

PART 2A OF FORM ADV: FIRM BROCHURE

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This brochure provides information about the qualifications and business practices of Hildene Capital Management, LLC ("HCM") and its relying adviser RPP Advisors LLC ("RPP" and together with HCM, "Hildene"). If you have any questions about the contents of this brochure, please contact David Hoffman, the Chief Compliance Officer of Hildene, by telephone at (203) 517-2509 or by email at dhoffman@hildenecap.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the "SEC"), or by any state securities authority.

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

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

Item 2 – Material Changes

The U.S. Securities and Exchange Commission requires that registered investment advisers provide a brochure (a “Firm Brochure”) in narrative “plain English” format, and has specified mandatory items which this Firm Brochure must contain. This Item 2 is designed to identify material changes to this Firm Brochure from one year to the next or from one Firm Brochure update to the next.

Annual Update

Hildene is filing a 2015 annual update of its Firm Brochure. This Item 2 summarizes the material changes that have been made to this Firm Brochure since Hildene’s last annual update was filed on March 18, 2014 (the “2014 Annual Update”), including certain interim updates to the Firm Brochure made in 2014.

Material Changes Since Last Annual Update

Since the 2014 Annual Update, the following material changes have occurred in respect of Hildene’s business and operations:

- Since the 2014 Annual Update, Hildene’s client assets under management have increased from approximately \$1.77 billion to \$2.33 billion. This change is reflected in Item 4 of this Firm Brochure.
- Since the 2014 Annual Update, following a review of its compliance program, Hildene has revised certain of its internal policies, procedures and controls. These include changes and enhancements to Hildene’s policies and procedures on voting client investments, allocating investment opportunities and supervising Hildene personnel. These revisions to Hildene’s policies and procedures are described in updates to Items 6, 11, 12 and 17 of this Firm Brochure.
- In December 2014, HCM entered into a financial services agreement (the “Services Agreement”) with RPP, pursuant to which RPP is providing certain sub-advisory services to HCM relating to HCM’s investment management activities on behalf of its clients. RPP is managed and controlled by Brett Jefferson, who also manages and controls HCM. In consideration of the services to be provided by RPP under the Services Agreement, HCM pays RPP a periodic fee equal to a portion of the overall management fees and incentive compensation received by HCM during the relevant period in respect of its investment management activities. RPP is registered with the SEC as a relying adviser of HCM. It is not currently anticipated that RPP will have any advisory clients other than HCM. Disclosures relating to RPP are contained throughout this updated Firm Brochure.

Full Brochure Available

Whenever you would like to receive a complete copy of this Firm Brochure, please contact David Hoffman, Hildene’s Chief Compliance Officer, by telephone at (203) 517-2509 or by email at dhoffman@hildenecap.com.

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Item 4 – Advisory Business

The Firm

Hildene Capital Management, LLC, a Delaware limited liability company ("HCM"), was founded by Brett Jefferson in January 2008 to take advantage of opportunities in the stressed/distressed structured finance market. HCM is a wholly-owned subsidiary of Hildene Holding Company, LLC ("HoldCo"). In turn, HoldCo is majority-owned by Mr. Jefferson and the remainder by other principals of HoldCo. No person other than Mr. Jefferson owns 25% or more of HoldCo's equity. Neither HoldCo nor HCM is publicly owned or traded. In addition to HCM, HoldCo also has several other private subsidiaries which serve tax-efficient roles in managing the firm's business activities.

RPP Advisors LLC, a limited liability company formed under the laws of U.S. Virgin Islands ("RPP"), was founded in 2014 and was approved to commence business in the U.S. Virgin Islands in December 2014. In December 2014, RPP entered into a financial services agreement (the "Services Agreement") with HCM, pursuant to which RPP will perform certain sub-advisory services in support of HCM's investment management activities on behalf of HCM's clients. RPP is majority owned and controlled by Brett Jefferson. No person other than Brett Jefferson owns 25% or more of RPP's equity. RPP is not publicly owned or traded. Outside of the sub-advisory services it will perform for HCM under the Services Agreement, RPP does not directly advise clients. RPP is compensated by HCM under the Services Agreement.

Types of Advisory Services

HCM provides continuous investment management services on a fully discretionary basis to a diverse array of clients, including institutions and pooled investment vehicles. HCM is supported in its investment management activities by RPP, which provides certain sub-advisory services to HCM from the U.S. Virgin Islands pursuant to the terms of the Services Agreement.

HCM primarily provides advice regarding structured finance opportunities such as collateralized debt obligations (CDOs), collateralized loan obligations (CLOs), residential mortgage-backed securities (RMBS), and other types of debt securities or debt obligations backed by the payments from pools of fixed income instruments. HCM specializes in complex financial instruments and uncovering overlooked long-term value opportunities within inefficient markets. With a disciplined, systematic approach, HCM believes that it can achieve high risk-adjusted returns with calculated investments acquiring deeply discounted fundamental value in dislocated markets. Structured finance investments can be complex, opaque and require specialized expertise to analyze.

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

Hildene Opportunities Master Fund, Ltd. ("HOF1")

HOF1 was launched in May 2008 for the purpose of investing and trading primarily in structured finance securities including collateralized debt obligations, collateralized loan obligations, mortgage-backed securities, asset-backed securities, bank debt, special situations, high-yield

bonds and special situation equity securities. HOF1 is part of a “master-feeder” fund structure comprised of investments by two feeder funds, Hildene Opportunities Fund, LP, a Delaware limited partnership established for U.S. taxable investors, and Hildene Opportunities Offshore Fund, Ltd., a Cayman Islands-based corporation established for non-U.S and U.S. tax-exempt investors.

HOF1’s investment objective is to achieve absolute risk-adjusted returns over an extended period of time with a minimum correlation to the broadly-based stock and bond indices. HOF1 invests primarily in CDOs backed by trust-preferred securities (“TruPS”) issued by small and regional financial institutions in the United States. TruPS are hybrid securities that combine attractive features of debt and equity.

Bank TruPS have the following features:

- Treated as Tier 1 capital for regulatory purposes (up to 25%)
- Tax-deductible coupon payments lower the cost of this equity
- Non-amortizing securities with 30-year maturities (may be callable)
- Coupon payments can be deferred for up to 5 consecutive years without default
- Deferred coupon is cumulative and increases the outstanding principal

Hildene Opportunities Master Fund II, Ltd. (“HOF2”)

HOF2 was launched in August 2011 for the purpose of investing and trading primarily in credit-related opportunities including small and medium-sized corporate credits, single name credits, CLOs (including CLOs managed by affiliates of HCM), seasoned residential mortgage-backed securities, asset backed securities, bank debt, special situations, high-yield bonds, seasoned ABS CDOs, CRE CDOs, TruPS CDOs and other structured credit investments. HOF2 is part of a “master-feeder” fund structure comprised of investments by two feeder funds, Hildene Opportunities Fund II, LP, a Delaware limited partnership established for U.S. taxable investors, and Hildene Opportunities Offshore Fund II, Ltd., a Cayman Islands-based corporation established for non-U.S and U.S. tax-exempt investors.

HOF2’s investment objective is to achieve absolute risk-adjusted returns over an extended period of time with a minimum correlation to the broadly-based stock and bond indices. To do this, HOF2 primarily invests in credit-based securities, applying a thorough and multi-faceted fundamental valuation of the underlying structure. This entails an in-depth analysis of the legal components, a detailed analysis of the underlying cash flows and a thorough understanding of the overall credit risk of the underlying investment. HOF2 invests in securities that are complex and illiquid, and leverage may be used to enhance returns.

Related Private Funds

In addition to HOF1 and HOF2, which constitute the substantial majority of HCM’s assets under management, HCM also manages other related private funds which utilize investments strategies that are similar to those strategies employed by HCM on behalf of HOF1 or HOF2. These related private funds include TARP Opportunities Fund, LLC, which invests principally in preferred stock and sub-debt issued by banks or bank holding companies under the Troubled Asset Relief Program, and Lindene, Ltd., which invests primarily in CDOs backed by TruPS. HCM also serves as a subadviser to RMB Capital Management LLC (“RMB”) in respect of a

portfolio of RMB Fixed Income Opportunities QP LLC - Series 1, a private fund managed by RMB.

Separate Accounts

HCM manages separate accounts for institutional clients. Generally, these separate accounts will invest primarily in structured finance opportunities, including CDOs, collateralized loan obligations, preferred stock and sub-debt issued by banks or bank holding companies under the Troubled Asset Relief Program, and other types of debt securities backed by the payments from pools of fixed income instruments. Specific investment strategies employed by HCM in connection with any separate account are memorialized in an advisory services contract with the account holder.

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

Tailored Advice and Investment Restrictions

HCM offers investment strategies through a variety of vehicles, including separate accounts and private funds. HCM may agree to tailor its advice in respect of separate account clients on a client-by-client basis, and may agree to impose reasonable restrictions on the types of investments made on behalf of such account. HCM's investment advice in respect of the private funds it manages is governed by the offering materials and governing documents of such funds, and is not tailored to specific investors in such funds. On occasion, investment opportunities may be identified which may be larger than HCM seeks for a fund, or which may be inappropriate for all investors in a fund. In such circumstances, HCM may allow specific clients and/or fund investors to participate directly in such investments along-side the fund's investment. Any such opportunities are presented only to individual clients who have previously expressed an interest in considering such opportunities and are sophisticated enough to understand both the risks of the investment and the risk to the client from direct exposure to the same investment held within the fund.

Wrap Fee Programs

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

Client Assets Under Management

As of December 31, 2014, HCM managed assets on a discretionary basis in the approximate amount of \$2,326,100,000, representing multiple private funds and separately managed accounts. HCM does not currently manage any assets on a non-discretionary basis.

RPP does not currently manage any clients' assets on an independent basis, but rather acts as a sub-advisor to HCM pursuant to the terms of the Services Agreement.

Item 5 – Fees and Compensation

HCM charges a management fee to clients based on a percentage of assets the client has supervised by HCM. The standard management fees charged to clients range from 1.5% per annum to 2% per annum. Management fees are generally deducted from the assets managed by HCM on behalf of a client on a quarterly basis, in advance. Management fees may be negotiable depending on the size of the client's investment. HCM may also elect to waive any management fees payable by any client. Management fees are typically non-refundable once paid.

Other than management fees and the incentive fees discussed in Item 6 below, HCM receives no fees from clients for its services. However, funds managed by HCM pay directly for certain fees and expenses, including administrator fees, custodian/settlement agent fees, accounting fees, legal and administration fees and transaction costs.

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

In consideration for the sub-advisory services RPP performs for HCM under the Services Agreement, HCM pays RPP a fee in an amount equal to a portion of the management fees and incentive fees and allocations received by HCM from HCM's clients. RPP does not directly receive compensation from any of HCM's clients.

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

HCM receives an incentive fee or allocation based on the performance of each account for which it provides investment management services. This performance-based payment may be payable either directly to HCM or to an affiliate of HCM. The standard incentive payment for clients is 20% annually, subject to a high-water mark. Incentive fees may be negotiable depending on the size of the client's investment. HCM seeks to align its incentive fees with investors and has committed with certain HOF1 investors and all HOF2 investors to classify certain amounts of incentives as unearned redemption payments that are not earned or payable until capital is withdrawn or redeemed by the investor. Each client paying an incentive to HCM must qualify as a "qualified client" under Rule 205-3 promulgated under the Investment Advisers Act of 1940, as amended.

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

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

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

As discussed in Item 5 above, in consideration for the sub-advisory services RPP performs for HCM under the Services Agreement, HCM pays RPP a fee in an amount equal to a portion of the management fees and incentive fees and allocations received by HCM from HCM’s clients.

Item 7 – Types of Clients

HCM offers its investment management services to institutional clients, such as banks, insurance companies, pension funds, corporations and other business entities, as well as to family offices, endowments and trusts. HCM also manages private funds, including HOF1 and HOF2. From time to time, HCM may offer advisory services to high net worth individuals through private funds or separate accounts.

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

As of the date of this filing, RPP’s sole advisory client is HCM. Outside of the sub-advisory services it performs for HCM under the Services Agreement, RPP does not directly advise any clients.

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

Methods of Analysis and Investment Strategy

HCM primarily provides advice regarding structured finance opportunities, including CDOs, CLOs, RMBS, and other types of debt securities backed by the payments from pools of fixed income instruments. HCM’s investment ideas may be generated from a wide variety of sources. HCM receives support from RPP in implementing its investment management activities on behalf of its clients.

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

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

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

Summary of Material Risks

Investing in any security entails risk of loss, particularly when the securities are complex or distressed. HCM invests in securities that are both complex and distressed. Prices of securities react to the business and financial condition of the company that issued them as well as macroeconomic factors. Prices of a security may rise and fall based on changes in the business or financial condition of the issuing company, changes in management and the potential for merger and acquisitions.

The investment strategies employed by HCM involve investing and trading in structured finance products. Investing in structured finance securities may entail a variety of unique risks. In addition, the performance of a structured finance security will be affected by a variety of factors, including its priority in the capital structure of the issuer thereof, the availability of any credit enhancement, the level and timing of payments and recoveries on and the characteristics of the underlying receivables, loans or other assets that are being securitized, remoteness of those assets from the originator or transferor, the adequacy of and ability to realize upon any related collateral and the capability of the servicer of the securitized assets.

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

Item 9 – Disciplinary Information

HCM and RPP have no disciplinary events to disclose.

Item 10 – Other Financial Industry Activities and Affiliations

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

Other than (i) Hildene Advisors, LLC, a Delaware limited liability company and an affiliate of HCM (“HADV”) that serves as the general partner of certain feeder funds of HOF1 and HOF2 and related private funds, (ii) Hildene Leveraged Credit LLC (“HLC”), a Delaware limited liability company and an affiliate of HCM that was previously operating as a relying adviser of HCM and is now an independently registered investment adviser that manages various pooled investment vehicles, including CLOs, and (iii) Hildene Leveraged Credit Advisors, LLC, a Delaware limited liability company and an affiliate of HCM and HLC (“HLCA”) that serves as the general partner of certain private funds managed by HLC, neither HCM nor RPP has any financial industry affiliations material to its advisory business. RPP is currently registered with the SEC as a relying adviser of HCM. Neither HADV nor HLCA is registered or licensed in any capacity with any regulatory body, nor do they conduct any activities other than serving as the general partner of certain private funds managed by HCM and HLC, respectively. HLC is now an independently registered investment adviser with the SEC.

Outside of HCM’s engagement of RPP as a sub-advisor of HCM, HCM does not recommend other investment advisors to clients nor does it receive any compensation from other investment advisors. RPP does not directly advise any clients of HCM, nor are HCM’s clients obligated to pay any additional fees or other compensation to RPP. RPP is compensated solely by HCM from the management fees and incentive fees and allocations that HCM receives from its clients. Certain private funds managed by HCM and HLC may have common investors.

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

HCM has adopted a written Code of Ethics (the “Code”) in compliance with Securities and Exchange Commission (“SEC”) Rule 204A-1. The Code is updated by HCM from time to time to reflect new legislation or regulations, or to otherwise reflect evolving best practices. All employees are required to read the Code, as part of HCM’s overall Compliance Manual (the “Manual”), and annually acknowledge compliance with the policies and procedures set forth therein. HCM will provide a copy of its code of ethics, as contained in the Manual, to any client or prospective client upon request.

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

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

Additionally, HCM may occasionally permit certain clients or private fund investors to participate directly along with investments made by a private fund managed by HCM. Any such opportunities are presented only to individual clients and investors who have previously expressed an interest in considering such opportunities and are sophisticated enough to understand both the risks of the investment and the risk to the client from direct exposure to the same investment held within the fund. If, in such event, HCM later determines that it will sell any such investments for the relevant private fund, clients holding the same position will be contacted to give them an opportunity to sell concurrently with such fund.

As a relying advisor, RPP has adopted substantially the same policies and procedures as HCM.

Item 12 – Brokerage Practices

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

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

HCM is authorized to pay higher prices for the purchase of securities from or accept lower prices for the sale of securities to brokerage firms that provide it with such investment and research information or to pay higher commissions to such firms if HCM determines such prices or commissions are reasonable in relation to the overall services provided. Research services furnished by brokers may include written information and analyses concerning specific securities, companies or sectors; market, financial and economic studies and forecasts; statistics and pricing or appraisal services; discussions with research personnel; and invitations to attend conferences or meetings with management or industry consultants. HCM is not required to weigh any of these factors equally. Information so received is in addition to and not in lieu of services required to be performed by HCM, and HCM's fees charged to clients are not

reduced as a consequence of the receipt of such supplemental research information. Research services provided by broker/dealers used by HCM clients may be utilized by HCM or their affiliates (including other investment funds managed by such persons) in connection with their other investment activities. Since commission rates in the United States are negotiable, HCM's selection of brokers on the basis of considerations which are not limited to applicable commission rates may at times result in HCM's clients being charged higher transaction costs than they could otherwise obtain.

Use of "Soft Dollars"

The term "soft dollars" refers to the receipt by an investment manager of products and services provided by brokers, without any cash payment by the investment manager, based on the volume of brokerage commission revenues generated from securities transactions executed through those brokers on behalf of the investment manager's clients. Section 28(e) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), provides a "safe harbor" to investment managers with respect to potential liability for violating their duty to obtain best execution for a client's securities transactions in circumstances in which such managers use soft dollars generated by their advised accounts only for purposes of obtaining investment research and brokerage services (i) that provide lawful and appropriate assistance to the investment manager in the performance of investment decision-making responsibilities and (ii) where the commissions paid are reasonable in relation to the value of the services provided. HCM does not currently, and does not in the future intend to engage in any soft dollar transactions. In the event that HCM does engage in any soft dollar transactions, it will not engage in any such transactions other than with respect to products and services which fall within the Section 28(e) safe harbor or where such products or services would otherwise be chargeable to its clients pursuant to the relevant fund offering documentation or separate account advisory contract.

Client Referrals

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

Allocation of Trades

HCM may at times determine that certain securities will be suitable for acquisition by more than one account, possibly including Affiliated Accounts. HCM may consider the following factors in allocating securities among accounts: (i) diversity of the accounts' investment objectives; (ii) differences in the accounts' investment guidelines and investment restrictions; (iii) differences in the accounts' risk tolerances and return targets; (iv) differences in the accounts' existing portfolio holdings and related balancing and diversification concerns; (v) differences in the accounts' relative sizes; (vi) differences in the accounts' available investment resources (including the timing of capital contributions and withdrawals) and side pocket constraints; (vii) differences in the accounts' liquidity requirements; (viii) differences in the accounts' investment

time horizons; (ix) tax considerations; and (x) such other factors as HCM may determine to be relevant at the time of allocation. In addition, HCM may take into account settlement costs in making allocation determinations. For example, if the amount of a security that would be allocated to a particular account would be small in view of the factors described above, and if HCM determines in its discretion that the settlement costs associated with making such allocation would outweigh the benefits of such allocation due to the small amount of securities proposed to be allocated, HCM may elect not to make an allocation to such account.

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

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

Aggregation of Orders

The aggregation or blocking of transactions allows an adviser to execute transactions in a more timely, equitable, and efficient manner and seeks to reduce overall commission charges to accounts. HCM's policy is to aggregate transactions where possible and when advantageous to the accounts participating in such transactions. When HCM is placing bids for securities in certain OTC markets in which it and its clients invest, it may routinely aggregate orders into a single bid due to timing constraints and other practical considerations.

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

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

Item 13 – Review of Accounts

HCM reviews transaction activity for each of its accounts on a daily basis. HCM client accounts are reviewed at least monthly by the respective portfolio managers and management team. This review is based on each portfolio's guidelines, investment strategy and other relevant factors.

Other factors that may cause a portfolio review include client contributions or distributions, revised client objectives, or changes in law.

HCM, or an administrator engaged by HCM, typically provides clients with reports concerning account holdings, transaction summaries and performance data either monthly or quarterly. More frequent reporting may be provided as requested by a client.

Item 14 – Client Referrals and Other Compensation

HCM currently does not have any written agreements with any third party marketers for the referral of clients to HCM or to private funds managed by HCM.

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

Item 15 – Custody

HCM does not have custody of its clients' assets, however an affiliate of HCM, HADV, does act as the general partner of certain private funds, and HCM has a principal who serves on the board of directors of certain private funds, for which HADV and/or HCM may be deemed to have custody under certain rules promulgated by the SEC. The assets of HCM clients are held by a qualified custodian, which provides monthly account statements to each of HCM's separate account clients and provides copies of such statements to HCM. Additionally, HCM seeks to have the private funds it manages audited on an annual basis by an independent public accountant that is both registered with and is subject to regular inspection by the Public Company Accounting Oversight Board. In respect of such private funds, HCM seeks to send audited financial statements of each fund to the investors in the fund within 120 days of the end of the fund's fiscal year.

Item 16 – Investment Discretion

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

Item 17 – Voting Client Investments

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

HCM may determine to abstain from voting a proxy or a specific proxy item when it concludes that the potential benefit of voting is outweighed by the cost or when it is not in the client's best

interest to vote. In many instances, the disparate interests of HCM's clients may make it difficult for HCM to determine a manner in which to vote and, therefore, HCM will abstain from voting. However, if HCM does vote, HCM shall vote in a manner it believes to be consistent with the interests of its clients and shall not subordinate client interests to its own.

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

Clients may obtain a copy of HCM's proxy voting policies and procedures upon request. HCM maintains records of each proxy form or corporate action as voted for its clients.

Item 18 – Financial Information

Neither HCM nor RPP has additional financial circumstances to report. A balance sheet is not required to be provided because neither HCM nor RPP requires or solicits prepayment of more than \$1,200 in fees per client more than six months in advance of services rendered.

Item 19 – Requirements for State-Registered Advisers

Not applicable.