

**INVESTMENT ADVISER BROCHURE**

**PART 2A OF FORM ADV**

**HCI EQUITY MANAGEMENT, L.P.**

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**This Investment Adviser Brochure ("Brochure") provides information about the qualifications and business practices of HCI Equity Management, L.P. ("HCI"). If you have any questions about the contents of this Brochure, please contact Lisa Costello at (202) 371-0150 and/or [lcostello@hciequity.com](mailto:lcostello@hciequity.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the "SEC") or by any state authority.**

HCI 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 HCI is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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## **MATERIAL CHANGES**

HCI filed its most recent Form ADV Part 2A on March 27, 2018. This other-than-annual amendment updates HCI's principal owners.

## ADVISORY BUSINESS

HCI Equity Partners is a private investment management firm, including HCI Equity Management, L.P. ("**HCI**"), a registered investment adviser, its affiliated investment advisers and other organizations affiliated with HCI Equity Partners (collectively, "**HCI Equity Partners**").

HCI, a Delaware limited partnership, was formed in November 2010 and commenced operations in May 2011 when it assumed the management of certain private investment funds previously managed by Thayer | Hidden Creek and its affiliates (collectively, "**Thayer | Hidden Creek**"), a private investment management firm with which certain employees, principals and owners of HCI Equity Partners were formerly affiliated. HCI and its affiliated investment advisers, HC Equity Partners V, L.L.C. ("**HC Equity V**"), HCI Management III, L.P. ("**HCI Management III**"), HCI Management IV, L.P. ("**HCI Management IV**") and HCI Management V, L.P. ("**HCI Management V**") and together with HC Equity V, HCI Management III, HCI Management IV and HCI, the "**Advisers**") were formed to provide "investment supervisory services" to their clients, which consist of investment funds privately offered to qualified investors in the United States and elsewhere.

HC Equity V is the general partner of Thayer Equity Investors V, L.P. ("**Thayer V**"), HCI Management III is the general partner of HCI Equity Partners III, L.P. ("**HCI III**"), HCI Management IV is the general partner of HCI Equity Partners IV, L.P. ("**HCI IV**") and HCI Management V is the general partner of HCI Equity Partners V, L.P. ("**HCI V**") and together with Thayer V, HCI III and HCI IV, the "**Funds**," and together with any future private investment fund, "**Private Investment Funds**"). HC Equity V, HCI Management III, HCI Management IV and HCI Management V (each a "**General Partner**," and collectively the "**General Partners**") each has the authority to make all investment decisions for Thayer V, HCI III, HCI IV and HCI V, respectively, and has advisory responsibilities for the operations of the relevant Fund. Pursuant to the applicable Fund Governing Document (as defined below) and management agreement (and certain assignments and amendments thereof with respect to agreements relating to Thayer V and HCI III), the advisory responsibilities with respect to Thayer V, HCI III, HCI IV and HCI V have been assigned, or delegated, to HCI.

HCI also serves as the sole manager and investment adviser of TC Co-Investors V, L.L.C. ("**TC Co-Investors V**"), and HCI Management III and HCI are the general partner and the investment adviser, respectively, of HCI Co-Investors III, L.P. ("**Co-Investors III**"), (each, a Delaware limited partnership or Delaware limited liability company, and collectively, the "**Co-Invest Funds**"). The Co-Invest Funds generally are formed for the benefit of certain HCI personnel and other persons associated with HCI to invest in excess investment opportunities (if available) in portfolio companies of a specific Private Investment Fund. Investments by Co-Invest Funds typically involve investment and disposal of interests in the applicable portfolio company at substantially the same time and on substantially the same terms as the Private Investment Fund making the investment. Each General Partner listed above is subject to the Advisers Act pursuant to HCI'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 HCI.

The Funds are private equity funds and invest through negotiated transactions in operating entities, generally referred to herein as "portfolio companies." Because the investment advisory services provided to Thayer V and HCI III have remained substantially the same over time, the disclosures contained herein are generally written as though HCI and the other Advisers have always provided investment advisory services to Thayer V and HCI III even though they only assumed management of them in May 2011.

HCI's investment advisory services to the Funds consist of identifying and evaluating investment opportunities, negotiating the terms of and structuring investments, managing and monitoring investments, partnering with management teams of portfolio companies to execute growth strategies and achieving dispositions for such investments. Although each Fund makes investments predominantly in non-public companies, each Fund may invest in public companies subject to any limits set forth in the Fund's Governing Document (as defined below). In addition, a Fund may hold public company investments as a result of a sale of all or a part of such Fund's investment in a portfolio company, such as when a portfolio company goes public or is sold to a public company for stock. When investing in portfolio companies, the senior principals or other personnel of HCI or its affiliates serve on such portfolio companies' respective boards of directors or otherwise act to influence the management of portfolio companies held by a Fund, generally until the Fund exits the investment. At times, principals have also remained on boards post exit.

HCI's advisory services for the Funds are detailed in the applicable private placement memoranda or other offering documents (each, a "**Memorandum**"), management agreements and limited partnership or limited liability company agreements (each, a "**Governing Document**") and are further described below under "Methods of Analysis, Investment Strategies and Risk of Loss." Investors in the Funds participate in the overall investment program for the applicable fund, but may be excused from a particular investment due to legal, regulatory or other agreed-upon circumstances pursuant to the applicable Governing Document. The Funds or the Advisers may enter into side letters or similar agreements with certain investors that have the effect of establishing rights under, or altering or supplementing the terms of a Fund's Governing Document, including provisions relating to the Management Fee (as defined below) and distributions.

Additionally, from time to time, the Advisers may provide (or agree to provide) certain investors or other persons, including HCI's personnel and/or certain other persons associated with HCI or its affiliates (to the extent not prohibited by the applicable Governing Document), co-investment opportunities (including the opportunity to participate in the Co-Invest Funds or other co-invest vehicles) that will invest in certain portfolio companies alongside a Private Investment Fund. Such co-investments typically involve investment and disposal of interests in the applicable portfolio company at substantially the same time and on substantially the same terms as the Private Investment Fund making the investment. However, from time to time, for strategic and other reasons, a co-investor or co-invest vehicle (including the Co-Invest Funds) may purchase a portion of an investment from one or more Private Investment Funds after such Private Investment Funds have consummated their investment in the portfolio company (also known as a post-closing sell-down or transfer). Any such purchase from a Private Investment Fund by a co-investor or co-invest vehicle generally occurs shortly after the Private Investment Fund's completion of the investment to avoid any changes in valuation of the investment. A co-

investor or co-invest vehicle is not expected to be charged interest in connection with any such transactions, and to the extent the relevant underlying portfolio company investment was funded out of a Private Investment Fund's credit facility, it is expected that such Private Investment Fund generally will bear the cost of such financing without reimbursement from any co-investor or co-investment vehicle.

As of December 31, 2017, HCI managed approximately \$1.3 billion in client assets on a discretionary basis. HCI's principal owners are Daniel M. Dickinson and Douglas P. McCormick and its general partner is HCI Equity Partners, L.L.C., a Delaware limited liability company. HCI Equity Partners, L.L.C. is managed by a Board of Directors, the members of which are elected by majority vote of the voting members of HCI Equity Partners, LLC. Daniel M. Dickinson and Douglas P. McCormick currently are Directors on the Board of Directors of HCI Equity Partners, LLC.

### FEES AND COMPENSATION

In general, HCI receives an annual management fee (a "**Management Fee**") in connection with advisory services it provides to the Funds. The General Partners of the Funds receive a carried interest. For each Fund, the carried interest distributed to a General Partner is subject to a potential giveback at the end of the Fund's life if the General Partner has received excess cumulative distributions. For each of HCI III, HCI IV and HCI V, the applicable General Partner for each Fund is also subject to an interim giveback at certain dates over the life of such Fund (as further described in each such Fund's Governing Documents). With respect to Thayer V and HCI III, the Advisers will be responsible for any such givebacks even though they only became entitled to receive carried interest beginning in May 2011 when they assumed management of the Funds.

The Co-Invest Funds do not pay management fees or carried interest.

HCI or other HCI Equity Partners entities or affiliates receive additional compensation from portfolio companies (*e.g.*, monitoring fees, transaction fees and break-up fees paid in connection with transactions that are not consummated) in connection with management and other services performed for portfolio companies of Private Investment Funds and such additional compensation is generally documented in a management services agreement entered into with the applicable portfolio company. Such compensation typically offsets a portion of the Management Fees otherwise payable to HCI, and the Advisers retain the remainder of such compensation, as described in the applicable Fund Governing Document. While the Advisers' ability to negotiate and receive such compensation may be deemed to give rise to conflicts of interest between the Private Investment Funds and the Advisers, the Advisers believe any such potential conflicts are mitigated by the Management Fee offset mechanism, certain caps to such compensation, and by the Advisers' significant ownership interests in the Private Investment Funds. To the extent that an offset credit would reduce the Management Fee for a Private Investment Fund for a given six-month period below zero, the credit will be carried forward for future application against payable Management Fees for such Private Investment Fund, and if a credit remains upon liquidation a payment will be made crediting partners unless a partner has elected to waive such amount (*e.g.*, where an adverse tax consequence may result). In addition, certain employees, partners or other affiliates of the Advisers may receive compensation for

serving as an employee of or providing certain ordinary course services to (or with respect to) certain portfolio companies in which one or more Funds invest, and such compensation generally will not result in additional offsets to the Management Fee. Investors in the Private Investment Funds bear certain fund expenses, as described below. HCI bears certain expenses of the Co-Invest Funds, but the Co-Invest Funds are subject to certain administrative expenses (e.g., audit, tax preparation and certain filing fees). Investors should review each Fund's Governing Document for details regarding the fee structures summarized below.

## **Management Fees and Carried Interest**

### HCI V

The Management Fee is a maximum of 2.0% of aggregate investor capital commitments payable semi-annually, partially in arrears and partially in advance (subject to potential reductions due to offsets under certain circumstances), and commenced from the date that was nine months after the Fund's initial closing. Beginning the earlier of (i) the sixth anniversary of the effective date of the HCI V, or (ii) the commencement of a Private Investment Fund formed by the General Partner or its principals whose primary investment criteria is substantially similar to the Funds (as more fully described in the Governing Document), or (iii) following certain events limiting capital calls for new investments in the Governing Document, the Management Fee shall be no greater than 2.0% of all invested capital commitments less distributions of capital and any permanent write-downs and write-offs of portfolio investments. The Management Fee generally will be as described in the foregoing sentences and payable until all portfolio investments are distributed or until HCI's relationship with the Fund is terminated for other reasons (as described in the Governing Document); provided that if the Fund has not made a final distribution of assets as of the second anniversary of the expiration of its term, including any extensions, the Management Fee shall be reasonably determined by the Fund's advisory committee (an "**Advisory Committee**") but shall be no higher than it would otherwise be in the absence of any determination by the Advisory Committee. In addition, the General Partner will receive a carried interest or performance fee from investors in the Fund equal to 20% of all realized or distributed capital appreciation above a threshold level (as more fully described in the Governing Document).

It is expected that any future Private Investment Funds (if any) will have a similar fee structure.

### HCI IV

The Management Fee is a maximum of 2.0% of aggregate investor capital commitments payable semi-annually, partially in arrears and partially in advance (subject to potential reductions due to offsets under certain circumstances), and commences from the Fund's initial closing. Beginning the earlier of (i) the sixth anniversary of the initial closing date, or (ii) the commencement of a Private Investment Fund formed by the General Partner or its principals whose primary investment criteria is substantially similar to the Funds (as more fully described in the Governing Document), or (iii) following certain events limiting capital calls for new investments in the Governing Document, the Management Fee shall be no greater than 2.0% of all invested capital commitments less distributions of capital and any permanent writedowns and

write-offs of portfolio investments and shall be reduced by 0.20% each year to a minimum of 1% (e.g., to 1.8%, 1.6%, 1.4% etc). The Management Fee generally will be as described in the foregoing sentences and payable until all portfolio investments are distributed or until HCI's relationship with the Fund is terminated for other reasons (as described in the Governing Document); provided that if the Fund has not made a final distribution of assets as of the second anniversary of the expiration of its term, including any extensions, the Management Fee shall be reasonably determined by the Fund's Advisory Committee but shall be no higher than it would otherwise be in the absence of any determination by the Advisory Committee. In addition, the General Partner will receive a carried interest or performance fee from investors in the Fund equal to 20% of all realized or distributed capital appreciation above a threshold level (as more fully described in the Governing Document).

### HCI III

Effective January 1, 2018, pursuant to Section 5.2(b)(ii) of the Fund's Governing Document, HCI III's Management Fee was reduced from 1.4% to 1.2% of invested capital commitments less distributions of capital, any write-offs and 50% of any permanent writedowns of any portfolio investments.

The Management Fee is payable semi-annually, partially in arrears and partially in advance, (subject to potential reductions due to offsets under certain circumstances) and commenced at the Fund's initial closing. Pursuant to HCI III's Governing Document, HCI III's initial Management Fee was 2.0% of aggregate investor capital commitments. Effective January 1, 2014, the annual management fee was reduced to the Management Fee Stepdown Percentage equal to 2.0% of all invested capital commitments less distributions of capital and a portion of any writedowns and write-offs of portfolio investments. The Step Down Percentage has been reduced by 0.20% each year but will not go below the minimum of 1%. The Management Fee will be payable until all portfolio investments are distributed or until HCI's relationship with the Fund is terminated for other reasons (as described in the Governing Document). In addition, the General Partner will receive a carried interest or performance fee from investors in the Fund equal to 20% of all realized or distributed capital appreciation above a threshold level (as more fully described in the Governing Document).

### Thayer V

Following the end of the third and final one year extension of Thayer V's term on December 20, 2015, investors in Thayer V no longer pay a Management Fee pursuant to the relevant Governing Document. Thayer V is currently in the process of liquidating.

### **Other Information**

Each Fund generally invests on a long-term basis. Accordingly, investment advisory and other fees are paid during the term of the Fund, and investors generally are not permitted to withdraw or redeem interests in the Fund.

Certain Private Investment Funds managed by the General Partners and/or their affiliates may exempt certain persons from payment of Management Fees and/or carried interest, or not charge any such fees or carried interest, and may include as investors personnel or owners of the



General Partners or their affiliates, persons with family or other relationships with the General Partners or their affiliates, service providers for the General Partners or their affiliates, or other unaffiliated parties. For example, HCI serves as investment adviser to TC Co-Investors V and Co-Investors III, and does not charge these funds Management Fees or carried interest. Additionally, to the extent permitted by the relevant Governing Document, HCI may have the right to permit investors, affiliated with HCI or otherwise, to invest through the relevant General Partner or other vehicles that do not bear Management Fees or carried interest. For a discussion of potential conflicts of interest that may exist, please see "Participation or Interest in Client Transactions" herein.

The General Partner of a Private Investment Fund generally does not pay a Management Fee or carried interest with respect to its commitment to such Private Investment Fund. Principals or other current or former employees of the General Partners 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 the Advisers.

In addition to the Management Fee and carried interest, each Fund bears certain expenses. As set forth more fully in the applicable Governing Document, the Funds generally bear all expenses relating to the Fund's activities, investments and business to the extent not reimbursed by a portfolio company or applied to reduce transaction fees, including some or all of the following (which may differ among Funds): (i) costs and expenses attributable to structuring, organizing, acquiring, managing, operating, holding, valuing, winding up, liquidating, dissolving and disposing of a Fund's investments, including follow-on investments and refinancings (including interest on money borrowed by or on behalf of a Fund); (ii) legal, filing, accounting, auditing, consulting (including consulting and retainer fees paid to Executive Partners (as defined below) or any of its members, consultants performing investment initiatives and other similar consultants), financing, insurance (including directors and officers, errors and omissions liability and other insurance), broker, finder's, financing commitment fees, real estate title, appraisal costs, printing, custodian, depositary, transfer, registration and other similar fees and expenses; (iii) expenses incurred in connection with third party valuations; (iv) expenses associated with the preparation of a Fund's financial statements, tax returns, tax estimates, Schedule K-1s or any other administrative, regulatory or other Fund-related reporting or filing obligations; (v) expenses of a Fund's advisory board and annual meetings of limited partners and any other meeting with any limited partner(s); (vi) extraordinary expenses (such as litigation, indemnification, judgments and settlements, if any); (vii) expenses incurred in connection with transactions not consummated (including travel expenses and expenses that may have been allocated to a potential and unaffiliated co-investor had such transaction been consummated); (viii) unreimbursed expenses and unpaid fees of Executive Partners; and (ix) any taxes, fees or other governmental charges levied against a Fund (other than amounts that are reimbursed by, or treated as distributed to, limited partners pursuant to a Fund's Governing Documents). The Funds also bear expenses indirectly to the extent a portfolio company pays expenses, including expenses of HCI and/or its affiliates. Excluded from Fund expenses are ordinary administrative and overhead expenses of HCI incurred in connection with maintaining and operating its offices (such as compensation of its employees, rent, utilities and general office expenses). To the extent brokerage fees are incurred, they will be incurred in accordance with the general practices set forth in "Brokerage Practices." The Co-Invest Funds also bear certain administrative expenses (e.g., audit, tax preparation and certain filing fees). Any such expenses are allocated on a case-

by-case basis as further described in such Co-Invest Fund's governing documents. HCI may advance amounts related to the foregoing and receive reimbursement from the Fund(s) to which such expenses relate.

Additionally, as further described herein and in the applicable Memorandum and/or Governing Document of each Fund, the Advisers (and/or one or more portfolio companies) expect to retain or recommend certain third party advisors and other specialists 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. Such third party advisors and other specialists generally (including, without limitation, those third-party advisors described in the Governing Documents as “**Executive Partners**”) may provide services in relation to the identification, acquisition, holding, improvement and disposition of portfolio companies, including operational aspects of such companies. These services may also include serving in management or policy-making positions for portfolio companies. Such persons may receive compensation, including, but not limited to salary, professional service fees, transaction fees, a profits or equity interest in a portfolio company, profits or equity interests in one or more Funds or General Partners, or other compensation. No such compensation will offset the Management Fee. The use of such persons could potentially subject the Advisers to 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 Advisers receive a carried interest allocation on certain realized profits in Thayer V, HCI III, HCI IV and HCI V. The Co-Invest Funds are not charged a performance-based fee. While this practice could present a conflict of interest, the Advisers do not believe this arrangement poses a conflict of interest in practice because the Co-Invest Funds co-invest alongside the Funds only to the extent there is an excess investment opportunity that can be allocated to the Co-Invest Funds in accordance with the relevant Governing Documents and the Advisers' investment allocation policy.

#### **TYPES OF CLIENTS**

The Advisers provide investment advice to Private Investment Funds. Private Investment Funds may include investment partnerships or other investment entities formed under domestic or foreign laws and operated as exempt investment pools under the Investment Company Act of 1940, as amended. The investors participating in Private Investment Funds may include individuals, banks or thrift institutions, other investment entities, pension and profit-sharing plans, trusts, estates or charitable organizations or other corporations or business entities and may include, directly or indirectly, principals or other employees of the Advisers and their affiliates and their families, third party advisors and other consultants and service providers. The Advisers may also act as an adviser to certain co-investment vehicles, including the Co-Invest Funds, which invest side-by-side with the Private Investment Funds.

Thayer V generally had minimum investments of \$10 million, HCI III, HCI IV and HCI V generally had a minimum investment of \$5 million, in each case, which could be waived by its General Partner. The Co-Invest Funds' minimum investment amounts are determined on a case-by-case basis in accordance with the Advisers' investment allocation policy. Thayer V, HCI III,

HCI IV and HCI V interests are offered and sold solely to accredited investors and qualified purchasers (or qualified knowledgeable HCI Equity Partners personnel).

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

### **General**

Each General Partner has selected HCI to provide day-to-day investment advisory services to the Funds, under the supervision of the applicable General Partner. The Advisers share common owners and personnel.

The investment strategy of the Advisers is to seek to increase the value of, and to find desirable exit opportunities for, the investments in Private Investment Funds. This strategy may involve the use of information generated by individuals or entities not affiliated with the Advisers. Sources of such information include, but are not limited to, research provided by institutions and the brokerage community, internally and externally generated analysis of potential opportunities, specialized consultants, industry experts, industry and trade publications, as well as direct contact with management of potential portfolio companies and related due diligence.

The Advisers focus on investing in industrial growth companies in the lower middle market. The Advisers expect to focus on making investments in industries in which they have management relationships and substantial operating experience. The Advisers believe that lower middle market companies are attractive investment opportunities because they generally have potential for organic and acquisition-driven growth, opportunities for improving operating performance and limited access to public and private equity or debt. While the Advisers focus on lower middle market companies, they may invest in companies that have enterprise values outside of that range.

With respect to HCI IV and HCI V, the Advisers generally focus on making investments in lower middle market companies (with revenue ranges between \$20 and \$200 million and EBITDA between \$5 and \$20 million) in the industrial products and services industry.

HCI III's and Thayer V's investment periods have ended so the Advisers will primarily focus on managing HCI III's and Thayer V's existing portfolio companies and completing the liquidation of Thayer V. The investments in HCI III and Thayer V consist of companies in the industrial products and services sectors.

The Advisers generally follow an investment process which seeks to: (i) generate a continuous flow of quality, proprietary deal leads; (ii) subject potential transactions to a multi-stage screening process with certain hurdles at each stage; (iii) institute the appropriate controls and monitoring mechanisms to facilitate the ability of the Advisers' professionals to add value to portfolio companies; and (iv) maximize the value of investments upon exit.

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

## Risks of Investment

Each Fund and its investors bear the risk of loss that the Advisers' investment strategy entails. Investors should review each Fund's private placement memorandum for information regarding risks specific to each Fund. In general, the risks involved with the Advisers' investment strategy and an investment in each Fund include, but are not limited to:

*Business Risks.* The Fund's investment portfolio will 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.

*Future and Past Performance.* The performance of the principals' prior investments is not necessarily indicative of the Fund's future results. While the General Partner intends for the Fund to make investments that have estimated returns commensurate with the risks undertaken, there can be no assurances that the 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 the Fund will invest 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 an investment once made.

*Concentration of Investments.* The 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, the Fund's investment portfolio could become highly concentrated, and the performance of a few holdings may substantially affect its aggregate return.

*Lack of Sufficient Investment Opportunities.* It is possible that the Fund will never be fully invested if enough sufficiently attractive investments are not identified. The business of identifying, structuring and completing private equity transactions is highly competitive and involves a high degree of uncertainty. However, limited partners will be required to bear annual Management Fees through the Fund during the Fund's investment period based upon the entire amount of the limited partners' commitments to such Fund, and other expenses as set forth in the applicable Governing Document.

*Dynamic Investment Strategy.* While each General Partner generally intends to seek attractive returns for the Fund through the investment strategy and methods described herein, the relevant General Partner may pursue additional investment strategies and may 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 relevant Governing Document(s). A General Partner may pursue investments outside of the industries and sectors in which HCI has previously made investments or has internal operational experience.

*Growth Equity Transactions.* A Fund may make growth-equity investments. While growth-equity investments offer the opportunity for significant capital gains, such investments may involve a higher degree of business and financial risk that can result in substantial or total loss. Growth-equity portfolio companies may operate at a loss or with substantial variations in

operating results from period to period, and many will need substantial additional capital to support additional research and development activities or expansion, to achieve or maintain a competitive position, and/or to expand or develop management resources. Growth-equity portfolio companies may face intense competition, including from companies with greater financial resources, better brand recognition, more extensive development, marketing and service capabilities and a larger number of qualified managerial and technical personnel.

*Illiquidity; Lack of Current Distributions.* An investment in the Fund should be viewed as illiquid. 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 not generally expected that this will 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 the Fund (including the annual management fee payable to HCI) may exceed its income.

*Leveraged Investments.* The Fund may make use of leverage by having a portfolio company incur debt to finance a portion of its investment in such portfolio company. Leverage generally magnifies both the Fund's opportunities for gain and its risk of loss from a particular investment. The cost and availability of leverage is highly dependent on the state of the broader credit markets, which is difficult to accurately forecast. During times when credit markets are tight, it may be difficult to obtain or maintain the desired degree of leverage. Leverage often imposes restrictive financial and operating covenants on a company, in addition to the burden of debt service, and may impair its ability to operate its business as desired and/or to finance future operations and capital needs. The leveraged capital structure of portfolio companies will increase the exposure of the Fund's investments to any deterioration in a company's condition or industry, competitive pressures, an adverse economic environment or rising interest rates (which have recently been at or near historic lows) and could accelerate and magnify declines in the value of the Fund's investments in the leveraged portfolio companies in a down market. In the event any portfolio company cannot generate adequate cash flow to meet debt service, the 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 tight at the time the 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 the Fund will invest generally will not be rated by a credit rating agency. A Fund may also borrow money or guaranty indebtedness (such as a guaranty of a portfolio company's debt). The use of leverage by a Fund will also result in interest expense and other costs to such Fund that may not be covered by distributions made to such Fund or appreciation of its investments. In addition, to the extent a Fund incurs leverage (or provides such guaranties), such amounts may be secured by capital commitments made by such Fund's investors.

*Use of Credit Facilities.* A Fund may be permitted to borrow funds pursuant to a revolving credit facility or other debt facility, including a facility based on the aggregate capital commitments available to be called. A Fund's use of such facilities will be determined by the applicable General Partner, in its sole discretion, and the performance of a Fund may be impacted by how the General Partner causes such Fund to utilize such facilities. Although, the use of such a facility may increase a Fund's ability to swiftly invest capital, it also will cause

such Fund to incur interest expense. While there are various reasons why an Adviser may determine to utilize such a credit facility (including, for example, by delaying the need for partners to make capital contributions to a given Fund and/or permitting a Fund to swiftly deploy committed capital), conflicts of interest may arise in that the use of such facilities may have the effect of enhancing such Fund's performance figures (*e.g.*, such Fund's internal rate of return) without necessarily resulting in any increase in the underlying valuation of the relevant portfolio investment financed by such facility. The potential for enhanced performance figures creates a potential incentive for the Adviser to utilize such facilities irrespective of other considerations.

*Restricted Nature of Investment Positions.* Generally, there will be no readily available market for a substantial number of the Fund's investments, and hence, most of the Fund's investments will be difficult to value. Certain investments may be distributed in-kind to the investors of a Fund 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 investors. After a distribution of securities is made to the investors, many investors 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 investors may be lower than the value of such securities determined pursuant to the Governing Document, including the value used to determine the amount of carried interest available to the applicable General Partner with respect to such investment.

*Reliance on the General Partner and Portfolio Company Management.* Any newly formed Private Investment Funds will have no operating history and will be entirely dependent on the General Partner. Control over the operation of the Fund will be vested entirely with the General Partner, and the Fund's future profitability will depend largely upon the business and investment acumen of the principals. The loss of service of one or more of the principals could have an adverse effect on the Fund's ability to realize its investment objectives. Limited partners generally have no right or power to take part in the management of the Fund, and as a result, the investment performance of the Fund will depend entirely on the actions of the General Partner. Although the 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 the portfolio company on a day-to-day basis. Although the Fund generally intends to invest in companies with strong management or recruit strong management to such companies, there can be no assurance that the existing management of such companies will continue to operate a company successfully.

*Lack of Unilateral Control.* Even if a Fund is the majority investor or controlling shareholder, as applicable, of a portfolio company, in certain circumstances it may not have unilateral control of the portfolio company. To the extent a Fund invests alongside third parties, such as institutional co-investors or private equity funds of other sponsors, or makes a minority investment, the relevant portfolio companies may be controlled or influenced by persons who have economic or business interests, investment or operational goals, tax strategies or other considerations that differ from or are inconsistent with those of a Fund or its limited partners. Such third parties may be in a position to take action contrary to a Fund's business, tax or other interests, and the Fund may not be in a position to limit such contrary actions or otherwise protect the value of its investment. When taking non-control positions, a Fund generally will seek to negotiate certain negative controls and veto rights on major decisions, but there can be no

assurance that a Fund will be able to control the timing or occurrence of an exit strategy for such portfolio companies in a manner that maximizes or protects value.

*Projections.* Projected operating results of a company in which the Fund invests normally will be based primarily on financial projections prepared by each company's management, with adjustments to such projections by HCI 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 effect on the reliability of projections.

*Need for Follow-On Investments.* Following its initial investment in a given portfolio company, the applicable General Partner may decide to provide additional funds to such portfolio company or may have 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 the applicable debt documents or for other reasons. There is no assurance that the Fund will make follow-on investments or that the Fund will have sufficient funds to make all or any of such investments. Any decision by the Fund not to make follow-on investments or its inability to make such investments may have a substantial negative effect 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) or may result in a lost opportunity for the Fund to increase its participation in a successful operation.

*Non-U.S. Investments.* Each Fund may invest in portfolio companies that are organized or have substantial sales or operations outside of the United States, its territories, and possessions, subject to the limitations set forth in its Governing Document. Such investments may be subject to certain additional risk 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 the Fund), the application of complex U.S. and non-U.S. tax rules to crossborder investments, possible imposition of non-U.S. taxes on the Fund and/or the Partners with respect to the Fund's income, and possible non-U.S. tax return filing requirements for the Fund and/or the Partners.

Additional risks include: (a) risks of economic dislocations in the host country; (b) less publicly available information; (c) less well-developed regulatory institutions; and (d) greater difficulty of enforcing legal rights in a non-U.S. jurisdiction. 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.

*Hedging Arrangements.* The relevant General Partner may (but is not obligated to) endeavor to manage the Fund's or any portfolio company's currency exposures, interest rate exposures or other exposures, using hedging techniques where available and appropriate. The Fund may incur costs related to such hedging arrangements, which may 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 the 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 the Fund to additional liquidity risks. Certain hedging arrangements may create for the General Partner and/or one of its affiliates a registration or exemption obligation with the US Commodity Futures Trading Commission or other regulator.

*Public Company Holdings.* The Fund's investment portfolio may contain debt and/or equity securities issued by publicly held companies. Such investments may subject the Fund to risks that differ in type or degree from those involved with investments in privately held companies. Such risks include, without limitation, greater volatility in the valuation of such companies, increased obligations to disclose information regarding such companies, limitations on the ability of the Fund to dispose of such securities 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.

*Director Liability.* The Fund will typically obtain the right to appoint a representative(s) to the board of directors of the companies in which it invests. Serving on the board of directors of a portfolio company exposes the Fund's representatives, and ultimately the 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.

*Non-Controlling Investments.* The Fund may hold meaningful minority stakes in privately held companies (which may decrease in connection with the process of exiting an investment). As is the case with minority holdings in general, such minority stakes that the Fund may hold will have neither the control characteristics of majority stakes nor the valuation premiums accorded majority or controlling stakes. Where the 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 the 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.

*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 the 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 the Fund and result in longer holding periods for investments. Furthermore, such uncertainty or general economic downturn may have an adverse effect upon the Fund's portfolio companies.

*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 the Fund intends to manage its investments to minimize any such exposure, the Fund may, from time to time, invest in a portfolio company that has unfunded pension fund liabilities, including structuring the investment in a manner where the Fund may own an 80% or greater interest in such a portfolio company. If the Fund (or other 80%-owned portfolio companies of the 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 Investments.* The relevant General Partner will determine the value of all the related Fund's investments for which market quotations are available based on publicly available quotations. However, market quotations will not be available for virtually all of a Fund's investments because, among other things, the securities of portfolio companies held by such Fund generally will be illiquid and not quoted on any exchange. There can be no assurance that the relevant General Partner will have all the information necessary to make valuation decisions in respect of these investments, or that any information provided by third parties on which such decisions are based will be correct. There can be no assurance that the valuation decision of a General Partner with respect to an investment will represent the value realized by the relevant Fund on the eventual disposition of such investment or that would, in fact, be realized upon an immediate disposition of such investment on the date of its valuation.

*Cybersecurity Risks.* Recent events have illustrated the ongoing cybersecurity risks to which operating companies are subject. To the extent that a portfolio company is subject to cyber attack or other unauthorized access is gained to a portfolio company's systems, such portfolio company may be subject to substantial losses in the form of stolen, lost or corrupted (i) customer data or payment information; (ii) customer or portfolio company financial information; (iii) portfolio company software, contact lists or other databases; (iv) portfolio company proprietary information or trade secrets; or (v) other items. In certain events, a portfolio company's failure or deemed failure to address and mitigate cybersecurity risks may be the subject of civil litigation or regulatory or other action. Any of such circumstances could subject a portfolio company, or the relevant Fund, to substantial losses. In addition, in the event that such a cyber-attack or other unauthorized access is directed at HCI or one of its service providers holding its financial or investor data, HCI, its affiliates or the Funds may also be at risk of loss.

## Conflicts of Interest

HCI 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, operational, investment advisory, legal, management and other services to Funds and portfolio companies. HCI 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 relevant Fund Document, although the Funds and their respective investments will place varying levels of demand on these over time. In the ordinary course of HCI conducting its activities, the interests of a Fund may conflict with the interests of HCI, one or more other Funds, portfolio companies or their respective affiliates. Certain of these conflicts of interest are discussed herein. As a general matter, HCI will determine all matters relating to structuring transactions and Fund operations using its best judgment considering all factors it deems relevant, but in its sole discretion, subject in certain cases to the required approvals by the Advisory Committee(s) of the participating Fund(s).

During the commitment period of a Fund, all appropriate investment opportunities will be pursued by HCI principals through such Fund, subject to certain limited exceptions. Without limitation, HCI principals currently manage, and expect in the future to manage, several other investments similar to those in which a Fund will be investing, and may direct certain relevant investment opportunities to those investments. HCI's principals and HCI's investment staff will continue to manage and monitor such investments until their realization. Such other investments that HCI principals may control or manage may potentially compete with companies acquired by a Fund. HCI principals are involved in the Funds regardless of the Fund's phase, whether fund raising, investing or advising portfolio companies. Since multiple Funds are involved there may be situations where one Fund requires more attention.

From time to time, HCI will be presented with 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 HCI, including investment opportunities that might be suitable as an add-on investment for an existing portfolio company. In determining which investment vehicles should participate, either directly or indirectly through portfolio companies, in such investment opportunities, HCI and its affiliates are subject to potential conflicts of interest among the investors in such investment vehicles. Investments by more than one client of HCI in a portfolio company may also raise the risk of using assets of a client of HCI to support positions taken by other clients of HCI.

HCI must first determine which Fund(s) will, or are required to, participate in the relevant investment opportunity. HCI generally assesses whether an investment opportunity is appropriate for a particular Fund based on the Fund's Governing Document, investment restrictions and objectives (including those set forth in the relevant Fund's Governing Document, where applicable), strategies, life-cycle and structure. For example, a newly organized Fund generally will seek to purchase a disproportionate amount of platform investments until it is substantially invested. HCI will determine if the amount of an investment opportunity in which a Fund will invest exceeds the amount that would be appropriate for such Fund and any such excess may be offered to one or more potential co-investors, as determined by the Funds' Governing Document, Side Letters and HCI's procedures regarding allocation.

Following such determination of allocation among Funds, HCI will determine if the amount of an investment opportunity in which one or more Funds will invest exceeds the amount that would be appropriate for such Fund(s) and any such excess may be offered to one or more potential co-investors, including the Co-Invest Funds or third-party co-investors, as determined by the Funds' Partnership Agreements, Side Letters and HCI's procedures regarding allocation. HCI'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; the likelihood that a co-investor may invest in a future fund sponsored by HCI; expertise of the prospective co-investor in the 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 may arise in connection with providing the prospective co-investor with specific information relating to the investment opportunity; HCI'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 HCI'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; whether HCI 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 HCI; whether the prospective co-investor has a history of consummating co-investment opportunities with HCI; the likelihood that the prospective co-investor would require governance rights that could complicate or jeopardize the transaction (instead of, in the alternative, assuming a more passive role in the transaction); whether the prospective co-investor has any interests in any competitor of the underlying investment; the extent to which a prospective co-investor has previously been granted co-investment opportunities related to other prospective co-investors; and other similar factors.

Furthermore, decisions regarding whether and to whom to offer co-investment opportunities may be made by HCI or its related persons in consultation with other participants in the relevant transactions, such as a co-sponsor. Co-investment opportunities may, and typically will, be offered to some and not to other HCI investors. When and to the extent that employees and related persons of HCI and its affiliates make capital investments in or alongside certain Funds, HCI and its affiliates are subject to 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.

HCI's allocation of investment opportunities among the persons and in the manner discussed herein may not, and often will not, result in proportional allocations among such persons, and such allocations may be more or less advantageous to some such persons relative to others. While HCI will allocate investment opportunities in a manner that it believes in good faith is fair and equitable to its clients under the circumstances 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 conflicts of interest to which HCI may be subject, discussed herein, did not exist.

Investment opportunities may be appropriate for multiple Funds at the same, different or overlapping levels of a portfolio company's capital structure. Conflicts may arise in determining the terms of each such investment. Questions may arise subsequently as to whether payment obligations and covenants should be enforced, modified or waived, or whether debt should be refinanced or restructured. In troubled situations, decisions including whether to enforce claims, or whether to advocate or initiate a restructuring or liquidation inside or outside of bankruptcy, and the terms of any workout or restructuring may raise conflicts of interest, particularly with respect to Funds that have invested in different securities within the same portfolio company. If additional capital is necessary as a result of financial or other difficulties, or to finance growth or other opportunities, Funds may or may not provide such additional capital, and if provided, each Fund generally will supply such additional capital in such amounts, if any, as determined by HCI in its sole discretion.

In certain cases, HCI will have the opportunity (but, subject to any applicable restrictions or procedures in the relevant Governing Document, no obligation) to identify one or more secondary transferees of interests in a Fund. In such cases, HCI will not receive compensation for identifying such transferees, and will use its discretion to select such transferees based on suitability and other factors similar to those employed in selecting co-investors, and unless otherwise required by the relevant Governing Document, 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.

Subject to any relevant restrictions or other limitations contained in the Governing Documents of the Funds, HCI will allocate fees and expenses in a manner that it believes in good faith is fair and equitable to its clients under the circumstances and considering such factors as it deems relevant, but in its sole discretion. In exercising such discretion, HCI may 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 eligible to reimburse expenses of that kind. In all such cases, subject to applicable legal, contractual or similar restrictions, expense allocation decisions will generally be made by HCI or its affiliates using their best judgment, considering such factors as they deem relevant, but in their sole discretion. The allocations of such expenses may not be proportional. The Funds have different expense reimbursement terms, including with respect to Management Fee offsets, which may 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, HCI and/or its affiliates have the right to appoint portfolio company board members (including current or former HCI personnel or persons serving at their request), or to influence their appointment, and to determine or influence a determination of their compensation. From time to time, portfolio company board members approve compensation and/or other amounts payable to HCI and/or its affiliates. Unless such amounts are subject to the offset provisions described in each relevant Fund's Governing Document, they will be in addition to any Management Fees or carried interest paid by a Fund to HCI.

Additionally, a portfolio company typically will reimburse HCI or service providers retained at HCI's discretion for expenses (including without limitation travel expenses) incurred by HCI or such service providers in connection with its performance of services for such portfolio company. This subjects HCI 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. HCI 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 HCI or such service providers generally is subject to: agreements with 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 conflicts of interest.

HCI generally exercises its discretion to recommend to a Fund or to a portfolio company thereof that it contract for services with (i) HCI or a related person of HCI (which may include a portfolio company of such Fund), (ii) an entity with which HCI or its affiliates or current or former members of their personnel has a relationship or from which HCI or its affiliates or their personnel otherwise derives financial or other benefit or (iii) certain limited partners or their affiliates. For example, HCI may 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 HCI to conflicts of interest, because although HCI 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, there is a possibility that HCI, because of such belief or for other reasons (including whether the use of such service provider could establish, recognize, strengthen and/or cultivate relationships that have the potential to provide longer-term benefits to the relevant Funds or HCI), may favor such retention or continuation even if a better price and/or quality of service could be obtained from another person. Whether or not HCI has a relationship or receives any 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 a lower cost.

HCI and/or its affiliates may also, from time to time, engage persons with pre-existing ownership interests in portfolio companies owned by the Funds or other investment vehicles advised by HCI and/or its affiliates; conversely, former personnel or executives of HCI and/or its affiliates or former executives of prior portfolio companies may serve in significant management roles at portfolio companies or service providers recommended by HCI, and any compensation received by such former personnel or executives will not offset the Management Fees paid by any Fund. 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, HCI and/or its affiliates, and/or the Funds or other investment vehicles they advise.

HCI, its affiliates, and equity holders, officers, principals and employees of HCI and its affiliates may buy or sell securities or other instruments that HCI has recommended to a Fund. In addition, officers, principals and employees may buy securities in transactions offered to but rejected by a Fund. Such transactions are subject to any restrictions in a Fund's Governing

Documents and the policies and procedures set forth in HCI's Code of Ethics. The investment policies, fee arrangements and other circumstances of these investments may vary from those of any Fund.

In addition, as described above, portfolio companies (and, to a lesser extent, the Funds) typically pay certain fees to third party advisors and consultants (including consultants introduced or arranged by HCI and/or its affiliates that may regularly provide services to one or more portfolio companies), and such fees do not offset the Management Fee as described herein. Third party advisors and consultants make use of HCI resources or otherwise be associated with HCI. HCI and/or its affiliates may agree to supplement the compensation to such third party advisors and consultants to the extent the amount received from portfolio companies and/or the Funds is below market-based rates that the third party advisor and/or consultant would otherwise expect to earn for such services. Although the use of third party advisors and consultants and the allocation of compensation paid to them by HCI, its affiliates and/or the portfolio companies subjects HCI and/or its affiliates to potential conflicts of interest. HCI believes that such potential conflicts may be reduced by the anticipated cost savings and/or benefits to portfolio companies (which is expected to be to the benefit of the applicable Fund(s)) that will result if the cost of such persons is lower than market rates for the services provided and/or if the services of such persons align with HCI's model for the portfolio company and improve portfolio company performance. Although HCI seeks to retain such persons with a view to improve portfolio companies and, ultimately, the Funds, a number of factors are considered, one of which is cost. HCI also seeks to reduce potential conflicts of interest resulting from such arrangements by structuring compensation packages for such persons in a manner that HCI believes will align such persons' interests with those of the Funds' limited partners.

Because HCI's carried interest is based on a percentage of net realized profits, there could be a perceived incentive for HCI to cause a Fund to make riskier or more speculative investments than would otherwise be the case. Also, the fixed investment period fee structure could potentially create an incentive for HCI to deploy capital when HCI may not otherwise have done so.

HCI may enter into side letter arrangements with certain investors in a Fund providing such investors with different or preferential rights or terms, including but not limited to different fee structures, information rights, co-investment rights, and liquidity or transfer rights.

Any of these situations subjects HCI and/or its affiliates to potential conflicts of interest. HCI attempts to resolve such conflicts of interest in light of its obligations to investors in its Funds and the obligations owed by HCI'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 fair and equitable manner. To the extent that an investment or relationship raises particular conflicts of interest, HCI will review the circumstances of such investment or relationship with a view to addressing and reducing the potential for conflict. Where necessary, HCI consults and receives consent to conflicts from an advisory committee consisting of limited partners of the relevant Fund and such other investment vehicles.

Since the General Partners are permitted to retain certain fees (as described under "Fees and Compensation") in connection with Fund investments, HCI could have a conflict of interest

in connection with approving transactions. HCI manages such conflicts by offsetting the Management Fee by a specified percentage of such fees and by a General Partner's interest in the carried interest of a Fund. In addition, the potential conflict is further mitigated by the fact that such fees generally are negotiated with the applicable portfolio company's management team.

### **DISCIPLINARY INFORMATION**

HCI 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**

HCI is affiliated with other advisory entities subject to the Advisers Act pursuant to HCI's registration in accordance with applicable SEC guidance. These entities are HC Equity Partners V, L.L.C., HCI Management III, L.P., HCI Management IV, L.P. and HCI Management V, L.P., each of which serves as a General Partner to the applicable Fund. Together, HCI and the General Partners operate as a single advisory business and may share common owners, officers, partners, employees, consultants or persons occupying similar positions.

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

The Advisers have adopted a Code of Ethics and Securities Trading Policy and Procedures (the "Code") that sets forth standards of conduct that are expected of the Advisers' principals and employees and addresses conflicts that arise from personal trading. The Code requires all of the Advisers' personnel to report their personal securities transactions and to obtain approval from the Advisers' Chief Compliance Officer prior to acquiring, directly or indirectly, beneficial ownership of securities in an initial public offering or in a limited offering. A copy of the Code will be provided to any existing or prospective client (or Fund investor) upon request to the Chief Compliance Officer at (202) 371-0150. Personal securities transactions by employees who manage client accounts are required to be conducted in a manner that assures that the interests of the clients take precedence.

The Advisers and their affiliated persons may come into possession from time to time of material nonpublic 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, the Advisers and their 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 the Advisers, and the Code requires such personnel to comply with procedures designed to prevent the misuse of, or trading upon, material nonpublic information.

Accordingly, if the Advisers or any of their affiliated persons come into possession of material nonpublic or other confidential information with respect to any public company, the Advisers would be prohibited from communicating such information to clients, and the Advisers 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 the Advisers' personnel serving as directors of public companies and may restrict trading on behalf of clients.

Principals and employees of the Advisers and their affiliates may directly or indirectly own an interest in the Private Investment Funds, including through the Co-Invest Funds. To the extent that co-investment vehicles exist, such vehicles may invest side-by-side in one or more of the same portfolio companies as the Private Investment Funds. As discussed above under "Methods of Analysis, Investment Strategies and Risk of Loss," each Adviser attempts to resolve such conflicts of interest in light of its obligations to investors in its Private Investment Funds and the obligations owed by HCI's advisory affiliates to investors in investment vehicles managed by them, and attempts to allocate investment opportunities among the Funds, other Private Investment Funds and such investment vehicles in a fair and equitable manner. The Funds or HCI may enter into side letters or similar agreements with certain investors that have the effect of establishing rights under, or altering or supplementing a Fund's Governing Document, including provisions relating to the Management Fee (as defined below) and distributions.

The Advisers may recommend the purchase or sale of securities for client accounts in which one or more of their members, officers, directors, employees (and members of their families) or affiliates ("affiliated persons"), directly or indirectly, have a position or interest, or which an affiliated person buys or sells for himself or herself. Such transactions also may include trading in securities in a manner that differs from or is inconsistent with the advice given to the clients of the Advisers or the Fund. HC Equity V, HCI Management III, HCI Management IV and HCI Management V have agreed to commit \$7.5 million, \$7.7 million, \$15 million and \$15.1 million respectively, to Thayer V, HCI III, HCI IV and HCI V, respectively.

#### **BROKERAGE PRACTICES**

The Advisers focus 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, the Advisers may also distribute securities to investors in Funds or sell such securities, including through using a broker-dealer, if a public trading market exists. Although HCI does not intend to regularly engage in public securities transactions, to the extent it does so, it follows the brokerage practices described below.

If the Advisers sell publicly traded securities for the Funds, they are responsible for directing orders to broker-dealers to effect securities transactions for accounts managed by the Advisers. The Advisers select brokers on the basis of best price and execution capability. In selecting a broker to execute client transactions, the Advisers may consider a variety of factors, including: (i) prompt execution of orders, (ii) the reliability, integrity, financial condition and execution capability of the firm being considered for effecting transactions in light of the size and difficulty of executing the order, (iii) the price and (iv) the capabilities of firms to supply research services.

The Advisers have 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 minimize the expenses incurred for effecting client transaction to the extent consistent with the interests and policies of the accounts. Although the Advisers generally seek competitive commission rates, they will 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 the Advisers seeking to obtain best execution, brokerage commissions on client transactions may be directed to brokers in recognition of research furnished by them. As a general matter, any research provided by these brokers may be shared between the Advisers and their affiliates and may be used to service one or more of the Private Investment Funds regardless of which Private Investment Fund paid the brokerage commissions being applied towards payment for such research services. There is no agreement or formula for the allocation of brokerage business on the basis of research services.

From time to time, the Advisers may, but are not obligated to, purchase or sell securities for several Private Investment Funds at approximately the same time. Such orders may be combined or "batched" to facilitate obtaining best execution and/or to reduce brokerage commissions or other costs. Batched transactions are executed in a manner intended to ensure that no participating Private Investment Fund of the Advisers is favored over any other Private Investment Fund. To the extent such orders are not batched, they may have the effect of increasing brokerage commissions or other costs.

In HCI's private company securities transactions on behalf of the Funds, HCI may retain one or more broker-dealers or investment banks, the costs of which will be borne by the relevant Fund and/or its portfolio companies. In determining to retain such parties, HCI may consider a variety of factors, including: (i) capabilities with respect to the type of transaction being contemplated; (ii) commissions or fees charged; (iii) reputation of the firm being considered; and (iv) responsiveness to requests for information. As a result, although HCI generally will seek reasonable rates for such services, the market for such services involves more subjective evaluations than public securities brokerage transactions, and the Funds may not pay the lowest commission or fee for such services.

## **REVIEW OF ACCOUNTS**

The investments made by the Private Investment Funds are generally private, illiquid and long-term in nature. Accordingly, the review process is not directed toward a short-term decision to dispose of securities. However, the Advisers closely monitor companies in which their clients invest and generally will maintain an ongoing oversight position in such companies (including representation on the board of directors of such companies). The Advisers' Chief Compliance Officer periodically reviews each Fund's investments to confirm that the Fund is invested in accordance with its stated objectives as set forth in its governing documents.

Each Fund generally provides to its limited partners: (i) annual audited financial statements, (ii) annual tax information necessary for each limited partner's tax return, and (iii) quarterly unaudited financial and other information. Each Co-Invest Fund generally provides to its members or limited partners, as applicable: (i) annual audited financial statements, (ii) annual tax information necessary for such member or limited partner's tax return, and (iii) the audited financial statements and quarterly reports provided to the limited partners of the Fund to which the Co-Invest Fund relates.

## **CLIENT REFERRALS AND OTHER COMPENSATION**

From time to time, the Advisers may enter into solicitation arrangements pursuant to which the Advisers compensate persons for client referrals that result in a potential investor becoming a limited partner in a Private Investment Fund. Any fees payable to any such placement agents will be borne by HCI or the applicable General Partner, although related expenses incurred pursuant to the relevant placement agent agreement or similar agreement, including but not limited to placement agent travel, meal and entertainment expenses typically are borne by the relevant Fund(s).

UBS Securities LLC ("UBS") was retained to solicit investors for HCI IV and HCI V. HCI IV reimbursed UBS for out of pocket expenses during the fundraising period (now ended) and HCI paid UBS a fee based on a percentage of the commitments to HCI IV attributable to UBS's solicitation efforts. HCI will reimburse UBS for out of pocket expenses during the fundraising period for HCI V, and HCI will pay UBS a negotiated fee relating to commitments to HCI V attributable to UBS' solicitation efforts.

The Advisers and/or their affiliates may provide various management and financial analysis services to companies in a Private Investment Fund's portfolio and may receive compensation from these companies in connection with such services. This compensation may, in many cases, offset a portion of the Management Fees paid by a Private Investment Fund as further described in a Private Investment Fund's partnership agreement. See "Fees and Compensation."

## **CUSTODY**

The Advisers maintain custody of the Funds' assets held in the name of one or more Fund with the following: Wells Fargo Bank, NA., 1753 Pinnacle Drive, McLean, VA 22102; Wells Fargo Institutional Retirement and Trust, NA., 608 2nd Ave S, 9th Floor, Minneapolis, MN 55402; JP Morgan, 4 New York Plaza, 21st Floor, New York, NY 10004; American Stock Transfer & Trust Company, 6201 15<sup>th</sup> Avenue, Brooklyn, NY 11219; and Canadian Imperial Bank of Commerce, 120 S. LaSalle Street, Chicago, IL 60603, each a qualified custodian.

## **INVESTMENT DISCRETION**

HCI has discretionary authority to manage investments on behalf of the Funds and the Co-Invest Funds pursuant to their respective governing documents and the management agreements described under "Advisory Business." As a general policy, the Advisers do not allow clients to place limitations on this authority. However, the General Partner may enter into "side letter" arrangements with certain limited partners whereby the terms applicable to such limited partner's investment in the Fund may be altered or varied, including, in some cases, the right to opt-out of certain investments for legal, tax, regulatory or other similar reasons.

## **VOTING CLIENT SECURITIES**

In accordance with SEC rules the Advisers have adopted Proxy Voting Policies and Procedures (the "Proxy Policy") to address how they vote proxies for the Funds' portfolio investments. The Proxy Policy seeks to ensure that the Advisers vote proxies (or similar

instruments) in the best interest of the Funds, including when there may be material conflicts of interest in voting proxies. The General Partners and their affiliates generally believe their interests are aligned with the Funds' investors through the General Partners' ownership interest in the Funds and therefore will not seek investor approval or direction when voting proxies. In the event, however, there is or may be a conflict of interest between an Adviser and a Fund in voting proxies, the Adviser may address the conflict using several alternatives, including by seeking the approval or concurrence of the Fund's advisory board on the proposed proxy vote or through other alternatives set forth in the Proxy Policy. The Advisers do not consider their personnel's service on portfolio company boards or their 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 the Advisers follow when voting proxies on behalf of the Funds. Existing or prospective clients (or Fund investors) may request, free of charge, a copy of the Advisers' complete Proxy Policy or information regarding how the Advisers voted proxies for particular portfolio companies, by contacting the Advisers' Chief Compliance Officer at 202-371-0150.

#### **FINANCIAL INFORMATION**

HCI does not have any other events requiring disclosure under this item of the Brochure.

**BROCHURE SUPPLEMENT FOR HCI EQUITY MANAGEMENT, L.P. (“HCI”) -  
DANIEL M. DICKINSON**

**1730 Pennsylvania Avenue, NW, Suite 525  
Washington, D.C. 20006**

**This brochure supplement provides information about Daniel M. Dickinson that supplements the HCI brochure. You should have received a copy of that brochure. Please contact Lisa Costello at 202-371-0150 or [lcostello@hciequity.com](mailto:lcostello@hciequity.com) if you did not receive HCI’s brochure or if you have questions about the contents of this supplement.**

**Educational Background and Business Experience**

Mr. Dickinson co-founded HCI in 2010. He is a Managing Partner of HCI and of HCI Equity Partners, L.L.C., HCI’s general partner (collectively with HCI and its affiliates, “HCI Equity Partners”). Prior to co-founding HCI, Mr. Dickinson had been a Managing Partner at Thayer | Hidden Creek Partners (“Thayer | Hidden Creek”) since 2001. He joined Thayer | Hidden Creek after spending more than fourteen years in mergers & acquisitions, most recently as Co-Head of Global M&A at Merrill Lynch. Mr. Dickinson received a Juris Doctorate and Master of Business Administration from The University of Chicago in 1987 and a Bachelor of Science in Mechanical Engineering and Material Science, magna cum laude, from Duke University in 1983. Mr. Dickinson was born in 1961.

**Disciplinary History**

There are no legal or disciplinary events to disclose with respect to Mr. Dickinson.

**Other Business Activities**

Mr. Dickinson is not engaged in any investment-related business outside of his roles with HCI Equity Partners and its affiliated investment advisers.

**Additional Compensation**

Mr. Dickinson does not receive any additional compensation that is required to be disclosed.

**Supervision**

As a Managing Partner of HCI Equity Partners, L.L.C., Mr. Dickinson is part of a team that is responsible for implementing and overseeing the investment strategy of HCI Equity Partners. Mr. Dickinson is not subject to the direct supervision of any other individual, although Lisa Costello (202-371-0150), Chief Compliance Officer for HCI and its affiliates, oversees his compliance with HCI’s policies and procedures.

**BROCHURE SUPPLEMENT FOR HCI EQUITY MANAGEMENT, L.P. (“HCI”) -  
DOUGLAS P. MCCORMICK**

**1730 Pennsylvania Avenue, NW, Suite 525  
Washington, D.C. 20006**

**This brochure supplement provides information about Douglas P. McCormick that supplements the HCI brochure. You should have received a copy of that brochure. Please contact Lisa Costello at 202-371-0150 or [lcostello@hciequity.com](mailto:lcostello@hciequity.com) if you did not receive HCI’s brochure or if you have questions about the contents of this supplement.**

**Educational Background and Business Experience**

Mr. McCormick co-founded HCI in 2010. He is a Managing Partner of HCI and of HCI Equity Partners, L.L.C., HCI’s general partner (collectively with HCI and its affiliates, “HCI Equity Partners”). Prior to co-founding HCI, he had been a Managing Partner at Thayer | Hidden Creek Partners (“Thayer | Hidden Creek”) since 2006. Before joining Thayer | Hidden Creek in 1999, Mr. McCormick worked in the Investment Banking Division of Morgan Stanley & Co., where he was involved in the completion of numerous mergers and acquisitions and acquisition-related financing transactions. Mr. McCormick received his Master of Business Administration from Harvard Business School in 1997 and his Bachelor of Science in Economics from the U.S. Military Academy at West Point in 1991. Mr. McCormick was born in 1969.

**Disciplinary History**

There are no legal or disciplinary events to disclose with respect to Mr. McCormick.

**Other Business Activities**

Mr. McCormick is not engaged in any investment-related business outside of his roles with HCI Equity Partners and its affiliated investment advisers.

**Additional Compensation**

Mr. McCormick does not receive any additional compensation that is required to be disclosed.

**Supervision**

As a Managing Partner of HCI Equity Partners, L.L.C., Mr. McCormick is part of a team that is responsible for implementing and overseeing the investment strategy of HCI Equity Partners. Mr. McCormick is not subject to the direct supervision of any other individual, although Lisa Costello (202-371-0150), Chief Compliance Officer for HCI and its affiliates, oversees his compliance with HCI’s policies and procedures.

**BROCHURE SUPPLEMENT FOR HCI EQUITY MANAGEMENT, L.P. (“HCI”) -  
KEVIN CRAMTON**

**1730 Pennsylvania Avenue, NW, Suite 525  
Washington, D.C. 20006**

**This brochure supplement provides information about Kevin Cramton that supplements the HCI brochure. You should have received a copy of that brochure. Please contact Lisa Costello at 202-371-0150 or [lcostello@hciequity.com](mailto:lcostello@hciequity.com) if you did not receive HCI’s brochure or if you have questions about the contents of this supplement.**

**Educational Background and Business Experience**

Mr. Cramton is an Operating Partner at HCI and its affiliates (collectively, “HCI Equity Partners”). Prior to joining HCI Equity Partners, he served as the Chief Executive Officer of CARDONE Industries from 2012 to 2015. Prior to CARDONE, he served as Chief Executive Officer of Revstone Industries from 2011 to 2012 and before that was a Managing Director of RHJ International (Ripplewood Holdings) from 2007 to 2011. Prior to joining RHJ International, Mr. Cramton worked in various management positions during a 20 year career at the Ford Motor Company. He last served as Director, Corporate Business Development, with global responsibilities for Ford’s M&A activities. Mr. Cramton also has served in various capacities on multiple boards of directors throughout his career, including multiple audit committees. Mr. Cramton earned a BA degree in business administration in 1981 and an MBA degree in finance in 1983 from Michigan State University. He is an alumnus of the London Business School and completed the Executive Management Program (ADP) in 2001. Mr. Cramton was born in 1959.

**Disciplinary History**

There are no legal or disciplinary events to disclose with respect to Mr. Cramton.

**Other Business Activities**

Mr. Cramton is not engaged in any investment-related business outside of his roles with HCI Equity Partners and its affiliated investment advisers.

**Additional Compensation**

Mr. Cramton does not receive any additional compensation that is required to be disclosed.

**Supervision**

Mr. Cramton is subject to the supervision of the Managing Partners of HCI Equity Partners, L.L.C., Daniel M. Dickinson and Douglas P. McCormick, who oversee all of the investment activity of HCI and its affiliates. In addition, Lisa Costello (202-371-0150), Chief Compliance Officer for HCI and its affiliates, oversees his compliance with HCI’s policies and procedures.

**BROCHURE SUPPLEMENT FOR HCI EQUITY MANAGEMENT, L.P. (“HCI”) -  
ROBERT HUND**

**1730 Pennsylvania Avenue, NW, Suite 525  
Washington, D.C. 20006**

**This brochure supplement provides information about Robert Hund that supplements the HCI brochure. You should have received a copy of that brochure. Please contact Lisa Costello at 202-371-0150 or lcostello@hciequity.com if you did not receive HCI’s brochure or if you have questions about the contents of this supplement.**

**Educational Background and Business Experience**

Mr. Hund is an Operating Partner at HCI and its affiliates (collectively, “HCI Equity Partners”). Prior to joining HCI Equity Partners, he served as the President of Manitowoc Foodservice (a division of The Manitowoc Co., Inc) from 2013 to 2015. Prior to this, he served as Executive Vice President of Manitowoc Cranes from 2007 to 2013 where he was responsible for worldwide marketing, product management, and global aftermarket support. Prior to joining Manitowoc, Mr. Hund worked in various management positions during an 18 year career at Caterpillar Inc. He last served as Director, Product and Process Development for the company’s Mining and Construction Equipment division. Mr. Hund spent nine years of his career at Caterpillar in administrative positions in Malaysia and Germany and is currently on the board of Vermeer Inc. Mr. Hund earned a BS in mechanical engineering degree from Bradley University in 1986, an MS in Industrial Engineering degree from Purdue University in 1987, and an MBA degree from Millikin University in 2006. Mr. Hund was born in 1964.

**Disciplinary History**

There are no legal or disciplinary events to disclose with respect to Mr. Hund.

**Other Business Activities**

Mr. Hund is not engaged in any investment-related business outside of his roles with HCI Equity Partners and its affiliated investment advisers.

**Additional Compensation**

Mr. Hund does not receive any additional compensation that is required to be disclosed.

**Supervision**

Mr. Hund is subject to the supervision of the Managing Partners of HCI Equity Partners, L.L.C., Daniel M. Dickinson and Douglas P. McCormick, who oversee all of the investment activity of HCI and its affiliates. In addition, Lisa Costello (202-371-0150), Chief Compliance Officer for HCI and its affiliates, oversees his compliance with HCI’s policies and procedures.

**BROCHURE SUPPLEMENT FOR HCI EQUITY MANAGEMENT, L.P. (“HCI”) -  
SCOTT D. GIBARATZ**

**1730 Pennsylvania Avenue, NW, Suite 525  
Washington, D.C. 20006**

**This brochure supplement provides information about Scott D. Gibaratz that supplements the HCI brochure. You should have received a copy of that brochure. Please contact Lisa Costello at 202-371-0150 or lcostello@hciequity.com if you did not receive HCI’s brochure or if you have questions about the contents of this supplement.**

**Educational Background and Business Experience**

Mr. Gibaratz is a Managing Director at HCI and its affiliates (collectively, “HCI Equity Partners”). Prior to joining HCI Equity Partners, he had been a Managing Director at Thayer | Hidden Creek Partners since 2004. Prior to that, Mr. Gibaratz spent 11 years in the Mergers & Acquisitions Group at Merrill Lynch, most recently as Director in London responsible for the European Technology M&A sector. While at Merrill Lynch, Mr. Gibaratz advised on over 50 mergers, acquisitions and financing transactions across a variety of industry sectors. Mr. Gibaratz received his Master of Business Administration from Kellogg School of Management, graduating with Distinction, and a Bachelor of Business Administration from the University of Michigan, graduating with Distinction. He was born in 1968.

**Disciplinary History**

There are no legal or disciplinary events to disclose with respect to Mr. Gibaratz.

**Other Business Activities**

Mr. Gibaratz is not engaged in any investment-related business outside of his roles with HCI Equity Partners and its affiliated investment advisers.

**Additional Compensation**

Mr. Gibaratz does not receive any additional compensation that is required to be disclosed.

**Supervision**

Mr. Gibaratz is subject to the supervision of the Managing Partners of HCI Equity Partners, L.L.C., Daniel M. Dickinson and Douglas P. McCormick, who oversee all of the investment activity of HCI and its affiliates. In addition, Lisa Costello (202-371-0150), Chief Compliance Officer for HCI and its affiliates, oversees his compliance with HCI’s policies and procedures.



**BROCHURE SUPPLEMENT FOR HCI EQUITY MANAGEMENT, L.P. (“HCI”) -  
DANIEL F. MOORSE**

**1730 Pennsylvania Avenue, NW, Suite 525  
Washington, D.C. 20006**

**This brochure supplement provides information about Daniel F. Moorse that supplements the HCI brochure. You should have received a copy of that brochure. Please contact Lisa Costello at 202-371-0150 or [lcostello@hciequity.com](mailto:lcostello@hciequity.com) if you did not receive HCI’s brochure or if you have questions about the contents of this supplement.**

**Educational Background and Business Experience**

Mr. Moorse is a Managing Director at HCI and its affiliates (collectively, “HCI Equity Partners”). Previously, he had been a Managing Director at Thayer | Hidden Creek Partners, which he joined in 2003 during its integration with Hidden Creek Industries. Mr. Moorse joined Hidden Creek Industries in 1998. At Hidden Creek Industries, Mr. Moorse provided financial services, management support, acquisition and divestiture assistance and business development services to many of the Hidden Creek Industries companies. Prior to that, he was the CFO of Famous Daves, a publicly held restaurant franchisor and operator. Mr. Moorse received his Bachelor of Science in Accounting from St. Johns University, graduating magna cum laude. He was born in 1965.

**Disciplinary History**

There are no legal or disciplinary events to disclose with respect to Mr. Moorse.

**Other Business Activities**

Mr. Moorse is not engaged in any investment-related business outside of his roles with HCI Equity Partners and its affiliated investment advisers.

**Additional Compensation**

Mr. Moorse does not receive any additional compensation that is required to be disclosed.

**Supervision**

Mr. Moorse is subject to the supervision of the Managing Partners of HCI Equity Partners, L.L.C., Daniel M. Dickinson and Douglas P. McCormick, who oversee all of the investment activity of HCI and its affiliates. In addition, Lisa Costello (202-371-0150), Chief Compliance Officer for HCI and its affiliates, oversees his compliance with HCI’s policies and procedures.

**BROCHURE SUPPLEMENT FOR HCI EQUITY MANAGEMENT, L.P. (“HCI”) -  
CARL E. NELSON**

**1730 Pennsylvania Avenue, NW, Suite 525  
Washington, D.C. 20006**

**This brochure supplement provides information about Carl E. Nelson that supplements the HCI brochure. You should have received a copy of that brochure. Please contact Lisa Costello at 202-371-0150 or [lcostello@hciequity.com](mailto:lcostello@hciequity.com) if you did not receive HCI’s brochure or if you have questions about the contents of this supplement.**

**Educational Background and Business Experience**

Mr. Nelson is a Managing Director at HCI and its affiliates (collectively, “HCI Equity Partners”). Previously, he had been a Managing Director at Thayer | Hidden Creek Partners, which he joined in 2003 during its integration with Hidden Creek Industries. Mr. Nelson joined Hidden Creek Industries in 1992. While at Hidden Creek Industries, he assisted in completing over 50 acquisitions and in securing debt financing totaling more than \$2 billion. Prior to joining Hidden Creek Industries, Mr. Nelson spent ten years in the Accounting and Advisory Group of Arthur Andersen & Co. He has a Bachelor of Science in Accounting from Winona State University. He was born in 1960.

**Disciplinary History**

There are no legal or disciplinary events to disclose with respect to Mr. Nelson.

**Other Business Activities**

Mr. Nelson is not engaged in any investment-related business outside of his roles with HCI Equity Partners and its affiliated investment advisers.

**Additional Compensation**

Mr. Nelson does not receive any additional compensation that is required to be disclosed.

**Supervision**

Mr. Nelson is subject to the supervision of the Managing Partners of HCI Equity Partners, L.L.C., Daniel M. Dickinson and Douglas P. McCormick, who oversee all of the investment activity of HCI and its affiliates. In addition, Lisa Costello (202-371-0150), Chief Compliance Officer for HCI and its affiliates, oversees his compliance with HCI’s policies and procedures.

**BROCHURE SUPPLEMENT FOR HCI EQUITY MANAGEMENT, L.P. (“HCI”) -  
BRENDON L. BIDDLE**

**1730 Pennsylvania Avenue, NW, Suite 525  
Washington, D.C. 20006**

**This brochure supplement provides information about Brendon L. Biddle that supplements the HCI brochure. You should have received a copy of that brochure. Please contact Lisa Costello at 202-371-0150 or [lcostello@hciequity.com](mailto:lcostello@hciequity.com) if you did not receive HCI’s brochure or if you have questions about the contents of this supplement.**

**Educational Background and Business Experience**

Mr. Biddle is a Principal at HCI and its affiliates (collectively, “HCI Equity Partners”). Prior to HCI Equity Partners, he was an Associate at Thayer | Hidden Creek Partners since 2006. Prior to that, Mr. Biddle was a financial analyst in the Mergers & Acquisitions Group at Wachovia Securities, focusing primarily on media, industrial and aerospace clients. Mr. Biddle also served as a financial analyst for two years in the Media & Communications Investment Banking Group at Wachovia Securities. Mr. Biddle received a Bachelor of Arts in Economics, cum laude, from Colgate University. He was born in 1981.

**Disciplinary History**

There are no legal or disciplinary events to disclose with respect to Mr. Biddle.

**Other Business Activities**

Mr. Biddle is not engaged in any investment-related business outside of his roles with HCI Equity Partners and its affiliated investment advisers.

**Additional Compensation**

Mr. Biddle does not receive any additional compensation that is required to be disclosed.

**Supervision**

Mr. Biddle is subject to the supervision of the Managing Partners of HCI Equity Partners, L.L.C., Daniel M. Dickinson and Douglas P. McCormick, who oversee all the investment activity of HCI and its affiliates. In addition, Lisa Costello (202-371-0150), Chief Compliance Officer for HCI and its affiliates, oversees his compliance with HCI’s policies and procedures.

**BROCHURE SUPPLEMENT FOR HCI EQUITY MANAGEMENT, L.P. (“HCI”) -  
TIMOTHY J. FREND**

**1730 Pennsylvania Avenue, NW, Suite 525  
Washington, D.C. 20006**

**This brochure supplement provides information about Timothy J. Frend that supplements the HCI brochure. You should have received a copy of that brochure. Please contact Lisa Costello at 202-371-0150 or lcostello@hciequity.com if you did not receive HCI’s brochure or if you have questions about the contents of this supplement.**

**Educational Background and Business Experience**

Mr. Frend is a Principal at HCI and its affiliates (collectively, “HCI Equity Partners”). Prior to HCI Equity Partners, he had been an Associate at Thayer | Hidden Creek Partners since 2006. Prior to that, Mr. Frend was a financial analyst in the Global Industries Group at Banc of America Securities, focusing on M&A advisory and capital raising primarily in the building products, packaging, and metals & mining sectors. Mr. Frend received a Bachelor of Arts in Economics from Davidson College in North Carolina. He was born in 1980.

**Disciplinary History**

There are no legal or disciplinary events to disclose with respect to Mr. Frend.

**Other Business Activities**

Mr. Frend is not engaged in any investment-related business outside of his roles with HCI Equity Partners and its affiliated investment advisers.

**Additional Compensation**

Mr. Frend does not receive any additional compensation that is required to be disclosed.

**Supervision**

Mr. Frend is subject to the supervision of the Managing Partners of HCI Equity Partners, L.L.C., Daniel M. Dickinson and Douglas P. McCormick, who oversee all the investment activity of HCI and its affiliates. In addition, Lisa Costello (202-371-0150), Chief Compliance Officer for HCI and its affiliates, oversees his compliance with HCI’s policies and procedures.