds. J.H. Lane has nothing to report in this item.