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Hatteras Funds, LP (d/b/a Hatteras Investment Partners)  
Form ADV Part 2A – Disclosure Brochure

March 30, 2020

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This brochure provides information about the qualifications and business practices of Hatteras Funds, LP d/b/a Hatteras Investment Partners. If you have any questions about the contents of this brochure, please contact us at 919.846.2324. 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.

Any reference to or use of the terms “registered investment adviser” or “registered” does not imply that Hatteras Investment Partners or any person associated with it has achieved a certain level of skill or training.

Additional information about Hatteras Investment Partners is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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## Item 2: Material Changes

The Material Changes Section of this Disclosure Brochure, dated March 30, 2020, replaces the March 31, 2019 Annual Amendment version previously circulated. Material changes are identified below:

## Item 4: Advisory Business

The Board of Trustees of TAS approved the terms of an Agreement and Plan of Reorganization providing for the transfer of all of the assets of the Alpha Fund to, and the assumption of all of the liabilities of the Alpha Fund by, the Staar Disciplined Strategies Fund (formerly, the Staar Alternative Categories Fund) (the "Staar Fund") in exchange for shares of the Staar Fund and the distribution of such shares to the shareholders of the Alpha Fund in complete liquidation of the Alpha Fund, subject to the approval of shareholders of the Alpha Fund. The material terms of the reorganization are discussed in more detail in the Combined Prospectus and Proxy Statement dated October 11, 2018, which was mailed to shareholders of the Alpha Fund. There will be no sales charge, commission or other transactional fee in connection with the reorganization. The shareholder proxy approving the transaction obtained quorum and passed in December 2018. As such, the transaction closed in March 2019 and all references to the mutual funds and the Trust have been removed from this ADV.

## Item 13: Review of Accounts

Effective March 30, 2020, Thomas Riegert replaced Michael Hennen as Chief Investment Officer.

We will provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

Currently, our Brochure may be requested by contacting 919.846.2324 or 866.388.6292. Our Brochure is also available on the SEC's website, [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) free of charge.

Additional information about Hatteras is also available via the SEC's website [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC's web site also provides information about any persons affiliated with Hatteras who are registered, or are required to be registered, as investment adviser representatives of Hatteras.

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#### Item 4: Advisory Business

Hatteras Funds, LP d/b/a Hatteras Investment Partners (“Hatteras”) is a 100% employee owned alternative investment boutique. Hatteras Funds, LP serves as Investment Adviser to the Hatteras Funds. Hatteras Funds, LP also serves as General Partner to the Hatteras Limited Partnerships. Hatteras Funds, LP is an SEC-registered investment adviser providing investment services to registered investment companies and private funds.

Hatteras is driven to strengthen the relationship between the Advisor and Client. We create performance-focused private investment solutions designed to help Advisors build better portfolios.

Hatteras provides investment management services to registered closed-end management investment companies and private funds. Additionally, Hatteras serves as General Partner to the limited partnerships it advises. Depending upon each fund’s specific registration status and type, the funds may either be publicly offered or privately placed. The funds are managed in accordance with the investment objectives, strategies and guidelines as outlined in the current registration statement or offering document and are not tailored to any particular investor in the funds. Hatteras does not provide individualized investment advice to investors; therefore, investors should consider whether a particular fund meets their investment objectives, risk tolerance and financial situation.

Hatteras’ investment management services include determining the investment objectives of the funds, manager search and selection, determining appropriate asset allocations across fund investment strategies and monitoring existing and prospective investments in light of each fund’s objectives and risk parameters.

Hatteras has entered into Investment Management Agreements with each fund, as applicable and/or required. The Investment Management Agreements describe the terms of the agreements, but in general, each agreement may be terminated at any time in writing by Hatteras or by the applicable fund upon 60 days prior written notice to Hatteras or the applicable fund, respectively.

As of December 31, 2019, discretionary assets under management were approximately \$410 million.

The funds managed by Hatteras are as follows:

The **Hatteras Master Fund, L.P.** (the “Master Fund”), an investment company registered under the Investment Company Act of 1940 (the “1940 Act”). The Master Fund is the master fund in a master/feeder structure comprised of the Master Fund and the Hatteras Core Alternatives Funds (“Feeder Funds”). The Master Fund invests in other investment funds (the “Portfolio Funds”) and managed accounts. Hatteras does not provide individualized investment advice to investors; therefore, investors should consider whether a particular Feeder Fund meets their investment objectives, risk tolerance and financial situation.

**The Hatteras Core Alternatives Fund, L.P.; the Hatteras Core Alternatives TEI Fund, L.P.; the Hatteras Core Alternatives Institutional Fund, L.P.; and the**

**Hatteras Core Alternatives TEI Institutional Fund, L.P.** (collectively referred to as the “Core Alternatives Funds” or the “Feeder Funds”) are Delaware limited partnerships that are registered under the 1940 Act, as non-diversified, closed-end management investment companies whose units are registered under the Securities Act of 1933.

The Core Alternatives Funds will invest substantially all of their assets in the Master Fund. The Master Fund uses a number of independent trading advisers selected by Hatteras, the investment manager of the Master Fund, that are typically available on a collective basis to larger institutions. Hatteras and Portfolio Advisors (the sub-advisor to the Master Fund) primarily pursue the Core Alternatives Funds’ investment objective by investing the Master Fund’s assets in hedge fund strategies and private investments.

Hatteras and Portfolio Advisors each manage a portion of the Master Fund’s portfolio. Hatteras manages the hedge fund strategy and Portfolio Advisors manages the private assets strategy of the Master Fund.

**Hatteras Evergreen Private Equity Fund, LLC** (the “EPEF”) is a Delaware Limited Liability Company that is not registered under the 1940 Act by reason of the provisions of section 3(c)(7). The EPEF long term capital appreciation through an evergreen portfolio of private equity and related investments ultimately diversified by vintage year, manager, strategy and subclass with a focus on lower middle-market North American buyouts. An evergreen fund generally is a continuously offered investment vehicle in which distributions generated by its investments may be reinvested for the purpose of maintaining a diversified private equity fund. the Fund’s investments are expected to include: (i) primary and secondary investments in private equity funds; (ii) direct co-investments in the equity and/or debt of operating companies, frequently alongside professional lead investors. The Fund is sub-advised by RCP Advisors, LLC (“RCP”).

**Hatteras Global Private Equity Partners Institutional, LLC** (the “GPEP Institutional Fund”) is a Delaware Limited Liability Company that is no longer registered under the 1940 Act in reliance on Section 3(c)(1) of the 1940 Act as of January 20, 2016. GPEP Institutional Fund is closed to new investors.

**Hatteras GPEP Fund, L.P.** (the “GPEP Fund”) is a Delaware series Limited Partnership that is not registered under the 1940 Act in reliance on Section 3(c)(1) of the 1940 Act. GPEP, L.P. is closed to new investors.

**Hatteras GPEP Fund II, LLC** (the “GPEP Fund II” and collectively with the GPEP Institutional Fund and GPEP Fund the “GPEP Funds”) is a Delaware Limited Liability Company no longer registered under the 1940 Act, in reliance on Section 3(c)(1) of the 1940 Act as of May 25, 2015. GPEP Fund II is closed to new investors.

**Hatteras Late Stage VC Fund I, L.P.** (the “LSVC Fund” and collectively with the VCCI Fund II the “Venture Capital Funds”) is a Delaware Limited Partnership and is not registered under the 1940 Act, as amended in reliance on Section 3(c)(7) of the Investment Company Act. The LSVC Fund is closed to new investors.

**Hatteras VC Co-Investment Fund II, LLC** (the "VCCI Fund II") is a Delaware Limited Liability Company registered under the 1940 Act, as a non-diversified, closed-end management investment company. VCCI Fund II is closed to new investors.

#### Item 5: Fees and Compensation

A description of how Hatteras is compensated for its advisory services is summarized below. Fees and other expenses not disclosed here may be incurred by the funds, such as but not limited to, fund administration fees, fund accounting fees, custodian fees, audit fees and transfer agency fees and expenses, as applicable and further detailed in each fund's prospectus or offering document.

#### **Hatteras Core Alternative Funds**

The Master Fund will pay Hatteras a management fee at an annual rate of 1.00%, payable monthly in arrears, based upon the Master Fund's net assets as of each month-end. Although the Feeder Funds will not pay any direct investment management or advisory fees, the Feeder Funds will bear, as a result of their investment in the Master Fund, their allocable portion of the management fees charged to the Master Fund. Pursuant to a Sub-Advisory Agreement between Hatteras and Portfolio Advisors, Hatteras will pay Portfolio Advisors a portion of the management fee it receives from the Master Fund.

As compensation for the services rendered by the Agent, each Fund intends to pay compensation to Hatteras for fund services in accordance with a fund servicing agreement between each fund and Hatteras (in such capacity, the "Servicing Agent"). The Servicing Agent receives a monthly fund servicing fee ("Fund Servicing Fee") equal to 1/12<sup>th</sup> of 0.65% (0.65% on an annualized basis) of the aggregate value of each Fund's net assets as of the end of each month. The Fund Servicing Fee payable to the Servicing Agent will be borne pro rata by all Partners of each corresponding Fund before giving effect to any repurchase of Units in a Fund effective as of that date and will decrease the net profits or increase the net losses of the Fund that are credited to the its Partners. The Servicing Agent may waive (to all investors on a pro rata basis) or pay to third parties all or a portion of any such fees in its sole discretion. The Servicing Agent may delegate some or all of its servicing responsibilities to one or more service providers. The Service fee of 0.65% is charged by the Fund Servicing Agent, Hatteras, on all assets in the Hatteras Core Alternatives Fund, L.P., the Hatteras Core Alternatives TEI Fund, L.P., the Hatteras Core Alternatives TEI Institutional Fund, L.P., and the Hatteras Core Alternatives Institutional Fund, L.P.

Fees and other expenses not disclosed here may be incurred by the Feeder Funds, such as but not limited to, fund administration fees, fund accounting fees, custodian fees, audit fees and transfer agency fees and expenses, as applicable and further detailed in each fund's prospectus or offering documents.

In addition to the management fee, as detailed in Item 6, Hatteras and Portfolio Advisors will be entitled to receive a Performance Allocation.

**Hatteras Evergreen Private Equity Fund, LLC**

The Fund will pay an investment management fee ("Investment Management Fee") to Hatteras Funds, LP ("Hatteras" or the "Adviser") in consideration of the advisory and other services provided by the Adviser to the Fund. The Fund will pay the Adviser a monthly Investment Management Fee equal to 1.00% for Class F Units and 1.25% for Class Z Units on an annualized basis of the net assets of the Fund as of each month-end. The Investment Management Fee will be paid to the Adviser out of the Fund's assets and will therefore decrease the net profits or increase the net losses of the Fund. The Adviser will pay RCP a portion of the Investment Management Fee it receives from the Fund pursuant to the Sub-Advisory Agreement.

The Fund will also pay the Adviser for its fund administrative services a monthly Fund Services Administrative Fee equal to 0.25% on an annualized basis of the net assets of the Fund. The Fund Services Administrative Fee will be paid to the Adviser out of the Fund's assets and will decrease the net profits or increase the net losses of the Fund.

Hatteras Capital Distributors, LLC (the "Placement Agent"), located at 8510 Colonnade Center Drive, Suite 150, Raleigh, North Carolina, acts as placement agent to the Fund on a best-efforts basis, subject to various conditions, pursuant to a placement agreement ("Placement Agreement") between the Fund and the Placement Agent. The Placement Agent is also responsible for selecting brokers and dealers in connection with the offering of Units and for negotiating the terms of any such arrangements. The Placement Agent is an affiliate of the Adviser. Neither the Placement Agent nor any other party is obligated to buy from the Fund any Units. There is no minimum number of Units required to be purchased in the offering.

In addition to the management fee, as detailed in Item 6, Hatteras is entitled to receive an Incentive Allocation.

**GPEP Institutional Fund**

GPEP Institutional Fund will pay Hatteras a management fee that shall equal 1.25% based on an annualized basis of the net assets of the Fund as of each quarter-end.

A Service fee of 0.50% is charged by the Fund Servicing Agent, Hatteras, on all assets in GPEP Institutional Fund. During the offering period, investments in GPEP Institutional Fund were subject to a placement fee payable to the primary placement agent, Hatteras Capital Distributors, LLC, an affiliate of Hatteras. The Placement Agent entered into an expense reduction agreement pursuant to which it rebated to the Fund, in order to offset operating expenses, any amount it received as a placement fee.

In addition to the management fee, as detailed in Item 6, Hatteras is entitled to receive an Incentive Allocation.

**Hatteras GPEP Fund**

GPEP Fund will pay Hatteras a management fee that shall equal (i) until the last day of the Investment Period, 1.00% per year of aggregate commitments at the time such payment is payable; and (ii) in respect to the remainder of the term of the Fund and during any suspension period, 1.00% per year of the cost basis of the Fund's remaining fund investments less any unrealized losses related to such fund investments.

In addition to the management fee, as detailed in Item 6, Hatteras is entitled to receive a carried interest allocation.

### **Hatteras GPEP Fund II**

GPEP Fund II will pay Hatteras a management fee that shall equal 1.25% on an annualized basis of the net assets of the Fund as of each quarter-end.

A Service fee of 0.50% is charged by the Fund Servicing Agent, Hatteras, on all assets in GPEP Fund II. During the offering period, investments in GPEP Fund II were subject to a placement fee payable to the primary placement agent, Hatteras Capital Distributors, LLC, an affiliate of Hatteras. The Placement Agent entered into an expense reduction agreement pursuant to which it rebated to the Fund, in order to offset operating expenses, any amount it received as a placement fee.

In addition to the management fee, as detailed in Item 6, Hatteras is entitled to receive a carried interest allocation.

### **VCCI Fund II**

VCCI Fund II will pay Hatteras a quarterly investment management fee equal to 2.00% on an annualized basis of the net assets of VCCI Fund II as of each quarter-end. Effective March 19, 2010 the Adviser committed to waive permanently a portion of its contractual fee rate under the Investment Management Agreement. Under this fee waiver, the management fee will be 2.00% on an annualized basis of the lesser of (a) the cost basis of VCCI Fund II's portfolio companies plus cash and cash equivalents, including short-term investments, or (b) VCCI Fund II's net asset value. Effective August 2017, the Adviser committed to waive permanently its contractual fee rate under the Investment Management Agreement. Under this fee waiver, the management fee will be 0.00%.

During the offering period, investments in VCCI Fund II were subject to a placement fee payable to the primary placement agent, Hatteras Capital Distributors, LLC, an affiliate of Hatteras.

### **LSVC Fund**

LSVC Fund will pay Hatteras a management fee at an annual rate of 1.00% of the committed capital during the Investment Period. Effective June 2018, the Adviser committed to waive permanently its contractual fee rate under the Investment Management Agreement. Under this fee waiver, the management fee will be 0.00%.

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

Hatteras has entered into the performance related fee arrangements detailed below.

### **Hatteras Core Alternative Funds**

Hatteras is allocated a Performance Allocation equal to 10% of the amount by which net new profits of the limited partner interests of the Master Fund exceed the non-cumulative "hurdle amount," which is calculated as of the last day of the preceding calendar year of the Master Fund at a rate equal to the yield-to-maturity of the 90 day U.S. Treasury Bill as reported by the Wall

Street Journal for the last business day of the preceding calendar year (the "Performance Allocation"). The Performance Allocation is made on a "peak to peak," or "high watermark" basis, which means that the Performance Allocation is made only with respect to new net profits. If the Master Fund has a net loss in any period followed by a net profit, no Performance Allocation will be made with respect to such subsequent appreciation until such net loss has been recovered. Pursuant to a Sub-Advisory Agreement between Hatteras and Portfolio Advisors, Hatteras will pay Portfolio Advisors a portion of the Performance Allocation it receives from the Master Fund.

#### **Hatteras Evergreen Private Equity Fund, LLC**

The Advisor will be entitled to receive an incentive fee equal to 10% of the excess, if any, of (i) the net profits of the Fund for the calendar quarter over (ii) the then balance, if any, of the New Loss Recovery Account (as defined below). The Fund will maintain a memorandum account (the "New Loss Recovery Account") which will have an initial balance equal to zero. The Loss Recovery Account will be (i) increased by the amount of the net losses of the Fund for the quarter, or (ii) decreased (but not below zero) by the amount of the net profits of the Fund for the quarter. Net profits of the Fund shall include all items of income, gain, and loss attributable to Fund, less all expenses of the Fund, all recorded on an accrual basis. The Adviser will pay the Sub-Adviser a portion of the Incentive Fee it receives pursuant to the Sub-Advisory Agreement.

#### **GPEP Institutional Fund**

GPEP Institutional Fund will pay an incentive allocation at the end of each calendar year (and at certain other times, including upon the effective date of any repurchase), to Hatteras in an amount equal to 10% of the excess, if any, of the net profits of GPEP Institutional Fund above the then balance of GPEP Institutional Fund's loss recovery account; provided that GPEP Institutional Fund has earned at least a 6% annualized return (prior to the deduction of the Incentive Allocation) for the period. Any incentive allocation will be deducted pro-rata from each Member's Units.

#### **GPEP Fund**

Cash and securities received by the GPEP Fund from a portfolio fund ("Distribution Proceeds") will be distributed to each Limited Partner in proportion to its pro rata capital contribution made in respect to such portfolio fund, in the following order of priority:

- (a) First, 100% to such Limited Partner until the cumulative distributions to such Limited Partner equal the aggregate of such Limited Partner's Capital Contributions to the Fund made in respect to the portfolio fund from which proceeds are received (such Fund Investment, the "Distribution Source") plus such Limited Partner's Capital Contributions to the GPEP Fund used to fund the GPEP Fund's expenses including the Management Fee in respect to the Distribution Source, as of that time;
- (b) Second, to such Limited Partner until such Limited Partner's internal rate of return (calculated in accordance with the Partnership Agreement) on the Capital Contributions made in respect to such Distribution Source equals 7% (the "Preferred Return");
- (c) Third, to the General Partner (Hatteras Funds, LP) until 10% of the sum of all distributions made pursuant to clause (b) above and this (c); and

(d) Thereafter, 90% to such Limited Partner and 10% to the General Partner (pursuant to clause (c) above and this (d), the "Carried Interest").

### **GPEP Fund II**

After a Member has received distributions and/or repurchase proceeds equal to 125% of its Capital Contributions, GPEP Fund II will make distributions and repurchase proceeds on a 90%/ 10% split among the Member and the Adviser respectively.

### **VCCI II and LSVC Funds**

The Venture Capital Funds do not charge performance-based fees.

It is important to note that such performance fees may create an incentive for Hatteras to make riskier, more speculative investments than would be the case under a solely asset-based fee arrangement. Any performance-based fee arrangements will be consistent with the requirements of applicable laws and regulations, including the Advisers Act and if applicable, the Employee Retirement Income Security Act of 1974, as amended ("ERISA").

As is typical for many money managers including Hatteras, a potential conflict of interest may arise related to the side-by-side management of one or more funds with a performance-based fee along with one or more funds with non-performance based fees. The management of both types of funds at the same time may create an incentive to favor the fund that produces a higher fee. Hatteras has adopted trading and allocation policies designed to ensure that its side-by-side management of funds with different types of fees is at all times consistent with its fiduciary responsibilities, and that no fund is favored over another. These policies include requirements that all funds in the same strategy generally be managed the same way - that is, the funds must have the same portfolio holdings and must be traded at the same time, regardless of the type of fee arrangement. The Funds are regularly reviewed by Hatteras to ensure that these policies are closely followed, that buy and sell opportunities are allocated fairly among funds regardless of fees charged, and that all funds are treated equitably.

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

Hatteras provides investment management services to the Funds described in Item 4 including registered investment companies and private funds that may invest in hedge funds, other private limited partnerships, direct company investments, equities, fixed income, derivatives and other types of investments as outlined in each Fund's respective prospectus, registration statement or offering memorandum. Please see the response to Item 4 for a description of the Funds. The minimum initial investment varies by Fund, and each Fund in its sole discretion may accept investments below the stated minimums.

Hatteras does not currently provide advisory services to individual clients and has no current plans to provide such services.

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

As with all investments, investing involves risk and loss of principal is possible. Please see each Funds prospectus, registration statement, or offering memorandum for a detailed discussion of the specific risks disclosed here and other important risks and considerations. Furthermore, please consult an investment professional for advice regarding your particular circumstances. An investment in the Funds may not be suitable for all investors.

### **Hatteras Core Alternatives Funds**

Hatteras Investment Partners believes in a multi-manager approach to investing. Our investment philosophy is centered on the idea that by investing with multiple diversified managers the portfolio's idiosyncratic risks are significantly reduced which, over time, could lead to outperformance and reduced volatility.

In making investment decisions on behalf of the Core Master Fund, Hatteras, along with Portfolio Advisors the Sub-Advisor, utilizes third party research and software, on-site visits, interviews, and fundamental analysis. The Hatteras Core Alternatives Funds were created to complement traditional portfolios by offering an allocation to a complete solution of alternative investments through a diversified, professionally managed, multi-strategy investment vehicle. To achieve the Fund's investment objective, the Hatteras Core Alternatives Funds invests in private and hedged investments with strategic asset allocation ranges for each strategy.

The investment teams of Hatteras and Portfolio Advisors investment teams will meet formally on a periodic basis in an effort to position the Master Fund to have the best possible opportunity to accomplish its stated long-term investment goals. Using the strategic asset allocation targets ranges as a guide, the goal of the asset allocation effort is to allocate as much capital to private investments while balancing the liquidity needs of the portfolio. The remaining capital is invested in a diversified mix of hedged strategies, which provides liquidity and serves as a diversifier. The primary considerations that are taken into account when determining the amount of capital allocated to private investments include but are not limited to dollar weighted average age/vintage, sub strategy composition, market environment and portfolio liquidity needs.

Hatteras and Portfolio Advisors' manager selection stems from the Fund's overall investment process, which focuses on creating a diversified portfolio across private and hedged investment strategies. Collectively, Hatteras and Portfolio Advisors work together to create a portfolio of managers who are highly skilled within their respective strategies. Our long track record of investing in alternative assets and large professional network allow us to effectively source and screen for high quality managers. Managers under consideration are subject to a rigorous and dynamic due diligence review, with defined steps and documented metrics required for approval.

Within each strategy, we emphasize the importance of maintaining a fully diversified portfolio by strategy, sector, geography and manager. The portfolio is constructed using a balanced approach, with investments in both private and hedged investments. The Investment Committee carefully considers liquidity needs with commitment levels to new private investments.

The investment management team utilizes risk management tools to optimize portfolio construction across the strategies and sub-strategies. These tools include detailed cash flow models to guide decision-making and forecast future capital activity within the private investments strategy. Our private investment program incorporates a multi-vintage-year approach. The portfolio is designed to provide investors with an evergreen portfolio diversified by manager, stage, strategy, geography and vintage year.

Risk management is imbedded throughout the Fund's diversified approach across our investment strategies. A core belief is that risk can be mitigated by investing across a truly diverse portfolio of public and private investments, with defined allocation limits and through position sizing.

First, the focus of risk management is on areas like liquidity, volatility and on meeting the Fund's investment objectives without taking unwanted risks. Second, the separate strategies each have unique characteristics that are analyzed by experienced investment staff. The investment team then defines and locates risk and decides whether the potential return is appropriate and allocates accordingly. Third, portfolio funds eligible for inclusion in the Fund are analyzed from a quantitative and non-investment perspective. Quantitative risk measurement during manager selection is driven by correlations, returns, and exposures. Our Risk management processes are applied to understand not just the fund strategy, but how the fund's characteristics impact the portfolio. The last step of risk management is the operational due diligence process led by Advisor's and Sub-Advisor's sub-committees.

Risk management continues beyond the manager selection process into asset allocation and portfolio construction. At the asset allocation level, liquidity analysis is run to incorporate a liquidity risk budget. Portfolio allocation tools are utilized to inform how changes in allocation may impact the portfolio. Here, the investment team is looking to define and highlight where risks are and then decide whether the potential return is appropriate and how to allocate accordingly.

An investment in the Hatteras Core Alternatives Funds involves substantial risks, including the risk that the entire amount invested may be lost. The Feeder Funds, through their investment in the Master Fund, allocate their assets to Portfolio Funds that invest in and actively trade securities, commodities and other financial instruments using a variety of strategies and investment techniques that may involve significant risks. Various other types of risks are also associated with an investment in the Feeder Funds, including risks relating to the fund of funds structure of the Master Fund, risks relating to the master-feeder structure, risks relating to compensation arrangements and risks relating to the limited liquidity of the Units. Additional risks include industry concentration risk, non-diversification risk, leverage, turnover, valuation of Portfolio Funds, highly volatile markets, counter-party credit risk, and dilution. Please see each Feeder Fund's respective offering memorandum, prospectus or registration statement for a detailed discussion of the specific risks disclosed here and other important risks and considerations.

#### **Hatteras Evergreen Private Equity Funds**

Hatteras Funds, LP ("Hatteras" or the "Adviser") and RCP Advisors, LLC ("RCP" or the "Sub-Adviser," and together with the Adviser as appropriate when the context so requires, the "Advisers") intend to manage the Fund's commitment strategy with a view towards achieving

attractive risk-adjusted returns and managing liquidity. Commitments to Portfolio Funds are generally not immediately invested. Instead, committed amounts are drawn down and invested over time, as underlying investments are identified by the relevant manager – a process that may take a period of several years. During this period, investments made early in the portfolio fund's life are often realized (generating distributions to the Fund) even before the committed capital has been fully drawn. As a result, without an appropriate commitment strategy a significant investment position could be difficult to achieve.

Accordingly, the commitment strategy will aim to keep the Fund invested where possible by making commitments based on anticipated future distributions from investments. The commitment strategy will also take other anticipated cash flows into account, such as those relating to new subscriptions, the redemption of Units by investors and any distributions made to investors. To forecast portfolio cash flows, the Sub-adviser will utilize a proprietary quantitative model that incorporates historical private equity data, actual portfolio observations and qualitative forecasts by the Sub-Adviser's investment professionals.

The Adviser intends to use a range of techniques to reduce the risk associated with the commitment strategy. These techniques may include, without limitation: Actively managing cash and liquid assets; and establishing a credit line on behalf of the Fund to provide liquidity for drawdowns by underlying Portfolio Funds and to satisfy tender requests.

The Fund is expected to hold liquid assets to the extent required for purposes of liquidity management. To enhance the Fund's liquidity, particularly in times of possible net outflows through the redemption of Units by investors, the Adviser may sell certain of the Fund's assets. There can be no assurance that the Fund's objectives with respect to liquidity management will be achieved or that its portfolio design and risk management strategies will be successful. If the Fund fails to properly forecast future distributions, it may face liquidity risks associated with its commitment strategy. If the Fund fails to properly forecast future distributions, the Fund may mitigate such risks by using the techniques described above, including actively managing cash and liquid assets and/or establishing a line of credit. During the time that the Fund's assets are not invested in Portfolio Funds or when the Fund otherwise uses the above techniques to reduce its liquidity risk, that portion of the Fund's assets may not be used to pursue the Fund's investment objective. Prospective investors should refer to the Section entitled "General Risks," for a discussion of the risks associated with the investment strategy and structure of the Fund.

### **The GPEP Funds**

The GPEP Funds' (Hatteras GPEP Fund, L.P., Hatteras Global Private Equity Partners Institutional, LLC and Hatteras GPEP Fund II, LLC) investment objective is to seek attractive long-term capital appreciation by investing in a globally diversified portfolio of private equity investments. The GPEP Funds' investments are expected to include: (i) primary and secondary investments in private equity funds managed by third-party managers; (ii) direct investments in the equity and/or debt of operating companies, frequently alongside professional lead investors; and (iii) listed private equity investments, such as business development companies.

The principal elements of the GPEP Funds' investment strategy includes (i) strategically allocating the assets of the Fund across the global private equity market; (ii) identifying

investments that appear most attractive in sectors of the private equity market place that are believed to offer superior relative value; (iii) performing detailed due diligence of targeted investment opportunities using an established proprietary process that assesses both qualitative and quantitative aspects; and (iv) seeking to manage risk through ongoing monitoring of the portfolio.

The first phase of the investment process involves strategic asset allocation, which is designed to provide a framework for the GPEP Funds' long-term diversification. The strategic asset allocation addresses various dimensions of the global private equity market, such as: (i) primary, secondary, direct and listed private equity investments; (ii) buyout, venture capital / growth capital, mezzanine debt, distressed debt, and other special situations; and (iii) investments focused in North America, Europe, Asia and Emerging Markets. Asset allocations stem from top-down, macroeconomic analysis that incorporates Hatteras' beliefs about the distinct risk, return and correlation characteristics of different private equity investments.

As a result of the review of strategic asset allocation, Hatteras will attempt to seek sectors of the private equity marketplace that exhibit a reasonable relationship between demand for and supply of investment capital, anticipate trends in the private equity marketplace, and avoid overweighting highly competitive sectors or geographies that might not offer the best risk reward potential.

The second step of the investment process is to proactively identify and source a large number of private equity investments across different investment types, sub-strategies, and geographic regions. Hatteras uses a number of tools to compare investments and evaluate the investments' relative positioning in the marketplace. Standardized screening is a pre due diligence phase of the investment process and allows for comparative analysis across investments. The key comparison parameters include management and incentives, investment strategy or business model, track record analysis, moral hazard, adverse selection, potential conflicts of interest, specific terms related to the investment, and the supply and demand of capital related to the specific strategy. Hatteras will attempt to use this analysis to identify the investments with the most attractive risk and reward characteristics in each segment of the private equity market.

Investments that appear to meet the initial due diligence requirements are documented in a formalized report to the Investment Committee, which will determine whether to perform detailed due diligence on the opportunity. The Investment Committee could instruct Hatteras to discontinue the analysis of the investment or provide specific information and guidelines for Hatteras to seek upon the initiation of the second, more detailed phase of due diligence.

The final step in the investment process is the selection of investments. The investment decision making process is guided by a rigorous due diligence process that involves a detailed analysis of various aspects of each opportunity, including both qualitative and quantitative assessments, as well as initial feedback from the Investment Committee. Various proprietary tools are used to better understand market trends, potential return scenarios and/or the historical or anticipated sources of value creation for an investment. The due diligence verification process is generally based upon information such as interviews with key personnel, reference checks targeting key personnel, on-site visits, and track record analysis. During this process, Hatteras will seek a deeper understanding of aspects such as the investment strategy of the fund (or business model of the company), the management team involved with the investment, the operational

effectiveness of the fund, the competitive advantage of the investment, the fund's historical track record and valuation procedures. In conjunction with the commercial due diligence process, the tax treatment and legal terms of the investment are considered. After resolving all open issues and negotiating terms, a final Investment Proposal is prepared and presented to the Investment Committee, which finally approves or declines the investment.

Post investment, the Investment Committee seeks to monitor the portfolio through ongoing interaction with the managers represented in the GPEP Funds' portfolio. This interaction facilitates ongoing portfolio analysis and resolution of issues such as strategy drift, loss of key team members or proposed changes in constituent documents. It also provides ongoing due diligence feedback, which can be extremely valuable as additional investments with a particular manager are considered.

Investments in the GPEP Funds involve a high degree of risk, including the complete loss of capital. General Risks, Special Risks and Investment-Related Risks of the GPEP Funds include, but are not limited to, Limited Operating History of the Fund, Limited Liquidity, Reporting Requirements, Non-Listed Status of Units, Non-Diversified Status, Legal, Tax and Regulatory Risks, Underlying Portfolio Funds Not Registered, Portfolio Funds Generally Non-Diversified, Valuation of Portfolio Funds, Multiple Levels of Fees and Expenses, Portfolio Fund Managers Invest Independently, Portfolio Fund Operations Not Transparent, Concentration of Investments, Derivative Instruments, Distressed Investments, Valuation of Illiquid Securities and Derivative Positions, Unspecified Investments, Leverage, Risks of Capital Call Failures, and Limited Selectivity of Investments.

### **The Venture Capital Funds**

The Venture Capital Funds' (Hatteras Late Stage VC Fund I, L.P. and Hatteras VC Co-Investment Fund II, LLC) investment objective seeks superior risk-adjusted returns by investing in venture-backed companies. The Venture Capital Funds intend to achieve their investment objective by investing all or substantially all of their assets in venture-backed companies alongside top-tier venture capital firms. During normal market conditions, the Venture Capital Funds' investment adviser will follow a rules-based portfolio construction process to guide the Funds' investment strategy.

The Venture Capital Funds will be a co-investor alongside top-tier venture capital firms. Exposure to venture capital investments further diversifies a portfolio and could potentially produce excess rates of return compared to investments in the public markets. However, historical statistics suggest that it is access to top-tier firms which acts as the critical element for achieving these superior investment returns. The top-tier firms gain access to good ideas and good entrepreneurs before many in the industry. However, even the best venture capitalists sometimes invest in firms that do not achieve a liquidity event. Such venture capitalists do not know with certainty which companies will falter and which will return multiples of invested capital.

Since venture capital involves a great deal of uncertainty, Hatteras developed a rules-based investment process, designed to complement the analysis done by the top-tier firms. This rules-based process attempts to increase the likelihood of investing in companies displaying certain performance characteristics and a strong likelihood of reaching a successful liquidity event.

Similarly, the process attempts to decrease the chances of investing in companies that may not return capital. Some of the Investment Criteria seek to ensure investments made by the Venture Capital Funds are invested in companies that have an operating history, a product or service that has shown initial acceptance in the marketplace (defined by revenues) and that are moving towards producing positive cash flow within the foreseeable future. During normal market conditions, Hatteras will follow a rules-based portfolio construction process to guide the Venture Capital Funds' investment strategy.

Hatteras' due diligence focus centers on validating several primary and secondary investment criteria. An investment opportunity meeting the requirements of the Primary Investment Criteria and the Secondary Investment Criteria will have met all Investment Criteria.

The investment process seeks to produce a diversified portfolio of venture-backed private companies with strong management teams, well-developed new products, and the potential to achieve a liquidity event within a reasonable time frame. In connection with an investment, Hatteras will review the offering materials, together with the relevant documents governing the purchase and sale of the specific equity security, and the information in respect to upcoming road shows for the potential portfolio company to Hatteras. Hatteras will conduct a verification examination to ensure the Investment Criteria are met. Once the verification process has been completed, and the Venture Capital Opportunity is deemed to have met all of the above requirements, then the Investment Committee will meet to ensure final verification and approval. The Investment Committee must come to a unanimous agreement for the Venture Capital Opportunity to become part of each Venture Capital Funds' portfolio.

An investment in the Venture Capital Funds involves a substantial amount of risk, including the risk that the entire amount invested may be lost. The underlying venture capital investments are not required to provide transparency with respect to their financial statements or investments. Investment by the Venture Capital Funds in certain companies may involve a high degree of risk in that such companies may be in a relatively early-stage of development with little operating history and with a need for substantial additional capital to support expansion or to achieve or maintain a competitive position. Such companies may face intense competition, including competition from companies with greater financial resources, more extensive development, manufacturing, marketing and service capabilities, and a larger number of qualified managerial and technical personnel. The value of equity securities varies in response to many factors. Factors specific to the company, such as certain decisions by management or loss of a key executive, could result in a decrease in the value of a company's securities. Factors specific to the industry in which the company participates, such as increased competition, can have a similar effect. The value of a company's stock can also be adversely affected by changes in financial markets generally, such as an increase in interest rates or a decrease in consumer confidence, that are unrelated to the company itself or its industry.

#### Item 9: Disciplinary Information

There is no material, legal or disciplinary event to disclose related to Hatteras' business or its management.

## Item 10: Other Financial Industry Activities and Affiliations

Hatteras Funds, LP is a 100% employee owned alternative investment boutique.

Hatteras Capital Distributors, LLC (“HCD”), a limited use FINRA member broker-dealer is a wholly owned subsidiary of Hatteras Funds, LP. HCD may act as a distributing agent or placement agent for the Hatteras funds and earn fees in connection with the servicing of investors in those funds. It should be noted that certain directors, officers and employees of Hatteras Funds, LP, are also registered representatives of HCD.

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

Hatteras has adopted a code of ethics that complies with SEC Rule 204A-1 under the Investment Advisers Act, including a personal securities trading policy as well as standards of employee conduct. The Code of Ethics governs personal securities transactions of Access Persons of Hatteras that may pose a conflict of interest with the funds managed by Hatteras. Under the Code of Ethics, Hatteras personnel deemed to be Access Persons are required to report quarterly all their personal securities transactions and to request pre-clearance for certain types of transactions including private placements. Hatteras will provide a copy of its Code of Ethics upon request. For a complete copy of the Hatteras Code of Ethics, please call 919.846.2324 or 888.363.2324 and ask for the Compliance Department.

In general, Hatteras directors, officers and employees may from time to time purchase or sell securities that Hatteras recommends to the funds it manages. These purchases or sales must be effected in accordance with Hatteras’ Insider Trading policies and Code of Ethics, which includes a personal trading policy. Personal securities transactions will generally not be allowed if the transaction would be made at the same time as or near the same time as a trade in the same security on behalf of a fund managed by Hatteras. All transactions by Access Persons in funds where Hatteras serves as adviser, must receive written pre-clearance.

All Hatteras Access Persons must submit on an annual basis a complete listing of all personal securities holdings and must certify annually that they have read, understand and have complied with the Hatteras Code of Ethics.

Hatteras’ Insider Trading policy prohibits any director, officer or employee from personally trading on non-public information, including confidential fund information. Hatteras’ Code of Ethics sets forth conduct standards, which requires all employees to comply with the federal securities laws, protect material non-public information, and report to Hatteras’ Chief Compliance Officer any violations. Violations of its Code of Ethics can result in serious sanctions, up to and including dismissal from employment.

In addition, Hatteras has strict policies with respect to the receipt of gifts by, or entertainment of, firm employees. Hatteras employees are prohibited from giving or accepting gifts greater than \$100. All gifts, regardless of their value, must be reported promptly to Hatteras’ Compliance Department. Reasonable entertainment by Hatteras’ employees is permitted as long as the entertainment is not based or conditioned on the sales of Hatteras products or services. Additionally, reasonable entertainment by Hatteras’ employees is permitted if it is neither so

frequent nor so extensive as to raise any question of appropriateness. Hatteras' Compliance Department and senior management actively monitor compliance with these policies.

Certain Hatteras' business relationships may give rise to conflicts of interest or perceived conflicts of interest with the firm. Hatteras employees and principals incur meal and entertainment expenses involving or relating to consultants and fiduciaries that are reimbursed by the firm. Hatteras employees and principals may individually make charitable and political contributions to these consultants and fiduciaries or related organizations.

These arrangements may create a conflict of interest in connection with the consultant's or fiduciary's recommendation of Hatteras' products to a client or prospect. It is Hatteras' policy to limit these activities to generally accepted business practices consistent with its fiduciary responsibilities. In no instance, however, are Hatteras employees and principals permitted to seek to improperly influence these consultants and fiduciaries as a result of these expenditures, or attempt to interfere with the consultants' and fiduciaries' independent decision making.

Hatteras recognizes the importance of protecting the non-public personal information when providing advisory and other services. Please contact Hatteras or visit its website at <https://hatterasinvestmentpartners.com> for more information on, or for a copy of, its privacy policies. Hatteras does not sell or provide non-public personal information for marketing purposes to others.

#### Item 12: Brokerage Practices

Hatteras has a fiduciary obligation to seek to obtain best execution on behalf of each client (fund), and brokers are selected with a view to obtaining best execution of transactions. This obligation applies to all circumstances where Hatteras has discretion to trade on behalf of a client (fund) account.

In accordance with the terms of its investment management agreement with the funds managed by Hatteras, Hatteras, either directly or via a fund's sub-advisor, places and executes orders for the purchase and sale of securities. In general, investment decisions for each fund are made independently and are made with specific reference to the individual needs and objectives of each fund.

It is the policy of the Funds to obtain the best results in connection with affecting its portfolio transactions taking into account factors similar to those expected to be considered by Hatteras. In most instances, certain Funds will purchase interests in a Portfolio Fund or investment security directly from the Portfolio Fund or investment security, and such purchases by the Funds may be, but are generally not, subject to transaction expenses. Nevertheless, the Funds contemplate that consistent with the policy of obtaining the best net result, any brokerage transactions of the Funds may be conducted through affiliates of Hatteras.

Hatteras must seek to obtain best execution, which the SEC generally describes as a duty to execute securities transactions so that a client's total costs or proceeds in each transaction are the most favorable under the circumstances. The SEC also has stated that when seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction

represents the best qualitative execution. Accordingly, Hatteras will consider the full range and quality of a broker's services, including execution capability, commission rate, financial responsibility, and responsiveness to the Adviser. Hatteras may also periodically and systematically evaluate the performance of broker-dealers executing their transactions. Hatteras will seek to obtain best execution for brokerage transactions for the Funds, as its client.

Additionally, Hatteras may utilize a broker/dealer to act as an agent in a private transaction, at which time Hatteras will determine the broker/dealer to be used and may negotiate the commission to be paid. Hatteras may utilize the investment banking services of a nonaffiliated broker/dealer to introduce investment opportunities to the funds managed by Hatteras. In this scenario, the investment bank is typically compensated on a contingency basis by the entity that is raising capital. Hatteras has not, but may, negotiate on the compensation earned by the investment bank in this type of transaction. Additionally, Hatteras has in place guidelines (17d-1 procedures) that must be followed to provide assurance that a fund and its affiliated persons do not engage in prohibited joint transactions in connection with the fund's investment activities, e.g., primary and secondary investments, direct debt/equity investments and investments in listed private equity vehicles.

Hatteras does not directly utilize soft dollars or generate soft dollar credits via trades with brokers. Sub-Advisors to the funds may utilize soft dollars or generate soft dollar credits. Each sub-advisor is required to adhere to the Hatteras Soft Dollar Arrangement Policies. Any soft dollar arrangements are disclosed to the respective fund's board and appropriate reporting of any such soft-dollar or "mixed-use" credits and expenses are reported on a quarterly basis. In addition, it is currently the policy of Hatteras to prohibit directed brokerage arrangements.

When Hatteras determines that it would be appropriate for one or more funds managed by Hatteras to participate in an investment transaction in the same investment at the same time, it will attempt to aggregate, place and allocate orders on a basis that Hatteras believes to be fair and equitable and consistent with its responsibilities under applicable law. Decisions in this regard are necessarily subjective and there is no requirement that all funds participate, or participate to the same extent as other accounts, in all investments or trades. However, no participating entity or account will receive preferential treatment over any other and Hatteras will take steps to ensure that no participating entity or account will be systematically disadvantaged by the aggregation, placement and allocation of orders and investments. Situations may occur, however, where a fund managed by Hatteras could be disadvantaged because of the investment activities conducted by Hatteras for other funds. Such situations may be based on, among other things, the following: (1) legal restrictions or other limitations on the combined size of positions that may be taken for the Hatteras Funds, thereby limiting the size of the Hatteras Funds' positions or the availability of the investment opportunity; (2) the difficulty of liquidating an investment for the Hatteras Funds where the market cannot absorb the sale of the combined positions; and (3) the determination that a particular investment is warranted only if hedged with an option or other instrument and there is a limited availability of such options or other instruments. In particular, the Hatteras Funds may be legally restricted from entering into "joint transactions" (as defined in the 1940 Act) with respect to the securities of an issuer without first obtaining exemptive relief from the SEC.

### Item 13: Review of Accounts

The Funds are reviewed on a periodic basis by each respective Fund's Investment Committee or Portfolio Management team detailed below.

Master Fund – Investment Committee Members from Hatteras: David B. Perkins, Chief Executive Officer; Investment Committee Members from Portfolio Advisors: Brian P. Murphy, Managing Director. The focus of these reviews is to confirm performance consistency with objectives and guidelines associated with the applicable registration statement. Reviews are also conducted as needed to update and confirm compliance with any new regulations, guidelines, or restrictions as outlined in the registration statement.

Limited Partners of the Feeder Funds will receive unaudited capital balance reports and/or account statements regarding their investment in the Feeder Funds at least monthly from the respective funds' transfer agent. In addition, Limited Partners will receive annual audited financial statements and be able to access a quarterly performance letter and other information at [hatterasfunds.com](http://hatterasfunds.com).

Hatteras Evergreen Private Equity Funds – Investment Committee Members from Hatteras Funds: David B. Perkins, Chief Executive Officer, Thomas Riegert, Chief Investment Officer, Bryan Lloyd, Senior Vice President of Risk Management.

LSVC Fund – Investment Committee Member(s): David B. Perkins, Chief Executive Officer, Thomas Riegert, Chief Investment Officer, Bryan Lloyd, Senior Vice President of Risk Management.

VCCI Fund II - Investment Committee Member(s): David B. Perkins, Chief Executive Officer, Thomas Riegert, Chief Investment Officer, Bryan Lloyd, Senior Vice President of Risk Management.

Hatteras GPEP Fund - Investment Committee Member(s): David B. Perkins, Chief Executive Officer, Thomas Riegert, Chief Investment Officer, Bryan Lloyd, Senior Vice President of Risk Management.

GPEP Institutional Fund - Investment Committee Member(s): David B. Perkins, Chief Executive Officer, Thomas Riegert, Chief Investment Officer, Bryan Lloyd, Senior Vice President of Risk Management.

GPEP Fund II – Investment Committee Member(s): David B. Perkins, Chief Executive Officer, Thomas Riegert, Chief Investment Officer, Bryan Lloyd, Senior Vice President of Risk Management.

Limited Partners of the LSVC Fund, Hatteras GPEP Fund, GPEP Institutional Fund and GPEP Fund II will receive unaudited capital balance reports regarding their investment in the funds at least quarterly and annual audited financial statements. Investors in VCCI Fund II will receive unaudited capital balance reports and/or account statements regarding their investment in these funds at least quarterly. In addition, investors will receive unaudited semi-annual financial statements and audited annual financial statements.

The focus of these reviews is to confirm performance consistency with objectives and guidelines associated with the applicable registration statement. Reviews are also conducted as needed to update and confirm compliance with any guidelines or restrictions as outlined in the registration statement.

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

Hatteras may enter into compensation arrangements with solicitors for new business, including arrangements with its affiliates. Any solicitation arrangements will comply with Rule 206(4)-3 under the Investment Advisers Act of 1940 pursuant to which persons introducing new client accounts may receive a portion of the advisory fee generated by the account for a period of time that varies on a case-by case basis.

Hatteras may assist some solicitors in defraying costs of attending its due diligence and educational meetings. Hatteras may sponsor due diligence trips where solicitors may conduct due diligence and attend presentations by Hatteras' associates and managers. Hatteras may sponsor lunches and/or dinners during due diligence trips. Hatteras will seek to ensure that the locations of the meetings are appropriate to their purpose. Attendance at the meetings is not conditioned on the achievement of any previously specified sales target. Practical and reasonable expense reimbursements may be applied to the travel and lodging expenses of those conducting due diligence, however, there will be no cash compensation paid to any financial advisors in connection with their attendance at the meetings (e.g., appearance fees or attendance fees). Financial advisors will not receive any non-cash compensation in connection with their attendance at any meeting, nor will Hatteras gift any leisure activities such as golf, theater tickets, etc.

#### Item 15: Custody

Hatteras does not have actual custody of any client account or any client funds or securities.

Hatteras may be deemed to have custody under Investment Advisers Act Rule 206(4)-2, as amended, in relation to the Funds Hatteras manages. Actual custody of all fund assets is provided by a qualified custodian independent of Hatteras and its affiliates. Hatteras complies with Rule 206(4)-2 in these instances by ensuring that an independent public accountant audits the pooled investment vehicles annually and the audited financial statements are distributed to the investors in the pools, within 120 days of the fiscal year end of each applicable fund and within 180 days of the fiscal year end of each applicable fund of funds.

#### Item 16: Investment Discretion

The accounts Hatteras manages are discretionary accounts. Hatteras provides investment management services to registered investment companies and private funds (together the "Funds"). The investments of the Funds are managed in accordance with the investment objectives, strategies and guidelines as outlined in the current registration statement and are not

tailored to any particular investor in the Funds. Hatteras does not provide individualized investment advice to investors.

#### Item 17: Voting Client Securities

A copy of Hatteras' complete proxy voting policies and procedures may be obtained upon request by calling, toll-free, (888) 363-2324. Hatteras' Policies and Procedures pursuant to Rule 206(4)-6 under the Advisors Act relating to Proxy Voting are summarized below.

Generally, Hatteras, through either a member of Portfolio Management, one of the sub-advisors of the funds, or in consultation with a sub-advisor of the funds, will conduct a thorough review and analysis of the underlying company's proxy statements. The fundamental purpose that underlies the proxy voting policies and procedures is to ensure that each vote will be in a manner, which reflects the best interest of the Funds and, in Hatteras' reasonable belief, maximizes the value of each fund's investment.

#### Closed-End and Private Funds

The Funds invest substantially all of their assets in Portfolio Funds and other investment securities, which include, but are not limited to, private partnerships, limited liability companies, direct company investments, investment securities or similar entities. Investments in Portfolio Funds do not typically convey traditional voting rights to the holder and the occurrence of corporate governance or other notices for this type of investment is substantially less than that encountered in connection with registered equity securities. On occasion, however, Hatteras and/or the Funds may receive notices from such Portfolio Funds seeking the consent of holders in order to materially change certain rights within the structure of the security itself or change material terms of the Portfolio Funds' limited partnership agreement, limited liability company operating agreement or similar agreement with investors. To the extent that the Funds receive notices or proxies from Portfolio Funds (or receives proxy statements or similar notices in connection with any other portfolio securities), the Funds have delegated proxy voting responsibilities with respect to the Funds' portfolio securities to Hatteras, with the direction that proxies should be voted consistent with the Funds' best economic interests. In general, Hatteras believes that voting proxies in accordance with the policies below will be in the best interests of the Funds. If an analyst, trader or partner of Hatteras believes that voting in accordance with stated proxy-voting guidelines would not be in the best interests of a fund, the proxy will be referred to Hatteras' Chief Compliance Officer for a determination of how such proxy should be voted.

If a proxy includes a matter to which none of the specific policies described above or in Hatteras' stated proxy-voting guidelines is applicable or a matter involving an actual or potential conflict of interest as described below, the proxy will be referred to Hatteras' Chief Compliance Officer for a determination of how such proxy should be voted.

In exercising its voting discretion, Hatteras and its employees will seek to avoid any direct or indirect conflict of interest presented by the voting decision. If any substantive aspect or foreseeable result of the matter to be voted on presents an actual or potential conflict of interest

involving Hatteras (or an affiliate of Hatteras), any issuer of a security for which Hatteras (or an affiliate of Hatteras) acts as sponsor, adviser, manager, custodian, distributor, underwriter, broker or other similar capacity or any person with whom Hatteras (or an affiliate of Hatteras) has an existing material contract or business relationship not entered into in the ordinary course of business (Hatteras and such other persons having an interest in the matter being called “Interested Persons”), Hatteras will make written disclosure of the conflict indicating how Hatteras proposes to vote on the matter and its reasons for doing so. If Hatteras does not receive timely written instructions as to voting or non-voting on the matter, Hatteras may take any of the following actions which it deems to be in the best interests of the Funds: (i) engage an independent third party to determine whether and how the proxy should be voted and vote or refrain from voting on the matter as determined by the third party; (ii) vote on the matter in the manner proposed to the Independent Directors (if applicable) if the vote is against the interests of all Interested Persons; or (iii) refrain from voting on the matter.

The Funds (that are registered under the 1940 Act) are required to file Form N-PX, with their complete proxy voting record for the twelve months ended June 30<sup>th</sup>, no later than August 31<sup>st</sup> of each year. Each of the Funds’ Form N-PX filings is available: (i) without charge, upon request, by calling 888.363.2324, or (ii) by visiting the SEC’s website at [www.sec.gov](http://www.sec.gov).

#### Item 18: Financial Information

Hatteras does not require or solicit prepayment of more than \$1,200 in fees per fund, six months or more in advance and therefore is not required to include a balance sheet with this brochure. Hatteras has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to the funds managed by Hatteras, and has not been the subject of a bankruptcy proceeding.

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

The formal education and business background of Hatteras’ principal executive officers and management persons are as follows:

David B. Perkins, CAIA – Chief Executive Officer, Co-Founder

David has served as Chief Executive Officer of Hatteras Investment Partners since Co-Founding the Firm in September of 2003. He is responsible for driving the overall strategic vision and culture of our Firm. David has more than three decades of investment management experience and a proven history of building, operating and leading innovation-focused firms.

As the Co-Founder of Hatteras, David’s vision was to eliminate the many obstacles associated with implementing alternatives. Today, he continues his passion to challenge the status quo to

find ways to improve the Advisor-Investor relationship by creating performance-focused private investment solutions to help Advisors build better portfolios.

Prior to Co-Founding Hatteras, in 1997, David Co-Founded CAPTRUST, the largest Registered Investment Advisor firm in America with \$340 Billion Assets Under Advisement. Prior to CAPTRUST, in 1990, David and Fielding Miller, partnered together to take the innovative fee-based advisory approach to the market at Interstate Johnson Lane. This Partnership later evolved into CAPTRUST. David received his Bachelor of Arts degree from the University of North Carolina at Charlotte and earned his designation as a Chartered Alternatives Investment Analyst (CAIA) in 2004.

#### Thomas Riegert, Chief Investment Officer

Thomas Riegert is the Chief Investment Officer for Hatteras Investment Partners. Tom's primary responsibilities include hedge fund manager sourcing and due diligence, private investment research, support of portfolio management, and macroeconomic research. Prior to joining Hatteras, Tom was an Investment Manager and Assistant Vice President in Wealth Management at Wells Fargo in Charlotte, NC. Previously, Tom held positions at Evergreen Investments including Associate Portfolio Manager and Quantitative Research Analyst. Tom received a Bachelor of Business Administration degree from Ohio University. Tom also holds the Chartered Financial Analyst® designation.

#### Allison Zollicoffer, Chief Financial Officer

Allison serves as the Chief Financial Officer of Hatteras Investment Partners, and serves as the Treasurer for the Hatteras Core Alternatives Fund. His background includes 17 years in banking and five years in private industry. Allison's banking career includes time as a Director in the Financial Institutions Group of First Union Capital Markets (now part of Wells Fargo). In private industry Allison worked at Harriet & Henderson Yarns, a privately held textile company with \$120-\$180 million in revenue. There he served as Vice President of Sales and Assistant to the President. Allison also served on Harriet & Henderson's Board of Directors and at various times chaired its Audit Committee and co-chaired its Strategic Planning Committee. In addition, Allison has a consulting practice that provides fractional CFO services to smaller businesses. Allison earned his BA and MBA from the University of North Carolina at Chapel Hill.

#### Bennie L. Thomas, Managing Director & Head of Sales

Bennie Thomas serves as Managing Director for Hatteras Investment Partners. He leads the firm's business development process and team. Bennie is focused both on developing new Advisor relationships and expanding the level of service we provide to current clients.

Prior to joining Hatteras, Bennie founded Kipling Advisors where he helped small to medium sized businesses generate increased sales and client engagement.

Mr. Thomas has 23 years of experience in executive management and organizational leadership. He has an extensive record of driving business growth, specifically in new market expansion roles. His experience includes significant C-level engagement for more than two decades. Bennie received his Bachelor of Science degree in Economics from North Carolina State University.

#### Brittney L. Chick-Reny, Director of Operations

Brittney Chick-Reny supports the Firm's overall business initiatives, strategy and goals as the Director of Operations. In this role, Brittney manages the Firm's technology, systems, processes and personnel. Prior to her current role, Brittney joined the Hatteras team as an Operations Associate assisting the sales, investment and senior leadership teams. Prior to joining Hatteras Investment Partners, Brittney served as a Licensed Relationship Manager at KeyBank where she identified and resolved client needs, guiding them towards financial wellness. During her time at KeyBank, Brittney earned the Series 6 and 63 certifications as well as the Maine Life and Health Insurance. Brittney also served as the Development and Community Engagement Director for the YMCA, where she led the organization's annual campaign and fundraising efforts. She earned her Bachelor of Science degree in Management and Marketing from the University of Maine.

#### Summary of Business Continuity Plans

Hatteras has a disaster recovery and business continuation plan in place to help the firm address potential emergencies. The program is designed to provide Hatteras' most critical portfolio management, operations and computer system functions with a measure of protection against potential disasters. The goal of the program is to safeguard the assets of the funds managed by Hatteras against major or minor external threats. Hatteras' disaster recovery program targets recoverability -- the ability of information systems to overcome any short- or long-term disruption; redundancy-- the duplication of key information systems processes to prevent loss of data; and reliability -- the assurance that Hatteras staff members will be able to function immediately following most external problems and within 24 hours even after the most extreme problems. Hatteras engages in an ongoing process of upgrading and testing this program in an effort to ensure that it is capable of meeting its goals. Additional details on the specific elements of the program are available upon request.