

**INVESTMENT ADVISER BROCHURE**

**HIDDEN HARBOR CAPITAL MANAGEMENT, L.P.**

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**March 28, 2024**

**This Investment Adviser Brochure (“Brochure”) provides information about the qualifications and business practices of Hidden Harbor Capital Management, L.P. If you have any questions about the contents of this Brochure, please contact us at (954) 400-1140. 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 authority.**

Hidden Harbor Capital Management, L.P. is an investment adviser registered with the SEC under the Investment Advisers Act of 1940, as amended (the “**Advisers Act**”). However, such registration does not imply a certain level of skill or training.

Additional information regarding Hidden Harbor Capital Management, L.P. is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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## MATERIAL CHANGES

Hidden Harbor Capital Management, L.P. filed its most recent Form ADV Part 2 on March 29, 2023. This annual amendment updates certain risk factors and the business practices of Hidden Harbor Capital Management, L.P. and its affiliates.

## ADVISORY BUSINESS

Hidden Harbor Capital Management, L.P., a Delaware limited partnership and a registered investment adviser (the “**Adviser**”), and its affiliated investment advisers provide investment advisory services to investment funds privately offered to qualified investors in the United States and elsewhere. The Adviser commenced operations in April 2016.

The Adviser’s clients include the following (each, a “**Fund**,” and together with any future private investment fund to which the Adviser or its affiliates provide investment advisory services, the “**Funds**”):

- Hidden Harbor Capital Partners I, L.P.
- Hidden Harbor Capital Partners I-A, L.P. (together with Hidden Harbor Capital Partners I, L.P., “**Fund I**”)
- Hidden Harbor Capital Partners II, L.P.
- Hidden Harbor Capital Partners II-A, L.P. (together with Hidden Harbor Capital Partners II, L.P., “**Fund II**”)

The following general partner entities are affiliated with the Adviser:

- Hidden Harbor Capital Partners GP I, L.P.
- Hidden Harbor Capital Partners GP II, L.P.

(the “**General Partners**” and together with any future affiliated general partner entities, the Adviser and their affiliated entities “**Hidden Harbor**”).

Each General Partner is subject to the Advisers Act pursuant to the Adviser’s registration in accordance with SEC guidance. This Brochure also describes the business practices of the General Partners, which operate as a single advisory business together with the Adviser.

The Funds are private equity funds and invest through negotiated transactions in operating entities, generally referred to herein as “portfolio companies.” Hidden Harbor’s investment advisory services to the Funds consist of identifying and evaluating investment opportunities, negotiating the terms of investments, managing and monitoring investments and achieving dispositions for such investments. Although investments are made predominantly in non-public companies, investments in public companies are permitted. Where such investments consist of portfolio companies, the senior principals or other personnel of Hidden Harbor or its affiliates

generally serve on such portfolio companies' respective boards of directors or otherwise act to influence control over management of portfolio companies in which the Funds have invested.

Hidden Harbor's advisory services to the Funds are detailed in the relevant private placement memoranda or other offering documents (each, a "**Memorandum**"), limited partnership or other operating agreements (each, a "**Partnership Agreement**" and, together with any relevant Memorandum, the "**Governing Documents**") and are further described below under "Methods of Analysis, Investment Strategies and Risk of Loss." Investors in the Funds (generally referred to herein as "investors" or "limited partners") participate in the overall investment program for the applicable Fund, but in certain circumstances are excused from a particular investment due to legal, regulatory or other agreed-upon circumstances pursuant to the Governing Documents; for the avoidance of doubt, such arrangements generally do not and will not create an adviser-client relationship between Hidden Harbor and any investor. The Funds or the General Partners generally enter into side letters or other similar agreements ("**Side Letters**") with certain investors that have the effect of establishing rights under, or altering or supplementing the terms (including economic or other terms) of, the Governing Documents with respect to such investors.

Additionally, as permitted by the Governing Documents, the Adviser expects to provide (or agree to provide) co-investment opportunities (including the opportunity to participate in co-invest vehicles) to certain current or prospective investors or other persons, including other sponsors, portfolio company executives, market participants, finders, consultants and other service providers (including members of the Operations Group (as defined below)), portfolio company management or personnel, Hidden Harbor's personnel and/or certain other persons associated with Hidden Harbor and/or its affiliates (including, in some cases, through a vehicle formed by Hidden Harbor's Principals to co-invest alongside a particular Fund's transactions). Such co-investments typically involve investment and disposal of interests in the applicable portfolio company at the same time and on the same terms as the Fund making the investment. However, for strategic and other reasons, a co-investor or co-invest vehicle (including a co-investing Fund) purchases a portion of an investment from one or more Funds after such Funds have consummated their investment in the portfolio company (also known as a post-closing sell-down or transfer), which generally will have been funded through Fund investor capital contributions and/or use of a Fund credit facility. Any such purchase from a Fund by a co-investor or co-invest vehicle generally occurs shortly after the Fund's completion of the investment to avoid any changes in valuation of the investment, but in certain instances could be well after the Fund's initial purchase. Where appropriate, and in Hidden Harbor's sole discretion, Hidden Harbor reserves the right to seek reimbursement to the relevant Fund for related costs. However, to the extent any such amounts are not so reimbursed (including reimbursements required pursuant to applicable law), they generally will be borne by the relevant Fund.

As of December 31, 2023, Hidden Harbor managed \$1,006.080,044 in client assets on a discretionary basis. Hidden Harbor is controlled by John Caple, David Block, Christopher Paldino, Andrew Joy, Russell Kreutter, and Lee Bryan (together, the "**Principals**").

#### **FEES AND COMPENSATION**

In general, Hidden Harbor receives a management fee and a carried interest in connection with the provision of advisory services to its clients. The Adviser or other Hidden Harbor entities

or affiliates receive additional compensation in connection with management and other services performed for portfolio companies of Funds and such additional compensation will offset in whole or in part the Management Fees (as defined below) otherwise payable to Hidden Harbor to the extent provided by the Governing Documents. In addition, in certain circumstances Hidden Harbor may charge a management fee and obtain a carried interest in connection with co-investments made in portfolio companies of the Funds. Investors in a Fund also bear certain expenses.

## **Management Fees**

Fund I and Fund II will each pay Hidden Harbor, quarterly in advance, a management fee (the “**Management Fee**”) equal to 2.0% on an annual basis of aggregate Fund I or Fund II investor capital commitments (“**Commitments**”) held by partners not designated as “affiliated partners” by its General Partner. Investors participating in a closing after the initial closing date bear the Management Fee from the date of the initial closing. Upon a date specified in the Governing Documents (the “**Stepdown Date**”), the Management Fee with respect to each of Fund I and Fund II will equal 2.0% of (i) the aggregate investment contributions, less (ii) the aggregate amount of investment contributions with respect to the portion of each investment that has been disposed of or permanently written down. As a general matter, Management Fees will be payable during term extensions unless otherwise agreed with investors.

As is generally the case in private equity funds, the Governing Documents provide that a Fund’s Management Fees will be calculated and charged on a basis that generally is not tied to the Fund’s then-current net asset value. As further specified in the Governing Documents, from the effective date of the relevant Fund until the Stepdown Date, Management Fees generally will be charged based on a formula tied to the amount of the relevant Fund’s aggregate Commitments. Further, after the Stepdown Date, Management Fees generally will be charged and calculated based on a formula tied to the amount of investment contributions (including, where applicable, a Fund borrowing component) made by the relevant Fund relating to the Fund’s aggregate investment(s) in its portfolio companies that have not been permanently written down (such investments, “**Impaired Value Investments**”) or realized.

Under the Governing Documents, where the fair market value of an investment exceeds the total amount of investment contributions relating to such investment, post-Stepdown Date Management Fees will not be calculated based upon such appreciated value and will instead continue to be calculated based on the amount of such investment contributions. Conversely, the Governing Documents do not require Management Fees to be reduced or refunded following the occurrence of a write down, decrease (including a significant decrease) in fair value or other event not constituting a complete realization, such as a reorganization, roll-over investment in connection with a sale or dividend distribution, except in the case of investments meeting the relevant Impaired Value Investment standard under the Governing Documents. For the avoidance of doubt, following the Stepdown Date, if the fair market value of an Impaired Value Investment is less than the total amount of investment contributions relating to such Impaired Value Investment, then the amount of Management Fees otherwise payable relating to such investment will be reduced solely based on the ratio of the fair market value of each relevant remaining investment(s) as compared against the amount of total investment contributions relating to such investment(s) as of the date of the relevant event.

As a result, and as is generally the case for private equity funds, the amount of Management Fees generally will not correspond with fluctuations in the net asset value of individual investments or of a Fund, including following the relevant investment period, and will not be reduced in connection with any write downs (whether temporary or permanent), except in the case of Impaired Value Investments. Except where the Governing Documents expressly provide to the contrary, Management Fees will not be reduced (in whole or in part) in the case of partial distributions or reorganizations, restructurings, roll-over investments, extraordinary dividends or similar transactions, in each case in circumstances that do not result in the complete disposition of the relevant Fund's interest therein, and even in cases where the value of the Fund's investment or the Fund's ownership percentage in such investment has been reduced (including substantially reduced) as a result of such transaction.

In many circumstances, the post-Stepdown Date Management Fee base will include capitalized transaction-specific expenses of unrealized investments. Further, Management Fees generally will not be reimbursed or refunded under the Governing Documents in the event of realizations, dispositions or partial write-downs that occur partway through the relevant calculation period.

The Governing Documents set forth the full list of terms under which Management Fees will be reduced, offset or otherwise be limited, and consequently investors should expect to bear the full specified Management Fee rate in the Governing Documents until they are reduced in the circumstances and on the date(s) specified therein.

To the extent specified in a Fund's Governing Documents, the Adviser or another Hidden Harbor entity will be permitted to receive certain supplemental fees and other amounts ("**Transaction Fees**") consisting of: (i) directors' fees, monitoring fees and consulting fees paid to the relevant General Partner with respect to any Fund investment; (ii) transaction fees (including closing fees, investment banking fees, placement fees and commitment fees) and other similar fees paid to the relevant General Partner with respect to any Fund investment; and (iii) break-up fees with respect to Fund transactions not completed that are paid to the relevant General Partner, in each case net of certain expenses (including those described below), as set forth in the Governing Documents. A Fund's Governing Documents generally will provide that Transaction Fees received by Hidden Harbor attributable to the Fund's investment in a portfolio company will be credited against management fees otherwise owed to Hidden Harbor in a specified percentage. The remaining amount of such Transaction Fees will be retained by Hidden Harbor. Generally excluded from Transaction Fees is any amount received by the relevant General Partner, the Operations Group or other person from a portfolio company (i) as reimbursement for expenses directly related to such portfolio company or prospective portfolio company, (ii) as payment for services provided to any portfolio company in the ordinary course of such portfolio company's business, (iii) as compensation for services provided by the General Partner or other person as an employee of or in a similar capacity for such portfolio company or (iv) as compensation for services rendered by the Operations Group (or a member thereof) to a portfolio company or prospective portfolio company. Various costs and expenses will reduce Transaction Fees (and therefore such amounts will not reduce the Management Fee), including out-of-pocket costs and expenses (including travel expenses) incurred by the relevant General Partner in connection with any consummated or unconsummated transaction or in connection with generating any such Transaction Fees.

The receipt of any such fees referred to in the preceding paragraph with respect to co-investors will not reduce the Management Fee payable by any Fund(s) that have also invested in such investment, and as a result a Fund will, in most cases, only benefit with respect to the relevant allocable portion of any such fee and not the portion of any fee related to: (i) General Partner or affiliated partner commitments, (ii) co-investors or potential co-investors (which could include co-investment vehicles managed by Hidden Harbor, service providers, third parties current or former portfolio company management or personnel, sellers that have rolled their interest or reinvested proceeds in the portfolio company and/or others) or (iii) the value of profits, participation or equity interests in or relating to the relevant portfolio company, including interests owned by current or former portfolio company management, which have the potential to be significant. Unless otherwise agreed with investors, Transaction Fees generally will be payable during term extensions, even if Management Fees are reduced or eliminated during the extended term, thus reducing the amounts of Management Fees actually offset. Supplemental Fees will be offset only to the extent they are paid during the holding period of the relevant Fund, and investors generally will not receive the benefit of Supplemental Fees paid prior to the Fund's acquisition, or following the Fund's disposition, of the relevant investment. Similarly, to the extent a former Hidden Harbor employee becomes a consultant to, or employed by, a portfolio company, no compensation earned by such former employee will offset the Management Fee, whether or not such former employee has a remaining interest in the relevant Fund's General Partner or affiliated entity. Conversely, in the event that Hidden Harbor employs a person that previously received compensation from a portfolio company, limited partners will receive the benefit of any applicable offset only beginning as of the relevant start date of the person's employment with Hidden Harbor, and not with respect to any compensation paid prior to such date, including equity grants made prior to the date of employment that vest thereafter. In certain circumstances, Hidden Harbor expects that co-investors, lenders, consultants or other parties will negotiate the right to share a portion of such fees from a particular investment, and the above-described offset percentage will be applied after excluding any amounts paid to such persons. As further described below and in the Governing Documents, it is Hidden Harbor's practice to use an Operations Group to provide services to (or with respect to) certain portfolio companies in which one or more Funds invest. Operations Group members are not employees of the Adviser (though they generally will be permitted to utilize certain of Hidden Harbor resources and, in some cases, are expected to be retained and/or employed by an affiliate of the Adviser), but are third-party consultants and independent contractors expected to be regularly used by, or associated with, Hidden Harbor. Operations Group members are expected to receive compensation and other amounts described herein from the relevant portfolio companies to which they provide services or from Hidden Harbor to the extent the services provided by the Operations Group members are with respect to the Adviser (*e.g.*, attending meetings at which Hidden Harbor internal or corporate matters are discussed), but, in each case, no such amounts will result in additional offsets to the Management Fee. Any of the foregoing amounts may be paid to the Operations Group members by or through an affiliate of the Adviser. Specifically, Operations Group members may receive an annual retainer or other compensation and expense reimbursement from a Fund in addition to the compensation discussed herein from the Fund's portfolio companies. Operations Group members may not be exclusive to Hidden Harbor. Each of the foregoing conditions is expected to reduce the amount of Supplemental Fees otherwise available to be offset against Management Fees, resulting in a potential material benefit to Hidden Harbor over the life of the relevant Fund, and the existence of such potential benefit creates an incentive for Hidden Harbor to seek to increase such amounts.

## **Carried Interest**

Hidden Harbor has the right to receive a carried interest with respect to the Funds equal to 20% of cumulative realized profits over the life of each Fund, as more fully described in the relevant Governing Documents. Any such carried interest distributed to Hidden Harbor is subject to a potential giveback at the end of life of the Fund if Hidden Harbor has received excess cumulative distributions and at certain interim intervals as provided in the relevant Governing Documents.

It is expected that any future Funds will have a similar compensation structure.

## **Other Information**

Hidden Harbor is permitted to exempt certain “affiliated partner” investors in the Funds from payment of all or a portion of Management Fees and/or carried interest, including Hidden Harbor and any other person designated by Hidden Harbor, such as “friends and family” of Hidden Harbor or its personnel, or other investors meeting certain qualification requirements based on commitment size or other strategic or relationship factors. The General Partners reserve the right to make any such exemption from fees and/or carried interest by a direct exemption, a rebate by Hidden Harbor and/or its affiliates, or through other Funds that co-invest with a Fund. For example, in instances where a Hidden Harbor professional (or an affiliated entity thereof) invests in a Fund, such professional (or such affiliated entity) generally will be exempt from payment of the Management Fee and/or carried interest with respect to such Fund. Additionally, to the extent permitted by the Governing Documents, the Adviser has the right to permit investors, affiliated with the Adviser or otherwise, to invest through the relevant General Partner or other vehicles that do not bear Management Fees and/or carried interest. In general, the Management Fee offsets described above apply only with respect to the Commitments of fee-paying investors in the applicable Fund. Hidden Harbor retains flexibility to structure its compensation from investors and expects in certain circumstances to agree to invoice an investor directly for Management Fees or other compensation, rather than deducting such amounts from the investor’s capital account(s).

The Funds generally invest on a long-term basis. Accordingly, Management Fees and other fees are expected to be paid, except as otherwise described in the Governing Documents, over the term of the relevant Fund, and investors generally are not permitted to withdraw or redeem interests in the Funds.

Principals or other current or former personnel of Hidden Harbor generally receive salaries and other compensation derived from, and in certain cases including a portion of, the Management Fee, carried interest or other compensation received by Hidden Harbor or its affiliates.

In addition to the Management Fee and carried interest payable to Hidden Harbor, as set forth more fully in the Governing Documents, each Fund will pay all fees, costs, expenses, liabilities and obligations relating to the Fund’s (and its subsidiaries’ and intermediate entities’) activities, business, portfolio companies or actual or potential investments (to the extent not borne or reimbursed by a portfolio company or applied to reduce Management Fees) including, but not limited to, all fees, costs, expenses, liabilities and obligations attributable to: (i) activities with respect to sourcing, structuring, organizing, negotiating, acquiring, financing, re-financing,



hedging, holding, managing, monitoring, operating, valuing, trading, dissolving, winding-up, liquidating, restructuring, taking public or private, selling or otherwise disposing of, as applicable, the Fund's portfolio companies and its actual and potential investments (including follow-on investments) or in seeking to do any of the foregoing, whether or not any contemplated transaction or project is consummated and whether or not such activities are successful, (ii) indebtedness of, or guarantees made by, the Fund, the Adviser, the relevant General Partner or any "affiliated partner" on behalf of the Fund, including interest with respect thereto or of seeking to put in place any such indebtedness or guarantee, (iii) broker, dealer, underwriting (including, without limitation, both commissions and discounts), loan administration, private placement fees, sales commissions, investment banker, finder and similar services, (iv) brokerage, sale, custodial, depository, trustee, record keeping, account and similar services, (v) legal, accounting, auditing, administration (including fees and expenses associated with the Fund's third-party administrator), information, appraisal, advisory, valuation, research, consulting (including consulting and retainer fees paid to the Operations Group or any of its members, consultants performing investment initiatives and other similar consultants), tax and other professional services, (vi) reverse break-up, termination and other similar fees (together, "**Broken Deal Expenses**"), including Broken Deal Expenses relating to transactions that have been offered to co-investors and, as described further below, transactions where co-investors were contemplated by Hidden Harbor, (vii) financing, commitment, origination and similar fees and expenses, (viii) directors and officers liability, errors and omissions liability and other insurance and regulatory expenses, (ix) filing, title, transfer, registration and similar fees and expenses, (x) the preparation, distribution or filing of Fund-related or investment-related financial statements or other reports, tax returns, tax estimates, Schedules K-1, administrative or regulatory filings or reports (including Form PF and any Fund-related filings or reports contemplated by the EU Alternative Investment Fund Managers Directive (the "**AIFMD**") or any similar law, rule or regulation), or other information (including an allocable portion of any licensing, maintenance, upgrade and/or implementation fees, expenses and costs of any investor administrative tools (including software and extranet tools) related to the foregoing), (xi) any activities with respect to protecting the confidential or non-public nature of any information or data, (xii) to the extent provided in the Governing Documents or otherwise approved by the relevant General Partner in its sole discretion, proceedings of the advisory board (including any reasonable out-of-pocket costs and expenses incurred by the members in attending such meetings), (xiii) indemnification, except to the extent the Fund's payment of such cost, expense, liability or obligation is otherwise prohibited by the Governing Documents, (xiv) actual, threatened or otherwise anticipated litigation, mediation, arbitration or other dispute resolution process, including any judgment, other award or settlement entered into in connection therewith, (xv) any taxes, fees and other governmental charges levied against the Fund (except to the extent that the Fund is reimbursed therefor by a partner or such tax, fee or charge is treated as having been distributed to the partners pursuant to the Governing Documents), (xvi) the annual limited partner meeting and any other conference or meeting with any limited partner(s), (xvii) except as otherwise determined by the relevant General Partner in its sole discretion, any fee, cost, expense, liability or obligation relating to any alternative investment vehicle or its activities, business, portfolio companies or actual or potential investments (to the extent not borne or reimbursed by a portfolio company of such alternative investment vehicle) that would be a Fund expense or organizational expense if it were incurred in connection with the Fund, and any expenses incurred in connection with the formation of any feeder vehicles to the extent not paid by the investors investing in such entities, (xviii) expenses incurred in connection with the winding-up or

liquidation of the Fund, (xix) expenses relating to defaults by partners in the payment of any capital contributions, (xx) expenses incurred in connection with certain amendments to the Governing Documents and constituent documents of entities related to a Fund, (xxi) any and all expenses (including legal fees and expenses) incurred to comply with any law or regulation related to the activities of the Fund (including, but not limited to, regulatory expenses of the relevant General Partner incurred in connection with the operation of the Fund) or incurred in connection with any litigation or governmental inquiry, investigation or proceeding involving the Fund, including the amount of any judgments, settlements or fines paid in connection therewith, except, however, to the extent such expenses or amounts have been determined to be excluded from the indemnification; (xxii) expenses incurred in connection with distributions to the partners and other expenses associated with the acquisition, holding and disposition of the Fund's investments, including extraordinary expenses, (xxiii) unreimbursed expenses and unpaid fees of the Operations Group or its members, (xxiv) any travel, meals or business-related entertainment relating to any of the foregoing, including in connection with consummated and unconsummated investment and disposition opportunities, (xxv) expenses related to any compliance or regulatory matters related to the Fund (except those regulatory expenses that are excluded pursuant to the Governing Documents) and (xxvi) certain organizational expenses (as set forth in the Governing Documents). Except where the relevant Governing Documents or Side Letter(s) expressly provide to the contrary, Broken Deal Expenses and other expenses relating to the diligence or evaluation of a prospective investment generally are allocated among investors within a Fund regardless of whether any individual investor negotiated for an elective or automatic contractual right that would have excused them from participating in the investment. The Funds also bear expenses indirectly to the extent a portfolio company (or intermediate entity) pays expenses, including expenses of Hidden Harbor; the relative percentage of these expenses that are borne by various stakeholders (including the relevant Fund, any co-investors, portfolio company management and other persons) is expected to depend upon the level at which such expenses are charged or incurred. Generally included in the expenses permitted to be borne by a Fund are the fees, costs, expenses, liabilities and obligations of legal counsel, consultants and/or other service providers to procure, develop, establish, review, revise, customize, upgrade and/or negotiate relationships relating to the foregoing items, which generally are expected to be significant. In certain cases, these or similar expenses (and/or Transaction Fees) are expected to be charged to portfolio companies, capitalized into the cost basis of a transaction or, to the extent necessary or desirable for operational, administrative, tax or other reasons, charged at the level of an intermediate holding company between the relevant Fund and the portfolio company. To the extent holding or intermediate entities include one or more special purpose acquisition companies ("SPACs"), the relevant Fund(s) will bear the costs of organizing and offering such SPACs, as well as the amount and dilutive effect of any founders' equity or similar interests issued thereby that are not held directly or indirectly by the Fund, and except where prohibited by the Governing Documents, such interests are permitted to be issued to Hidden Harbor and its personnel. The General Partners reserve the right to agree with operating partners, joint venture or similar partners, service providers, portfolio company management or other persons that all or a portion of certain expense reimbursements, payments or other amounts owed to such persons relating to one or more investments will be paid in the form of a profits, participation or equity interest granted in the relevant investments or related intermediate entities. While such an arrangement is more favorable to the relevant Fund in that it does not involve an initial cash outlay for the payment of expenses, and could be further favorable to the relevant Fund if the investment does not increase in value, in the event of appreciation in

the relevant investment any such profits interest generally would have a dilutive impact on the Fund's investment, as well as the potential to result in economic gains to the recipient greater than the original amount of compensation, which in either case could be substantial. Excluded from Fund expenses are ordinary administrative and overhead expenses of the relevant General Partner incurred in connection with managing, originating and monitoring investments, including salaries of personnel, rent, utilities and other similar expenses specified in the Governing Documents. Each Fund also generally will bear the costs of implementing, reporting (as applicable) monitoring and complying with investment guidelines and directives relating to the Fund's strategy, including in Side Letters relating thereto. Additionally, subject to the Governing Documents, a Fund typically will bear certain unreimbursed expenses of portfolio companies and intermediate holding vehicles through which the Fund invests. As is typical for private equity funds, the Funds likely bear additional and greater expenses, directly or indirectly, than many other pooled investment products, such as mutual funds, and there can be no assurance that the benefits to investors will be commensurate with such expenses. To the extent brokerage fees are incurred, they will be incurred in accordance with the general practices set forth in "Brokerage Practices."

In certain circumstances, one Fund is expected to pay an expense or obligation common to multiple Funds and/or co-investors (including without limitation legal expenses for a transaction in which all such Funds and/or co-investors participate, or other fees or expenses in connection with services the benefit of which are received by other Funds and/or co-investors over time), and be reimbursed by the other Funds by their share of such expenses or obligations, without interest. To the extent the paying Fund makes use of a credit facility to pay such expense, it generally will not be reimbursed separately by other Funds for the costs of establishing, negotiating or maintaining the facility as a whole. While Hidden Harbor believes such circumstances to be highly unlikely, it is possible that one of the other Funds could default on its obligation to reimburse the paying Fund. In certain circumstances, Hidden Harbor, the relevant General Partner or an affiliate thereof is expected to advance amounts related to the foregoing and receive reimbursement from the Funds to which such expenses relate.

As described above, in certain circumstances, each General Partner is expected to permit certain investors to co-invest in portfolio companies alongside one or more Funds, subject to Hidden Harbor's related policies and practices and the Governing Documents and/or Side Letter(s). Where a co-invest vehicle is formed, such entity generally will bear expenses related to its formation and operation, many of which are similar in nature to those borne by the Funds. In the event that a transaction in which a co-investment was planned, including a transaction for which a co-investment was believed necessary in order to consummate such transaction or would otherwise be beneficial, in the judgment of the relevant General Partner(s), ultimately is not consummated, all Broken Deal Expenses relating to such proposed transaction will be borne by the relevant Fund(s), and not by any potential co-investors, that were to have participated in such transaction. To the extent that such co-investors have already executed definitive documentation to invest in such transaction, such co-investor is expected to bear its *pro rata* share of such Broken Deal Expenses. The Advisers' practice of allocating Broken Deal Expenses among investing Funds is discussed under "Conflicts of Interest," below. To the extent a Fund makes use of a credit facility to invest in a portfolio company or pay related expenses, it generally will not be reimbursed separately by co-investors for the costs of establishing, negotiating or maintaining the facility as a whole.

Hidden Harbor and/or its affiliates generally have discretion over whether to charge Transaction Fees to a portfolio company and, if so, the rate, timing, method and/or amount of such compensation, as well as to charge such amounts at varying levels in a portfolio company's holding or operating structure. In most circumstances, such compensation is not reviewed or approved by an independent third party. The receipt of Transaction Fees generally will give rise to potential conflicts of interest between the Funds, on the one hand, and Hidden Harbor and/or its affiliates on the other hand.

## **Operations Group**

As further described herein and in the Governing Documents, each General Partner may create an operations group (the "**Operations Group**") comprised of persons retained by such General Partner or any of its affiliates (including entities formed for the benefit of such persons and/or to facilitate the provision of their services) primarily to provide services to (or with respect to) one or more Funds or certain current or prospective portfolio companies in which one or more Funds invest. Operations Group members generally provide manufacturing, sales, marketing, technology, human resources, acquisition integration/rationalization and/or other operations services, acquisition or other due diligence, strategic guidance or similar services to a Fund, alternative investment vehicle or portfolio company or prospective portfolio company of such Fund or alternative investment vehicle. Operations Group members receive compensation, including, but not limited to, fees, discretionary bonuses (whether or not based on pre-determined milestones), possibly a profits participation or equity interest in a portfolio company or holding company, and carried interest, which could be paid by a portfolio company or prospective portfolio company (which payments are not included as Transaction Fees). Such compensation typically is determined using a billable rate per hour that Hidden Harbor believes is reasonable. Compensation in the form of profits or equity interests in a portfolio company or intermediate holding company generally has a dilutive impact on the relevant Fund's investment, and has the potential to result in economic effects greater than the original amount of compensation, and the relevant Fund typically will bear the costs of all Operations Group members' compensation as well as fees, costs and expenses of structuring Operations Group members' arrangements. Operations Group members generally also will be reimbursed for certain travel and other costs in connection with their services. As described above, no such amounts will offset or reduce the Management Fee. It is expected that certain members of the Operations Group will be retained and/or employed through an affiliate of the Adviser, and all or a portion of the compensation paid to those members may be made through such affiliate. The use of an Operations Group subjects Hidden Harbor to potential conflicts of interest, as discussed under "Conflicts of Interest," below.

## **PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

As described under "Fees and Compensation," the General Partners each receive a carried interest allocation on certain realized profits in the Funds. Hidden Harbor does not advise Funds not subject to a carried interest, although it generally has the authority to waive carried interest with respect to certain affiliated partners, as described under "Fees and Compensation."

Hidden Harbor seeks to address the potential for related conflicts of interest with allocation policies that provide that transactions and investment opportunities will be allocated to the Funds in accordance with each Fund's investment guidelines and Governing Documents, as well as other

factors that do not include the amount of performance-based compensation received by Hidden Harbor or any personnel.

The existence of performance-based compensation has the potential to create an incentive for each General Partner to operate the relevant Fund in a riskier, more speculative or other manner that is less favorable to investors than it would otherwise make in the absence of such arrangement, although Hidden Harbor generally considers performance-based compensation to better align its interests with those of its investors, particularly in instances where the Governing Documents include terms requiring clawback or giveback of performance-based compensation amounts at the end of the relevant Fund's life or at certain interim intervals.

## **TYPES OF CLIENTS**

Hidden Harbor provides investment advice solely to its Fund clients, and references throughout this Brochure to "clients" and to Hidden Harbor's related duties to and practices on behalf of its clients and/or investors should be construed accordingly. The Funds generally include investment partnerships or other investment entities formed under U.S. or non-U.S. laws and operated as exempt investment pools under the Investment Company Act of 1940, as amended. The investors participating in the Funds generally include individuals, banks or thrift institutions, other investment entities, university endowments, sovereign wealth funds, family offices, pension and profit-sharing plans, trusts, estates or charitable organizations or other corporations or business entities and often include, directly or indirectly, Principals or other personnel of Hidden Harbor and its affiliates and members of their families, Operations Group members or other service providers retained by Hidden Harbor or a Fund, as well as executives of portfolio companies.

The relevant General Partner also generally is permitted to establish Funds that are alternative investment vehicles in order to permit certain investors to participate in one or more particular investment opportunities in a manner desirable for tax, regulatory or other reasons. Alternative investment vehicle sponsors generally have limited discretion to invest the assets of these vehicles independent of limitations or other procedures set forth in the organizational documents of such vehicles and the related Fund.

Fund I and Fund II each generally have a minimum investment amount of five million dollars for third-party investors, and Fund interests are offered and sold solely to accredited investors that are also qualified clients and, unless waived by the relevant General Partner, qualified purchasers (or qualified knowledgeable Hidden Harbor personnel). Hidden Harbor is generally permitted to waive such minimum investment amount.

## **METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

### **General**

Hidden Harbor is a private investment firm focused on leveraged buyouts, equity, debt and other investments in market-leading companies believed to benefit from Hidden Harbor's in-house operating professionals and experience. Hidden Harbor's investment advisory services consist of identifying and evaluating investment opportunities, negotiating investments, managing and

monitoring investments and achieving dispositions for investments. Investments are predominantly of non-public companies although investments in public companies are permitted.

Hidden Harbor's investment strategy for each Fund focuses on the acquisition of controlling interests in lower middle-market companies based principally in North America. Hidden Harbor expects to invest in target sectors, including industrials, transportation and logistics, retail and consumer products and business services.

Once an investment opportunity has been identified, Hidden Harbor seeks to implement an effective operating strategy to improve the performance of the acquired company by (i) developing restructuring and operating plans, (ii) building the management team and (iii) providing significant resources to portfolio companies.

There can be no assurance that Hidden Harbor will achieve the investment objectives of any Fund and a loss of investment is possible.

### **Investment and Operating Strategy**

Deal Sourcing and Due Diligence. Hidden Harbor markets its investment criteria to its deal source network with frequent mailings, telephone calls, public relations, conference attendance and in-person meetings. Once a potential investment is identified, Hidden Harbor develops an investment thesis and, through a detailed due diligence process, seeks to verify such thesis and investigate the major business risks. As part of its diligence process, Hidden Harbor completes a detailed analysis of an industry including contacting a target company's customers and vendors, trade organizations, Hidden Harbor's contact network and, in certain instances, industry consultants.

Build Management Team. Hidden Harbor may supplement or replace the management team at a new portfolio company or advise the existing management team on ways to improve performance. Hidden Harbor and its affiliates routinely search for highly qualified senior managers and often identify qualified candidates prior to making the next investment. In certain instances, operating professionals of Hidden Harbor or its affiliates will fill key management roles (including chief executive officer or chief financial officer) on an interim basis immediately following closing until a professional management team can be assembled.

Maintain Active Involvement in Portfolio Companies. Hidden Harbor aims to act decisively with respect to newly acquired portfolio companies and typically makes significant changes to the company within the first three to six months after acquisition. Thereafter, Hidden Harbor stays actively involved in the management of the portfolio companies by, among other things, requiring its portfolio companies to distribute daily or weekly flash reports and scheduling frequent meeting with the senior staff to focus on operations, competition, new products and personnel.

Value Acquisition Price. Hidden Harbor brings a value-oriented approach to the lower middle-market and seeks to acquire companies at attractive EBITDA multiples or at a discount to asset value for unprofitable businesses. A typical targeted company is at an inflection point, possessing identifiable untapped growth potential and/or room for significant operational improvements. Speed, certainty of closure, fluid transition of ownership, preservation of shared

customer relationships and other non-economic motivations often represent significant value to the seller. At the lower end of the middle-market where there is generally less competitive pressure and process formality, Hidden Harbor expects to be able to utilize its strong operational focus to adhere to the needs of the seller.

*Market Leaders in Defined and Defensible Niche Markets.* Hidden Harbor intends to search for niche market leaders with strong strategic positions. These companies may have demonstrated competitive advantages due to high relative market share, including lower cost structure, better ability to develop new products and services and better customer coverage.

*Opportunities to Professionalize the Business.* Hidden Harbor believes that the lower middle-market presents significant opportunities for value creation. Hidden Harbor intends to invest primarily in companies that have well-developed technologies, brands, process knowledge and intellectual property, but also often exhibit growth opportunities and/or correctable flaws in their operations, strategy and/or management.

*Clear Value Creation Blueprint.* During the due diligence process, Hidden Harbor intends to work to develop a long list of potential initiatives to drive value. Hidden Harbor will then evaluate those initiatives based upon level of impact and ease of implementation. Based upon those factors Hidden Harbor will determine what it believes to be the two to three most important initiatives to drive value in the investment.

*Growth Opportunities and Add-on Acquisitions.* Once the above strategies have been implemented, Hidden Harbor will often seek to utilize the portfolio company's cash flow, equity value and borrowing capacity to accelerate growth through new product and market opportunities and add-on acquisitions.

## **Risks of Investment**

Each Fund and its investors bear the risk of loss that Hidden Harbor's investment strategy entails. The risks involved with Hidden Harbor's investment strategy and an investment in a Fund include, but are not limited to:

*Business Risks.* A Fund's investment portfolio is expected to consist primarily of securities issued by privately held companies, and operating results in a specified period will be difficult to predict. Such investments involve a high degree of business and financial risk that can result in substantial losses. Such risks include, without limitation, that (i) private companies may have limited financial resources and limited access to additional financing, which may increase the risk of their defaulting on their obligations, leaving creditors dependent on any guarantees or collateral they may have obtained, (ii) private companies frequently have shorter operating histories, narrower product lines and smaller market shares than larger businesses, which render them more vulnerable to competitors' actions and market conditions, as well as general economic downturns, (iii) there generally is not as much information publicly available about these companies as would be available for public companies and such information may not be of the same quality and (iv) private companies are more likely to depend on the management talents and efforts of a small group of persons, and as a result, the death, disability, resignation or termination of one or more

of these persons could adversely affect these companies' operations, which could adversely affect the returns of the Fund.

*Future and Past Performance.* The performance of the Principals' prior investments is not necessarily indicative of a Fund's future results. While each General Partner intends for each Fund to make investments that have estimated returns commensurate with the risks undertaken, there can be no assurances that any targeted internal rate of return will be achieved. On any given investment, loss of principal is possible.

*Investment in Junior Securities.* The securities in which a Fund invests may be among the most junior in a portfolio company's capital structure and, thus, subject to the greatest risk of loss. Generally, there will be no collateral to protect a Fund's investment once made.

*Concentration of Investments.* Each Fund will participate in a limited number of investments and may seek to make several investments in one industry or one industry segment or within a short period of time. As a result, a Fund's investment portfolio could become highly concentrated, and the performance of a few holdings or of a particular industry may substantially affect its aggregate return. Furthermore, to the extent that the capital raised is less than the targeted amount, a Fund may invest in fewer portfolio companies and thus be less diversified.

*Lack of Sufficient Investment Opportunities.* The business of identifying, structuring, completing and realizing private equity transactions is highly competitive and involves a high degree of uncertainty. It is possible that a Fund will never be fully invested if enough sufficiently attractive investments are not identified. However, regardless of the extent to which the Commitments of the limited partners are invested (or drawn down to be invested), the limited partners will be required to bear the Management Fee through a Fund during the investment period based on the entire amount of the limited partners' Commitments and other expenses, as set forth in the Governing Documents.

*Dynamic Investment Strategy.* While each General Partner generally intends to seek attractive returns for a Fund primarily through making control-oriented, operationally-focused investments in businesses undergoing some level of stress, as described herein, each General Partner is permitted to pursue additional investment strategies and/or modify or depart from its initial investment strategy, investment process or investment techniques to the extent it determines such modification or departure to be appropriate and consistent with the Governing Documents. A General Partner is permitted to pursue investments outside of the industries and sectors in which the Principals have previously made investments or have internal operational experience.

*Illiquidity; Lack of Current Distributions.* An investment in a Fund should be viewed as an illiquid investment. It is uncertain as to when profits, if any, will be realized. Losses on unsuccessful investments may be realized before gains on successful investments are realized. The return of capital and the realization of gains, if any, generally will occur only upon the partial or complete disposition of an investment. While an investment may be sold at any time, it is generally expected that this will not occur for a number of years after the initial investment. Before such time, there may be no current return on the investment. Furthermore, the expenses of operating a Fund (including the Management Fee payable to the relevant General Partner) may exceed its



income, thereby requiring that the difference be paid from the Fund's capital, including unfunded Commitments.

*Leveraged Investments.* A Fund is permitted to make use of leverage by incurring or having a portfolio company or intermediate entity incur debt to finance all or a portion of certain investments, whether on a temporary or long-term basis, including in respect of companies not rated by credit agencies. Leverage generally magnifies both a Fund's opportunities for gain and its risk of loss from a particular investment. The Fund's portfolio companies generally are expected to involve varying degrees of leverage, as a result of which recessions, operating problems and other general business and economic risks may have a more pronounced effect on the profitability or survival of such companies. The cost and availability of leverage is highly dependent on the state of the broader credit markets (and such credit markets may be impacted by regulatory restrictions and guidelines), which state is difficult to accurately forecast, and at times it may be difficult to obtain or maintain the desired degree of leverage.

The use of leverage often imposes restrictive financial and operating covenants on a company, in addition to the burden of debt service, and potentially will constrain its ability to operate its business as desired and/or finance future operations and capital needs. The leveraged capital structure of portfolio companies will increase the exposure of a Fund's investments to any deterioration in a company's condition or industry, competitive pressures, an adverse economic environment or rising interest rates and could accelerate and magnify declines in the value of a Fund's investments in the leveraged portfolio companies in a down market. These risks generally are expected to increase as interest rates rise, including in circumstances where a portfolio company's creditworthiness is such that it must borrow at higher interest rates than are available to the relevant Fund. In the event any portfolio company cannot generate adequate cash flow to meet its debt service, a Fund may suffer a partial or total loss of capital invested in the portfolio company, which could adversely affect the returns of the Fund. Furthermore, should the credit markets be limited or costly at the time a Fund determines that it is desirable to sell all or a part of a portfolio company, the Fund may not achieve an exit multiple or enterprise valuation consistent with its forecasts. Moreover, the companies in which a Fund invests generally will not be rated by a credit rating agency. Except where otherwise required by the relevant Governing Documents, a Fund will not be obligated to borrow on behalf of a portfolio company, even in circumstances where the Fund's creditworthiness would permit borrowing at a lower rate than is available to the portfolio company.

A Fund is also permitted to borrow money or guaranty indebtedness (such as a guaranty of a portfolio company's debt, a letter of credit or other form of promise to provide funding) or otherwise be liable therefor, and in such situations, it is not expected that such Fund would be compensated for providing such guarantee or exposure to such liability. The use of leverage by a Fund generally also will result in fees, interest expense and other costs to the Fund that may not be covered by distributions made to the Fund or appreciation of its investments. While Fund-level borrowings generally will be subject to limitations set forth in the Governing Documents and interim in nature, asset-level leverage generally will not be subject to any limitations, including with respect to the amount of time such leverage may remain outstanding. A Fund generally is permitted to incur leverage on a joint, several, joint and several or cross-collateralized basis with one or more other Funds and entities managed by the relevant General Partner or any of its affiliates including through Fund subsidiaries and other intermediate entities, and may have a right

of contribution, subrogation or reimbursement from or against such entities. It is also possible that certain co-investors (including management, any roll-over investors and/or third-party co-investors) will not share in incurring such leverage and that the Fund will disproportionately bear the risk and/or costs of leverage arrangements. In addition, to the extent a Fund incurs leverage (or provides such guaranties), such amounts are permitted to be secured by Commitments made by the Fund's investors and such investors' contributions may be required to be made directly to the lenders instead of the Fund.

To the extent a Fund provides bridge financing to facilitate portfolio company investments, it is possible that all or a portion of such bridge financing will not be recouped within the time period specified in the Governing Documents, in which case the investment would be treated as a permanent investment of the Fund. As a result, a Fund's portfolio could become more concentrated with respect to such investment than initially expected or otherwise provided for under the Fund's investment limitations, certain of which exclude bridge financing investments.

*Subscription Lines.* A Fund generally is permitted to enter into a subscription line with one or more lenders in order to finance its operations, including the acquisition, financing, refinancing of the Fund's investments, as well as to consolidate or make less frequent capital calls to limited partners. Fund-level borrowing subjects limited partners to certain risks and costs. For example, because amounts borrowed under a subscription line typically are secured by pledges of the relevant General Partner's right to call capital from the limited partners, limited partners may be obligated to contribute capital on an accelerated basis if the Fund fails to repay the amounts borrowed under a subscription line or experiences an event of default thereunder. Moreover, any limited partner claim against the Fund would likely be subordinate to the Fund's obligations to a subscription line's creditors.

In addition, Fund-level borrowing will result in additional partnership expenses that will be borne by investors. These expenses typically include interest on the amounts borrowed, unused commitment fees on the committed but unfunded portion of a subscription line, an upfront fee for establishing a subscription line, and other one-time and recurring fees and/or expenses, as well as legal fees relating to the establishment, structuring and negotiation of the terms of the borrowing facility, as well as expenses relating to maintaining, renegotiating or terminating the facility. Because a subscription line's interest rate is based in part on the creditworthiness of the relevant Fund's limited partners and the terms of the Governing Documents, it may be higher than the interest rate a limited partner could obtain individually. To the extent a particular limited partner's cost of capital is lower than a Fund's cost of borrowing, Fund-level borrowing can negatively impact a limited partner's overall individual financial returns even if it increases the Fund's reported net returns in certain methods of calculation. Conflicts of interest have the potential to arise in that the use of Fund-level borrowing typically delays the need for limited partners to make contributions to a Fund, or results in short-term gains to a Fund, which in certain circumstances enhances the relevant Fund's return calculations and thereby may be deemed to benefit the marketing efforts of the General Partners and their affiliates and increases the likelihood that any hurdle or preferred return component in the Fund's carried interest arrangements will be met. A portfolio company financing from a subscription line, rather than from a Fund-level equity commitment, has the potential to increase such returns, particularly in instances where the relevant amount has been drawn for an extended period of time. In other circumstances the use of Fund-level borrowing can increase the base of a Fund's Management Fee calculation, such as during

periods where Management Fees are based in whole or in part on an acquisition cost that includes a borrowing component. Because Management Fees are incurred whether an investment is financed through capital calls or borrowings, and a Fund's preferred return typically does not accrue on outstanding borrowings, the relevant General Partner has an incentive to cause the Fund to make investments and/or pay such amounts using a subscription line rather than making capital calls. The use of Fund-level borrowing arrangements, and the repayment or non-repayment thereof, can also influence the determination of the end of a Fund's investment period, and cause or defer a related change in the basis of the relevant Fund's Management Fee calculation under the Governing Documents. Conflicts of interest also have the potential to arise to the extent that a subscription line is used to make an investment that is later sold in part to co-investors, and to the extent co-investors are not required to act as guarantors under the relevant facility or pay related costs or expenses, co-investors (including one or more co-investing Funds) nevertheless stand to receive the benefit of the use of the subscription line and neither the relevant Fund nor investors generally will be compensated for providing the relevant guarantee(s) or being subject to the related costs, expenses and/or liabilities.

A credit agreement or borrowing facility frequently will contain other terms that restrict the activities of a Fund and the limited partners or impose additional obligations on them. For example, certain lenders or facilities are expected to impose restrictions on the relevant General Partner's ability to consent to the transfer of a limited partner's interest in a Fund or impose concentration or other limits on the Fund's investments, and/or financial or other covenants, which could affect the implementation of the Fund's investment strategy. In addition, in order to secure a subscription line, the relevant General Partner may request certain financial information and other documentation from limited partners to share with lenders. The relevant General Partner will have significant discretion in negotiating the terms of any subscription line and may agree to terms that are not the most favorable to one or more limited partners. In certain circumstances, due to separate evaluations of creditworthiness by lenders or facility providers, a portfolio company or other Fund subsidiary is expected to bear higher rates under a borrowing facility than are borne by the Fund, resulting in a potential net benefit to the Fund, or additional potential liquidity constraints or other burdens on the relevant portfolio company or Fund subsidiary.

Fund-level borrowing involves a number of additional risks. For example, drawing down on a subscription line allows the relevant General Partner to fund investments and pay partnership expenses without calling capital, potentially for extended periods of time. Calling a large amount of capital at once to repay the then-current amount outstanding under a subscription line could cause short-term liquidity concerns for limited partners that would not arise had the relevant General Partner called smaller amounts of capital incrementally over time as needed by a Fund. This risk would be heightened for a limited partner with Commitments to other funds that employ similar borrowing strategies or with respect to other leveraged assets in its portfolio; a single market event could trigger simultaneous capital calls, requiring the limited partner to meet the accumulated, larger capital calls at the same time. Each General Partner is authorized to use Fund-level borrowing to pay Management Fees and to reimburse Hidden Harbor for expenses incurred on behalf of the Fund. A Fund is also permitted to utilize Fund-level borrowing when the relevant General Partner expects to repay the amount outstanding through means other than limited partner capital, including as a bridge for equity or debt capital with respect to an investment. If a Fund ultimately is unable to repay the borrowings through those other means, limited partners would end up with increased exposure to the underlying investment, which could result in greater losses.

If an investment appreciates in value and is disposed of prior to repayment, the relevant Fund generally would apply disposition proceeds to repay the borrowing and related interest and expenses, the absence of invested capital funded by limited partners potentially will result in a distribution of net proceeds without a preferred return accrual on the amount invested. Accordingly, borrowings have the potential to support the distribution of proceeds to limited partners and increase the potential carried interest for the relevant General Partner, as reduced by the interest incurred by the relevant Fund. Subject to any limitations in the Governing Documents, this scenario potentially incentivizes the relevant General Partner to permanently fund the acquisition and ongoing capital needs of a Fund's investments and related expenses with the proceeds of such borrowings in lieu of drawing down capital contributions on an as-needed basis, and, accordingly, capital contributions to repay such borrowings may be required only at the time of the disposition of an investment (or never, if principal and interest on such borrowings are always repaid out of disposition proceeds).

*Investment- and Intermediate Entity-Level Borrowing.* Under the Governing Documents, each Fund is authorized to incur indebtedness that is secured by any assets of the Fund (e.g., asset-based borrowing, as well as "back leverage" and net asset value (NAV) facilities), and is permitted directly or indirectly through one or more intermediate entities (e.g., special purpose vehicles) to incur indebtedness, including to borrow money from any person, to make guarantees or provide other credit support to any person or to incur any other obligation (including other extensions of credit). Indebtedness is permitted to be incurred for any purpose relating to the activities of the Fund, including without limitation to: finance any investment-related activities of the Fund; increase the buying power of the Fund; provide interim financing to the extent necessary to consummate the purchase of investments prior to the receipt of permanent financing or capital contributions or distributions (as applicable); pay for Fund expenses or fund the payment of Management Fees; make, hold or dispose of investments; provide financing or refinancing; fund the payment of amounts to withdrawing limited partners; fund distributions to the partners; and/or provide collateral to secure outstanding letters of credit or to create reserves, in each case in accordance with the Governing Documents. Additionally, a Fund is expected to enter into letters of credit in support of one or more of its investments, including for the purpose of such Fund agreeing to fund additional equity financing or capital expenditures into a portfolio company (regardless of who the beneficiary to such letter of credit may be) at a certain time or upon the occurrence of a certain event. Although in many cases the Governing Documents impose limits on borrowings at the Fund level, portfolio investments and intermediate entities generally do not have such limits on their ability to engage in borrowings or incur leverage with respect to all or a portion of the relevant investments.

*Limited Transferability of Fund Interests.* There will be no public market for Fund interests, and none is expected to develop. There are substantial restrictions upon the transferability of Fund interests under the Governing Documents and applicable securities laws. In general, withdrawals of Fund interests are not permitted. In addition, Fund interests are not redeemable.

*Restricted Nature of Investment Positions.* Generally, there will be no readily available market for Fund investments and, hence, most of a Fund's investments will be difficult to value. Certain investments may be distributed in kind to the partners, and it may be difficult to liquidate the securities received at a price or within a time period that is determined to be ideal by such partners. After a distribution of securities is made to the partners, many partners may decide to

liquidate such securities within a short period of time, which could have an adverse impact on the price of such securities. The price at which such securities may be sold by such partners may be lower than the value of such securities determined pursuant to the Governing Documents, including the value used to determine the amount of carried interest available to the relevant General Partner with respect to such investment.

*Reliance on the General Partner and Portfolio Company Management.* Control over the operation of a Fund will be vested with the relevant General Partner, and a Fund's future profitability will depend largely upon the business and investment acumen of the Principals. The loss or reduction of service of one or more of the Principals could have an adverse effect on a Fund's ability to realize its investment objectives. In addition, the Principals may in the future manage or advise other investment funds besides the Funds and the Principals may need to devote substantial amounts of their time to the investment activities of such other Funds, which may pose conflicts of interest in the allocation of the time of the Principals. Limited partners generally have no right or power to take part in the management of a Fund and, as a result, the investment performance of each Fund will depend on the actions of the relevant General Partner. In addition, certain changes in the relevant General Partner or circumstances relating to such General Partner may have an adverse effect on a Fund or one or more of its portfolio companies, including potential acceleration of debt facilities.

Although the relevant General Partner will monitor the performance of each Fund investment, it will primarily be the responsibility of each portfolio company's management team to operate such portfolio company on a day-to-day basis. Although each Fund generally intends to invest in companies with strong management or recruit strong management to such companies, there can be no assurance that the management of such companies will be able or willing to successfully operate a company in accordance with the Fund's objectives.

*Absence of Operating History.* Each Fund will be entirely dependent on the relevant General Partner. Furthermore, there can be no assurance that a Fund's investments will achieve results similar to those attained by previous investments of the Principals. In addition, a Fund's investments may differ from previous investments made by the Principals in a number of respects, including target return levels, level of risk associated with a particular investment, amount invested in a particular company, types of companies within a particular industry sector, amount of leverage used, structure and holding period.

*Projections.* Projected operating results of a company in which a Fund invests normally will be based primarily on financial projections prepared by such company's management, with adjustments to such projections made by Hidden Harbor in its discretion. In all cases, projections are only estimates of future results that are based upon information received from the company and third parties and assumptions made at the time the projections are developed. There can be no assurance that the results set forth in the projections will be attained, and actual results may be significantly different from the projections. Also, general economic factors, which are not predictable, can have a material impact on the reliability of projections.

*Tax Information Exchange Regimes; FATCA Withholding Tax on Certain Non-U.S. Entities.* The United States, pursuant to the "Foreign Account Tax Compliance Act" or "FATCA" has entered into numerous intergovernmental agreements with various jurisdictions concerning the

exchange of information as a means to combat tax evasion. The United Kingdom has entered into similar agreements with various jurisdictions. Other countries are also considering such agreements, and the Organization for Economic Cooperation and Development (“OECD”) has been actively engaged in working towards exchange of information on a global scale and has published a global Common Reporting Standard for multilateral exchange of information pursuant to which many countries have now signed multilateral agreements. One or more of these information exchange regimes are likely to apply to a Fund and/or alternative investment vehicles and may require the relevant General Partner to collect and share with applicable taxing authorities’ information concerning limited partners (including identifying information and amounts of certain income allocable or distributable to them). A limited partner’s failure to provide the required information may result in result in expulsion from a Fund and/or alternative investment vehicles. In addition, FATCA generally imposes a withholding tax of 30% on a non-U.S. entity’s share of most payments attributable to investments in the United States, including dividends, interest, and, as of January 1, 2019, gross proceeds of a disposition of stock, unless an exception applies. A Fund may be required to withhold such taxes from certain non-U.S. Limited Partners, unless an exception applies.

*Conflicting Investor Interests.* Limited partners may have conflicting investment, tax, and other interests with respect to their investments in a Fund, including conflicts relating to the structuring of investment acquisitions and dispositions. Conflicts may arise in connection with decisions made by the relevant General Partner regarding an investment that may be more beneficial to one limited partner than another, especially with respect to tax matters. In structuring, acquiring and disposing of investments, the relevant General Partner generally will consider the investment and tax objectives of a Fund and its partners as a whole, not the investment, tax or other objectives of any limited partners individually.

*Enhanced Scrutiny and Certain Effects of Potential Regulatory Changes.* There continue to be discussions regarding enhanced governmental scrutiny and/or increased regulation of the private equity industry. There can be no assurance that any such scrutiny or regulation will not have an adverse impact on a Fund’s activities, including the ability of a Fund to effectively and timely address such regulations, implement operating improvements or otherwise execute its investment strategy or achieve its investment objectives.

The combination of such scrutiny of private equity firms (along with other alternative asset managers) and their investments by various politicians, regulators and market commentators, and the public perception that certain alternative asset managers, including private equity firms, contributed to the 2008 global financial crisis, may complicate or prevent a Fund’s efforts to structure, consummate and/or exit investments, both in general and relative to competing bidders outside of the alternative asset space. As a result, a Fund may invest in fewer transactions or incur greater expenses or delays in completing or exiting investments than it otherwise would have.

Additionally, Congress has considered proposed legislation that would treat certain income allocations to service providers by partnerships such as a Fund (including any carried interest) as ordinary income for U.S. federal income tax purposes that under current law is treated as an allocation of the partnership’s income, which may be taxed at lower rates than ordinary income. Enactment of any such legislation, whether during or after the initial closing of a Fund, could adversely affect the ability of the Principals, employees or other individuals associated with a

Fund, the Adviser or a General Partner who were or may in the future be granted direct or indirect interests in a General Partner, to benefit from carried interest taxed at lower rates. This may reduce such persons' after-tax returns from a Fund and the relevant General Partner, which could make it more difficult for a General Partner and its affiliates to incentivize, attract and retain individuals to perform services for the Fund. These same issues may also apply to officers, directors and employees of a Fund's portfolio companies if such persons receive a profits interest in such companies.

Additionally, the SEC has proposed and enacted significant rules that will impact the business of Hidden Harbor and the Funds. In particular, the SEC has adopted a number of new rules that impose significant changes on private fund advisers and their management of private funds, and the SEC is expected to propose and/or adopt additional rules in the future. Such current and future rulemaking is expected to materially impact Hidden Harbor and its affiliates, the Funds and/or their investments. In addition, the Funds are expected to bear significant increased costs as a result of such rules, including costs relating to investor reporting and disclosures. Significant time and resources are expected to be required to comply with the new regulations, which potentially will detract from the time and resources dedicated to the Funds. Certain rules are or may become subject to legal challenge from private fund industry groups and others, and to the extent such legal challenges are successful, investors will not be afforded some or all of the protections provided by these rules.

*Alternative Investment Fund Managers Directive.* The EU AIFMD regulates the activities of certain private fund managers undertaking fund management activities or marketing fund interests to investors within the European Economic Area ("EEA"). If a Fund is actively marketed to investors domiciled or having their registered office in the EEA in circumstances where no transitional relief is available, (i) the Fund may be subject to certain reporting, disclosure and other compliance obligations under the AIFMD, which may result in the Fund incurring additional costs and expenses; (ii) the Fund and/or the relevant General Partner may become subject to additional regulatory or compliance obligations arising under national law in certain EEA jurisdictions, which may result in the Fund incurring additional costs and expenses or otherwise affect the management and operation of the Fund; (iii) the relevant General Partner may be required to make detailed information relating to the Fund and its investments available to regulators and third parties; and (iv) the AIFMD may also restrict certain activities of the Fund in relation to EEA portfolio companies including, in some circumstances, the Fund's ability to recapitalize, refinance or potentially restructure an EEA portfolio company within the first two years of ownership. In addition, it is possible that some EEA jurisdictions will elect to restrict or prohibit the marketing of non-EEA funds to investors based in those jurisdictions, which may make it more difficult for a Fund to raise its targeted amount of Commitments.

*Need for Follow-On Investments.* Following its initial investment in a given portfolio company, Hidden Harbor is permitted to decide to provide additional funds to such portfolio company or consider the opportunity to increase its investment in a portfolio company (whether for opportunistic reasons, to fund the needs of the business, as an equity cure under applicable debt documents or for other reasons). There is no assurance that a Fund will make follow-on investments or that a Fund will have sufficient funds to make all or any of such investments. Any decision by a Fund not to make follow-on investments or its inability to make such investments may have a substantial negative impact on a portfolio company in need of such an investment

(including an event of default under applicable debt documents in the event an equity cure cannot be made). Additionally, such failure to make such investments may result in a lost opportunity for a Fund to increase its participation in a successful portfolio company or the dilution of a Fund's ownership in a portfolio company if a third party invests in such portfolio company.

*Non-U.S. Investments.* Subject to the limitations set forth in the Governing Documents, a Fund is generally permitted to invest in portfolio companies that are organized or headquartered, or have substantial sales or operations outside of, the United States, its territories and possessions. Such investments may be subject to certain additional risks due to, among other things, potentially unsettled points of applicable governing law, the risks associated with fluctuating currency exchange rates, capital repatriation regulations (as such regulations may be given effect during the term of a Fund), the application of complex U.S. and non-U.S. tax rules to cross-border investments, possible imposition of non-U.S. taxes on a Fund and/or the partners with respect to a Fund's income, and possible non-U.S. tax return filing requirements for a Fund and/or the partners.

Additional risks of non-U.S. investments include (i) economic dislocations in the host country; (ii) less publicly available information; (iii) less well-developed and/or more restrictive laws, regulations, regulatory institutions and judicial systems; (iv) greater difficulty of enforcing legal rights in a non-U.S. jurisdiction; (v) civil disturbances; (vi) government instability; and (vii) nationalization and expropriation of private assets. Moreover, non-U.S. companies may not be subject to uniform accounting, auditing and financial reporting standards, practices and requirements comparable to those that apply to U.S. companies.

*Limited Access to Information.* Limited partners' rights to information regarding a Fund, the relevant General Partner or Hidden Harbor generally will be specified, and in many cases strictly limited, by the Governing Documents. In particular, it is anticipated that the General Partners and their affiliates will obtain certain types of material information from or relating to a Fund's investments that will not be disclosed to limited partners because such disclosure is prohibited, including as a result of contractual, legal or similar obligations outside of Hidden Harbor's control. Decisions by Hidden Harbor or its affiliates to withhold information may have adverse consequences for limited partners in a variety of circumstances. For example, a limited partner that seeks to transfer its interest in a Fund may have difficulty in determining an appropriate price for such interest. Decisions to withhold information may also make it difficult for a limited partner to monitor Hidden Harbor and its performance. Additionally, it is anticipated that limited partners that designate representatives to participate on a Fund's advisory board generally may, by virtue of such participation, have more or earlier information about a Fund and its investments in certain circumstances than other limited partners. Limited partners generally will bear the expenses of responding to disclosure requests, including in connection with state public records, similar freedom of information and other laws, whether or not the relevant Fund succeeds in asserting confidentiality for requested documents and other materials, and Hidden Harbor reserves the right to withhold certain information from investors subject to such laws for reasons relating to Hidden Harbor's public reputation, business strategy or other reasons.

*Material Non-Public Information; Other Regulatory Restrictions.* As a result of its operations as well as in connection with officerships or directorships of its personnel, Hidden Harbor frequently comes into possession of confidential or material non-public information. Therefore, Hidden Harbor and its affiliates may have access to material, non-public information



that may be relevant to an investment decision to be made by a Fund. Consequently, a Fund may be restricted from initiating a transaction or selling an investment, which, if such information had not been known to it, may have been undertaken on account of applicable securities laws or Hidden Harbor's internal policies and practices.

Similarly, anti-money laundering, anti-boycott and economic and trade sanction laws and regulations in the United States and other jurisdictions may prevent Hidden Harbor or the Funds from entering into transactions with certain individuals or jurisdictions. The United States Department of the Treasury's Office of Foreign Assets Control ("OFAC") and other governmental bodies administer and enforce laws, regulations and other pronouncements that establish economic and trade sanctions on behalf of the United States. Among other things, these sanctions may prohibit transactions with or the provision of services to, certain individuals or portfolio companies owned or operated by such persons or located in jurisdictions identified from time to time by OFAC. Additionally, antitrust laws in the United States and other jurisdictions give broad discretion to the U.S. Federal Trade Commission, the United States Department of Justice and other U.S. and non-U.S. regulators and governmental bodies to challenge, impose conditions on or reject certain transactions. In certain circumstances, antitrust restrictions relating to one Fund's acquisition of a portfolio company may preclude other Funds from making an attractive acquisition or require one or more other Funds to sell all or a portion of certain portfolio companies owned by them.

As a result of any of the foregoing, a Fund may be adversely affected because of Hidden Harbor's inability or unwillingness to participate in transactions that may violate such laws or regulations, or by remedies imposed by any regulators or governmental bodies. Any such laws or regulations may make it difficult or may prevent a Fund from pursuing investment opportunities, require the sale of part or all of certain portfolio companies on a timeline or in a manner deemed undesirable by Hidden Harbor or may limit the ability of one or more portfolio companies from conducting their intended business in whole or in part. Consequently, there can be no assurance that any Fund will be able to participate in all potential investment opportunities that fall within its investment objectives.

*Sanctioned Investors.* If after subscribing to a Fund a limited partner is included on a list of prohibited persons maintained by a relevant regulatory or governmental authority (including OFAC or equivalent non-U.S. authorities) (a "**Sanctions List**"), the relevant General Partner will have the sole discretion to determine the resolution, remedy and manner of compliance of the Fund with applicable laws, including without limitation a "freeze" on distributions and/or capital calls from the relevant limited partner and reporting to the relevant authorities. Adverse actions by any such authorities, including temporary or permanent stays or holds on the Fund's activities, could materially and adversely affect the Funds.

*CFIUS and National Security Clearance Considerations.* Certain investments are expected to be subject to or require review and approval by the U.S. Committee on Foreign Investment in the United States ("CFIUS"), such as where CFIUS-related laws, regulations or guidance deem non-U.S. persons or entities under their control (such as a Fund, co-investors and/or rollover sellers) to be acquiring a U.S. business (including a business with assets, employees, facilities, and/or operations in the United States). CFIUS has the authority to review proposed or existing transactions or investments or to seek to impose limitations on or prohibit investments, and CFIUS

filings and other considerations can materially impact transaction timing, feasibility, certainty and costs. In certain circumstances, CFIUS considerations have the potential to prevent a Fund from maintaining or pursuing investments or limit the universe of available buyers for an existing investment. Any of these factors have the potential to adversely affect a Fund's performance, and the likelihood that CFIUS considerations will be implicated is expected to increase where non-U.S. limited partners comprise a substantial percentage of a Fund. Under the Governing Documents, the relevant General Partner generally is authorized, although not required, to excuse or otherwise limit non-U.S. limited partners' ability to invest in U.S. businesses (or to exercise voting or advisory board rights with respect thereto) in order to anticipate or comply with CFIUS considerations. However, there can be no assurance that invoking any such excuse provisions or other limitations will allow the Fund to proceed with or maintain any investment, or to avoid losses relating thereto. Similar considerations are expected to apply with respect to reviews by non-U.S. national security or investment clearance regulators.

*Hedging Arrangements.* The relevant General Partner is authorized (but is not obligated) to endeavor to manage a Fund's or any portfolio company's currency exposures, interest rate exposures or other exposures, using hedging techniques where available and appropriate. A Fund is permitted to incur costs related to such hedging arrangements, which are permitted to be undertaken in exchange-traded or over the counter ("OTC") contexts, including futures, forwards, swaps, options and other instruments. There can be no assurance that adequate hedging arrangements will be available on an economically viable basis or that such hedging arrangements will achieve the desired effect, and in some cases hedging arrangements may result in losses greater than if hedging had not been used.

In some cases, particularly in OTC contexts, hedging arrangements will subject a Fund to the risk of a counterparty's inability or refusal to perform under a hedging contract or the potential loss of assets held by a counterparty, custodian or intermediary in connection with such hedging. OTC contracts may expose a Fund to additional liquidity risks if such contracts cannot be adequately settled.

Certain hedging arrangements may create for the relevant General Partner and/or one of its affiliates an obligation to register with the U.S. Commodity Futures Trading Commission or other regulator or comply with an applicable exemption.

*Significant Adverse Consequences for Default.* The Governing Documents provide for significant adverse consequences in the event a limited partner defaults on its Commitment or any other payment obligation. In addition to losing its right to potential distributions from a Fund, a defaulting limited partner may be forced to transfer its interest in the Fund for an amount that is less than the fair market value of such interest and that may be paid over a period of up to ten years, without interest.

*Dilution.* Limited partners admitted or that increase their respective Commitments to a Fund at subsequent closings generally will participate in then-existing investments of the Fund, thereby diluting the interest of existing limited partners in such investments. Although any such new limited partner will be required to contribute its pro rata share of previously made capital contributions, there can be no assurance that this contribution will reflect the fair value of a Fund's existing investments at the time of such contributions.

General Partner's Carried Interest. The fact that each General Partner's carried interest is based on a percentage of net profits may create an incentive for each General Partner to cause a Fund to make riskier or more speculative investments or to hold an investment longer than otherwise would be the case.

Transfer by General Partner. To the extent a General Partner, its partners, the Principals and/or their respective affiliates commit to make a direct or indirect investment in or along-side a Fund, a material participation in or a portion of such investment may thereafter be transferred to others, subject to any express limitations thereon in the Governing Documents.

Public Company Holdings. A Fund's investment portfolio may contain securities and debt issued by publicly held companies. Such investments may subject a Fund to risks that differ in type or degree from those involved with investments in privately held companies. Such risks include greater volatility in the valuation of such companies, increased obligations to disclose information regarding such companies, limitations on the ability of a Fund to dispose of such securities and debt at certain times, increased likelihood of shareholder litigation and insider trading allegations against such companies' executives and board members, including the Principals, and increased costs associated with each of the aforementioned risks.

Distressed Investments. A Fund may invest in the securities and obligations, including debt obligations that are in covenant or payment default, of companies experiencing significant financial difficulties and material operating issues, including companies that may have been, are or will become involved in bankruptcy proceedings or other restructuring, recapitalization or liquidation processes. Investments in such companies involve a substantial degree of risk that is generally higher than the risk involved in investing in companies that are not in financial or operational distress. Given the heightened difficulty of the financial analysis required to evaluate distressed companies, there can be no assurance that a General Partner will correctly evaluate the value of the assets of a distressed company securing its debt and other obligations or correctly project the prospects for the successful restructuring, recapitalization or liquidation of such company. Therefore, in the event that a portfolio company does become involved in bankruptcy proceedings or a restructuring, recapitalization or liquidation is required, a Fund may lose some or all of its investment or may be required to accept illiquid securities with rights that are materially different than the original securities in which the Fund invested.

Investments in Small-Cap and Mid-Cap Companies. The Funds are permitted to invest in small-capitalization and expects to invest in mid-capitalization companies. Investments in small-cap and mid-cap companies involve greater risk than investments in large-capitalization companies. Small and mid-cap companies may not have an established financial history, which can present valuation challenges. The equity securities of small and mid-cap companies may be subject to increased market fluctuations, due to less liquid markets and more limited managerial and financial resources. A Fund's investments in small and mid-cap companies may increase the volatility of the Fund's portfolio and may result in losses for the Fund and its investors. There can be no assurance that any such losses will be offset by gains (if any) realized on the Fund's other investments.

Non-controlling Investments. A Fund may hold meaningful minority stakes in privately held companies and in some cases may have limited minority protection rights. In addition, during

the process of exiting investments, a Fund at times may hold minority equity stakes of any size such as might occur if portfolio companies are taken public. As is the case with minority holdings in general, such minority stakes that a Fund may hold will have neither the control characteristics of majority stakes nor the valuation premiums accorded majority or controlling stakes. Where a Fund holds a minority stake, it may be more difficult for the Fund to liquidate its interests than it would be had the Fund owned a controlling interest in such company. Even if a Fund has contractual rights to seek liquidity of the Fund's minority interests in such companies, it may be very difficult to sell such interests or seek a sale of such company upon terms acceptable to the Fund, especially in cases where the interests of the other investors in such company have different business and investment objectives and goals.

*Director Liability.* A Fund will often seek to obtain the right to appoint one or more representatives to the board of directors (or similar governing body) of the companies in which it invests. Serving on the board of directors (or similar governing body) of a portfolio company exposes a Fund's representatives, and ultimately such Fund, to potential liability. Not all portfolio companies may obtain insurance with respect to such liability, and the insurance that portfolio companies do obtain may be insufficient to adequately protect officers and directors from such liability. In addition, involvement in litigation can be time consuming for such persons and can divert the attention of such persons from a Fund's investment activities.

*Limitation of Recourse and Indemnification.* The Governing Documents limit the circumstances under which the relevant General Partner and its affiliates will be held liable to a Fund. As a result, limited partners may have a more limited right of action in certain cases than they would have in the absence of such provision. In addition, the Governing Documents will provide that a Fund will indemnify the relevant General Partner and its affiliates for certain claims, losses, damages and expenses arising out of their activities on behalf of the Fund. Such indemnification obligations could materially impact the returns to limited partners.

*Litigation.* In the ordinary course of its business, a Fund may be subject to litigation from time to time. The outcome of such proceedings may materially adversely affect the value of a Fund and may continue without resolution for extended periods of time. Any litigation may consume substantial amounts of the relevant General Partner's and the Principals' time and attention, and that time and the devotion of these resources to litigation may, at times, be disproportionate to the amounts at stake in the litigation.

*Environmental, Social and Governance ("ESG") Matters.* Hidden Harbor maintains an ESG policy and seeks to integrate certain ESG factors into its investment process in accordance with its policy and subject to its fiduciary duty and any applicable legal, regulatory or contractual requirements. Applying ESG factors to investment decisions is subjective by nature, and Hidden Harbor expects to be subject to competing demands from different investors and stakeholder groups with divergent views on ESG (including the role of ESG factors in the investment process). There is no guarantee that the criteria utilized by Hidden Harbor, or any judgment exercised by Hidden Harbor, will reflect the beliefs, values, internal policies or preferred practices of any particular investor or other asset manager or reflect market trends. In addition, Hidden Harbor's ESG Policy and associated ESG practices are expected to evolve over time. Although Hidden Harbor views the integration of ESG factors to be an opportunity to potentially enhance or protect

the performance of its investments over the long-term, Hidden Harbor cannot guarantee that its ESG program will positively impact the performance of any individual investment or Fund.

The materiality of ESG factors depends on many factors, including the relevant industry, location, asset class, and investment strategy. ESG factors, issues, and considerations do not apply in every instance and will vary by Fund and investment. In addition, in evaluating an investment, Hidden Harbor expects to depend upon information and data provided by a number of sources, including the relevant investments and/or various reporting sources which could be incomplete, inaccurate or unavailable, and which could cause Hidden Harbor to incorrectly assess a company's ESG practices and/or related risks and opportunities. Hidden Harbor does not intend independently to verify all ESG information reported by investments or third parties.

Further, ESG practices are evolving rapidly and there are different principles, frameworks, methodologies, and tracking tools being implemented by other asset managers. Hidden Harbor's adoption and adherence to various such principles, frameworks, methodologies and tools is expected to vary over time. There is also a growing regulatory interest across jurisdictions in improving transparency regarding how asset managers identify and manage financially material ESG risks, as well as how they define and measure ESG performance. At the same time, anti-ESG sentiment has also gained momentum across the U.S., with several states and Congress having proposed or enacted "anti-ESG" policies, legislation, or initiatives or issued related legal opinions, the definition, measurement and disclosure of ESG factors. Hidden Harbor's ESG policies could become subject to additional regulation in the future, and Hidden Harbor cannot guarantee that its current approach will meet future regulatory requirements, reporting frameworks or best practices, increasing the risk of related enforcement. Compliance with new requirements is expected to lead to increased management burdens and costs.

Advisory Board. Each General Partner will appoint one or more limited partner representatives to an advisory board. The Governing Documents may provide that to the fullest extent permitted by applicable law, none of the advisory board members shall owe any fiduciary duties to a Fund or any other partner. In addition, representatives of the advisory board may have various business and other relationships with the Adviser and its partners, employees and affiliates. These relationships may influence their decisions as members of the advisory board.

Uncertain Economic, Social and Political Environment. Consumer, corporate and financial confidence may be adversely affected by current or future tensions around the world, fear of terrorist activity and/or military conflicts, localized or global financial crises or other sources of political, social or economic unrest. Such erosion of confidence may lead to or extend a localized or global economic downturn. A climate of uncertainty may reduce the availability of potential investment opportunities, and increases the difficulty of modeling market conditions, potentially reducing the accuracy of financial projections. In addition, limited availability of credit for consumers, homeowners and businesses, including credit used to acquire businesses, in an uncertain environment or economic downturn may have an adverse effect on the economy generally and on the ability of a Fund and its portfolio companies to execute their respective strategies and to receive an attractive multiple of earnings on the disposition of businesses. This may slow the rate of future investments by a Fund and result in longer holding periods for investments. Furthermore, such uncertainty or general economic downturn may have an adverse effect upon a Fund's portfolio companies.

*General Economic and Market Conditions.* The private equity industry generally and the success of a Fund's investment activities specifically will be affected by general economic and market conditions, as well as by changes in laws, currency exchange controls, and national and international political and socioeconomic circumstances. Such factors are unpredictable and cannot be controlled by a General Partner. General fluctuations in the market prices of securities and economic conditions generally may reduce the availability of attractive investment opportunities for a Fund and may affect a Fund's ability to make investments. Instability in the securities markets and economic conditions generally (including a slow-down in economic growth and/or changes in interest rates or foreign exchange rates) may also increase the risks inherent in a Fund's investments and could have a negative impact on the performance and/or valuation of the portfolio companies. A Fund's performance can be affected by deterioration in the capital markets and by market events, including events similar to the credit crisis in the summer of 2007, the downgrading of the credit rating of the United States in 2011, the recent downturn in the U.S. and global financial markets, the ongoing military conflict in Ukraine, and the economic sanctions imposed on the Russian Federation by the U.S., the EU, the UK and other countries as a result thereof, which, among other things, can impact the public market comparable earnings multiples used to value privately held portfolio companies and investors' risk-free rate of return. Movements in foreign exchange rates may adversely affect the value of investments in portfolio companies and a Fund's performance. Volatility and illiquidity in the financial sector may have an adverse effect on the ability of a Fund to sell and/or partially dispose of its portfolio company investments. Such adverse effects may include the requirement of a Fund to pay break-up, termination or other fees and expenses in the event a Fund is not able to close a transaction (whether due to the lenders' unwillingness to provide previously committed financing or otherwise) and/or the inability of a Fund to dispose of investments at prices that the relevant General Partner believes reflect the fair value of such investments. The impact of market and other economic events may also affect a Fund's ability to obtain funding to support its investment objective. Any of the foregoing events could result in substantial or total losses to a Fund in respect of certain portfolio investments, which losses will likely be exacerbated by the presence of leverage in a portfolio company's capital structure.

*Certain Consultants.* Each General Partner, each Fund and the portfolio companies are expected from time to time to retain other companies and individuals ("**Special Consultants**"), which are expected to include affiliates of the relevant General Partner, employees of such affiliates, portfolio companies of other funds managed by the relevant General Partner or its affiliates, third-party consultants (including individual Operations Group members, consultants and external executives), "operating partners," "strategic partners," "executive partners" or "senior advisors." The Special Consultants are expected to be engaged to provide services to, or in connection with, a Fund in relation to its activities or one or more portfolio companies in relation to the identification, acquisition, holding, improvement and disposition of such portfolio companies, including operational aspects of such companies ("**Services**").

Pursuant to the Governing Documents, fees and expenses associated with the Services (collectively "**Consulting Fees and Expenses**"), are expected to be paid and/or reimbursed by applicable portfolio companies and/or a Fund. Consulting Fees and Expenses, at the discretion of the relevant General Partner taking into account the particular Services, are expected to include a profits or equity interest in a portfolio company, incentive equity and stock awards, or other incentive-based compensation to the Special Consultant, which may be determined according to

one or more methods, including the value of the time (including an allocation for overhead and other fixed costs) of the Special Consultant, a percentage of the value of the portfolio company, the invested capital exposed to such portfolio company, amounts believed to be charged by other providers for comparable services and/or a percentage of cash flows from such company.

*Unfunded Pension Liabilities of Portfolio Companies.* Recent court decisions have found that, where an investment fund owns 80% or more (or under certain circumstances less than 80%) of a portfolio company, such fund (and any other 80%-owned portfolio companies of such fund) might be found liable for certain pension liabilities of such a portfolio company to the extent the portfolio company is unable to satisfy such liabilities. Although Hidden Harbor intends to manage each Fund's investments to minimize any such exposure, a Fund is permitted to invest in a portfolio company that has unfunded pension fund liabilities, including structuring the investment in a manner where the Fund owns an 80% or greater interest in such a portfolio company. If a Fund (or other 80%-owned portfolio companies of a Fund) were deemed to be liable for such pension liabilities, this could have a material adverse effect on the operations of the Fund and the companies in which the Fund invests. This discussion is based on current court decisions, statute and regulations regarding control group liability under the Employee Retirement Income Security Act of 1974, as amended, as in effect as of the date of this Brochure, which may change in the future as the case law and guidance develops.

*Valuation of Assets.* There is not expected to be an actively traded market for most of the securities owned by each Fund. When estimating fair value, each General Partner will apply a methodology it determines to be appropriate based on accounting guidelines and the applicable nature, facts and circumstances of the respective investments. However, the process of valuing securities for which reliable market quotations are not available is based on inherent uncertainties and the resulting values may differ from values that would have been determined had an active market existed for such securities and may differ from the prices at which such securities ultimately may be sold. The exercise of discretion in valuation by a General Partner may give rise to conflicts of interest, including in connection with determining the amount and timing of distributions of carried interest and the calculation of management fees.

*Contingent Liabilities Upon Disposition.* In connection with the disposition of an investment, a Fund and the relevant General Partner may be required to make (and/or be responsible for another person's or entity's breach of) representations and warranties (e.g., about the business and financial affairs of the applicable portfolio company, the condition of its assets and the extent of its liabilities, in each case generally in the nature of representations and warranties typically made in connection with the sale of similar businesses), and may be responsible for the content of disclosure documents under applicable securities laws. They may also be required to indemnify the purchasers of such investment or underwriters to the extent that any such representations or disclosure documents are inaccurate. These arrangements may result in contingent liabilities, which would be borne by the applicable Fund and, ultimately, its investors.

*Public Health Emergencies; COVID-19.* Pandemics and other widespread public health emergencies, including outbreaks of infectious diseases such as SARS, H1N1/09 flu, avian flu, Ebola and COVID-19, have resulted in historic market disruptions, and future such emergencies have the potential to materially and adversely impact economic production and activity in ways that are impossible to predict, all of which may result in significant losses to the Funds.

The ultimate impact of any such health emergency — and any resulting decline in economic and commercial activity — on global economic conditions, and on the operations, financial condition and performance of any particular industry or business, is impossible to predict, but could have a significant adverse impact and result in significant losses to the Funds. The extent of the impact on the Funds' and their portfolio companies' operational and financial performance will depend on many factors, all of which are highly uncertain and cannot be predicted, and this impact may include significant reductions in revenue and growth, unexpected operational losses and liabilities, impairments to credit quality and reductions in the availability of capital. These same factors may limit the ability of the Funds to source, diligence and execute new investments and to manage, finance and exit investments in the future, and governmental mitigation actions may constrain or alter existing financial, legal and regulatory frameworks in ways that are adverse to the investment strategy the Funds intend to pursue, all of which could adversely affect the Funds' ability to fulfill their investment objectives. They may also impair the ability of portfolio companies or their counterparties to perform their respective obligations under debt instruments and other commercial agreements (including their ability to pay obligations as they become due), potentially leading to defaults with uncertain consequences. In addition, the operations of the Funds, their portfolio companies, the General Partner and Hidden Harbor may be significantly impacted, or even temporarily or permanently halted, as a result of any such health emergencies, or any measures, restrictions, remote-working requirements and other factors related thereto, including its potential adverse impact on the health of any such entity's personnel. These measures may also hinder such entities' ability to conduct their affairs and activities as they normally would, including by impairing usual communication channels and methods, hampering the performance of administrative functions such as processing payments and invoices, and diminishing their ability to make accurate and timely projections of financial performance.

Cybersecurity Risks. Recent events have illustrated the ongoing cybersecurity risks to which operating companies are subject, particularly operating companies in historically vulnerable industries such as the food services and retail industries. To the extent that a portfolio company, Fund, General Partner, Hidden Harbor or one or more of their respective service providers is subject to cyber-attack or other unauthorized access is gained to their systems, substantial losses may occur in the form of stolen, lost or corrupted: (i) data or payment information; (ii) financial information; (iii) software, contact lists or other databases; (iv) proprietary information or trade secrets; or (v) other items. If technology systems are compromised, become inoperable for extended periods of time or cease to function properly, Hidden Harbor, the Funds and/or portfolio companies may incur significant time or expense to fix or replace them and to seek to remedy the effects of such issues. The failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in Hidden Harbor's, the Funds', portfolio companies' and/or service providers' operations, including the ability to make distributions to limited partners, and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information relating to investors (and the beneficial owners of investors). In certain events, a failure or deemed failure to address and mitigate cybersecurity risks may be the subject of civil litigation or regulatory or other action. The use of internet- or cloud-based programs, technologies and data storage applications generally heightens these risks, and the risks of attack are expected to be heightened in remote work environments. Any of such circumstances could subject a portfolio company, or the relevant Fund, to substantial losses, including losses relating to: misappropriation of assets, intellectual property or confidential information; corruption,



deletion or destruction of data; physical damage and repairs to systems; reputational harm; financial losses from remedial actions; and/or disruption of operations. Third parties, including activist, criminal, nation-state or terrorist actors, may also attempt fraudulently to induce portfolio companies or their personnel to disclose sensitive information (including passwords) in order to gain access to data, accounts, funds or other assets, or otherwise to inflict harm. In addition, in the event that such a cyber-attack or other unauthorized access is directed at Hidden Harbor or one of its service providers holding its financial or investor data, Hidden Harbor or the Funds may also be at risk of loss, despite efforts to prevent and mitigate such risks under Hidden Harbor's policies and practices.

*Privacy and Data Protection Law Compliance Risk.* The adoption, interpretation and application of consumer protection, data protection and/or privacy laws and regulations in the United States, Europe and other jurisdictions (collectively, "**Privacy Laws**") elsewhere could significantly impact current and planned privacy- and information security-related practices, the collection, use, sharing, retention and safeguarding of personal data and current and planned business activities of Hidden Harbor, the General Partners, the Funds and/or their portfolio companies, and increase compliance costs and require the dedication of additional time and resources to compliance for such entities. A failure to comply with such Privacy Laws by any such entity or their service providers could result in fines, sanctions or other penalties or litigation, which could materially and adversely affect the results of operations and overall business, as well as have a negative impact on reputation and Fund performance. As Privacy Laws are implemented, interpreted and applied, compliance costs for Hidden Harbor, the General Partners, the Funds and/or their portfolio companies, are likely to increase, particularly in the context of ensuring that adequate data protection and data transfer mechanisms are in place.

Certain jurisdictions, including U.S. states, have proposed, adopted or are considering similar Privacy Laws, which if enacted could impose significant costs, potential liabilities and operational and legal obligations. Such Privacy Laws are expected to vary from jurisdiction to jurisdiction, thus increasing costs, operational and legal burdens, and the potential for significant liability for regulated entities, which could include Hidden Harbor, the General Partners, the Funds and/or their portfolio companies.

*International Conflict.* Wars and other international conflicts, such as the Israeli-Palestinian conflict and the ongoing military conflict between Russia and Ukraine, have caused disruption to global financial systems, trade and transport, among other things. In response, multiple other countries have put in place global sanctions and other severe restrictions or prohibitions on certain of the countries involved, as well as related individuals and businesses. However, the ultimate impact of these conflicts and their effect on global economic and commercial activity and conditions, and on the operations, financial condition and performance of the Funds or any particular industry, business or investee country and the duration and severity of those effects, is impossible to predict.

These conflicts may have a significant adverse impact and result in significant losses to the Funds. This impact may include reductions in revenue and growth, unexpected operational losses and liabilities and reductions in the availability of capital. It may also limit the ability of a Fund to source, diligence and execute new investments and to manage, finance and exit investments in the future. Developing and further governmental actions (military or otherwise) may cause additional

disruption and constrain or alter existing financial, legal and regulatory frameworks and systems in ways that are adverse to the investment strategy which any Fund intends to pursue, all of which could adversely affect the Fund's ability to fulfill its investment objectives.

*U.S. Taxation of Carried Interest.* U.S. federal income tax law treats certain allocations of capital gains to service providers by partnerships such as the Funds as short-term capital gain (taxed at higher ordinary income rates) unless the partnership has held the asset that generated such gain for more than three years. This may create an incentive for the General Partner to hold an investment for a longer period. In addition, this three-year holding period requirement for long-term capital gains treatment in respect of carried interest may create the potential for conflicts of interest between the General Partner and Limited Partners. For example, the General Partner may cause the Fund to borrow more frequently, in greater amounts, or for longer periods; hold investments for longer than it would absent adverse tax consequences to the General Partner from a shorter holding period; or waive or defer the distribution or allocation of carried interest to the General Partner, potentially changing the character or amount of income allocated to Limited Partners.

*Changes to Benchmark Rates.* To the extent that a Fund's investments, borrowing facilities, hedging activities, or other assets or structures are tied to interest rates based on benchmark or reference rates, including the London Interbank Offered Rate ("**LIBOR**"), Secured Overnight Financing Rate (SOFR) or other rates (each, a "Benchmark Rate"), the Fund may be subject to certain material risks, including the risk that a Benchmark Rate is terminated, ceases to be published or otherwise ceases to be broadly used by the market. Regulators, central banks, governments and other market participants have transitioned historical instruments and contracts away from LIBOR to new Benchmark Rate. This transition includes the potential to: increase volatility or illiquidity in markets; cause delays in or reductions to financing options for the Funds and their portfolio companies; increase the cost of borrowing; reduce the value of certain instruments or the effectiveness of certain hedges; cause uncertainty under applicable legal documentation; or otherwise impose costs and administrative burdens relating to factors that include document amendments and changes in systems. Future transitions to and from Benchmark Rates have the potential to have similar effects.

*Financial Institution Risk; Distress Events.* An investment in a Fund is subject to the risk that one of the banks, brokers, counterparties, clearinghouses, exchanges, lenders or other custodians (each, a "**Financial Institution**") of some or all of the Fund's (or any portfolio company's) assets fails to timely perform or otherwise defaults on its obligations or experiences insolvency, closure, seizure, receivership or other financial distress or difficulty, similar to that experienced by Silicon Valley Bank and Signature Bank in March 2023 (each, a "**Distress Event**"). Distress Events can be caused by factors including eroding market sentiment, significant withdrawals, fraud, malfeasance, poor performance, undercapitalization, market forces or accounting irregularities. If a Financial Institution experiences a Distress Event, Hidden Harbor, any General Partner, the Funds and/or any of the portfolio companies may be unable to access deposits, borrowing facilities or other services, either permanently or for an indeterminate period of time. 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, in the case of banks, and the Securities Investor Protection Corporation, in the case of certain broker-dealers, amounts in excess of the relevant insurance are subject to risk of total

loss, and any non-U.S. Financial Institutions that are not subject to similar regimes pose potentially increased risk of loss. While in recent years governmental intervention has often resulted in additional protections for depositors and counterparties in connection with Distress Events, there can be no assurance that any intervention will occur, be successful or avoid the risks of loss, substantial delays or negative impact on banking or brokerage conditions or markets.

Any Distress Event has a potentially adverse effect on the ability of Hidden Harbor to manage the Funds and their investments, and on the ability of Hidden Harbor, any Fund or any portfolio company to maintain operations, which in each case could result in operational burdens, significant losses and unconsummated investment acquisitions and dispositions. Such losses could include: a loss of funds; an obligation to pay fees and expenses in the event a Fund is unable 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 the Fund to access capital contributions or otherwise); the inability of the Fund to acquire or dispose of investments, including at prices that the relevant General Partner believes reflect the fair value of such investments; and/or the inability of Hidden Harbor or portfolio companies to make payroll, fulfill obligations and/or maintain operations. If a Distress Event leads to a loss of access to a Financial Institution's services, it is also possible that Hidden Harbor will experience operational burdens and expenses, and a Fund or a portfolio company will incur additional expenses and/or delays in putting in place alternative arrangements and/or that such alternative arrangements will be less favorable than those formerly in place (with respect to economic terms, service levels, access to capital or otherwise). There can be no assurance that Hidden Harbor will be able to exercise contractual remedies under the agreements with Financial Institutions in the event of a Distress Event, or that such remedies will be successful or avoid losses, delays or other negative impacts. The Funds and their portfolio companies are subject to additional risks in the event a Financial Institution utilized by investors of a Fund or suppliers, vendors, service providers or other counterparties of a portfolio company become subject to Distress Events, which could have a material adverse effect on a Fund, its investors or such portfolio companies, including the risk of investor defaults.

Many Financial Institutions require, as a condition to using their services (including lending services), that Hidden Harbor and/or the relevant Fund maintain all or a set amount or percentage of their respective accounts or assets with the Financial Institution, which heightens the risks associated with a Distress Event with respect to such Financial Institutions. Although Hidden Harbor seeks to do business with Financial Institutions that it believes are creditworthy and capable of fulfilling their respective obligations to the Funds, Hidden Harbor is under no obligation to use a minimum number of Financial Institutions with respect to any Fund, or to maintain account balances at or below the relevant insured amounts.

Secondaries and other General Partner-Led Transactions. There continues to be a significant market for secondary sales, General Partner-led transactions, continuation funds, successor fund investments and other transactions, and Hidden Harbor reserves the right to dispose of (or seek additional capital for) Fund investments through such means. Many of these transactions involve an auction process run by an investment bank and a buyer (or buyer group) that agrees to purchase all or a portion of one or more investments that will continue to be managed by Hidden Harbor following the transaction. Such transactions are permitted to be undertaken for various reasons, including, for example, to balance competing interests between offering liquidity

to existing limited partners and maintaining exposure to an asset where Hidden Harbor believes there is the potential for additional value generation. Where undertaken, existing limited partners typically are offered certain options relating to receiving liquidity from the transaction or continuing to maintain exposure to the asset, assets or a new portfolio of assets (including a portfolio that combines assets from multiple Funds sponsored by Hidden Harbor and its affiliates), often on different terms than their original investment in the Fund. However, certain of such transactions are expected to involve: a limited partner investing (or being required to invest) additional capital in the existing Fund and/or other investment vehicles; a greater exposure to one or more particular portfolio companies; and/or a delay in the full liquidation of the Fund's investment. In other circumstances, even limited partners that elect to continue to hold a direct or indirect interest in the relevant portfolio company will have their interest adjusted as if distributed (*i.e.*, a portion of such interest will be allocated to the relevant General Partner to the extent of its right to receive carried interest, if any), effectively diluting their interests.

Each of these transactions has the potential for conflicts between the interests of a Fund or limited partner and those of Hidden Harbor or any buyer group that typically are not applicable to more traditional investment sales. For example, in circumstances where Hidden Harbor or an affiliate will continue to manage and receive fees and/or performance-based compensation relating to the subject assets following the transaction (potentially in addition to performance-based compensation earned by the relevant General Partner on the sale of an asset from an existing Fund in such transaction), their incentives are expected to diverge from those of limited partners who elect to sell their interests. Similarly, there are potential conflicts of interest among the selling Fund, Hidden Harbor, the relevant General Partner and any buyer group relating to the valuation and consideration offered for the subject investment(s). To the extent Hidden Harbor requires existing limited partners and/or new buyers to commit capital to a continuation fund or another Fund managed by Hidden Harbor in addition to the purchase amount paid in a transaction (including commitments to the relevant Fund in specified ratios to the purchase price), such requirement is expected to have a dilutive effect on the purchase price for the selling Fund and its limited partners. There can be no assurance that any such transaction will accurately reflect the fair market value of the investment(s) being sold. Further, the relevant General Partner is expected to be incentivized, including through the possibility of receiving additional compensation, to make investments in portfolio companies with the view of holding such investments for longer periods of time or to make investments that it would not otherwise have made if the possibility of liquidity through a secondary transaction did not exist. Where co-investors historically have been invested in an investment subject to such a transaction, there can be no assurance that they will receive the same liquidity or other options as limited partners in the relevant Fund, and in such circumstances Hidden Harbor reserves the right to compel co-investors to receive cash or continue to hold an interest in the relevant investment. In other circumstances, certain limited partners will not be permitted to continue to maintain exposure to the asset(s) due to a lack of eligibility to invest in a continuation vehicle under relevant securities, tax or other considerations. Although relevant potential conflicts of interest are disclosed to limited partners and/or the relevant advisory committee prior to the closing of the transaction, there can be no assurance that Hidden Harbor will successfully identify all conflicts of interest or resolve or mitigate all such conflicts of interest in favor of Fund or any individual limited partner or group of limited partners. However, Hidden Harbor reserves the right, in its sole discretion, to determine to engage in such transactions, subject to any approvals required in the relevant Governing Documents. Hidden Harbor is permitted to

seek the consent of the relevant Fund advisory committee(s) to approve conflicts associated with such transactions and accordingly not all limited partners will necessarily be able to approve or disapprove of such transactions. Similar to any prospective sale or disposition of Fund investments, to the extent such transactions are not consummated, the relevant Fund is expected to bear all of the related costs in the absence of an agreement with other parties to bear a portion of such costs.

*Social Media and Publicity Risk.* The use of social networks, message boards, internet channels and other platforms has become widespread within the United States and globally. As a result, individuals now have the ability to rapidly and broadly disseminate information or misinformation, without independent or authoritative verification. Any such information or misinformation regarding Hidden Harbor, the Funds or one or more portfolio companies could have a material and adverse effect on the value of the Funds.

## **Conflicts of Interest**

Hidden Harbor and its related entities engage in a broad range of advisory and non-advisory activities, including investment activities for their own account and for the account of other Funds, and providing transaction-related, legal, management and other services to Funds and portfolio companies. Hidden Harbor will devote such time, personnel and internal resources as are necessary to conduct the business affairs of the Funds in an appropriate manner, as required by the Governing Documents, although the Funds and their respective investments will place varying levels of demand on these over time. In the ordinary course of Hidden Harbor conducting its activities, the interests of a Fund likely will conflict with the interests of Hidden Harbor, one or more other Funds, portfolio companies or their respective affiliates in certain circumstances. Certain of these conflicts of interest are discussed herein. As a general matter, Hidden Harbor will determine all matters relating to structuring transactions and Fund operations using its reasonable judgment considering all factors it deems relevant, but in its sole discretion, subject in certain cases to the required approvals by the advisory committees of the participating Funds.

During the investment period of a Fund, all appropriate investment opportunities will be pursued by the Principals through such Fund, subject to certain limited exceptions set forth in the Fund's Governing Documents and Hidden Harbor's allocation policies. Without limitation, the Principals currently manage, and expect in the future to manage, several other investments similar to those in which a Fund will be investing, and expect to direct certain relevant investment opportunities or resources to those investments. Hidden Harbor personnel also reserve the right to manage their own personal investments, whether or not through a formal family office or estate planning structure, to establish trusts, endowments, charitable programs, foundations or similar arrangements and to pay or receive compensation relating to the foregoing arrangements. The Principals and Hidden Harbor's investment staff will continue to manage and monitor such investments until their realization. Such other investments that the Principals expect to control or manage generally have the potential to compete with companies acquired by a Fund. Following the commitment period of a Fund, the Principals reserve the right to, and likely will, focus their investment activities on other opportunities and areas unrelated to such Fund's investments. To the extent an investment opportunity is received that is unsuitable for a Fund, in Hidden Harbor's sole discretion, Hidden Harbor and its personnel reserve the right to refer such opportunity to third parties or to make personal investments in the relevant opportunity. Unless restricted by the Governing Documents, Hidden Harbor personnel are permitted to serve on boards or act in other

roles unaffiliated with Hidden Harbor, the Funds or their portfolio companies, including boards of charitable and educational institutions, public companies and former portfolio companies, and receive compensation in connection with such services and roles, none of which will offset or otherwise reduce Management Fees.

Hidden Harbor expects to be presented with certain investment opportunities that would be suitable not only for a Fund, but also for other Funds and other investment vehicles operated by advisory affiliates of Hidden Harbor. In determining which investment vehicles should participate in such investment opportunities, Hidden Harbor and its affiliates are subject to conflicts of interest among the investors in such investment vehicles. Except as required by the Governing Documents, Hidden Harbor is not obligated to recommend any investment to any particular investment vehicle. Investments by more than one client of Hidden Harbor in a portfolio company also have the potential to raise the risk of using assets of a client of Hidden Harbor to support positions taken by other clients of Hidden Harbor.

Hidden Harbor must first determine which Fund(s) will, or are required to, participate in the relevant investment opportunity. Hidden Harbor generally assesses whether an investment opportunity is appropriate for a particular Fund based on the Fund's Governing Documents, as well as factors including but not limited to: investment criteria, restrictions and objectives (including those set forth in the Governing Documents, where applicable), strategy, risk profile, time horizon, tax sensitivity, tolerance for turnover, asset composition, diversification limitations, cash level (if any), applicable tax and regulatory considerations, life cycle, structure and other relevant factors. For example, a newly organized Fund generally will seek to purchase a disproportionate amount of investments until it is substantially invested. A Fund generally reserves the right to invest together with other Funds advised by an affiliated adviser of Hidden Harbor in the manner set forth in the Governing Documents and Hidden Harbor's allocation policies. Hidden Harbor will determine the allocation of investment opportunities among Funds in a manner that it believes is fair and equitable to its clients under the circumstances over time consistent with Hidden Harbor's obligations and reserves the right to take into consideration factors such as those set forth above. In other circumstances, during the period that a portfolio company is owned by a Fund, it could become a suitable investment for one or more other Funds due to size, revenue, earnings, change in business focus or other characteristics.

Following such determination of allocation among Funds, Hidden Harbor reserves the right to offer co-investment opportunities to one or more potential co-investors, including Operations Group members, vendors, service providers and/or other third parties, as determined by the Governing Documents, Side Letters and Hidden Harbor's procedures regarding allocation. Hidden Harbor's procedures permit it to take into consideration a variety of factors in making such determinations, including but not limited to: expressed interest in co-investment opportunities; expertise of the prospective co-investor in the geographic location, market or industry to which the investment opportunity relates; perceived ability to quickly execute on transactions; tax, regulatory, securities laws and/or other legal considerations (*e.g.*, qualified purchaser or qualified institutional buyer status); confidentiality concerns that arise in connection with providing the prospective co-investor with specific information relating to the investment opportunity; perceived ease of process in coordinating or completing the investment with the prospective co-investor or co-investors similar thereto; Hidden Harbor's perception of whether the investment opportunity may subject the prospective co-investor to legal, regulatory, reporting or other burdens that make

it less likely that the prospective co-investor would act upon the investment opportunity if offered or would impair Hidden Harbor's ability to execute the relevant transaction in the desired time or on desired terms; size of the investment allocation and practicality of dividing it up among multiple co-investors; lender requirements; perceived public relations and reputational benefits or costs; existence of a formal or informal strategic relationship with the prospective co-investor; and whether Hidden Harbor believes that allocating investment opportunities to an investor or person will help establish, recognize, strengthen and/or cultivate relationships that have the potential to provide longer-term benefits to the relevant portfolio company, other portfolio companies, the Funds or Hidden Harbor. Although Hidden Harbor reserves the right to consider a prospective co-investor's willingness to invest in future Funds, such willingness generally will not be the sole determining factor considered by Hidden Harbor in identifying co-investors. The Adviser reserves the right to grant certain third-party investors the opportunity to evaluate specified amounts of prospective co-investments in Fund portfolio companies or otherwise to have priority in co-investment opportunities.

Furthermore, Hidden Harbor or its related persons expect to make decisions regarding whether and to whom to offer co-investment opportunities in consultation with other participants in the relevant transactions, such as a lender or co-sponsor. Co-investment opportunities may, and typically will, be offered to some and not to other Fund investors, and the consideration of the factors set forth above likely will result in certain investors receiving multiple opportunities to co-invest while others expressing interest in co-investments have the potential to receive none. Allowing any co-investment generally reduces the amount of the relevant investment opportunity that theoretically could have been taken by the relevant Fund, and Hidden Harbor expects to be subject to potential conflicts of interest in determining the amount of investment opportunity that should be allocated to the relevant Fund because (i) co-invest opportunities generally appeal to Fund investors and third parties, (ii) to the extent co-investments made by Fund investors are not subjected to Management Fees and/or performance-based compensation, co-investments blend the effective rates of compensation paid by such persons and (iii) co-investors' proportionate share of a particular investment typically is not subject to the Management Fee offset provisions of a Fund's Governing Documents. In order to facilitate the acquisition of a portfolio company, a Fund reserves the right to make (or commit to make) an investment in the company with a view to selling a portion of the investment to co-investors or other persons prior to or following the closing of the acquisition. In such event, the relevant Fund will bear the risk that any or all of the excess portion of such investment may not be sold or may only be sold on unattractive terms, including for example the risk that a portion of the investment will be syndicated at reduced cost, at cost, or at a lower amount at a time when the General Partner believes the value of such investment has appreciated or should be higher than that paid (or willing to be paid) by a co-investor. To the extent such a syndication is made, the General Partner's interest in limiting the Fund's exposure to a given investment while providing a potential benefit to co-investors investing at such lower values will give rise to a potential conflict of interest. As a consequence of a failed co-investment syndication process or a co-investment syndication on unattractive terms, the relevant Fund would be required to (i) bear the entire portion of any break-up, topping or other fees, costs and expenses related to such investment (including the proportionate share of such amounts that were expected to have been borne by co-investors), (ii) hold a larger-than-expected investment in such portfolio company, (iii) receive less-than-fair-market value for the syndicated portion of the investment and/or (iv) be diluted or realize lower than expected returns from such investment. When and to

the extent that personnel and related persons of Hidden Harbor and its affiliates make capital investments in or alongside certain Funds, Hidden Harbor and its affiliates are subject to potentially conflicting interests in connection with these investments. There can be no assurance that any Fund's return from a transaction would be equal to and not less than another Fund participating in the same transaction or that it would have been as favorable as it would have been had such conflict not existed.

Hidden Harbor's allocation of investment opportunities among the persons and in the manner discussed herein often will not result in proportional allocations among such persons, and such allocations likely will be more or less advantageous to some such persons relative to others. While Hidden Harbor will allocate investment opportunities in a manner that it believes is fair and equitable to its clients under the circumstances over time and considering relevant factors, there can be no assurance that a Fund's actual allocation of an investment opportunity, if any, or the terms on which that allocation is made, will be as favorable as they would be if the potential conflicts of interest to which Hidden Harbor expects to be subject, discussed herein, did not exist.

In certain cases, Hidden Harbor will have the opportunity (but, subject to any applicable restrictions or procedures in the Governing Documents, no obligation) to identify one or more secondary transferees of interests in a Fund. In such cases, Hidden Harbor will not receive compensation for identifying such transferees and will use its discretion to select such transferees based on eligibility and other factors similar to those employed in selecting co-investors, and unless required by the Governing Documents, will determine in its sole discretion whether the opportunity to receive a transfer of Fund interests should be offered to one or more existing Fund investors.

Potential conflicts are expected to arise when and to the extent a Fund makes investments in conjunction with an investment being made by another Fund, or if it were to invest in the securities of a company in which another Fund has already made an investment. A Fund may not, for example, invest through the same investment vehicles, have the same access to credit or employ the same hedging or investment strategies as other Funds. This likely will result in differences in price, terms, leverage and associated costs. Where multiple Funds invest in the same company at different times, the first Fund to invest typically will bear a higher level of diligence and transaction fees, costs and expenses than later Funds; similarly, to the extent a transaction does not proceed, the first Fund to invest typically will bear the full amount of Broken Deal Expenses relating to the transaction, regardless of whether other Funds could or would have invested in the company in potential future transactions. Further, there can be no assurance that the relevant Fund and the other Fund(s) or vehicle(s) with which it co-invests will exit such investment at the same time or on the same terms. There can be no assurance that the return on one Fund's investments will be the same as the returns obtained by other Funds participating in a given transaction. Given the nature of the relevant conflicts there can be no assurance that any such conflict can be resolved in a manner that is beneficial to both Funds. In that regard, actions taken for one or more Funds could adversely affect other Funds.

Subject to any relevant restrictions or other limitations contained in the Governing Documents of the Funds, Hidden Harbor will allocate fees and expenses in a manner that it believes is fair and equitable to its clients under the circumstances over time and considering such factors



as it deems relevant, but in any case, in its sole discretion. In exercising such discretion, Hidden Harbor expects to be faced with a variety of potential conflicts of interest.

As a general matter, Fund expenses typically will be allocated among all relevant Funds or co-invest vehicles receiving the benefit of such expenses (in the relevant General Partner's sole discretion) and eligible to reimburse expenses of that kind. In all such cases, subject to applicable legal, contractual or similar restrictions, expense allocation decisions generally will be made by Hidden Harbor or its affiliates using their reasonable judgment, considering such factors as they deem relevant, but in their sole discretion to be fair and equitable across these vehicles. The allocations of such expenses may not be proportional, and any such determinations involve inherent matters of discretion, *e.g.*, in determining which Funds or co-invest vehicles benefit (or the extent to which they benefit) from the relevant service relating to the expense, or whether to allocate *pro rata* based on number of Funds or co-invest vehicles receiving related benefits or proportionately in accordance with asset size, or in certain circumstances determining whether a particular expense has greater benefit to a Fund or Hidden Harbor. The Funds generally have different expense reimbursement terms, including with respect to Management Fee offsets, which is expected in certain cases to result in the Funds bearing different levels of expenses with respect to the same investment.

As a result of the Funds' controlling interests in portfolio companies, Hidden Harbor and/or its affiliates typically have the right to appoint portfolio company board members (including Operations Group members, current or former Hidden Harbor personnel or persons serving at their request), or to influence their appointment, and to determine or influence a determination of their compensation. Portfolio company board members frequently approve compensation and/or other amounts payable to Hidden Harbor and/or its affiliates, including Operations Group members. Except to the extent such amounts are subject to the Governing Documents' offset provisions, they will be in addition to any Management Fees or carried interest paid by a Fund to Hidden Harbor. It is expected that any fees received by Operations Group members in connection with serving on the board of a portfolio company will not offset or reduce any Management Fees.

Additionally, a portfolio company typically will reimburse Hidden Harbor or service providers retained at Hidden Harbor's discretion for expenses (including without limitation travel expenses) incurred by Hidden Harbor or such service providers in connection with its performance of services for such portfolio company. Service provider expenses are required to be reimbursed whether or not there is overlap in expertise, function or services performed by Hidden Harbor personnel. This subjects Hidden Harbor and its affiliates to conflicts of interest because the Funds generally do not have an interest or share in these reimbursements, and the amount of such reimbursements over time is expected to be substantial. Hidden Harbor determines the amount of these reimbursements for such services in its own discretion, subject to its internal reimbursement policies and practices. Although the amount of individual reimbursements typically is not disclosed to investors in any Fund, their effect is reflected in each Fund's audited financial statements, and any fee paid or expense reimbursed to Hidden Harbor or such service providers generally is subject to: agreements with or review by sellers, buyers and management teams; the review and supervision of the board of directors of or lenders to portfolio companies; and/or third party co-investors in its transactions. These factors help to mitigate related potential conflicts of interest.

In connection with its services to the Funds and their investments, Hidden Harbor, its affiliates and personnel expect to receive certain tangible and intangible benefits. For example, in the course of Hidden Harbor's operations, including research, due diligence, investment monitoring, operational improvements and investment activities, Hidden Harbor and its personnel expect to receive and benefit from information, "know-how," experience, analysis and data relating to Fund or portfolio company (as applicable) operations, terms, trends, market demands, customers, vendors and other metrics (collectively, "**Hidden Harbor Information**"). In many cases, Hidden Harbor Information will include tools, procedures and resources developed by Hidden Harbor to organize or systematize Hidden Harbor Information for ongoing or future use. Although Hidden Harbor expects its Funds and their portfolio companies generally to benefit from Hidden Harbor's possession of Hidden Harbor Information, it is possible that any benefits will be experienced solely by other or future Funds or portfolio companies (or by Hidden Harbor and its personnel) and not by the Fund or portfolio company from which Hidden Harbor Information was originally received or derived. Hidden Harbor Information will be the sole intellectual property of Hidden Harbor and solely for the use of Hidden Harbor. Hidden Harbor reserves the right to use, share, license, sell or monetize Hidden Harbor Information, without offsetting or otherwise reducing Management Fees, and the relevant Fund or portfolio company will not receive any financial or other benefit of such use, sharing, licensure, sale or monetization. Additionally, expenses relating to the Funds or portfolio companies are expected to be charged using credit cards or other widely available third-party rewards programs that provide airline miles, hotel stays, travel rewards, traveler loyalty or status programs, "points," "cash back," rebates, discounts and other arrangements, perquisites and benefits under the available terms of such reward programs. Such programs are expected to vary over time, and any such rewards (whether or not *de minimis* or difficult to value) generally will inure to the benefit of the personnel participating in the rewards program, rather than the portfolio companies, the Funds or their respective investors; no such rewards will offset or reduce Management Fees.

Hidden Harbor generally exercises its discretion to recommend to a Fund or to a portfolio company thereof that it contract for services with certain service providers, and service providers are expected to include: (i) Hidden Harbor or a related person of Hidden Harbor (which is permitted to include a portfolio company of such Fund or another Fund) and at rates determined or substantively influenced by Hidden Harbor; (ii) a portfolio company or any other entity with which Hidden Harbor or its affiliates or current or former members of their personnel has a relationship or from which Hidden Harbor or its affiliates or their personnel otherwise derives financial or other benefit, including relationships with joint venturers or co-venturers, or relationships where Hidden Harbor personnel are seconded, or from which Hidden Harbor receives secondees; or (iii) certain limited partners or their affiliates. For example, Hidden Harbor expects to be presented with opportunities to receive financing and/or other services in connection with a Fund's investments from certain limited partners or their affiliates that are engaged in lending or related business. This discretion subjects Hidden Harbor to conflicts of interest, because although Hidden Harbor selects service providers that it believes are aligned with its operational strategies and will enhance portfolio company performance and, relatedly, returns of the relevant Fund, Hidden Harbor has a potential incentive to recommend the related or other person (including a limited partner) because of its financial or other business interest. There is a possibility that Hidden Harbor, because of such belief or for other reasons (including whether the use of such persons could establish, recognize, strengthen and/or cultivate relationships that have the potential to

provide longer-term benefits to the relevant Funds or Hidden Harbor), would favor such retention or continuation even if a better price and/or quality of service could be obtained from another person. Hidden Harbor may not necessarily seek out the lowest cost options when incurring (or causing a Fund or its portfolio companies to incur) such expenses. Although Hidden Harbor generally seeks appropriate rates for services, it reserves the right to prioritize prior usage, perceived quality, sector competence or expertise, familiarity, onboarding speed or other factors in retaining or recommending service providers. Additionally, Hidden Harbor expects certain service providers, their affiliates and personnel to invest in, or co-invest alongside, one or more Funds, and due to the nature of the service provider relationships and the timing of services these persons have the potential to have information advantages relative to other investors or co-investors, and likely will be offered co-investment opportunities before such opportunities are presented to other interested prospective co-investors. Based on the foregoing factors, limited partners should not expect service providers to Hidden Harbor or any Fund to provide services that will be the most beneficial to any limited partner.

In certain circumstances where Hidden Harbor commits or has committed to seek “market” or “arms-length” rates or terms, Hidden Harbor will do so in its sole discretion, seeking rates that it has determined in its sole discretion to be reflective of the range of rates in the applicable or related markets. Hidden Harbor reserves the right to deem third-party investment in a transaction to be verification that the transaction was entered into at a value that is “arms-length.” Consequently, Hidden Harbor undertakes no minimum amount of benchmarking, and does not represent that any such benchmarking ultimately will be accurate, comparable or relate specifically to the assets, services, geographies or comparable markets to which such rates or terms relate. Where such rates or terms include hourly components, Hidden Harbor reserves the right to rely on approximations or estimates of time spent for purposes of allocating or charging for services. Any methodology, or choice among methodologies, involves potential conflicts of interest. Whether or not Hidden Harbor has a relationship or receives financial or other benefit from recommending a particular service provider, there can be no assurance that no other service provider is more qualified to provide the applicable services or could provide such services at lesser cost.

In certain circumstances, current or former Hidden Harbor personnel are expected to serve in interim or part-time roles at a portfolio company or provide services to a portfolio company as a secondee or in similar capacities whether or not while maintaining certain legacy economic arrangements, benefits, support services or indicia of employment at Hidden Harbor. Under such arrangements, Hidden Harbor and/or the relevant portfolio company is authorized to pay all or a portion of the personnel costs of such employee or supervise or oversee such employee. These arrangements have the potential to create conflicts of interest, in that amounts paid by a portfolio company in connection with secondee relationships or to former employees generally will not offset or reduce the Management Fee. Due to the nature of secondee relationships, which are often initiated to meet a temporary portfolio company need, the arrangements between such personnel and the related portfolio company are expected to change over time, and in many cases will be terminated when the portfolio company is sold or when the position can be filled on a longer-term or permanent basis. Personnel may or may not return to Hidden Harbor at the end of such secondee arrangement.

In addition, as described above, portfolio companies typically pay certain fees to, and reimburse expenses of, Operations Group members and other consultants (including consultants

introduced or arranged by Hidden Harbor and/or its affiliates that regularly provide services to one or more portfolio companies), and such amounts do not offset or reduce the Management Fee as described herein. Operations Group members generally make use of Hidden Harbor resources or otherwise are associated with Hidden Harbor. Hidden Harbor and/or its affiliates reserve the right to agree to compensate certain of such persons to the extent portfolio company-related compensation falls below certain specified levels on an aggregate annualized basis or provide other compensation. Operations Group members are expected to include former personnel of Hidden Harbor or certain portfolio companies, and in some circumstances former Operations Group members are expected to become Hidden Harbor personnel or personnel of portfolio companies. Consequently, the determination of whether individuals are Operations Group members is expected to vary and/or be revisited, which poses potential conflicts of interest where certain changes in status or categorization would reduce costs that Hidden Harbor otherwise would be required to bear. Hidden Harbor generally receives investment opportunities, reimbursements and other compensation that do not offset or reduce the Management Fee of any Fund, as described herein and the use of Operations Group members is expected to fluctuate and/or expand over time. To the extent that Operations Group members are paid retainers or guaranteed minimum compensation amounts, there is the possibility that certain portfolio companies or Funds will bear a greater share of such compensation due to the utilization of the Operations Group's services at a time when fewer portfolio companies or Funds make use of such Operations Group members. Under many of these arrangements, including where Operations Group members are paid a flat fee, there can be no assurance that the amount of compensation paid in a particular year will be proportional to the amount of hours worked or the amount of written work product generated by the Operations Group members. Although the use of Operations Group members and the allocation of compensation paid to them by Hidden Harbor, its affiliates and/or the portfolio companies subjects Hidden Harbor and/or its affiliates to potential conflicts of interest, Hidden Harbor believes that such potential conflicts have the potential to be reduced by the anticipated cost savings to portfolio companies (which is expected to be to the benefit of the applicable Fund(s)) that will result if the cost of the Operations Group member is lower than market rates for the services provided and/or if the services of the Operations Group members align with Hidden Harbor's model for the portfolio company and improve portfolio company performance. Although Hidden Harbor seeks to retain Operations Group members with a view to reducing costs to portfolio companies (and, ultimately, the Funds) and/or improving portfolio company performance, a number of factors may result in limited or no cost savings from such retention. Hidden Harbor also seeks to reduce potential conflicts of interest resulting from such arrangements by structuring compensation packages for such persons in a manner that Hidden Harbor believes will align such persons' interests with those of the Funds' limited partners and seeks to retain only Operations Group members and service providers which it believes provide a level of service at a value generally consistent with other relevant market alternatives. However, there can be no assurance that no other service provider is more qualified to provide the applicable services or could provide such services at lesser cost.

Hidden Harbor reserves the right to cause a Fund to enter into a transaction whereby the Fund (i) purchases securities from, or sells securities to, other Funds managed by Hidden Harbor, or co-investors or co-investment vehicles or (ii) co-invests alongside such other Funds or co-investors. Such transactions may arise in the context of automatic or other re-balancing of an investment among parallel investing entities or in contexts where a portfolio company owned by

one Fund is acquired by a portfolio company acquired by another Fund. In some cases a portfolio company of one Fund will be merged with or into a portfolio company owned by another Fund. Any of these transactions raise potential conflicts of interest, including where: (i) the investment of one Fund supports the value of portfolio companies owned by another Fund; or (ii) the transaction allows Hidden Harbor or its affiliates to realize carried interest or receive future Management Fees or other compensation with respect to such investments. These conflicts are heightened to the extent the relevant securities are illiquid or do not have a readily ascertainable value, and there generally can be no assurance that the price at which such transactions are entered into represent what would ultimately be the underlying investment's fair value. Hidden Harbor intends that any such transactions be conducted in a manner that it believes in good faith to be fair and equitable to each Fund under the circumstances, including a consideration of the potential present and future benefits with respect to each Fund. In certain circumstances, Hidden Harbor reserves the right to determine that the willingness of a third party to make an investment on the same terms demonstrates the fairness of the relevant transaction to a Fund under then-current market conditions. Further, cross transactions are expected to arise in the context of automatic or other re-balancing of investments among parallel investing entities, and in such circumstances Hidden Harbor generally will not seek a fairness opinion or advisory committee consent given that such transactions typically are effected close in time to the initial Fund's investment or pursuant to authorizing provisions in the relevant Governing Documents.

Although Hidden Harbor generally structures Funds to avoid circumstances in which one Fund ultimately bears liability for all or part of the obligations of another Fund or any Hidden Harbor affiliate, in certain circumstances lenders and other market participants negotiate for the right to face only select Fund entities, which may result in a single Fund being solely liable for other Funds' share of the relevant obligation and/or joint and several liability among Funds. In each such case, Hidden Harbor intends to cause the relevant other Funds to enter into a back-to-back guarantee, indemnification or similar reimbursement arrangement, although the Fund undertaking the obligation in the first instance generally will not receive compensation for being primarily liable under these arrangements. In other circumstances, lenders and other market parties are expected to seek "cross default" rights under which a Fund will be treated as in default under the relevant facility in the event of a default by another Fund or an Hidden Harbor affiliate relating to their respective lending or other facilities; if any such provision were to be triggered, a Fund's limited partners could suffer adverse effects resulting from any default by any Fund or a Hidden Harbor affiliate, whether or not related to the Fund in which such limited partners have invested.

Hidden Harbor and/or its affiliates reserve the right to employ or engage personnel with pre-existing ownership interests in portfolio companies owned by the Funds or other investment vehicles advised by Hidden Harbor and/or its affiliates; conversely, current or former personnel or executives of Hidden Harbor and/or its affiliates are expected to serve in significant management roles at portfolio companies or service providers recommended by Hidden Harbor. Similarly, Hidden Harbor, its affiliates and/or personnel maintain relationships with (or may invest in) financial institutions, service providers and other market participants, including but not limited to managers of private funds, banks, brokers, advisors, consultants, finders (including executive finders and portfolio company finders), executives, attorneys, accountants, institutional investors, family offices, lenders, current and former personnel, and current and former portfolio company executives, as well as certain family members or close contacts of these persons. Certain of these persons or entities will invest (or will be affiliated with an investor) in, engage in transactions with

and/or provide services (including services at reduced rates) to, Hidden Harbor and/or its affiliates, and/or the Funds or other investment vehicles they advise. In other circumstances, these vendors are expected to provide personal banking, private wealth or lending arrangements (including lending arrangements with respect to personal investments in or through Hidden Harbor entities, whether or not relating to financing Hidden Harbor personnel obligations to fund General Partner commitment obligations) to Hidden Harbor personnel and their estate planning vehicles. Hidden Harbor expects to be subject to a potential conflict of interest with a Fund in recommending the retention or continuation of a third-party service provider to such Fund or a portfolio company if such recommendation, for example, is motivated by a belief that the service provider or its affiliate(s) will continue to invest in one or more Funds, will provide Hidden Harbor information about markets and industries in which Hidden Harbor operates (or is contemplating operations) or will provide other services that are beneficial to Hidden Harbor or one or more other funds. Hidden Harbor expects to be subject to a potential conflict of interest in making such recommendations, in that Hidden Harbor has an incentive to maintain goodwill between it and the existing and prospective portfolio companies for a Fund, while the products or services recommended may not necessarily be the best available to a Fund or its portfolio companies.

Hidden Harbor, its affiliates, and equity holders, officers, Principals and personnel of Hidden Harbor and its affiliates reserve the right to buy or sell securities or other instruments that Hidden Harbor has recommended to a Fund (including those deemed unsuitable for a Fund), but will not in such circumstances be required to share in or reimburse the relevant Fund for due diligence or other expenses (including Broken Deal Expenses) incurred by the Fund in connection with the Fund's consideration of the relevant investment opportunity. Any such transactions are subject to any restrictions in the Governing Documents and related policies and procedures set forth in Hidden Harbor's Code of Ethics. The investment policies, fee arrangements and other circumstances of these investments generally vary from those of any Fund. Personnel and related persons of Hidden Harbor have, and are expected to continue to have, capital investments in or alongside certain Funds, or in prospective portfolio companies directly or indirectly, as well as in investment vehicles (including private funds) sponsored by potential competitors, and therefore could have additional conflicting interests in connection with these investments.

A Fund's General Partner generally is permitted to receive a distribution in kind from the Fund, including in connection with investment dispositions or the payment in kind of amounts owed to the General Partner as carried interest (which generally will be made using the value of the relevant securities on the date of contribution). In such circumstances, there is a potential conflict of interest between the General Partner (and its beneficial owners) and the relevant Fund's limited partners. For example, the General Partner and its beneficial owners may intend to hold the investment for a different time period than Hidden Harbor deems suitable for the Fund. Although the General Partner and its beneficial owners bear the risk that such securities will decrease during their holding period, to the extent the value of the relevant securities increases following the Fund's disposition thereof, neither the relevant Fund nor its limited partners will benefit from the increase, and over time the economic benefit to the General Partner and its beneficial owners could exceed the value of the General Partner's *pro rata* interest in the Fund and the amount of carried interest owed. To the extent the beneficial owners of the General Partner contribute such securities to a charity (including to a private foundation or other charitable organization associated with, operated or chosen by such persons or their families), any tax

efficiencies or other personal benefits associated with the contribution will inure to the benefit of such beneficial owners rather than to the Fund or its limited partners.

Except to the extent prohibited by the Governing Documents, Hidden Harbor and its personnel are permitted to market, organize, sponsor or act in other capacities (including as director, founder or manager) for other pooled investment vehicles, accounts or SPACs the investment or business strategy of which does not overlap with the Fund(s) and to receive compensation (including in the form of management fees, performance-based compensation, founders' equity or similar interests) relating thereto. Subject to any limitations imposed by the Governing Documents and anti- "assignment" provisions of the Advisers Act, Hidden Harbor and its personnel are also permitted to offer, restructure and monetize interests in Hidden Harbor.

Because there is a fixed investment period after which capital from investors in a Fund may only be drawn down in limited circumstances and because Management Fees are, at certain times during the life of a Fund, based upon capital invested by such Fund, this fee structure creates an incentive to deploy capital when Hidden Harbor may not otherwise have done so.

The Governing Documents provide the Advisers with wide-ranging authority to make determinations, including those related to investment purchases and dispositions (and their timing), valuation and other matters that in each case have the potential to affect the Advisers' compensation. In making such determinations, the Advisers are subject to potential conflicts of interest. For example, the potential to earn additional compensation creates an incentive for the Advisers or their affiliates to make investments and to hold investments longer than otherwise would be the case in the absence of the relevant Fund's Management Fee and carried interest compensation arrangements. The Advisers expect to be incentivized to cause a Fund to make, hold, value and/or dispose of investments (and to delay or forego a determination that the investments are Impaired Value Investments) in order to receive greater ongoing Management Fees and, potentially, earlier and/or larger carried interest distributions than would otherwise be the case.

Where the Management Fee is calculated taking into account the valuation of an investment, the Advisers will have incentives to make determinations that result in the continued payment of, or a higher, Management Fee. Where the Governing Documents do not require Management Fees to be reduced in connection with investment reorganizations, restructurings, roll-over investments, extraordinary dividends or similar transactions, the Advisers are incentivized to pursue such transactions. Additionally, the amount of carried interest owed to the relevant General Partner is dependent in part on the amount and timing of investment dispositions, as well as in certain instances determinations that investments are Impaired Value Investments, and the relevant General Partner expects to be subject to related potential conflicts of interest in determining whether and when to dispose of investments, make distributions, and/or determine that an investment is an Impaired Value Investment, within the requirements of the relevant Governing Documents.

The Advisers' wide-ranging authority on the determination of Impaired Value Investments, and the criteria used by the relevant General Partner or its affiliates in valuing an investment, or determining whether an investment is an Impaired Value Investment, have the potential to be subjective, to be influenced by market information and other factors and to vary over time. There can be no assurance that a third party or investor would agree with the substance or timing of the

relevant General Partner's determination that an investment is an Impaired Value Investment, and except as set forth in the Governing Documents, neither the General Partner nor its affiliates is obligated to follow any third-party methodology in making its determination on whether an investment meets the relevant standards or whether value can be recovered or retained during the Fund's holding period. The General Partner is entitled to make its own determination taking into account all facts and circumstances it deems relevant, subject to the provisions of the Governing Documents. As a general matter, the standards for determining Impaired Value Investments are intended to be high and are not intended to apply to investments experiencing partial or temporary declines in value. Because the amount of the Advisers' compensation is dependent in part on an investment's status as an Impaired Value Investment, the relevant General Partner faces potential conflicts of interest in determining whether an investment meets, or continues to meet, the relevant criteria. Although the Advisers intend to operate in accordance with the Governing Documents, as well as its valuation policy, in order to mitigate the potential for subjectivity in making such determinations, there can be no assurance that such policy will address all of the necessary factors to do so, or completely eliminate all potential conflicts of interest in such determinations.

Since Hidden Harbor is permitted to retain certain Transaction Fees (as described under "Fees and Compensation") in connection with Fund investments, it expects to be subject to a potential conflict of interest in connection with approving transactions and setting such compensation. In many cases, Transaction Fees are based on enterprise value or other metrics relating to a portfolio company, and there can be no assurance that the amount of Transaction Fees charged will be proportional to the number of hours of work performed on behalf of the portfolio company. Additionally, Hidden Harbor, its personnel, affiliates or others designated by Hidden Harbor expect to receive compensation in the form of portfolio company securities. To the extent any such securities are received, after any applicable offset provisions in the Governing Documents are applied, Hidden Harbor and/or such other recipients will be permitted to retain such securities, and in doing so will be subject to potential conflicts of interest in determining whether to sell such securities (subject to restrictions imposed by the portfolio company and/or Hidden Harbor) or retain such securities for a period consistent with their own financial and investment objectives, which may differ from those of the relevant Fund. In addition, because portfolio company securities typically represent newly issued incentive equity (whether in the form of common stock, warrants or options to buy common stock, or similar instruments), the receipt of compensation in the form of securities typically has the result of diluting a Fund's relative ownership of the portfolio company awarding such compensation.

In certain circumstances, such as those relating to short- or long-term portfolio company cash or liquidity needs, and regardless of whether the portfolio company is undergoing financial stress, Hidden Harbor reserves the right to accrue, defer or forego payments of Transaction Fees, and reserves the right to charge interest at then-available or applicable rates with respect to such amounts. In such cases, in accordance with the Governing Documents, investors will not receive the benefit of Management Fee offsets with respect to such amounts until they are actually received.

Hidden Harbor and/or its affiliates reserve the right to enter into Side Letters with certain investors in a Fund providing such investors with different or preferential rights or terms, including but not limited to different fee structures or arrangements (including discounted or rebated compensation terms, modified waterfall mechanics and/or receipt of a portion of Hidden



Harbor's compensation, information rights, specialized reporting, priority co-investment rights or targeted co-investment amounts, right to serve on the Fund's advisory committee, liquidity or transfer rights, confidentiality protections and disclosure rights, modification of default remedies, investment pacing restrictions, as well as economic procedural and other terms, many of which will not be subject to the "most-favored nation" provisions of a Fund's Governing Documents.

Hidden Harbor is likely to have its own economic and/or other business incentives to provide certain terms to certain limited partners (*e.g.*, based on commitment amount to a Fund or the timing thereof, the ability of a limited partner to provide sourcing or other services to Hidden Harbor, its affiliates and personnel or the Funds, or the potential to establish, recognize, strengthen or cultivate relationships that have the potential to provide longer-term benefits to Hidden Harbor, its affiliates and personnel, or the Funds. Further, Side Letters are expected to relate to strategic relationships under which an investor agrees to make capital commitments to multiple Funds. Except in the circumstances and on the timing required by Governing Documents, and/or applicable law other investors will not receive copies of Side Letters or related provisions, and as a general matter, the other investors have no recourse against a Fund, Hidden Harbor, the relevant General Partner or any of their affiliates in the event that certain investors have received additional and/or different rights and/or terms as a result of such Side Letters. Side Letters subject Hidden Harbor to potential conflicts of interest, including in circumstances where an investor's right to serve on the relevant Fund's advisory committee results in the investor receiving additional information relative to other investors. To the extent an investor is subject to statutory or other limitations on indemnification, or otherwise negotiates rights relating thereto, other investors may be subject to increased losses, or be required to bear an increased portion of indemnification amounts. Other Side Letter rights are likely to confer benefits on the relevant limited partner at the expense of the relevant Fund or of limited partners as a whole, including in the event that a Side Letter confers additional reporting, information rights and/or transfer rights, the costs and expenses of which are expected to be borne by the relevant Fund.

As a consequence of one or more limited partners being excused or excluded, or from regulatory, tax or other factors altering or limiting their participation in investments or ability to bear certain liabilities or obligations, the aggregate returns realized by participating or non-participating limited partners could be adversely affected in a material manner by the unfavorable performance of particular investments; similar considerations apply in the event a limited partner defaults on a drawdown in respect of an investment. Although Hidden Harbor believes it to be unlikely, excuse or other rights requested or received by one or more limited partners (or such regulatory, tax or other factors applicable to such limited partners) representing a substantial percentage of a Fund have the potential to create significant variations in limited partner investment returns or exposures to liabilities or obligations, or to influence or affect the investment strategy and pursuit of investment opportunities by the General Partners on behalf of the relevant Fund as a whole. A limited partner's voting rights for regulatory or other reasons can be limited in circumstances specified in the Governing Documents; conversely, a limitation on one or more limited partners' voting rights generally will increase the voting rights percentage of other limited partners in the relevant Fund. Further, limited partners with different domiciles or tax categorizations could receive different investment returns or amounts of tax basis and/or pay different levels of expenses, *e.g.*, based on tax savings or ownership of alternative investment vehicle, "blocker" or other structures used to facilitate their investments in, through or below a Fund.

Hidden Harbor has incentives to use or to recommend products or services of one portfolio company to another, which generally will involve fees, commissions, servicing payments or other compensation. Potential conflicts of interest arise in making such recommendations, as Hidden Harbor has incentives to maintain goodwill between it and its former, existing and prospective portfolio companies, and as a result the products or services recommended may not necessarily be the best or lowest cost option. In most cases, the relevant Fund(s) will not consent, participate in the negotiations or be directly involved in such arrangements. Hidden Harbor, its affiliates and personnel and persons selected by them expect to receive the benefit of “friends and family” and similar discounts from portfolio companies owned by the Funds under which such portfolio companies make their goods and/or services available at reduced rates. Discounted prices or better terms offered by a portfolio company to Hidden Harbor, any other portfolio company or third parties have the potential to affect the returns of the portfolio company.

Although the Governing Documents generally contain broad exculpation and indemnification provisions, Hidden Harbor will not interpret such provisions to constitute a waiver of any person’s non-waivable federal fiduciary duties to the relevant Fund under the Advisers Act. The relevant liability standards under insurance coverage procured by Hidden Harbor are expected to vary by carrier, and such standards are expected to vary depending on, for example, coverage features or limitations then-available from the carrier at the time of insurance contract renewal. As a result, insurance coverages are expected to vary from relevant liability and/or indemnity standards in the Governing Documents. Investors generally will be responsible for insurance premiums, as set forth in the Governing Documents, regardless of whether the liability and/or indemnity standards in Hidden Harbor’s insurance coverage are higher or lower than that set forth in the Governing Documents.

Any of these situations subjects Hidden Harbor and/or its affiliates to potential conflicts of interest. Hidden Harbor attempts to resolve such conflicts of interest in light of its obligations to investors in its Funds and the obligations owed by Hidden Harbor’s advisory affiliates to investors in investment vehicles managed by them, and attempts to allocate investment opportunities among a Fund, other Funds and such investment vehicles in a manner it believes to be fair and equitable to the Funds under the circumstances over time. To the extent that an investment or relationship raises particular conflicts of interest, Hidden Harbor will review the circumstances of such investment or relationship with a view to addressing and reducing the potential for conflict. Where necessary, Hidden Harbor consults and receives consent to conflicts from an advisory committee consisting of limited partners of the relevant Fund(s) and such other investment vehicles.

#### **DISCIPLINARY INFORMATION**

Hidden Harbor and its management persons have not been subject to any material legal or disciplinary events required to be discussed in this Brochure.

#### **OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

The Adviser is affiliated with Hidden Harbor Capital Partners GP I, L.P. and Hidden Harbor Capital Partners GP II, L.P., each of which are registered with the SEC under the Advisers Act pursuant to Hidden Harbor’s registration in accordance with SEC guidance. This entity

operates as a single advisory business together with the Adviser and serves as general partner of Funds and other pooled vehicles and generally shares common owners, officers, partners, personnel, consultants or persons occupying similar positions with the Adviser.

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

Hidden Harbor has adopted the Hidden Harbor Code of Ethics and Securities Trading Policy and Procedures (the “**Code of Ethics**”), which sets forth standards of conduct that are expected of the Principals and Hidden Harbor personnel and addresses conflicts that arise from personal trading. The Code of Ethics requires certain Hidden Harbor personnel to report their personal securities transactions, prohibits or requires pre-clearance for Hidden Harbor personnel from directly or indirectly acquiring beneficial ownership or disposing of securities in an initial public offering, and prohibits Hidden Harbor personnel from directly or indirectly acquiring beneficial ownership of securities with limited exceptions, without first obtaining approval from the Hidden Harbor Chief Compliance Officer. In addition, the Code of Ethics requires such personnel to comply with procedures designed to prevent the misuse of, or trading upon, material non-public information. A copy of the Code of Ethics will be provided to any investor or prospective investor upon request to Tim Trost, the Hidden Harbor Chief Compliance Officer, at (954) 400-1132. Personal securities transactions by personnel who manage client accounts are required to be conducted in a manner that prioritizes the client’s interests in client eligible investments.

Hidden Harbor and its affiliated persons may come into possession of material non-public or other confidential information about public companies, which, if disclosed, might affect an investor’s decision to buy, sell or hold a security. Under applicable law, Hidden Harbor and its affiliated persons would be prohibited from improperly disclosing or using such information for their personal benefit or for the benefit of any person, regardless of whether such person is a client of Hidden Harbor.

Accordingly, should Hidden Harbor or any of its affiliated persons come into possession of material non-public or other confidential information with respect to public and non-public company, Hidden Harbor generally would be prohibited from communicating such information to clients, and Hidden Harbor will have no responsibility or liability for failing to disclose such information to clients as a result of following their policies and procedures designed to comply with applicable law. Similar restrictions may be applicable as a result of Hidden Harbor personnel serving as directors of public companies and may restrict trading on behalf of clients, including a Fund.

Principals and personnel of Hidden Harbor and its affiliates generally are expected to directly or indirectly own an interest in one or more Funds, including certain co-invest vehicles. To the extent that co-invest vehicles exist, such vehicles are expected to invest in one or more of the same portfolio companies as a Fund. Co-invest opportunities generally are also expected to be presented to certain affiliates of the Adviser, as well as third party investors and other persons, and such co-investments may be effected through co-invest vehicles, directly in a particular portfolio company or through an intermediate entity in a portfolio company’s structure. Such co-investment

opportunities generally will be allocated in the manner described under “Methods of Analysis, Investment Strategies and Risk of Loss.”

Hidden Harbor and its affiliates, Principals and personnel expect to carry on investment activities for their own account for personal or employee investment vehicles and, potentially, for family members, friends or others who do not invest in a Fund, as well as give advice and recommend securities to vehicles which may differ from advice given to, or securities recommended or bought for, any Fund, even though their investment objectives may be the same or similar. The Governing Documents and investment programs of certain Funds generally restrict, limit or prohibit, in whole or subject to certain procedural requirements, investments of certain other vehicles in issuers held by such Funds or give priority with respect to investments to such Funds. Some of these restrictions could be waived by investors (or their representatives) in such Funds or be subject to limitations (*e.g.*, by time or percentage of capital deployed).

Each General Partner reserves the right to advance funds on behalf of a Fund and contribute such amounts to the relevant Fund as a special interim capital contribution for investment, to be redeemed at a later date. A yield amount in connection with such borrowing typically is borne by the relevant Fund, consistent with the Governing Documents. Similarly, Hidden Harbor or an affiliate is authorized to sign non-disclosure agreements or other deal documentation in view of future participation by one or more Fund(s), although this typically is done as a courtesy and without compensation from a Fund.

In borrowing on behalf of a Fund, Hidden Harbor is subject to conflicts of interest between repaying its obligations and retaining such borrowed amounts for the benefit of the Fund, and in circumstances where interest accrues on any such outstanding borrowings at a rate lower than the Fund’s preferred return, is expected to have incentives to cause the Fund to borrow in this manner rather than drawing down Commitments. Where a preferred return begins to accrue after capital contributions are due (regardless of when a Fund borrows, makes the relevant investment or pays expenses) and ceases to accrue upon return of these capital contributions, the use of borrowing to shorten the period between calling and returning capital limits the amount of time the preferred return will accrue. In circumstances where there is not a preferred return on funds borrowed in advance or in lieu of calling capital, Fund-level borrowing typically will reduce the amount of preferred return to which the limited partners would otherwise be entitled had the relevant General Partner called capital, and thus could result in the relevant General Partner receiving carried interest sooner than it would without borrowing. The relevant General Partner generally will not participate in a Fund-level borrowing facility, and generally will not bear the related costs attributable thereto, including interest expenses or costs payable, in which case such amounts will be borne solely by the limited partners. In addition, when the Management Fee is calculated as a percentage of invested capital, a limited partner may pay Management Fees on borrowed amounts used to fund investments that have not yet been realized even though such amounts would not accrue preferred return as described above. It is expected that the costs relating to the establishment and/or maintenance of a subscription line of credit will be significant, and there can be no assurance that the benefits to limited partners will be commensurate with such costs.

Hidden Harbor will effect such borrowings consistent with a Fund’s Governing Documents and in a manner it believes to be fair and equitable under the circumstances to the relevant Fund.

## **BROKERAGE PRACTICES**

Hidden Harbor focuses on securities transactions of private companies and generally purchases and sells such companies through privately-negotiated transactions in which the services of a broker-dealer may be retained. However, Hidden Harbor reserves the right to distribute securities to investors in a Fund or sell such securities, including through using a broker-dealer, such as where a public trading market exists. Although Hidden Harbor does not intend to regularly engage in public securities transactions, to the extent it does so, it intends to follow the brokerage practices described below.

If Hidden Harbor sells publicly traded securities for a Fund, it is responsible for directing orders to broker-dealers to effect securities transactions for accounts managed by Hidden Harbor. In such event, Hidden Harbor will seek to select brokers on the basis of best price and execution capability. In selecting a broker to execute client transactions, Hidden Harbor reserves the right to consider a variety of factors, including: (i) execution capabilities with respect to the relevant type of order; (ii) commissions charged; (iii) the reputation of the firm being considered; and (iv) responsiveness to requests for trade data and other financial information.

Hidden Harbor has no duty or obligation to seek in advance competitive bidding for the most favorable commission rate applicable to any particular client transaction or to select any broker on the basis of its purported or “posted” commission rate, but will endeavor to be aware of the current level of the charges of eligible brokers and to reduce the expenses incurred for effecting client transactions to the extent consistent with the interests of such clients. Although Hidden Harbor generally seeks competitive commission rates, it may not necessarily pay the lowest commission or commission equivalent. Transactions may involve specialized services on the part of the broker involved and thereby entail higher commissions or their equivalents than would be the case with other transactions requiring more routine services.

Consistent with Hidden Harbor seeking to obtain best execution, brokerage commissions on client transactions are permitted to be directed to brokers in recognition of research furnished by them, although Hidden Harbor generally does not make use of such services at the current time and has not made use of such services since its inception. To the extent Hidden Harbor uses “soft dollars” on behalf of the Funds, it will seek to do so within the safe harbor provided by Section 28(e) of the Securities Exchange Act of 1934, as amended.

## **REVIEW OF ACCOUNTS**

The investments made by the Funds generally are private, illiquid and long-term in nature. Accordingly, the review process is not directed toward a short-term decision to dispose of securities. However, Hidden Harbor monitors companies in which the Funds invest, and the Hidden Harbor Chief Compliance Officer periodically checks to confirm that each Fund is maintained in accordance with its stated objectives.

Each Fund generally will provide to its limited partners (i) annual GAAP-audited and quarterly unaudited financial statements, (ii) annual tax information necessary for each limited partner’s U.S. tax return and (iii) annual descriptive investment information for each portfolio company.

## CLIENT REFERRALS AND OTHER COMPENSATION

Hidden Harbor and/or its affiliates intend to provide certain business or consulting services to companies in a Fund's portfolio and expect to receive compensation from these companies in connection with such services. As described in the Governing Documents, this compensation may, in many cases, offset a portion of the Management Fees paid by such Fund. However, in other cases (e.g., reimbursements for out-of-pocket expenses directly related to a portfolio company), these fees are in addition to Management Fees. *See* "Fees and Compensation."

Hidden Harbor reserves the right to enter into solicitation arrangements pursuant to which it compensates third parties for referrals that result in a potential investor becoming a limited partner in a Fund. These arrangements generally are disclosed in the relevant Fund's Form D. Any fees payable to any such placement agents generally will be borne by Hidden Harbor indirectly through an offset against the Management Fee under the Governing Documents.

Hidden Harbor retained Lazard Freres & Co. LLC ("**Lazard**"), a U.S. finder, to solicit Commitments from investors in a future fund, Hidden Harbor Capital Partners III, L.P. and Hidden Harbor Capital Partners III-A, L.P. ("**Fund III**"), in exchange for a placement fee equal to 1.25% of the Commitments accepted by Hidden Harbor Capital Partners GP III, L.P. with respect to new investors in Fund III, plus a placement fee equal to 0.10% of the Commitments from existing investors from either Fund I or Fund II that subsequently invest in Fund III, in addition to the reimbursement of certain expenses. Additionally, Hidden Harbor paid Lazard a placement fee equal to 1.75% of the Commitments accepted by Hidden Harbor Capital Partners GP II, L.P. with respect to certain investors in Fund II, in addition to the reimbursement of certain expenses.

## CUSTODY

Hidden Harbor generally expects that it will be deemed to have "custody" (within the meaning of the Advisers Act Rule 206(4)-2 (the "**Custody Rule**")) of funds or securities held in the name of one or more Funds, subject to certain exceptions set forth in the Custody Rule and related guidance, and intends to maintain such assets with the following qualified custodians: Wells Fargo Bank, N.A. and Silicon Valley Bank, a Division of First Citizens Bank.

## INVESTMENT DISCRETION

Hidden Harbor has discretionary authority to manage investments on behalf of each Fund. As a general policy, Hidden Harbor does not allow clients to place limitations on this authority. Pursuant to the terms of the Governing Documents, however, Hidden Harbor and/or its affiliates have entered, and expect to enter, into Side Letters with certain limited partners whereby the terms applicable to such limited partner's investment in a Fund are altered or varied, including, in some cases, the right to opt-out of certain investments for legal, tax, regulatory or other similar reasons. Hidden Harbor assumes this authority pursuant to the terms of the Governing Documents and powers of attorney executed by the limited partners of each Fund.

## **VOTING CLIENT SECURITIES**

Hidden Harbor has adopted the Hidden Harbor Proxy Voting Policies and Procedures (the “**Proxy Policy**”) to address how it will vote proxies, as applicable, for the Funds’ portfolio investments. The Proxy Policy seeks to ensure that Hidden Harbor votes proxies (or similar instruments) in the best interest of the Funds, including where there may be material conflicts of interest in voting proxies. Hidden Harbor generally believes its interests are aligned with those of each Fund’s investors, for example, through the Principals’ beneficial ownership interests in such Fund and therefore will not seek investor approval or direction when voting proxies. In the event that there is or may be a conflict of interest in voting proxies, the Proxy Policy provides that Hidden Harbor may address the conflict using several alternatives, including by seeking the approval or concurrence of a Fund’s advisory board on the proposed proxy vote or through other alternatives set forth in the Proxy Policy. Additionally, a Fund’s advisory board is authorized to approve Hidden Harbor’s vote in a particular solicitation. Hidden Harbor does not consider service on portfolio company boards by Hidden Harbor personnel or Hidden Harbor’s receipt of management or other fees from portfolio companies to create a material conflict of interest in voting proxies with respect to such companies. In addition, the Proxy Policy sets forth certain specific proxy voting guidelines followed by Hidden Harbor when voting proxies on behalf of a Fund. Clients or investors that would like a copy of Hidden Harbor’s complete Proxy Policy or information regarding how Hidden Harbor voted proxies for particular portfolio companies may contact Tim Trost, the Hidden Harbor Chief Compliance Officer, at (954) 400-1132, and it will be provided at no charge.

## **FINANCIAL INFORMATION**

Hidden Harbor does not require prepayment of Management Fees more than six months in advance or have any other events requiring disclosure under this item of the Brochure.