

**HUIZENGA CAPITAL MANAGEMENT, LLC**

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**FORM ADV PART 2A  
BROCHURE**

**February 21, 2014**

**This brochure provides information about the qualifications and business practices of Huizenga Capital Management, LLC, an investment adviser registered with the United States Securities and Exchange Commission. If you have any questions about the contents of this brochure, please contact us at 630.990.2100. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.**

**Additional information about Huizenga Capital Management, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.**

## **Item 2 – Material Changes**

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There have been no material changes made to this Brochure since the date of our last filing on March 31, 2013.

Pursuant to the amended SEC rules, we will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our fiscal year. We will also provide information about material changes as necessary.

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#### **Item 4 – Advisory Business**

Huizenga Capital Management, LLC (“we” or “HCM”) is an investment adviser based in Oak Brook, Illinois. We are organized as a Colorado limited liability company and have been providing investment advisory services since 2001, initially to members of the extended Huizenga family. Peter H. Huizenga, David A. Bradley and Peter H. Huizenga, Jr. are the principal owners of HCM.

HCM provides investment management services to certain pooled investment vehicles (each, a “client” or an “entity”, and, collectively “clients” or “entities”). In order to achieve each entity’s respective independent investment objectives, we strategically allocate substantially all of such entity’s assets among various investment managers (“Investment Managers”) and/or among one or more companies, ventures or businesses (“portfolio companies”). When investing with an Investment Manager, we typically invest an entity’s assets in one or more pooled investment vehicles that the Investment Manager sponsors. However, from time to time, the Investment Manager may directly provide advisory services on all or a portion of the entity’s assets, as applicable.

Our investment process utilizes qualitative and quantitative analysis, driven by a team approach and guided by risk management principles. As described in further detail in Item 8 below, we actively engage in Investment Manager sourcing, Investment Manager selection, portfolio construction, ongoing evaluation and risk management. We generally retain the ability to directly invest an entity’s assets for investment, hedging, speculative or cash management purposes, in accordance with such entity’s investment objectives and strategies and subject to any investment restrictions, as set forth in its respective private offering memorandum or organizational documents.

When investing in portfolio companies, we typically invest an entity’s assets in equity, debt and/or equity derivative securities issued by portfolio companies, primarily on a private placement basis. Investment opportunities are sourced through our extensive network of business and financial relationships. Once a potential investment is identified, we engage in due diligence prior to making the investment. Asset allocation and investment selection are guided by our value analysis, which takes into account return potential as well as risk.

As of December 31, 2013 HCM manages US\$ 480 million in client assets on a discretionary basis. We do not manage assets on a non-discretionary basis.

#### **Item 5 – Fees and Compensation**

As compensation for our investment management services to the entities, we receive an annual management fee ranging from 0% to 2% of the applicable entity’s net assets. We also may receive an expense reimbursement fee, which typically is a set percentage of an entity’s net asset value. In addition, we may receive an incentive allocation for our services, ranging from 0% to 10% of net profits achieved over a high water mark. In connection with an entity investing in portfolio companies, we typically are eligible to receive a percentage of the profits (e.g., a carried interest) in the range of 0% to 20% of such profits, after investors have received distributions in the amount of their invested capital plus, if applicable, an agreed-upon rate of return.

As compensation for our services to certain entities investing in one or more portfolio companies, we may receive a contingency fee as our sole source of compensation upon the occurrence of certain liquidation events. Certain entities may also incur other fees, depending on the nature of the entity and its portfolio activities. For example, HCM may receive transaction fees, prepayment fees and paid-in-kind fees. We also may receive expense reimbursements in addition to the fees discussed above. All fees and/or other compensation are established at the time of the establishment of an entity and may vary among entities.

Our fees are paid by the applicable entity, generally in arrears, through pro rata deductions from investors' capital accounts. Investors pay a prorated fee with respect to any interests in the entities that are owned for a partial year. We reserve the right to apply different fees to different investors and to waive fees in whole or in part for any particular investor at our discretion. Specific details regarding fees, expense reimbursements and/or other compensation and the method of calculation are set out in the private offering memorandum or organizational documents of the relevant entity.

We also manage several pooled investment vehicles (whose investors consist predominantly of members of the Huizenga extended family) at no charge, although those entities are not part of our investment advisory business.

#### *Additional Fees and Expenses*

As part of our investment advisory services, we may cause an entity to invest in private funds, mutual funds and exchange traded funds. The fees that a client or entity pays to our firm for investment advisory services are separate and distinct from the fees and expenses the underlying private funds, mutual funds or exchange traded funds (described in such fund's offering memorandum or prospectus) charge to their investors. These fees generally will include a management fee, an incentive fee and reimbursement of other fund expenses. An investor in an entity might be able to purchase the same private funds, mutual funds or exchange traded funds through other agents or brokers without incurring our investment advisory fees.

Our fees are exclusive of brokerage commissions, custodial fees, transaction fees and other related costs and expenses. These charges and fees typically are imposed by the broker-dealer or custodian through which the applicable entity's transactions are executed. We do not share in any portion of these commissions, fees and costs. These fees typically are deducted on a pro rata basis from investors' capital accounts as expenses of the applicable entity. Please refer to "Item 12 - Brokerage Practices" for a description of the factors we consider in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation.

### **Item 6 – Performance-Based Fees and Side-By-Side Management**

HCM receives performance-based fees from certain entities that we manage. Please see "Item 5 - Fees and Compensation" for a description of the fees we receive from the entities.

A performance-based fee may create an incentive for our firm to make investments for an entity that are riskier or more speculative than would be the case absent a performance fee arrangement. In order to address this potential conflict of interest, we are responsible for ensuring that investments are suitable for each entity and in compliance with the applicable investment guidelines and objectives.

Performance based fees also may create an incentive for our firm to overvalue investments that lack a market quotation. To address this possible conflict, we have adopted policies and procedures that require our firm to "fairly value" any investments that do not have a readily ascertainable value.

We advise clients who we charge performance-based fees at the same time that we advise similar clients (as well as our own proprietary accounts) who we do not charge performance-based fees. This is known as "side-by-side management," which may create a possible conflict of interest. As noted, generally, these clients may have similar investment guidelines and objectives. Side-by-side management might provide an incentive for our firm to favor accounts for which we receive a performance-based fee. For example, we may have an incentive to

allocate limited investment opportunities to clients who are charged performance-based fees over clients who are charged asset-based fees only. To address this possible conflict of interest, we have instituted policies and procedures that require our firm to allocate investment opportunities (if they are suitable) on a fair and equitable basis among our clients (as well as our own proprietary accounts) over time, regardless of whether the client is charged performance fees.

## **Item 7 – Types of Clients**

We offer investment advisory services to certain pooled investment vehicles that are exempt from registration with the SEC pursuant to Sections 3(c)(1) or 3(c)(7) of the Investment Company Act of 1940. To invest in these entities, an investor generally needs to make a minimum investment ranging from \$500,000 to \$1,000,000, although we may accept lesser amounts at our discretion. In addition, investment in the entities may be limited to “accredited investors” within the meaning of Regulation D under the Securities Act of 1933, as amended, “qualified clients” as defined in Rule 205-3 under the Investment Advisers Act of 1940, as amended (the “Advisers Act”), and/or “qualified purchasers” as defined in Section 2(a)(51) of the Investment Company Act of 1940, as amended. Each entity’s private offering memorandum or organizational documents include a complete discussion of the investor eligibility requirements of that entity, including any applicable lock-up period.

## **Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss**

### **1. Investing with Underlying Investment Managers**

As described in Item 4 above, in accordance with an entity’s investment strategy, we may allocate substantially all of an entity’s assets among various Investment Managers. Our investment and due diligence process utilizes qualitative and quantitative analysis, driven by a team approach and guided by risk management principles. We continually engage in Investment Manager sourcing, Investment Manager selection, portfolio construction, ongoing evaluation and risk management.

When allocating to unaffiliated Investment Managers, we rely on our network and contacts within the investment industry to gain access to, and referrals for, those managers. This network includes current Investment Managers, the extended Huizenga family, professional contacts, other family offices, investment consultants and prime brokers. We have not used manager databases to source managers.

Our process for selecting unaffiliated Investment Managers is a multi-step process that incorporates detailed qualitative assessments with quantitative and statistical analysis. Prospective Investment Managers must complete initial evaluations and screenings and participate in follow-up due diligence meetings. We also may contact references in an effort to determine the depth and quality of the prospective Investment Manager’s operations, as well as the consistency of the performance of the product(s) that we might choose as an investment for an entity. The purpose of the qualitative analysis is to assess, among other things, the Investment Manager’s integrity, professional reputation and alignment of interests with its investors. Quantitative analysis is focused on the statistical evaluation of the Investment Manager’s past performance. We use statistical software and other tools to evaluate the consistency and validity of the Investment Manager’s track record, correlations and standard deviation of returns.

Portfolio construction for the entities, when allocating to unaffiliated Investment Managers, involves selecting those Investment Managers with particular investment strategies and then determining what we believe is the optimal amount of capital to allocate to each such strategy.

The goal is to construct a portfolio that is designed to maximize overall risk-adjusted performance, while reducing correlations to traditional asset classes. There are two primary inputs that we typically use as part of this decision-making process: top-down strategic assessment and modern portfolio theory. We first consider the risks and rewards of the various investment strategies, including current and forecasted economic conditions, the direction and magnitude of capital flows and expected returns for the various investment strategies. Next, we analyze the benefits that would be derived from the efficient frontier, using modern portfolio theory. We may use mean-variance portfolio optimization as an asset allocation tool to understand what impact, if any, the deployment of an entity's assets with a particular Investment Manager may have on the entity's risk and return profile. However, we use this tool cautiously given its inherent weaknesses and limitations, including non-static volatilities and correlations.

We generally monitor individual Investment Manager's performance and entity portfolio risk, including adherence to the agreed-upon investment strategies. We conduct portfolio reviews, conference calls and on-site visits in an effort to periodically evaluate any organizational, operational and/or strategy-related changes to that Investment Manager.

When allocating capital to unaffiliated Investment Managers, those managers may collectively utilize a wide range of investment strategies (all as discussed in an entity's offering documents) and may invest in a wide variety of securities and financial instruments, domestic and foreign, whether publicly traded or privately placed. These instruments include, but are not limited to, common and preferred stocks, bonds and other debt securities, limited partnership interests, limited liability company interests, mutual fund shares, options, warrants, commodities, futures, swaps, currencies, monetary instruments and cash and cash equivalents. We also generally retain the ability to directly invest an entity's assets for investment, hedging, speculative or cash management purposes, in accordance with such entity's investment objectives and strategies and subject to any investment restrictions, as set forth in its respective private offering memorandum or organizational documents.

#### *Risk Factors*

- *No Assurance of Success in Selection of Investment Managers.* We have authority and responsibility for asset allocation and selection of investments for the entities. The success of an entity depends upon our ability to develop and implement investment strategies that achieve the investment objective of the entity, and upon the ability of the Investment Managers to develop and implement strategies that achieve their investment objectives. Our decisions regarding the selection of particular Investment Managers, the timing and size of allocations to a particular Investment Manager, the overall mix of trading styles employed by Investment Managers at any given time and when or whether an entity should withdraw capital from a particular Investment Manager may prove unsuccessful in generating profits or avoiding loss. There can be no assurance that we or any Investment Manager will be able to select or implement successful strategies or achieve their respective investment objectives.
- *Limited Ability to Monitor Underlying Funds.* As a passive investor in underlying funds sponsored by Investment Managers, we are likely to have limited access to information that might permit early detection of problems. Many Investment Managers do not distribute performance figures until month-end or quarter-end and, even then, information on their investment positions may be vague. Determining whether an Investment Manager is adhering to its stated investment objectives, style and restrictions often can prove difficult. An Investment Manager's revision of its trading strategy might also make such manager less optimal as part of an entity's overall mix of Investment Managers and could even be detrimental to that strategy. In addition, some Investment Managers may

have overlapping strategies or portfolios and thus could accumulate overlapping positions in the same or related instruments at the same time.

- *Certain Investment Strategies Involve Layers of Costs.* In addition to directly bearing fees and expenses arising from an investment in one of the entities, investors will indirectly bear such entity's allocable share of the fees and expenses charged by the underlying Investment Managers. This layering of fees and expenses may adversely affect the entity's expenses, and thus, its investment returns.
- *Compensation is Paid to Investment Managers on a Manager-by-Manager Basis.* Any incentive fee or profit allocation paid to an Investment Manager will be determined independently of the returns achieved by any other Investment Manager that same entity uses. Occasions may arise where an entity is obligated to pay an incentive fee or performance allocation to one or more Investment Managers even though such entity has experienced an overall loss for the relevant period.
- *Limited Voting Rights.* Investors in the entities will have no right or power to participate in the management or control of the entities or the entities' investments and will not have an opportunity to evaluate the specific investments or the terms of any investments made by the underlying Investment Managers. Furthermore, an entity is not likely to have substantial voting rights with respect to the funds of any underlying Investment Managers. The entity's only recourse may be to withdraw from the fund.
- *Withdrawal Process May be Complicated.* The process of withdrawing from the fund of an underlying Investment Manager may be lengthy and costly due to potential lock-up periods, side-pocketed investments or early withdrawal fees. Such funds also may retain authority to withhold all or some of the withdrawal proceeds to avoid having to liquidate investments prematurely to pay the withdrawing investor in full, or where it is not feasible to determine the exact value of the withdrawing investor's investment as of the date of withdrawal.
- *Liquidity Risk.* There is no public market for the interests in an entity nor is any expected to develop. Even if such a market develops, no distribution, resale or transfer of an interest in any entity will be permitted except in accordance with the restrictions in such entity's respective organization documents. Any transfer of an interest in any entity will require consent of that entity's general partner or manager, as applicable.
- *Tax Implications.* As a partnership, an entity generally will not be subject to federal income tax. The income, gain, loss and deductions resulting from an entity's operations will be allocated to its investors. Each investor in an entity must report on its income tax return its share of net long-term capital gain or loss, net short-term capital gain or loss and all other items of ordinary income or loss that it is allocated by that entity. Each investor in an entity must pay taxes on its allocated share whether or not it has received a distribution from that entity. If an entity's preparation of its income tax return is delayed, it may be advisable for its investors to request extensions for filing their own income tax returns. Our strategies and investments may have unique and significant tax implications. However, unless we specifically agree otherwise, and in writing, tax efficiency is not our primary consideration in the management of assets. Regardless of an account size or any other factors, it is strongly recommended that investors in the



entity continuously consult with a tax professional prior to and throughout their investment in the entity.

## **2. Investing in Portfolio Companies**

As described in Item 4 above, in accordance with an entity's respective investment strategy, we may invest an entity's assets directly in equity, debt and/or equity derivative securities issued by portfolio companies. We source these investment opportunities through our extensive network of valued business and financial relationships. After a potential investment is identified, we engage in due diligence prior to making the investment.

Asset allocation and investment selection will be guided by our internal analysis. We typically invest in minority interest, non-control positions in a variety of industries on a private placement basis. If available, the entities may attempt to invest in securities that are senior in distribution and liquidation preference to that of the portfolio company's common equity. On occasion, we may serve on a portfolio company's board of directors or have "sit-in" rights to participate in its board of directors meetings. We generally retain the ability to directly invest an entity's assets in one or more portfolio companies, in accordance with such entity's investment objectives and strategies as set forth in its respective private offering memorandum or organizational documents.

### *Risk Factors*

- *Unspecified Investments.* We have complete discretion to select investments as opportunities arise. The entities, and, accordingly, investors in the entities, must rely upon our ability to identify and implement investments consistent with each entity's respective investment objective. Investors in the entities will have no right or power to participate in the management or control of the entities' investments. Investors in the entities will not receive or otherwise be privy to due diligence or risk information prepared by or for our firm in respect of investments by the entities.
- *No Assurance of Success in Selection of Portfolio Companies.* Our decisions regarding the selection of particular portfolio companies, the timing and size of investments in particular portfolio companies, and the overall mix of portfolio companies at any given time, may prove unsuccessful in generating profits or avoiding loss.
- *Limited Monitoring of Portfolio Companies.* As a minority investor in portfolio companies, we are likely to have limited access to information that might permit early detection of problems. Many portfolio companies do not distribute financial statements until quarter-end or year-end. In addition, an entity is not likely to have substantial voting rights with respect to any portfolio companies in which it invests.
- *Concentration of Investments.* An entity's investment portfolio may consist of one or a limited number of companies and may be concentrated in a particular industry area or group. Accordingly, the entity's investment portfolio may at times be significantly concentrated, both as to industries and individual companies. Such concentration could offer a greater potential for capital appreciation, as well as increased risk of loss. Such concentration also may be expected to increase the volatility of the entity's investment portfolio.
- *Nature of Portfolio Companies.* An entity's investments may include portfolio companies in the early phases of development, which can be highly risky due to the lack of a significant operating history, fully developed product lines,

experienced management, or a proven market for their products. An entity's investments also may include portfolio companies that are in a state of distress or which have a poor record and are undergoing restructuring or changes in management. There can be no assurances that such restructuring or changes will be successful. The management of such portfolio companies may depend on one or two key individuals, and the loss of the services of any of such individuals may adversely affect the performance of such portfolio companies.

- *Liquidity Risk.* There is no public market for the interests in an entity nor is any expected to develop. Even if such a market develops, no distribution, resale or transfer of an interest in any entity will be permitted except in accordance with the restrictions in such entity's respective organization documents. Any transfer of an interest in any entity will require consent of that entity's general partner or manager, as applicable.
- *Tax Implications.* As a partnership, an entity generally will not be subject to federal income tax. The income, gain, loss and deductions resulting from an entity's operations will be allocated to its investors. Each investor in an entity must report on its income tax return its share of net long-term capital gain or loss, net short-term capital gain or loss and all other items of ordinary income or loss that it is allocated by that entity. Each investor in an entity must pay taxes on its allocated share whether or not it has received a distribution from that entity. If an entity's preparation of its income tax return is delayed, it may be advisable for investors to request extensions for filing their own income tax returns. Our strategies and investments may have unique and significant tax implications. However, unless we specifically agree otherwise, and in writing, tax efficiency is not our primary consideration in the management of assets. Regardless of an account size or any other factors, it is strongly recommended that investors in the entity continuously consult with a tax professional prior to and throughout their investment in the entity.

### ***Risk of Loss***

**Investing in securities involves risk of loss that clients should be prepared to bear. We do not represent or guarantee that our services or methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections or declines. We cannot offer any guarantees or promises that your financial goals and objectives will be met. Past performance is not an indication of future performance.**

### **Item 9 – Disciplinary Information**

Neither our firm nor any of our management persons have been involved in any legal or disciplinary events, material or otherwise.

### **Item 10 – Other Financial Industry Activities and Affiliations**

Side-by-side management creates certain potential conflicts of interest, as discussed in "Item 6 – Performance Allocation and Side-by-Side Management."

An affiliated entity sometimes acts as general partner or manager of an entity. Such affiliated entity is generally formed solely for such purpose and does not have any obligations to any other

entity or account. However, dealings between such affiliated entity (acting on behalf of an entity) and our firm are not “arm’s-length” negotiations.

An entity may make an investment in one or more other entities that we manage and/or advise. In order to address this potential conflict of interest, we are responsible for ensuring that investments are suitable for each entity and in compliance with the applicable investment guidelines and objectives. We typically do not charge two layers of fees in such circumstances.

Related persons of HCM (including, for purposes of this Item 10, Huizenga family members), directly or indirectly, may invest with the same Investment Managers or in the same portfolio companies that HCM recommends, purchases, or sells to or for the clients. Based on the applicable investment objectives and/or asset allocation(s), such related person may take actions with their own accounts that may differ with the advice HCM may give to, or an investment action HCM may take on behalf of, a client with different investment objectives and/or asset allocations(s) or may involve different timing than with respect to a client. As a consequence, the results of the investment activities of a client of HCM may differ significantly from the results achieved by HCM for other current or future clients or results achieved by HCM’s related persons.

HCM’s investment advisory activities on behalf of its clients may benefit other clients or its related persons. Conversely, investment activity by HCM’s related persons may benefit HCM’s clients. For example, as described above, clients may, to the extent permitted by applicable law, invest with Investment Managers with whom HCM’s related persons have also invested, or invest in the securities of portfolio companies in which HCM’s related persons have an economic interest. It is possible that HCM’s clients or related persons may be offered more attractive investment terms due to a past or current investment by a related person or client. If an investment opportunity is made available specifically due to a prior investment by a client, HCM may favor that client when allocating the new investment, to the extent that the new investment opportunity is suitable for that client and has similar investment characteristics as the prior investment.

Situations may arise in which clients managed by HCM or its related persons have made investments that would have been suitable for investment by another client but, for various reasons, were not pursued by, or available to, that client. This could arise with respect to Investment Managers, for example, that place stringent restrictions on the number of investors whose money they will manage, their aggregate assets under management, or the frequency with which they will permit investors to redeem and liquidate their investment. As a result, certain Investment Managers to which HCM would like to allocate additional client assets may limit, or be unable or unwilling to accept, an allocation of such client’s assets. To the extent that HCM’s related persons invest with Investment Managers, the ability of a client to invest with Investment Managers may be adversely affected by any limitation on availability of the investment. In addition, HCM may have to allocate limited investment opportunities with Investment Managers among clients, to the possible detriment of another client. Where clients have competing interests in a limited investment opportunity, it is HCM’s policy to allocate, to the extent operationally and otherwise practical, investment opportunities to each client over a period of time on a fair and equitable basis relative to its other clients.

Investment Managers or their respective principals or employees may make investments in one or more entities or may purchase securities in which HCM’s principals or employees or Huizenga family members directly or indirectly have a position of interest. A potential conflict of interest exists due to the fact that we may be perceived as having an incentive to invest with such Investment Manager. In order to address this potential conflict of interest, we are responsible for ensuring that investments are suitable for each entity and in compliance with the applicable investment guidelines and objectives. We engage in substantial due diligence before investing with any Investment Manager, as described in “Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss.”

Peter Huizenga serves as “of counsel” to the law firm Hlustik, Huizenga, Williams and VanderWoude, Ltd. We may retain this firm to provide legal services to certain clients. Such services are provided at that law firm’s set rates, and we do not pay any premium or receive any discount. Mr. Huizenga does not receive any compensation from this firm. We do not believe that his position raises any conflicts of interest with our clients.

We provide administrative services to additional portfolios, trusts and pooled investment vehicles not otherwise described herein whose investors consist solely of members of the Huizenga extended family. Such services include, but are not limited to, preparing Schedule K-1s, preparing account statements and administering capital calls and distributions. We do not provide investment advisory services to these entities. Such entities either hire outside investment advisers or are self-managed.

## **Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

### Description of Our Code of Ethics

We have adopted a Code of Ethics, a copy of which is available to our clients upon request. We strive to comply with applicable laws and regulations governing our practices. Therefore, our Code of Ethics includes guidelines for professional standards of conduct for our firm’s officers and employees (“Firm Personnel”). Provisions in the Code of Ethics relate to the confidentiality of client information, a prohibition on insider trading and personal securities trading procedures, among other things. Our goal is to protect our clients interests at all times and to demonstrate our commitment to our fiduciary duties of honesty, good faith and fair dealing with clients. All Firm Personnel are expected to adhere strictly to these guidelines and must acknowledge their obligation to comply with the Code of Ethics on a periodic basis. Our Code of Ethics also requires that certain Firm Personnel submit reports of their personal account holdings and transactions to HCM’s Chief Compliance Officer who will review these reports on a periodic basis.

Our firm’s principals and employees may serve as officers or directors of, or have similar positions with, companies in which client assets are invested. A list of those companies will be maintained by the Chief Compliance Officer and delivered to each person covered by the Code of Ethics. To reduce the possibility that a transaction in a security of such a company might take place during a time when such person might be in possession of inside information, every transaction in a security of such a company, whether for a client account or personal account, must be approved, in advance, by the Chief Compliance Officer. Transactions in such securities, if any, by the Chief Compliance Officer must be approved, in advance, by another officer of HCM.

Please contact us to obtain a copy of our Code of Ethics.

### Personal Trading Practices

In appropriate circumstances consistent with our entities’ investment objectives, we may cause certain entities accounts to purchase or sell securities in which certain Firm Personnel, Huizenga family members and/or other entities directly or indirectly have a position of interest. Those Firm Personnel directly involved with providing investment advice to clients are required to comply with our Code of Ethics prior to investing for their own accounts in securities that are recommended and/or purchased for our clients. The Code of Ethics is designed to assure that the personal security transactions, activities and interests of those individuals will not interfere with making investment decisions in the best interests of our clients. There is a possibility that such a person or existing clients may benefit from market activity conducted by another client. Personal trading by Covered Persons (as defined in the Code of Ethics) is monitored under our Code of Ethics to

reasonably prevent conflicts of interest with our clients. We also may aggregate trade orders to purchase securities for clients. Please refer to “Item 12 - Brokerage Practices.”

## **Item 12 – Brokerage Practices**

### Applicability of Brokerage Practices to Different Clients

To the extent that an entity commits its assets to an Investment Manager by investing in underlying funds, neither we nor the entity will expect to play any role in the underlying funds’ selection of brokers, dealers and financial institutions to effect transactions for them. To the extent that an entity invests its assets in managed accounts, such assets will be held in custody by a nationally recognized prime broker that we select. In that case, the Investment Manager typically may utilize either the exclusive transaction services of that prime broker or transaction services of other brokers, dealer and financial institutions selected by the entity or such Investment Managers.

To the extent that we directly manage a portion of client assets, we utilize the brokerage practices discussed below.

### Best Execution

We maintain trading relationships with broker-dealers. We seek to ensure that the broker-dealers we use to execute trades are doing so in a competitive fashion for our clients. Specifically, in choosing a broker-dealer to execute a transaction, we seek to obtain “best execution” for the affected client’s account, meaning a combination of the best net price and execution under the circumstances. We determine which broker-dealer provides best execution taking into consideration (i) the ability of the broker or dealer to effect prompt and reliable executions at favorable prices (including the applicable dealer spread or commission, if any), (ii) the operational efficiency with which transactions are effected (taking into account the size of the order and difficulty of execution), (iii) the financial strength, integrity and stability of the broker or dealer, (iv) the quality, comprehensiveness and frequency of available research services considered to be of value, and (v) the competitiveness of commission rates in comparison with other brokers satisfying our selection criteria.

### Soft Dollar Practices

We do not use commissions paid to broker-dealers for effecting transactions to pay for research and brokerage related services.

### Client Referrals

We may receive referrals from brokerage firms through which we conduct trading for client accounts. This may create an incentive for us to allocate client assets to such brokerage firms. To address this conflict of interest, we follow the best execution policy described above.

### Aggregation of Orders

To ensure that accounts of all clients are treated fairly in the event we place orders for the same security for more than one account at or about the same time, we may combine orders placed on behalf of clients with entities whose sole investors are members of the extended Huizenga family for the purpose of negotiating brokerage commissions or obtaining a more favorable price. When appropriate, securities purchased or sold may be allocated in terms of amount to a client according to the proportion that the size of the order placed by that account bears to the aggregate size of orders contemporaneously placed by the other accounts, subject to de minimis

exceptions. All participating accounts will pay or receive an average price when partial fill orders executed on the same day are combined.

### **Item 13 – Review of Accounts**

#### Review of Accounts

HCM's Investment Committee monitors performance and portfolio risk for each of the entities on an ongoing basis and will conduct an internal review of client accounts on at least a quarterly basis to assure conformity with investment objectives and guidelines. Triggering factors that may stimulate an interim review include, but are not limited to:

- significant market corrections,
- substantial changes in the value of an Investment Manager's portfolio,
- year-end tax planning, and/or
- security-specific events.

Members of the Investment Committee include our Principal, President, Vice Presidents and, in the case of entities investing in portfolio companies, a Portfolio Manager specializing in such investments.

#### Reports to Investors in the Entities

Investors in the entities generally will receive unaudited monthly and/or quarterly statements. Other information may be provided upon request to all or individual investors at each entity's sole discretion.

### **Item 14 – Client Referrals and Other Compensation**

We may pay referral fees to unaffiliated persons who solicit investors to invest in the entities. These fees ordinarily consist of cash payments to the applicable solicitor.

### **Item 15 – Custody**

In our capacity as general partner or manager of each entity, we are deemed to have custody of such entity's cash and securities. We maintain each entity's account with a "qualified custodian" when required by Rule 206(4)-2 under the Advisers Act.

If Investors in an entity receive quarterly account statements from a qualified custodian holding such entity's funds and securities, we urge those investors to carefully review such statements and compare the account statements received from the custodian with any statements received from HCM.

### **Item 16 – Investment Discretion**

Each entity's limited partnership agreement or limited liability company agreement contains an authorization by which we are granted discretion to make purchases and sales for the entity without requiring us to obtain consent or approval prior to each transaction, to select the type and amount of securities that we buy or sell for the entity, the broker or dealer we use to effect such transactions and the commission rates paid. An entity's private offering memorandum or

organizational documents specify its investment objectives and guidelines and may impose certain conditions or investment parameters.

#### **Item 17 – Voting Client Securities**

With respect to securities owned by the entities, we have adopted proxy voting policies and procedures designed to satisfy our duties relating to proxy voting. Proxy voting decisions will be made in light of the anticipated impact of the vote on the desirability of maintaining an investment in a company, from the viewpoint of the best interests of the entities, without regard to any other interests. Neither the entities nor the investors in the entities may direct our vote in a particular solicitation.

The Chief Compliance Officer must identify any material conflicts of interest related to proxy voting. A conflict of interest may exist, for example, if we have a business relationship with (or are actively soliciting business from) either the company soliciting the proxy or a third party that has a material interest in the outcome of a proxy vote or that is actively lobbying for a particular outcome of a proxy vote. Any individual with knowledge of a personal conflict of interest relating to a particular proposal must disclose that conflict to the Chief Compliance Officer and otherwise remove himself or herself from the proxy voting process. If a material conflict of interest arises, we will (i) refer the matter to a third-party proxy voting service; or (ii) prepare a report that (A) describes the conflict of interest; (B) discusses procedures used to address such conflict of interest; (C) discloses any contacts from outside parties (other than routine communications from proxy solicitors) regarding the proposal; and (D) confirms that the recommendation was made solely on the investment merits and without regard to any other consideration. We will retain a copy of such report with the proxy voting log.

Please contact us for specific voting guidelines or information on how our firm voted with respect to securities held by an entity in which you hold an interest.

#### **Item 18 – Financial Information**

We are required in this item to provide you with any information about our financial condition that is reasonably likely to impair our ability to meet its contractual commitments to you. There is no such information, as we have ample capital and resources to meet all of our obligations.