

**PART 2A OF FORM ADV:  
FIRM BROCHURE**

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Greenwich, CT 06830**

**203-340-9109**

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**This brochure (the “Brochure”) provides information about the qualifications and business practices of Kline Hill Partners LP (“Kline Hill”). If you have any questions about the contents of this Brochure, please contact us at 203-340-9109 or [jared.barlow@klinehill.com](mailto:jared.barlow@klinehill.com). 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 Kline Hill also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**Being a "registered investment adviser" or describing Advisor as being "registered" does not imply a certain level of skill or training.**

**THIS BROCHURE DOES NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY ANY SECURITY.**

## **Item 2: Material Changes**

This brochure (“Brochure”) contains information about Advisor upon its initial registration as an investment adviser with the SEC.

In the future, this Item will identify and discuss the material changes since the last annual update to assist investors and make them aware of certain information that has changed since the prior year’s Brochure and that may be important to them.

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## **Item 4: Advisory Business**

Kline Hill Partners LP was founded in 2015 and is organized as a Delaware limited partnership. Michael Bego and Jared Barlow (the “Principals”) are the founding partners and principal owners of Kline Hill. Mr. Bego and Mr. Barlow are responsible for the management of the strategies employed by Kline Hill and are supported by a team of investment and operational professionals. Kline Hill Partners GP LLC serves as the general partner of Kline Hill and is also owned by Mr. Bego and Mr. Barlow.

Kline Hill serves as the investment manager and provide discretionary advisory services to certain private funds and special purpose vehicles (each a “Fund” or “Client” and collectively the “Funds” or “Clients”).

Kline Hill or its affiliate may form and serve as general partner (or in a similar management role) of one or more Funds to co-invest alongside other Funds in circumstances where Kline Hill determines that a Fund’s equity investment in a particular Portfolio Investment should be less than the total equity investment required for such Portfolio Investment for reasons such as the size or specific characteristics related to the applicable investment or for other strategic reasons, as determined by Kline Hill. See Item 10 below for additional information.

Kline Hill may, in the future, organize additional investment vehicles or provide investment advisory services to other accounts that follow an investment strategy similar to or different from the investment program of the Funds.

The investment objective of Kline Hill is to provide early liquidity to investors in private investments such as, but not limited to, limited partnership interests in buyout, venture, real estate and other private equity funds, limited partnership interests in funds of private equity funds, and investments into private companies. Kline Hill will seek to achieve this investment objective by originating and triaging a broad pipeline of small-deal secondaries and purchasing interests in private equity funds (the “Underlying Funds”) managed by unaffiliated third-party managers (the “Underlying Managers”) and private-equity-backed companies (collectively, “Portfolio Investments”) at meaningful discounts to their intrinsic value. In providing services to Funds, among other things, Kline Hill: (i) manages the Funds’ assets in accordance with the terms of the applicable Fund’s confidential offering memorandum, individual limited partnership agreement, limited liability company operating agreement, investment advisory agreement and other governing documents applicable to each Fund (collectively the “Governing Documents”); (ii) formulates investment objectives and, to the extent applicable, investment restrictions; (iii) directs and manages the investment and reinvestment of the Funds’ respective assets; and (iv) provides, or causes to be provided, periodic reports to investors and/or Funds, as applicable. Kline Hill provides investment advice directly to the applicable Fund and not individually to limited partners, members or shareholders of a particular Fund.

Fund investors are not currently permitted to impose restrictions on the types of investments in which their respective Fund may invest. Investment restrictions for a Fund, if any, will generally be established in the Governing Documents of the applicable Fund.

As of December 31, 2016, Kline Hill had regulatory assets under management of approximately \$226,620,000. Kline Hill has discretionary authority over the Funds’ investment activities.

## **Item 5: Fees and Compensation**

Kline Hill generally charges the Funds an asset-based management fee and/or carried interest distributions.

Kline Hill deducts its management fees (“Management Fee”) generally from certain Funds quarterly in advance in such amounts as are set forth in the Governing Documents of each applicable Fund. A Fund organized as a special purpose vehicle charged a one-time fixed fee, which was paid to Kline Hill. In addition, another Fund organized as a special purpose vehicle paid to Kline Hill a one-time origination fee based on a percentage of the aggregate purchase price of the assets of such Fund. An affiliate of Kline Hill (the “General Partner”), which is organized as a Delaware limited liability company and serves as the general partner to the Funds, is entitled to receive performance-based carried interest distributions (“Carried Interest Distributions”) in respect of each Fund. Generally, these Carried Interest Distributions represent a share of distributions made by an investor in a Fund in excess of the relevant investor’s invested capital, and allocable fees and expenses. Carried Interest Distributions may be applied each time an investment is realized or on an annual (or more frequent) basis with respect to certain investors in the Funds. Carried Interest Distributions are subject to regulation under Section 205 of the Advisers Act and Rule 205-3 thereunder. Therefore, Kline Hill seeks to ensure that any Fund or investors in a Fund that are directly or indirectly subject to Carried Interest Distributions satisfy the qualifications of Rule 205-3 under the Advisers Act and have been advised of such distributions and their risks.

For any Fund, Carried Interest Distributions generally range from between 5%-15% of profits, and are generally subject to certain preferred return hurdles and catch-up allocations and clawback provisions. The manner of calculation and application of Carried Interest Distributions are disclosed in the offering documents for, and detailed in the Governing Documents of, each applicable Fund. For more information please see Item 6.

Kline Hill may, in its discretion, waive, reduce or rebate the Management Fee and/or Carried Interest with respect to the investment of any investor, including its employees, owners, affiliates and/or one or more investors. To the extent that a Fund (an “Investing Fund”) invests a portion of its assets in another Fund managed by Kline Hill (each an “Investee Fund”), such Investing Fund will not be charged additional management fees, carried interest distributions or other performance based compensation at the Investee Fund level,

In addition to the Management Fee and Carried Interest and as set forth in more detail in the applicable Governing Documents, each Fund will pay all expenses attributable to the operation of such Fund and its investments and the performance by Kline Hill, the General Partner and their affiliates and their respective obligations to such Fund. Expenses are generally shared by all of the investors in the Funds, while expenses related to one or more particular series or classes of investments will be allocated accordingly. In the event that one or more Funds (each a “feeder fund”) invest all or a substantial portion of its assets through another Fund (i.e., a “master fund,”) each such “feeder fund” will also be responsible for its pro rata portion of such master fund’s costs and expenses. Each Portfolio Investment in which a Fund invests will have its own operational, administrative, management, including custodial, trustee, record keeping (including preparation of financial statements, and the costs and expenses of preparing and circulating reports and any fees or imposts of a governmental authority imposed in connection therewith, investment, brokerage (as applicable) and other fees and expenses, in addition to performance based compensation, if any, which are charged against such Fund’s assets. Expenses of more

than one Fund will be allocated on an equitable basis among such Funds based on the aggregate capital commitments of each applicable Fund.

Notwithstanding the foregoing, Kline Hill may elect to bear some or all of the above expenses of the Funds.

Management Fees payable to Kline Hill shall be reduced (but not below zero) by an amount (the “Offset Amount”) equal to one hundred percent (100%) of any fees (net of any related expenses) received by certain Funds, Kline Hill or any of their affiliates from Portfolio Investments or prospective investments in consideration for Fund capital, Fund commitments, due diligence and other services relating to usage of such Fund’s capital, including commitment fees, closing fees, transaction fees, finders’ fees and net break-up fees, if any, from broken deals received by Kline Hill or its affiliate during the preceding fiscal quarter. If the Offset Amount exceeds the amount of the Management Fee then payable, then the amount of the excess shall be carried forward and shall reduce future installments of the Management Fee as set forth in the applicable Governing Documents; provided that upon termination of the applicable Fund, any Offset Amount that has not been applied to offset the Management Fee shall be forfeited. The Governing Documents of each applicable Fund more fully sets forth the basis on which such fees shall reduce Management Fees.

Kline Hill and its supervised persons do not accept any compensation (e.g., brokerage commissions) for the sale of securities or other investment products, including interests in the Funds.

For more information regarding Kline Hill’s brokerage practices and brokerage expenses discussed herein, please see Item 12.

#### **Item 6: Performance Based Fees and Side-by-Side Management**

Distributions to investors in most Funds are subject to Carried Interest Distributions for the benefit of an affiliate of Kline Hill. Generally, these profit allocations represent a share of distributions made by a Fund in excess of the relevant investors’ invested capital, allocable fees and expenses and after a preferred return hurdle has been achieved as more fully described in the Governing Documents of each applicable Fund. Carried Interest Distributions with respect to each Fund may be applied each time an investment is realized or at such other times as determined by an affiliate of Kline Hill and are generally subject to a general partner clawback provision.

Carried Interest Distributions are subject to regulation under Section 205 of the Advisers Act and Rule 205-3 thereunder. Therefore, Kline Hill seeks to ensure that any Funds or investors in a Fund that are directly or indirectly assessed performance fees or are subject to carried interest profit allocations satisfy the qualifications of Rule 205-3 under the Advisers Act and have been advised of such fees or allocations and their risks prior to making an investment in the applicable Fund. Carried Interest Distributions may create an incentive for Kline Hill to make more speculative investments than would otherwise be made or make decisions regarding the timing

and manner of realization of investments differently than if such Carried Interest Distributions were not made to its affiliate.

In addition, an Underlying Manager of a Portfolio Investment in which a Fund invests may charge incentive or performance based fees/allocations, which are borne by such Fund.

## **Item 7: Types of Clients**

Kline Hill expects to provide investment advisory services to one or more Funds.

Investors in the may include, but are not limited to, high net worth qualified individuals, family offices, fund-of-hedge funds, endowments, foundations, trusts, charitable organizations, pension plans, and corporate or business entities.

Details concerning applicable investor suitability criteria are set forth in the respective Client's Governing Documents. The minimum commitment for an investor is outlined in the applicable Client's Governing Documents, including the discretion of Kline Hill and its affiliates to accept less than the minimum commitment threshold. Each investor is required to meet certain suitability qualifications as more fully set forth in the applicable Governing Documents. Each investor in a Fund is required to meet certain suitability qualifications, such as being (i) an "accredited investor" as defined under Rule 501(a) of Regulation D of the Securities Act of 1933, as amended, and (ii) a "qualified purchaser" as defined in Section 2(a)(51) of the Investment Company Act of 1940, as amended.

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

The Funds' investment strategies will be described in their respective Governing Documents.

The investment objective of Kline Hill is to provide early liquidity to investors in private investments such as, but not limited to, limited partnership interests in buyout, venture, real estate and other private equity funds, limited partnership interests in funds of private equity funds, and investments into private companies. Kline Hill will seek to achieve this investment objective by originating and triaging a broad pipeline of small-deal secondaries and purchasing interests in Portfolio Investments at meaningful discounts to their intrinsic value.

Key components of the Funds' strategy include the following: small market focus, specialized sourcing, broadly diversified portfolio, and efficient management of capital. Kline Hill will employ a structured yet flexible approach to source and triage deal flow, underwrite and price selected transactions, and ultimately close on and monitor each Fund's investments.

The Funds' focus is on the market for small-deal secondary stakes in limited partnership interests, an underserved sector. Small-deal secondaries are the core of the Funds' strategy. While many competing firms that transact in small-deal secondaries might raise much larger funds given the opportunity, Kline Hill has made small-deal secondaries the Fund's long-term focus, and is establishing its operations to be right-sized for the opportunity. Kline Hill believes that over the medium- to long-term, a right-sized and adequately staffed small-deal fund should

be capped at commitments no larger than \$400-600 million. As discussed in the market opportunity section above, Kline Hill believes that smaller transactions, especially if complex, tend to be overlooked by most other buyers.

The Funds' primary focus is on traditional buyout and venture assets, however, by including other asset classes in the Funds' mandate, Kline Hill is equipped to purchase small-deal portfolios that might include a range of asset types (LBO, VC, energy, real estate, etc.) for sellers requiring a total portfolio solution to their diverse asset offerings. A limited portion of the Funds' portfolio may ultimately contain Underlying Funds in real estate, energy, infrastructure, or other asset classes. The Funds' geographic focus is the U.S., which will likely constitute a majority the portfolio. Kline Hill opportunistically evaluates assets in European, Asian, and emerging markets.

Kline Hill will consider a range of deal types, with a primary focus on traditional limited-partnership-interest secondaries, while occasionally considering direct secondaries and secondaries in fund of funds. Kline Hill will often plan to take advantage of direct secondary transactions that leverage information advantages from its general partner relationships. Additionally, Kline Hill will target companies that have reputable lead financial sponsors with interests aligned with those of one or more of the Funds.

One or more Funds will recycle capital distributed from underlying investments within a short period of its initial investment, typically six to nine months. This will allow such Fund(s) to effectively execute more deals on its fee base, thereby maximizing assets at work and minimizing such Fund's fee impact on investor returns. As such, certain Funds expect to ultimately be close to 100% invested in secondary transactions. Kline Hill may employ a capital call facility for short-term cash management. Kline Hill may also seek to minimize excess cash held at the fund level by utilizing a short-term capital-call facility to smooth the frequency of capital calls from investors. Additionally, a capital-call facility could enable a Fund to achieve the benefits of recycling short-term distributions for those deals completed at the end of such Fund's investment period.

**The description set forth above is general and is not intended to be exhaustive. The risks of each Client's business are substantial and each Client could realize losses rather than gains from some or all of the investments described herein. Investing in securities involves a risk of loss that clients should be prepared to bear.**

#### Material Risks

The following is an explanation of the material risks that Kline Hill believes are associated with its investment strategy. Not all of these risks will be equally relevant to each Client that is managed by Kline Hill at any time. Further discussion of these and other risks associated with an investment in each Fund are set forth in the applicable Fund's Governing Documents. The following risk factors do not purport to be a complete list or explanation of all the risks associated with an investment in one or more of the Funds.

Risk of Private Equity Investments. There is no assurance that each Fund's Portfolio Investments will be successful. Generally, the investments made by a Fund will be illiquid and difficult to value, and there will be little or no collateral to protect an investment once made. Expenses of a Fund may exceed its income, and an investor therein could lose the entire amount of its contributed capital.

No Assurances as to Resale of Portfolio Investments. There can be no assurances that a Fund will be able to sell or otherwise dispose of a Portfolio Investment at a time that Kline Hill considers to be economically opportune or at all.

Risks of Investments in Companies that are not Cash Flow Positive. Certain Portfolio Investments may require ongoing financings. In the event that the availability of capital in connection therewith becomes difficult or impossible to obtain, a Fund's investments in these companies could be severely impaired. Such an event could negatively affect the value and liquidity of a Fund's investments in any such Portfolio Investment.

Reliance on Underlying Managers. None of the Funds or Kline Hill currently have an active role in the day to day management of the Portfolio Investments or the assets managed by the Underlying Managers. Moreover, none of the Funds or Kline Hill currently have the opportunity to evaluate the specific investments made by any Portfolio Investment prior to the consummation of such investments. While considering a Portfolio Investment for a Fund investment, and during the period such Fund holds such an investment Kline Hill will often have only a limited opportunity to confirm the accuracy of information received from Underlying Managers. Portfolio Investments may carry their investments at cost or may employ another valuation method that may differ from the fair market value of such investments. Generally, there will be no independent pricing source for interests in Portfolio Investments. The returns of each Fund depend in part on the performance of these unrelated investment managers over which such Fund has no control and could be adversely affected by the unfavorable performance of one or more investment managers. Kline Hill will attempt to evaluate each Underlying Fund based on an analysis of its investment portfolio at the time of investment from available information, criteria such as the performance history of the Underlying Funds or other funds managed by such investment managers, and the investment strategies of the Underlying Funds. Past performance may not, however, be a reliable indicator of future results, and investment managers, investment management personnel and investment strategies of any Underlying Fund in which a Fund invests may change without the consent of such Fund.

Importance of Valuation and Structuring of Acquisitions. The overall performance of each Fund will depend in large part on the acquisition price paid by such Fund for its investments, which is typically determined by reference to the carrying values most recently reported by the Underlying Funds and other available information. Although many Underlying Funds are generally valued on a quarterly basis, the Underlying Funds are not generally obligated to update any valuations in connection with a transfer of interests on a secondary basis, and such valuation may not be indicative of current or ultimate realizable values. Moreover, there is no established market for secondary investment or for the privately held portfolio companies in which the Underlying Funds may own securities, and there may not be any comparable companies for which public market valuations exist. As a result, the valuation of secondary investments may be



based on limited information and is subject to inherent uncertainties. Generally, a Fund will not be acquiring interests directly from the issuers thereof, will not have the opportunity to negotiate the terms of the interests being purchased or any special rights or privileges, and expects to hold its secondary investments on a long-term basis. As a result, the performance of such Fund will be adversely affected in the event the valuations assumed by Kline Hill in the course of negotiating acquisitions of investments prove to have been too high. A Fund also may face portfolio sales or other situations where, in order to make investments considered desirable, such Fund is required to make other investments considered less desirable or for which it is less comfortable with the estimated valuations.

Risks of Investments in Mezzanine Funds. Certain Funds may invest in Underlying Funds that are involved in mezzanine transactions. While mezzanine securities are typically senior to common stock and other equity securities in a portfolio company's capital structure, they may be subordinate to significant amounts of senior debt, and mezzanine securities are generally unsecured.

Risks of Investment in Real Estate Funds. Certain Funds may invest in Underlying Funds that invest in real estate. The Underlying Funds are subject to all the risks inherent in investing in private equity, private equity-related or real estate and real estate-related investments, which risks may be increased by an Underlying Fund's use of leverage. These risks include without limitation: liquidity risk as these investments are highly illiquid, general macroeconomic, microeconomic and local economic risk associated with an industry or asset class, fluctuations in valuations of a company, asset, operating business or real estate values, the financial resources of the company or for real estate the tenants, vacancies, rent strikes, changes in tax, zoning, building, environmental and other applicable laws, rent control laws, real property tax rates, changes in interest rates and the availability of mortgage funds; the ability of the company or asset to obtain financing or extend its financing. Such risks also include fluctuations in occupancy rates, rent schedules and operating expenses, or cost of operating the asset or company which could adversely affect the value of the properties as well as the ability for a management team to optimally or effectively operate or manage the asset or company or control the costs associated with operating or managing the asset or company. There can be no assurance of profitable operations for any private equity investment or real estate property or the repayment of any debt investment made by an Underlying Fund. The cost of operating a property may exceed the rental income, EBITDA or cash flow it generates, and the Underlying Fund may have to advance funds to protect an equity investment, forgo the receipt of interest income on debt investments, or may be required to dispose of investments on disadvantageous terms if necessary to raise needed funds. Because real estate, like many other types of long-term investments, historically has experienced significant fluctuations and cycles in value, specific market conditions may result in occasional or permanent reductions in the value of real property interests. In addition, general economic conditions in the United States and abroad, as well as conditions of domestic and international financial markets, may adversely affect operations of real estate Underlying Funds.

Venture Capital Investments. Each Fund may invest in interests in limited partnerships devoted to early stage venture capital investments or directly in such companies, which is a segment of the venture capital business with the highest degree of investment risk. Typically, the portfolio

companies in which such funds invest have no operating history, unproven technology, untested management, and unknown future capital requirements. These companies often face intense competition, often from established companies with much greater financial, manufacturing and technical resources, more marketing and service capabilities, and a greater number of qualified personnel. To the extent there is a public market for the securities of these companies, they may be subject to abrupt and erratic market price movements. A Fund's direct investments in such companies and indirect investments in funds focused on investments of this type will be highly speculative and may result in the loss of such Fund's capital contributions in respect of such investments. There can be no assurance that any such losses will be offset by gains (if any) realized in other investments of a Fund. Accordingly, investors may lose all of the monies invested in such investments by such Fund.

Foreign Investments. Certain Funds expect to invest in Underlying Funds that hold portfolio investments outside of the United States. Foreign investments involve certain factors not typically associated with investing in U.S. businesses and securities. For instance, investments in non-U.S. businesses (i) may require government approvals under corporate, securities, exchange-control, non-U.S. investment and other similar laws and regulations, and (ii) may require financing and structuring alternatives and exit strategies that differ substantially from those commonly in use in the U.S. In addition, such risks of non-U.S. investing may include, in general, risks relating to (i) currency exchange matters, including fluctuations in the rate of exchange between the U.S. dollar and various foreign currencies in which an Underlying Fund's investments are denominated, and costs associated with conversion of investment principal and income from one currency into another; (ii) differences between the U.S. and foreign securities markets, including potential price volatility in and relative illiquidity of some foreign securities markets, the absence of uniform accounting, auditing and financial reporting standards, practices and disclosure requirements and less government supervision and regulation; (iii) certain economic and political factors, including potential exchange control regulations and restrictions on foreign investment and repatriation of capital, the risks of political, economic or social instability and the possibility of expropriation or confiscatory taxation; and (iv) the possible imposition of foreign taxes on income and gain recognized with respect to such securities.

Risks Related to Investing in Europe. A number of countries in Europe have experienced severe economic and financial difficulties. Many non-governmental issuers, and even certain governments, have defaulted on, or been forced to restructure, their debts; many other issuers have faced difficulties obtaining credit or refinancing existing obligations; financial institutions have in many cases required government or central bank support, have needed to raise capital, and/or have been impaired in their ability to extend credit; and financial markets in Europe and elsewhere have experienced extreme volatility and declines in asset values and liquidity. These difficulties may continue, worsen or spread within and without Europe. Responses to the financial problems by European governments, central banks and others, including austerity measures and reforms, may not work, may result in social unrest and may limit future growth and economic recovery or have other unintended consequences. Further defaults or restructurings by governments and others of their debt could have additional adverse effects on economies, financial markets and asset valuations around the world. In addition, one or more countries may abandon the euro, the common currency of the European Union, and/or withdraw from the European Union. The impact of these actions, especially if they occur in a disorderly

fashion, is not clear but could be significant and far-reaching. The Funds cannot predict for how long economic conditions will continue to impact the European markets adversely, or to what degree economic conditions will deteriorate further. Any further decline in the performance of national economies or the credit markets in European countries could have a negative impact on general economic and market conditions in Europe and globally. These events could negatively affect the value and liquidity of a Fund's investments in the Underlying Funds.

Leveraged Investments; Credit Risk. The portfolio investments of an Underlying Fund may be expected to employ or involve some/significant leverage and/or credit risk. Such portfolio investments may include companies whose capital structures have significant leverage, such as would be the case following a leveraged buyout or management buying transaction. The leveraged capital structure of such portfolio investments would increase their exposure to adverse economic factors such as rising interest rates, downturns in the economy or deterioration in the condition of the portfolio company or its industry. A highly leveraged company is generally more sensitive to downturns in its business and to changes in prevailing economic conditions than is a company with a lower level of debt. A company which is already highly leveraged may be less able to raise additional capital or financing to meet unanticipated contingencies. Other investments in which an Underlying Fund may participate directly or indirectly, such as distressed securities and other special situations, may also involve exposure to interest-rate or credit risk.

Hedging Transactions. An Underlying Fund may utilize certain financial instruments such as derivatives, options, interest rate swaps, caps and floors and forward contracts for risk management purposes. Hedging also involves special risks including the possible default by the other party to the transaction, illiquidity and, to the extent that the Underlying Manager's assessment of certain market movements is incorrect, the risk that the use of hedging could result in losses greater than if hedging had not been used. Such Underlying Fund is subject to the risk of failure or default by the counterparty to such a transaction. The Underlying Fund will have contractual remedies pursuant to the agreements related to the transaction (which may or may not be meaningful depending on the financial position of the defaulting counterparty). Although an Underlying Fund may engage in hedging transactions, Kline Hill does not expect to hedge the Funds' portfolio and it is not anticipated that the Funds' portfolio will be hedged in most market conditions.

Currency Hedging. Capital contributions will be made in U.S. dollars unless otherwise determined by Kline Hill. Investments in Underlying Funds which are denominated in currencies other than U.S. dollars are subject to the risk that the value of a particular currency will change in relation to the U.S. dollar. Kline Hill may, but is under no obligation to, hedge such risk through the use of certain derivative instruments. The costs of such hedging strategies and the risks associated therewith will be borne by the applicable Funds. There is no assurance that the Funds will be hedged against currency exchange risks or that such hedging strategies, if used, will be successfully implemented or maintained. Therefore, while the Funds may enter into such transactions to reduce currency exchange risks, if the currency transactions are incorrectly matched, such transactions could have an adverse effect on the performance of the Funds, or could only partly hedge the risks associated with fluctuations in currency value. Furthermore, perfect hedges do not exist and there can be no assurance that such hedging

transactions will be effective. Each investor in a Fund, and not the Fund, will bear any risk of any foreign currency exposure resulting from changes, if any, in the value of the U.S. dollar relative to the value of the currency in which each investor maintains its net worth.

Hedging. Each Fund may utilize certain financial instruments and investment techniques for risk management or hedging purposes. There is no assurance that such risk management and hedging strategies will be successful, as such success will depend on, among other factors, Kline Hill's ability to predict the future correlation, if any, between the performance of the instruments utilized for hedging purposes and the performance of the investments being hedged. Since the characteristics of many securities change as markets change or time passes, the success of a Fund's hedging strategies may also be subject to Kline Hill's ability to correctly readjust and execute hedges in an efficient and timely manner. There is also a risk that such correlation will change over time rendering the hedge ineffective. It may be more difficult to hedge a position in a smaller cap issuer than a larger-cap issuer. No Fund's portfolio is expected to be completely hedged at all times and at various times Kline Hill may elect to be more fully hedged and at other times hedged only to a limited extent, if at all. Accordingly, a Fund's assets may not be adequately protected from market volatility and other conditions.

Bank Loans and Loan Participations. An Underlying Fund may invest in corporate bank debt ("Bank Loans") and participations therein originated by banks and other financial institutions. It is anticipated that such Bank Loans will primarily be term loans, may pay interest at a fixed or floating rate and may be senior or subordinated. Purchasers of Bank Loans are predominantly commercial banks, investment funds and investment banks and there can be no assurance that current levels of supply and demand in Bank Loan trading will provide an adequate degree of liquidity. An Underlying Fund may acquire interests in Bank Loans either directly (by way of sale or assignment) or indirectly (by way of participation or other derivative contract). The purchaser of an assignment typically succeeds to all the rights and obligations of the assigning institution and becomes a lender under the credit agreement with respect to the debt obligation; however, its rights can be more restricted than those of the assigning institution. Participation interests in a portion of a debt obligation typically result in a contractual relationship only with the institution participating out the interest, not with the borrower. In purchasing participations and other derivatives, an Underlying Manager will generally have no right to enforce compliance by the borrower with the terms of the loan agreement, nor any rights of set-off against the borrower, and the Underlying Fund may not directly benefit from the collateral supporting the debt obligation in which it has purchased the participation. As a result, the Underlying Fund will assume the credit risk of both the borrower and the institution selling the participation or other derivative contract.

Loan Risk. The value of the assets which underlie the loans of an Underlying Fund are subject to market conditions. Changes in the market may adversely affect the value of the collateral and thereby lower the value to be derived from liquidation. In addition, loans have, and in the future may, become non-performing for a wide variety of reasons and may require a substantial amount of workout negotiations and/or restructuring, which may entail, among other things, a substantial reduction in the interest rate, capitalization of interest payments and a substantial write-down of the principal of the loan. Moreover, even if such restructuring is successfully accomplished, a

risk exists that upon maturity of such loan, replacement “take-out” financing will not be available.

Loan Quality. The Underlying Funds may invest in loans that are below “investment grade” and face ongoing uncertainties and exposure to adverse business, financial or economic conditions which could lead to the issuer’s inability to meet timely interest and principal payments. The market values of certain of loans tend to reflect individual corporate developments to a greater extent than do higher rated loans, which react primarily to fluctuations in the general level of interest rates. It is highly likely that a major economic recession could have a materially adverse impact on the value of such investments. In addition, adverse publicity and investor perceptions, whether or not based on fundamental analysis, may also decrease the value and liquidity of the loans.

Default and Credit Risk. Loans involve the risk that the obligor either cannot or will not fulfill its obligations under the terms of the loan documents. In evaluating credit risk, the Underlying Managers will often rely upon information provided by the obligor, which may be materially inaccurate or fraudulent. Any actual default, or any circumstance that increases the possibility of such a default, could have a material adverse effect on an Underlying Fund.

General Risks of Investments in Distressed and Restructuring Corporate Credit. The Underlying Funds in which a Fund may invest are subject to all the risks inherent in investing in distressed and restructuring corporate credit, which risks may be increased by the Underlying Fund’s use of leverage. These risks include without limitation: liquidity risk as these investments are highly illiquid, general macroeconomic, microeconomic and local economic risk associated with an industry or asset class, fluctuations in valuations of a company, asset, operating business or real estate values, the financial resources of the company; the ability of the company or asset to obtain financing or extend its financing. Such risks also include fluctuations in cost of operating the asset or company which could adversely affect the value of the assets as well as the ability for a management team to optimally or effectively operate or manage the asset or company or control the costs associated with operating or managing the asset or company. The Underlying Funds’ investment objectives may not be realized and significant principal loss may be incurred in the event that risk factors lead to a deterioration of the asset or company. The Underlying Funds (and as a consequence, a Fund) may have to advance funds to protect an investment, forgo the receipt of interest income on debt investments, or may be required to dispose of investments on disadvantageous terms if necessary to raise needed funds.

Equitable Subordination. Certain European jurisdictions may follow analogous common law principles to those practiced in the U.S. Under common law principles in the U.S. that in some cases form the basis for lender liability claims, if a lender (i) intentionally takes an action that results in the undercapitalization of a borrower or issuer to the detriment of other creditors of such borrower or issuer, (ii) engages in other inequitable conduct to the detriment of such other creditors, (iii) engages in fraud with respect to, or makes misrepresentations to, such other creditors or (iv) uses its influence as a stockholder to dominate or control a borrower or issuer to the detriment of other creditors of such borrower or issuer, a court may elect to subordinate the claim of the offending lender or bondholder to the claims of the disadvantaged creditor or creditors (a remedy called “equitable subordination”). The Funds do not intend to invest in

Underlying Funds that engage in conduct that would form the basis for a successful cause of action based upon the equitable subordination doctrine; however, because of the nature of the debt obligations, an Underlying Fund may be subject to claims from creditors of an obligor that debt obligations of such obligor which are held by an Underlying Fund should be equitably subordinated. Certain European jurisdictions may present different issues with respect to lenders' and borrowers' rights.

Structured Credit Products. Special risks may be associated with an Underlying Fund's investments in structured credit products — i.e., collateralized debt obligations, synthetic credit portfolio transactions and asset-backed securities. For example, synthetic portfolio transactions may be structured with two or more tranches, each of which receives different proportions of the interest and principal distributions on a pool of credit assets. The yield to maturity of any given tranche may be extremely sensitive to the default rate in the underlying reference portfolio.

Distressed Securities and Loans. An Underlying Fund may invest in securities and loans issued by companies in weak and/or deteriorating financial condition, experiencing poor operating results, needing substantial capital investment, perhaps having negative net worth, facing special competitive or product obsolescence problems or involved in bankruptcy or reorganization proceedings. Investments of this type may involve substantial financial and business risks, which are often heightened by an inability to obtain reliable information about the issuers. Such investments can result in significant or even total losses. In addition, the markets for distressed and high-yield securities are at times illiquid.

Special Situations. An Underlying Fund may have investments in issuers involved in (or the target of) acquisition attempts or tender offers or issuers involved in work outs, liquidations, spin offs, reorganizations, bankruptcies and similar transactions. In any investment opportunity involving any such type of business enterprise, there exists the risk that the transaction in which such business enterprise is involved will be unsuccessful, will take considerable time or will result in a distribution of cash or a new security the value of which will be less than the purchase price to the Underlying Fund of the security or other financial instrument in respect of which such distribution is received. Similarly, if an anticipated transaction does not in fact occur, an Underlying Fund may be required to sell its investment at a loss. Because there is substantial uncertainty concerning the outcome of transactions involving financially troubled issuers in which an Underlying Fund may invest, there is a potential risk of loss by the Underlying Funds of their entire investment in such issuers.

Equities. The equity securities in which an Underlying Fund may invest may involve substantial risks and may be subject to wide and sudden fluctuations in market value, with a resulting fluctuation in the amount of profits and losses. There are no absolute restrictions in regard to the size or operating experience of the companies in which an Underlying Fund may invest (and relatively small companies may lack management depth or the ability to generate internally, or obtain externally, the funds necessary for growth and companies with new products or services could sustain significant losses if projected markets do not materialize).

Leverage Risk. Although an Underlying Fund's borrowings may enhance returns and increase the number of possible investments the Underlying Fund may make, such borrowings also

increase the risk of loss resulting from various factors, including, without limitation, rising interest rates, downturns in the economy or deterioration in the conditions of the Underlying Fund's real property investments.

Diversification Risk. The Underlying Funds in which a Fund may invest may participate in a limited number of portfolio investments and, as a consequence, the aggregate return of the Underlying Funds may be substantially adversely affected by the unfavorable performance of even a single portfolio investment.

Control of Invested Funds. An Underlying Fund (alone, or together with other investors) may be deemed to have a control position with respect to some portfolio companies in which it invests which could expose it to liabilities not normally associated with minority equity investments, such as additional risks of liability for environmental damage, product defects, failure to supervise management, violation of governmental regulations and other types of liability in which the limited liability generally characteristic of business operations may be ignored.

Accounting Standards. The Underlying Funds may make investments in countries where generally accepted accounting standards and practices differ significantly from those practiced in the U.S. The evaluation of potential investments and the ability to perform due diligence may be adversely affected. The financial information appearing on the financial statements of a company operating in one or more European countries may not reflect its financial position or results of operations in the way they would be reflected if the financial statements had been prepared in accordance with accounting principles generally accepted in the U.S.

Lack of Control Over Investments. An Underlying Fund may hold minority or non-controlling interests in a number of their private equity or real estate investments. Accordingly, the Underlying Funds may be unable to exercise control over their investments, and the shareholders with the controlling interests in such investments may be able to take actions, which adversely affect the value of the investment or a Fund's interest therein.

AIFM Directive. The Directive 2011/61/EU on Alternative Investment Fund Managers (the "Directive"), broadly, applies to any person or undertaking which provides investment management services to a collective investment undertaking (such person, an "AIF Manager") and requires, generally that (i) any AIF Manager established or operating in the European Union intending to provide investment management services to an alternative investment vehicle established within or outside the European Union ("AIF"); and (ii) any non-European Union AIF Manager intending to manage an AIF established in the European Union, must be authorized under the Directive, and, in order to be so authorized, comply with certain requirements and meet certain criteria. The Directive imposes new regulatory obligations on authorized AIF Managers in respect of their activities and on the AIFs that they manage.

In addition, the Directive regulates the marketing of AIFs in the European Union. In particular, the Directive restricts the marketing by any non-EU AIF Manager of an AIF to investors in the European Union. A non-EU AIF Manager seeking to market an AIF is required to meet certain criteria and to satisfy additional regulatory requirements, including as to regulatory and investor disclosure. It may not be possible to market an Underlying Fund in the European Union, which

may result in the Underlying Fund not being able to raise expected levels of assets, have an adverse effect on its ability to make investments and/or reduce the Underlying Fund's liquidity. In the event the Underlying Fund is marketed in the European Union, compliance with the Directive may increase the Underlying Fund's operating expenses. It is not yet clear to what extent the implementation of the Directive will affect the operation of either the Underlying Funds or the Underlying Managers.

Concentration of Investments. Certain Funds will have a material percentage of their respective assets in one or a few Portfolio Investments and a loss in any investment could have a material adverse impact on the Fund's capital. Such Fund's investments will not be diversified. The lack of diversification caused by these factors may subject the investments of such Fund to more rapid change in value than would be the case if the assets of such Fund were more widely diversified.

Portfolio Investments; Compensation Arrangements. Each Fund invests in pooled investment vehicles and certain marketable investments managed by investment managers unrelated to and outside of the control of such Fund. Finding, selecting and investing in vehicles managed by other managers is a complex process. In determining how to invest a Fund's capital in other private investment vehicles, Kline Hill will look for Underlying Managers whose investment strategies are expected to offer superior returns, considering both objective information relating to such Underlying Managers (such as historical performance data) and subjective information. However, there can be no guarantee that Kline Hill's assessment of any Underlying Manager will be accurate. In particular, there can be no assurance that past performance data or other objective or subjective information relating to an Underlying Manager will provide any indication as to how private investment vehicles managed by such Underlying Manager will perform in the future. Even if Kline Hill is able to accurately identify Underlying Managers whose Portfolio Investments are likely to produce attractive returns, there can be no assurance that the Fund will be able to invest in such Portfolio Investment.

#### **Item 9: Disciplinary Information**

Kline Hill is not aware of any legal or disciplinary events that are material to a Client's or prospective Client's evaluation of Kline Hill's advisory business or the integrity of Kline Hill's management.

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

An affiliate of Kline Hill has claimed an exemption from registration as a commodity pool operator, pursuant to Rule 4.13(A)(3) under the Commodity Exchange Act of 1936, as amended.

Kline Hill and its principals and employees (the "Staff Members") are not registered, and do not have any application pending to register, with the SEC as a broker-dealer or a registered representative of a broker-dealer.

Kline Hill will evaluate any material conflicts of interest presented by any proposed relationship or arrangement it may contemplate with a service provider, broker or similar party that has a



material business relationship with the Funds to ensure that the transaction or arrangement is fair and equitable to the investors in the Funds, and on terms that are consistent with arm's length dealings, and Kline Hill reviews any such arrangement on an ongoing basis thereafter to ensure continued benefit to the Clients and their investors.

Kline Hill currently provides investment advice to the Funds and Kline Hill, its affiliates and their principals and employees may in the future serve as investment adviser, managing member or general partner to other investment funds, pooled investment vehicles, special purpose or co-investment vehicles, and client accounts (the "Other Clients") and conduct investment activities for their own accounts. Such Other Clients may have investment objectives or may implement investment strategies substantially similar to those of the Funds. In addition, the principals and employees of Kline Hill and its affiliates may and do also make investments of their own personal assets in the Funds and in Other Clients. As a result of the foregoing, Kline Hill, its affiliates and their principals and employees may have conflicts of interest in allocating their time and activity between the Fund and Other Clients, in allocating investments among the Fund and Other Clients and in effecting transactions between the Fund and Other Clients, including ones in which Kline Hill, its affiliates and their principals and employees may have a greater financial interest.

Except as otherwise set forth in the Governing Agreements of each applicable Fund, none of the General Partner, Kline Hill, their affiliates and their principals and employees will be required to refrain from any other activity nor disgorge any profits from any such activity and will not be required to devote all or any particular part of its time and effort to the Fund and its affairs. Rather, the General Partner and Kline Hill and their principals and employees will devote so much of its time and effort to the affairs of the Fund as the General Partner, in its sole judgment, determines is necessary in order to accomplish the purposes of the Fund. Without limiting the generality of the foregoing, the General Partner, Kline Hill, their affiliates and their principals and employees may act as investment adviser or investment manager for others, may manage funds or capital for others, may have, make and maintain investments in its own name or through other entities and may serve as an officer, director, consultant, partner or stockholder of one or more investment funds, Funds, securities firms or advisory firms.

The General Partner, Kline Hill, their affiliates and their principals and employees may also serve as consultants to, or partners or shareholders in, other investment funds, companies and investment firms. Investment decisions for the Fund and for such Other Clients are made with a view to achieving their respective investment objectives and after consideration of certain factors which may include their current holdings, the current investment views of the different Underlying Managers, availability of cash for investment, and the size of their positions generally. The General Partner, Kline Hill, their affiliates and their principals and employees may give advice or take action with respect to the Other Clients that differs from the advice given with respect to the Fund. To the extent a particular investment is suitable for both the Fund and Other Clients, such investments may be allocated between the Fund and Other Clients based on assets under management, or in some other manner which Kline Hill, in its sole discretion, determines is fair and appropriate under the circumstances to all relevant clients, including the Fund. Frequently, a particular investment may be bought or sold for only the Fund or only one Other Client, or in different amounts and at different times for more than one but less

than all Other Clients, and the Fund may or may not be included in such purchase or sale. Likewise, a particular investment may be bought for the Fund or one or more Other Clients when one or more Other Clients are selling the same security. In addition, purchases or sales of the same investment may be made for two or more Other Clients (and possibly for the Fund) on the same date. Certain of the Other Clients have different terms, fees (including incentive fees) and investment objectives from the Fund. In such events, such transactions will be allocated among the Fund and Other Clients in a manner believed by Kline Hill to be equitable to each. In effecting transactions, it may not always be possible, or consistent with the possibly differing investment objectives of the various Other Clients and of the Fund, to take or liquidate the same investment positions at the same time or at the same prices.

Kline Hill and its principals and employees may become aware of individual securities purchased and sold by Underlying Funds. Kline Hill has adopted certain policies and procedures designed to prevent Kline Hill, its principals and employees from using information acquired by any such person in the conduct of the Kline Hill's business in a manner that is contrary to a Client's interests.

To the extent that an investment opportunity is appropriate for one or more Funds organized as a pooled investment vehicle such investment opportunity will generally be allocated to such Funds in an equitable manner; provided, however, that Kline Hill (or its affiliate) in its sole discretion has and, in the future may, share investment opportunities with third parties, one or more investors in a Fund or affiliated investment funds with respect to which it determines in good faith (i) would be beneficial to the relevant Fund(s) or beneficial in consummating a Portfolio Investment, disposing of a Portfolio Investment or otherwise adding value to a Portfolio Investment or the relevant Fund(s) or (ii) the desired level of investment by the relevant Fund(s) has been achieved. To facilitate co-investments, Kline Hill has formed additional Funds and in the future may form additional funds structured as an "overflow fund" or other special purpose vehicle to participate in such co-investment opportunities, and Kline Hill or an affiliate thereof may charge management fees and/or carried interest with respect to any such co-investments; provided however, that to the extent that a Fund invests in a co-investment through another vehicle managed by Kline Hill, such Fund (and the investors therein) will not be charged any duplicative or additional management fees, carried interest distributions or other performance compensation.

The Underlying Managers of the Underlying Funds (and their affiliates, principals and employees) are also subject to actual and potential conflicts of interest, which may be similar or different than those outlined above.

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

Pursuant to Rule 204A-1 of the Investment Advisers Act of 1940, as amended (“Advisers Act”), Kline Hill has adopted a written code of ethics (“Code of Ethics”), which is designed to address and avoid potential conflicts of interest and is applicable to all Staff Members. The Code of Ethics may also be applied to any other person designated by the Chief Compliance Officer of Kline Hill (“CCO”).

A summary of the Code of Ethics is provided below. A full copy of the Code of Ethics will be made available to investors in each Fund upon written request.

The Code of Ethics addresses personal trading of “reportable securities” (as such term is defined in Rule 204A-1 of the Advisers Act), receiving and giving gifts and entertainment, engaging in outside activities, making political contributions and payments, making other donations, and the administration and enforcement of the Code of Ethics.

The personal trading policy and procedures place restrictions on personal trading of reportable securities by all Staff Members, including that they disclose to Kline Hill on a periodic basis all security accounts and reportable security holdings and transactions, in which a Staff Member has a direct or indirect beneficial ownership. Kline Hill, its affiliates and Staff Members may only trade securities on Kline Hill’s restricted list, IPOs and limited offerings with pre-approval by the CCO. Securities on the restricted list generally include securities: (i) held by Kline Hill with respect to a portfolio investment, (ii) under active investment consideration by Kline Hill; (iii) held by a Fund as a result of a distribution from a portfolio investment or which Kline Hill knows or believes will be so distributed to a Kline Hill Fund; (iv) being issued in an IPO or private placement; (v) about which any access person is in possession of, or knows, material non-public information (e.g., executed a confidentiality agreement) ; (vi) for which Kline Hill has a contractual prohibition on trading in that security (e.g., lock-up agreement); (vii) for which Kline Hill is involved in a transaction that places limits on the aggregate position held by Client accounts in that security; or (viii) for which Kline Hill should restrict trading in a security for any other reason. .

The Code of Ethics has specific provisions relating to identifying potential conflicts of interest. The provisions prohibit a Staff Member from directing Client transactions for the purpose of obtaining a personal benefit. They also generally prohibit personal business dealings with Clients or investors without the prior approval of the CCO.

All violations of the Code of Ethics must be promptly reported to the CCO, who is primarily responsible for administering and enforcing Kline Hill’s Code of Ethics. A violation of the Code of Ethics may result in the imposition of disciplinary and remedial measures, including, without limitation, disgorgement or termination.

## **Item 12: Brokerage Practices**

### Selection of Brokers and Dealers

Kline Hill does not select brokers and dealers with respect to the Funds' investments in Underlying Funds. Instead, such authority remains with the applicable Underlying Managers. With respect to any direct investments made on behalf of Clients, Kline Hill has complete discretion in deciding which securities are bought and sold, the amount and price of those securities, the broker-dealers to be used for a particular transaction, and commissions or markups and markdowns paid.

In selecting broker-dealers to effect portfolio transactions for Clients where Kline Hill has the applicable authority, Kline Hill uses its best judgment to choose broker-dealers most capable of providing best execution on an overall basis. In connection therewith, Kline Hill considers a number of factors to assess the overall value and quality of services provided by broker-dealers, such as the ability to effect prompt and reliable executions at favorable prices (including the applicable dealer spread or commission, if any); the operational efficiency with which transactions are effected, taking into account the size of order and difficulty of execution; the financial strength, integrity and stability of the broker-dealer; the firm's risk in positioning a block of securities; the quality, comprehensiveness and frequency of related services considered to be of value; and the competitiveness of commission rates in comparison with other broker-dealers satisfying Kline Hill's selection criteria. Accordingly, if Kline Hill determines in good faith that the amount of commissions charged by a broker-dealer is reasonable in relation to the value of the research and brokerage products or services provided by such broker, the Funds may pay commissions to such broker-dealer in an amount greater than the amount another broker-dealer might charge for effecting the same transaction.

Kline Hill does not receive research or other products or services (including any "soft dollar benefits") other than execution from a broker-dealer or a third party in connection with any Client securities transactions. Kline Hill does not consider whether it or a related person receives any Client referrals from a broker or dealer. Kline Hill does not aggregate the purchase or sale of securities for various Fund accounts. Each investment made by a Fund in a Portfolio Fund will be considered independently and each Fund will complete and execute separate subscription documents and agreements in connection with such investments.

## **Item 13: Review of Accounts**

Clients' portfolios will be reviewed on a regular basis. Kline Hill's investment personnel hold investment meetings to discuss investment ideas, investment strategies, economic developments, current events, and other issues related to current portfolio holdings and potential investment strategies.

Kline Hill will provide each investor in a Fund with the following reports in accordance with the terms of the applicable Fund's Governing Agreements: (i) quarterly financial updates (ii) annual

audited financial statements; and (iii) annual tax information necessary to complete any applicable tax returns.

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

Kline Hill does not directly or indirectly compensate any third party for client referrals. However, Kline Hill may have an incentive to select or use a broker-dealer based on receiving investor referrals from that counterparty. In the future, the Funds or Kline Hill may enter into agreements with one or more third-parties providing for, among other things, (i) payments to such third parties of a fully disclosed sales charge, which may be paid from investments of certain investors that agree thereto, (ii) payments by Kline Hill to one or more of such third parties of a one-time or ongoing fee based upon the capital commitments or capital contributions of certain investors or fees received by Kline Hill received from Clients referred by third parties.

Other than the circumstances described above, Kline Hill does not receive any economic benefits from non-clients in connection with the provision of investment advice to the Clients.

#### **Item 15: Custody**

Kline Hill is deemed to have custody of the Funds' assets because of the authority that Kline Hill and/or its affiliated entities have over those assets. The Funds' financial statements are subject to an annual audit by an independent public accountant that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board, and the audited financial statements are distributed to each investor in each Fund generally within 120 days following the end of each fiscal year of the applicable Fund. The audited financial statements are prepared in accordance with generally accepted accounting principles (GAAP). Kline Hill urges investors to carefully review the audited financial statements of the Funds in which they are invested.

#### **Item 16: Investment Discretion**

In accordance with the terms and conditions of the Funds' Governing Documents and subject to the direction and control of the Funds' general partner and directors, as applicable, Kline Hill will generally have discretionary authority to determine, without obtaining specific consent from the Funds or its investors, the securities and the amounts to be bought or sold on behalf of the Funds and to perform the day-to-day investment operations of the Funds.

#### **Item 17: Voting Client Securities**

In accordance with its fiduciary duty to clients and Rule 206(4)-6 of the Advisers Act, Kline Hill has adopted and implemented written policies and procedures governing the voting of client securities. The general policy is to vote proxy proposals, amendments, consents or resolutions in a prudent and diligent manner that will serve the Funds' best interest and is in line with the Funds' investment objectives. In certain cases, Kline Hill may determine that not voting is in the

best interest of the Funds or otherwise appropriate. Investors may not direct Kline Hill's vote on behalf of the Funds.

Conflicts of interest may arise between the interests of the Funds on the one hand and Kline Hill and Staff Members on the other hand. At a minimum, the Staff Member responsible for instructing the vote by Kline Hill on behalf of the Funds will be required to disclose any personal interest or other conflict of interest it has with respect to such proxy. Any conflict of interest will be reviewed and resolved by the Chief Compliance Officer.

A copy of Kline Hill's proxy voting policies and procedures will be made available to investors upon written request.

#### **Item 18: Financial Information**

A balance sheet is not required to be provided as Kline Hill: (i) does not solicit fees more than six months in advance; (ii) does not have a financial condition that is likely to impair its ability to meet contractual commitments to clients; or (iii) has not been subject to any bankruptcy proceeding during the past 10 years.

#### **Item 19: Requirements for State-Registered Advisers**

Item 19 is not applicable.