

HDI Capital LLC

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This brochure provides information about the qualifications and business practices of HDI Capital LLC. If you have any questions about the contents of this brochure, please contact us at investor@hdicap.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 HDI Capital LLC also is available on the SEC's website at www.adviserinfo.sec.gov.

HDI Capital LLC is registered as an investment adviser with the SEC. Registration with the SEC does not imply that a certain level of skill or training.

This Brochure is not an offering or solicitation of interest in the funds managed by HDI Capital LLC or its affiliates.

Item 2. Material Changes

In this Item we are required to disclose material changes since our last annual filing, which was the version dated March 31, 2019. Our material changes updates are as follows:

- In Item 4, we updated managed accounts;
- In Item 4, we updated the amount of our total assets under management;
- In Item 7, we updated the types of clients managed by HDI;
- In Item 10, we updated allocation of resources between the Fund and Managed Accounts;

Item 3. Table of Contents

Item 1. Cover Page	1
Item 2. Material Changes	2
Item 3. Table of Contents	2
Item 4. Advisory Business	3
Item 5. Fees and Compensation	4
Item 6. Performance-Based Fees and Side-By-Side Management	7
Item 7. Types of Clients	7
Item 8. Method of Analysis, Investment Strategies and Risk of Loss	8
Item 9. Disciplinary Information	23
Item 10. Other Financial Industry Activities and Affiliates	23
Item 11. Code of Ethics, Participation or Interest in Client Transactions and Personal Trading	24
Item 12. Brokerage Practices	26
Item 13. Review of Accounts	32
Item 14. Client Referrals and Other Compensation	32
Item 15. Custody	33
Item 16. Investment Discretion	33
Item 17. Voting Client Securities	34
Item 18. Financial Information	35

Item 4. Advisory Business

HDI Capital LLC is the registered investment adviser in the broader HDI organization (“HDI”), which was established in March 2012. HDI focuses on long and short equity positions in Latin American public and private companies. HDI is located in Mexico City, Mexico. The principal owner of HDI is Tufic Salem.

HDI sponsors and manages a privately offered hedge fund, with a Master-Feeder structure (the “Fund”) and may also manage separately managed accounts established by third parties (“Managed Accounts”). The Fund is HDI’s only current client. HDI intends to use its financial and investment knowledge and resources to help promote and create an impact on society, and therefore has committed that at least 10% of the incentive allocation earned by the Fund’s general partner will be allocated to businesses and organizations that HDI believes are or will become self-sustainable, and which introduce into society a new way of building, creating and impacting in a profitable manner.

HDI’s advisory services primarily consist of (i) investigating, identifying and evaluating investment opportunities; (ii) structuring, negotiating and making investments on behalf of the Fund and Managed Accounts; (iii) managing and monitoring the performance of such investments; and (iv) exiting such investments on behalf of the Fund and the Managed Accounts.

The Fund

The Fund does not have a defined investment period, but generally permits investors to make redemptions on a periodic basis. HDI formed the Fund to provide a means by which qualified, sophisticated investors may pursue alternative investment strategies. A related entity of HDI acts as the general partner of the Fund, and HDI is the investment manager of the master fund. The feeder fund invests substantially all of its capital into the related master fund. The master fund conducts the investment activities. The Fund’s investors may include high net worth individuals, endowments, foundations, and other institutional and private investors.

HDI’s advisory services to the Fund are subject to the specific investment objectives and restrictions applicable to the Fund, as set forth in the Fund’s limited partnership agreement, confidential private placement memorandum and other governing documents (collectively, the “Offering Documents”). Investors and prospective investors in the Fund should refer to the Offering Documents for complete information regarding the investment objectives, investment restrictions and other information with respect to the Fund.

In accordance with common industry practice, the Fund’s general partner may enter into “side letters” or similar agreements with certain investors pursuant to which the general partner grants the investor specific rights, benefits, or privileges that may not be made generally available to other investors. Such “side letters” or similar agreements generally are disclosed only to investors in the Fund that have separately negotiated with HDI for the right to review such “side letters” or similar agreements.

Managed Accounts

A Managed Account is a private account or entity, which is managed by HDI for the benefit of one or more persons. Managed Accounts can impose restrictions on investing in certain securities or types of securities. Managed Accounts can also negotiate other terms with HDI. Managed Account restrictions and terms are formalized in advisory agreements with HDI.

HDI, as the sole SEC-registered investment adviser within the broader HDI organization, has investment discretion with regard to all Fund assets and as to any Managed Account assets, if any. As of December 31, 2019, HDI's Regulatory Assets Under Management (as defined in Form ADV Part 1) is \$ 20,902,487.

Item 5. Fees and Compensation

HDI is compensated for its services to the Fund and Managed Accounts as follows:

The Fund

The compensation the Fund pays HDI is set forth in the Fund's Offering Documents. HDI is paid an annual management fee of 2.0% by the Fund monthly in arrears and the general partner of the Fund receives an annual performance-based incentive allocation of 20.0% of each investor's share of the profits of the Fund. HDI is authorized under the Fund's Offering Documents to charge and deduct management fees directly from the assets of the Fund. Incentive allocation is calculated at the end of each year, in an amount equal to 20% of the amount by which the Net Asset Value of the investors ending capital balance increased above the previous fiscal-year end capital balance (known as the "high water mark"). Please refer to the Offering Documents of the Fund for complete information on the fees and compensation payable with respect to the Fund.

Management fees and incentive allocations are sometimes waived or reduced with respect to investments in the Fund by HDI and/or its related persons. In addition, HDI reserves the right to waive, reduce or defer any management fees or incentive allocations payable to it by the Fund, including with respect to certain investors in the Fund, at any time it deems appropriate in its sole discretion. HDI has not entered into such agreements with any investors to date, however on a limited basis HDI reserves the right to offer a fee structure which is different than that stated in the funds offering documents.

Management fees and incentive allocations are paid at the Master Fund level, and, accordingly, no management fee or incentive allocation will be paid at the Feeder Fund level.

Managed Accounts

Managed Accounts pay management fees and/or incentive allocations based on separately negotiated private contracts. A Managed Account may pay more or less fees than similar Managed Accounts depending on the particular circumstances of the Managed Account such as, size, additional or differing levels of servicing or as otherwise agreed with specific Managed Accounts.

Other Fees and Expenses

The Fund will pay or reimburse HDI for certain organizational, operational and other permissible expenses as described in the Offering Documents for the Fund. These permissible expenses include: investment-related expenses whether relating to investments that are consummated or unconsummated (e.g., brokerage commissions, due diligence costs, investment banking fees, sourcing or finder's fees (which may include a management fee component and/or a performance fee component), consultants, interest on margin accounts and other indebtedness, borrowing charges on securities sold short, custodial fees, clearing and settlement charges, interest expense and investment-related travel and lodging expenses); research-related expenses, including, without limitation, news and quotation equipment and services; legal expenses; professional fees (including, without limitation, expenses of consultants and experts); the costs and expenses incurred in connection with indebtedness of the Fund costs relating to swaps (and similar agreements) entered into by the Fund; auditing and tax preparation expenses; accounting expenses; market data costs; costs of portfolio management and accounting system software, implementation, data management and data recovery services and development costs thereon; costs of any third-party administrators and in-house administration costs including personnel and related overhead; costs of printing and mailing reports and notices; all organizational and initial offering expenses; General Partner liability insurance and related insurance; Management Fees; indemnification expenses; corporate licensing fees and other professional fees; bank service fees; withholding and transfer fees; trademarks; entity-level taxes; other expenses related to the purchase, monitoring, sale, settlement, custody or transmittal of Fund assets; loan administration costs; costs of holding any meetings of the Limited Partners; extraordinary expenses; government and regulatory filing fees and expenses; premiums for errors and omissions or other insurance; costs of any litigation or investigation involving Fund activities; and out-of-pocket and other similar expenses related to the Fund.

Investment-related expenses for both the Master Fund and the Feeder Fund, and Master Fund-specific expenses are allocated at the Master Fund level. Any expenses specific to a Feeder Fund are paid by the Master Fund.

From time-to-time, HDI may pay for certain of these expenses out of its own assets. HDI generally seeks reimbursement of these expenses directly from the Fund on a cost reimbursement basis only. The Fund pays no interest or carrying charges associated with expense payments made on its behalf by HDI. The section titled "Brokerage Practices"

(Item 12 below) describes the factors HDI considers in selecting or recommending broker-dealers and determining the reasonableness of their compensation.

Certain of the fees and compensation payable to HDI are based on the value and performance of the assets held in the Fund and Managed Accounts. HDI has adopted and implemented a valuation policy (the “Valuation Policy”) that governs the pricing of the securities and other assets held by the Fund and Managed Accounts. The Valuation Policy generally provides that liquid investments will be valued at readily ascertainable market values. In the case of assets that lack such a readily ascertainable market value, the Valuation Policy requires HDI to determine a value for these investments in accordance with the terms of the policy. HDI faces a conflict of interest in valuing assets that lack a readily ascertainable market value, because their value can impact certain of the fees payable to HDI and its performance returns. With respect to these investments, HDI uses various valuation methodologies based on the nature of the assets. These methodologies are inherently subjective and capable of producing a range of values that may be considered reasonable to different parties and that may be different than valuations done by others applying their own judgment at different or similar dates. There is no assurance that the valuations determined by HDI represent values that can or will be realized in a sale or exchange of investments with an independent third party. HDI documents its valuation decisions and reviews them on a periodic basis. On an annual basis, HDI’s valuations are reviewed in connection with the Fund’s independent external financial statement audit.

The Fund’s independent third party administrator verifies HDI’s fee calculations.

Managed Accounts will pay or reimburse HDI for certain organizational, operational and other permissible expenses as set forth in the separately negotiated private contract with each Managed Account. In general, the expenses will be similar to those listed above for the Fund.

To the extent that any of the foregoing expenses relate to the operations of the Fund and any Managed Accounts, HDI will allocate such expenses based on a good faith determination of the relative benefits of such expenses to the Fund and Managed Accounts benefiting from such expenses.

No clients currently may or must pay fees in advance. It is possible that a Managed Account agreement may provide for payment of fees in advance, if the Managed Account client negotiates for such provision. The separately negotiated agreement in that event would also provide how the Managed Account client would obtain a refund of a pre-paid fee and how the amount of the refund is determined.

Neither HDI nor any of HDI’s supervised persons receive compensation in connection with the sale of securities or other investment products to the Fund or Managed Account.

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

The Fund provides for the payment of an annual performance-based incentive allocation to its general partner, which is a HDI affiliated entity, as described in Item 5. The calculation and role of this performance compensation is described in the Fund's Offering Documents. Managed Accounts may also pay performance-based fee and incentive allocations, as negotiated in the Managed Account agreement, which would be payable annually. Performance-based fee and allocation arrangements theoretically create an incentive for HDI to make more speculative investments in the assets purchased for a Fund or Managed Account than it might otherwise make in order to increase the likelihood that HDI would receive incentive allocations. As a general matter, this conflict is mitigated by an affiliate of HDI investing its own capital in the Fund. This conflict is further mitigated by HDI's suitability obligation with respect to Fund and Managed Account investments and its disciplined investment process.

It is possible that the performance-based incentive allocation payable by the Fund may differ from that payable by Managed Accounts, or among different Managed Accounts. This may create a potential conflict of interest relating to the allocation of investment opportunities and the time and attention of HDI personnel to the extent HDI (or its affiliate acting as general partner) can collect higher incentive compensation from the Fund or a Managed Account than it can from other Managed Accounts, or vice versa. HDI believes that this conflict is mitigated by its investment allocation procedures (as described in Item 12 below) and its disciplined investment process.

Item 7. Types of Clients

HDI's only current client is the Fund. Investors in the Fund can include institutional investors (e.g., trusts, endowments, foundations, pensions, corporations and other types of entities, including private funds-of-funds) as well as high net worth individuals that, in each case, meet the regulatory and other requirements under which the Fund operates and desire to invest in accordance with the Fund's investment objectives.

Interests in the Fund are offered in private placements under the U.S. Securities Act of 1933 (as amended, the "Securities Act"). As a result, and also due to the Fund's exempt status from registration as an investment company, HDI generally offers limited partner (or equivalent) interests as follows: in the Feeder Fund to a limited number of "accredited investors" as defined in Regulation D under the Securities Act, and who are also "qualified clients" as defined in the U.S. Investment Advisers Act of 1940, as amended; and in the Master Fund, to investors who are not "U.S. persons" as defined in the Securities Act. Employees who qualify as "knowledgeable employees" under Rule 3c-5 of the U.S. Investment Company Act of 1940 are also permitted to invest (directly or indirectly) in the Fund. The minimum initial subscription for an investor in the Fund is US\$250,000, although HDI may accept subscriptions in a lesser amount in its sole discretion. Investors and prospective investors in the Fund should refer to the Offering Documents of the Fund

for complete information on minimum investment requirements for participation in the Fund. HDI, in its sole discretion, may decline to accept the subscription of any prospective investor.

In connection with the management of the Fund, HDI may form certain related entities for the Fund. HDI may establish vehicles to address tax, legal or regulatory issues or requirements of certain investors in the Fund or for other purposes. HDI may also form “parallel funds” to invest alongside the Fund. In addition, HDI may form “alternative investment vehicles,” holding companies or other special purpose vehicles for the purpose of facilitating certain investments by the Fund. Please refer to the Offering Documents of the Fund for complete details regarding entities that HDI may form in connection with the management of the Fund.

A Managed Account is available only to the persons for whom such Managed Account was established. The Managed Account owner is subject to the criteria and limitations set forth in the governing documents for such Managed Account. Managed Account owner can include institutional investors (e.g., trusts, endowments, foundations, pensions, corporations and other types of entities) as well as high net worth individuals that, in each case, meet the regulatory and other requirements applicable to HDI and the Managed Account.

Item 8. Method of Analysis, Investment Strategies and Risk of Loss

A. Methods of Analysis and Investment Strategy

HDI uses what it believes is a value approach to investing, with a focus on long term capital appreciation. We focus on long oriented investments that we believe are offered below their “fundamental value”, and short oriented investments that we believe are offered above their “fundamental value”. HDI’s value investing methodology is based on three research and analysis fundamentals: (i) People; (ii) Business Model; (iii) and Financials and Valuation.

Our investment process is research-intensive and we utilize a fundamental bottom-up analysis. Our investment objective is to achieve long-term capital appreciation while minimizing risk by primarily investing in long and short equity positions of publicly listed companies with mid to high liquidity in Latin America. We firmly believe that a thorough analysis of potential investments may reduce investment risk and we analyze a number of factors before we deem a company to be a candidate for a potential investment in either a long or short position, such as the company’s business model, strategy, management team, industry, investor profile and valuation. Our due diligence process may also involve speaking to a company’s competitors, suppliers, customers and knowledgeable persons within our network of contacts.

We believe that our fundamental bottom-up analysis helps us forecast a company’s earnings and cash generating capabilities, growth, risk and return dynamics and reinvestment opportunities. We use valuation techniques to assess the company’s intrinsic

value and identify discrepancies with current market valuations, which assists us in identifying investments that may be overvalued or undervalued. Additionally, we use our understanding of equity market dynamics, which, together with fundamental research, aids us in identifying the triggers that may eliminate price dislocations or inaccurate market perceptions.

The Fund and the Managed Accounts (subject to any specific restrictions in a particular Managed Account) will have a tendency to be concentrated and we may attempt to enhance the Fund's or a Managed Account's performance or hedge the Fund's or a Managed Account's portfolio by the use of leverage, short sales, futures and other derivative instruments.

Details regarding the investment and liquidity profile pursued by the Fund, as well as additional information regarding HDI's investment strategies and activities, is set forth in the Offering Documents related to the Fund. As to Managed Accounts, such details and information are set forth in the documents related to the specific Managed Account.

Despite HDI's thorough research and analysis and comprehensive investment strategies, investing in any security involves a risk of loss that any of the Fund investors and Managed Accounts must be prepared to bear. There can be no assurance that HDI's investment objectives will be achieved.

B. Material Risks

The material risks presented by the strategies and financial assets pursued by HDI are set forth below. Additional information is contained in the Offering Documents related to the Fund and the documents related to a specific Managed Account. This Brochure does not purport to contain a complete disclosure of all risks that may be relevant to a prospective investor in the Fund or Managed Account.

Investing involves risk of loss that an investor should be prepared to bear. Investments by HDI involve significant risks. There can be no assurance that HDI will meet the investment objectives of the Fund or a Managed Account or otherwise be able to carry out its investment strategy successfully. All investors in the Fund and Managed Accounts should consult their own legal, tax and financial advisors prior to investing. The risks below discuss the Fund, but are equally applicable to Managed Accounts (other than risks that are specific to the structure of the Fund).

General Risks of Investment in the Fund

Inadequate Return. There can be no assurance that the returns on the Fund's investments will be commensurate with the risk of investment in the Fund.

Risk of Loss. All investments risk the loss of capital. HDI believes that the Fund's investment program may mitigate this risk through a careful selection and monitoring of the Fund's investments, but an investment in the Fund is nevertheless subject to loss,

including the possible loss of the entire amount invested. No guarantee or representation is made that investments made by the Fund will be successful, and investment results may vary substantially over time. The past results of HDI and Investment Manager and their principals in managing investment portfolios are not necessarily indicative of their future performance.

Limited Liquidity of Interests. An investment in the Fund involves substantial restrictions on liquidity and its Interests are not freely transferable. There is no market for the Interests in the Fund, and no market is expected to develop. Additionally, transfers are subject to the consent of HDI, which consent may be granted or withheld in HDI's sole discretion. Consequently, Investors will be unable to liquidate their Interests except by withdrawing from the Fund in accordance with the Offering Documents. Investors may be unable to liquidate their investment promptly in the event of an emergency or for any other reason. Although an Investor may attempt to increase its liquidity by borrowing from a bank or other institution, Interests may not readily be accepted as collateral for a loan. In addition, the transfer of an Interest as collateral or otherwise to achieve liquidity may result in adverse tax consequences to the transferor.

Withdrawal of Capital. An Investor's ability to withdraw funds from the Fund is restricted in accordance with the withdrawal provisions contained in this Brochure and in the Offering Documents. In addition, substantial withdrawals by investors within a short period of time could require the Fund to liquidate securities positions and other investments more rapidly than would otherwise be desirable, possibly reducing the value of the Fund's assets and/or disrupting the Fund's investment strategy. Reduction in the size of the Fund could make it more difficult to generate a positive return or to recoup losses due to, among other things, reductions in the Fund's ability to take advantage of particular investment opportunities or decreases in the ratio of its income to its expenses.

Reliance on HDI. The success of the Fund is significantly dependent upon the financial and managerial expertise of HDI. The success of the Fund will depend heavily on the expertise and guidance of certain senior officers and employees of HDI. There can be no assurance that any individual will continue to be associated with HDI. The loss of the services of any of these key individuals could have a material and adverse effect on the performance of the Fund.

Valuation Risk. Valuation of the Fund's investments (which will indirectly determine the amount of the Management Fee and the Incentive Allocation, as applicable) may involve uncertainties and judgmental determinations, and if such valuations should prove to be incorrect, the net asset value of the Interests could be adversely affected. Independent pricing information may not at times be available with respect to certain of the Fund's investments. Further, given the illiquid nature of such investments, the net asset value of such investments cannot be determined with the same degree of certainty. Accordingly, while the Fund will use its reasonable best efforts to value all of its investments fairly, certain investments may be difficult to value and may be subject to varying interpretations of value. Due to a wide variety of market factors and the nature of certain investments to be held by the Fund, there is no guarantee that the value determined by HDI will represent

the value that would be realized by the Fund on the eventual disposition of the investment or that would, in fact, be realized upon an immediate disposition of the investment. As a result, an Investor withdrawing any of its capital account prior to realization of such an investment may not participate in gains or losses therefrom to the extent such investments have not been allocated. Moreover, the valuations to be performed by HDI are inherently different from the valuation of the Fund's investments in the event the Fund is forced to liquidate all or a significant portion of its investments, which liquidation valuation could be materially lower.

Management Risk. The Fund is subject to management risk because it is an actively managed investment portfolio. HDI will apply investment techniques and risk analyses in making investment decisions for the Fund, but there can be no guarantee that these will produce the desired results.

Lack of Management Rights. Investors will not make decisions with respect to the management, disposition or other realization of any investment, or other decisions regarding the Fund's business and affairs, and will have no right or power to take part in the management of the Fund. Investors will not have the opportunity to evaluate the relevant economic, financial and other information that will be utilized by HDI in their selection of investments.

Limitation of Liability of General Partner and Investment Manager. Offering Documents provide that neither HDI, affiliates of HDI, nor any of their respective principals, heirs, executors, administrators, successors or assignees have any liability to the Fund or any Investor for any losses from their actions or inactions absent gross negligence or willful misconduct.

Liability of Investors. Please refer to the Funds' Offering Documents for a more detailed discussion.

Broad Indemnification. HDI and its affiliates have limited liability and are entitled to broad indemnification, except under certain circumstances, from the Fund and the Investors. The U.S. federal and state securities laws impose liabilities under certain circumstances on persons that cannot be waived by contract, other agreements or documents. Therefore, nothing in those agreements should be deemed or construed in a manner that purports to waive or limit any right to the extent prohibited by law.

Exclusion from Investments. The Fund may be excluded from participating in any investment if HDI determines in its discretion that such participation might otherwise have certain materially adverse effects on the Fund, HDI, the investment itself or any of their respective affiliates, including, if such participation would be likely to result in violations of law or the imposition of materially burdensome regulatory or legal requirements.

No Distributions. HDI does not intend to make distributions to the Investors, but intends instead to reinvest substantially all Fund income and gain, if any. Cash that might otherwise be available for distribution will also be reduced by payment of Fund obligations, payment

of Fund expenses (including fees payable and expense reimbursements to HDI) and establishment of appropriate reserves. As a result, if the Fund is profitable, Investors in all likelihood will be credited with Fund net income, and will incur the consequent income tax liability (to the extent that they are subject to income tax), even though Investors receive little or no Fund distributions.

Impact of Side Letters. The Fund may from time to time enter into letter agreements or other similar agreements (collectively, “Side Letters”) with one or more Investors which provide such Investor(s) with additional and/or different rights (including, without limitation, with respect to the Management Fee, the Incentive Allocation, withdrawals, access to information, minimum investment amounts and liquidity terms) than such Investor(s) have pursuant to the Fund’s Offering Documents. For example, certain Investors may have the right to withdraw their Interests on very short notice in certain circumstances.

Accordingly, an Investor who is party to a Side Letter that permits less notice and/or different withdrawal times may be able to withdraw Interests prior to other Investors. The Fund will not be required to notify any or all of the other Investors of any such Side Letters or any of the rights and/or terms or provisions thereof, nor will the Fund be required to offer such additional and/or different rights and/or terms to any or all of the other Investors. The Fund may enter into such Side Letters with any party as HDI may determine in its absolute discretion at any time. The other Investors will have no recourse against the Fund, HDI and/or any of their respective affiliates in the event that certain Investors receive additional and/or different rights and/or terms as a result of such Side Letters.

Projections. The Fund may rely upon projections, forecasts or estimates developed by the Fund or a company in which the Fund is invested concerning the company’s future performance and cash flow. Projections, forecasts and estimates are forward-looking statements and are based upon certain assumptions. Actual events are difficult to predict and beyond the Fund’s control. Actual events may differ from those assumed. Some important factors which could cause actual results to differ materially from those in any forward-looking statements include changes in interest rates; domestic and foreign business, market, financial or legal conditions; differences in the actual allocation of the Fund’s investments among asset groups from those assumed herein; the degree to which the Fund’s investments are hedged and the effectiveness of such hedges, among others. Accordingly, there can be no assurance that estimated returns or projections can be realized or that actual returns or results will not be materially lower than those estimated therein.

Master/Feeder Structure. It is intended that there will be “feeder funds” that will invest substantially all of their assets into the Fund. The “master-feeder” fund structure presents certain risks to investors in the Fund. For example, a smaller investor investing in the Fund may be materially affected by the actions of a larger feeder fund investing in the Fund. If a larger feeder fund makes a withdrawal from the Fund, the remaining feeder funds and investors may experience higher pro rata operating expenses, thereby producing lower returns. The creditors of the Fund may enforce claims against all assets of the Fund. It is not possible to isolate the assets attributable to each of the investors and any other funds or

entities investing in the Fund to the extent that the liabilities of the Fund exceed its assets. Furthermore, a significant portion of a feeder fund may come from one or a few large investors and any significant withdrawals thereof could have a material adverse effect on the other investors in the Fund. In addition, once feeder funds are formed, HDI will act as investment adviser of those feeder funds, as well as investment adviser of the Fund.

HDI does not intend to manage the Fund to maximize tax benefits to investors. However, certain conflicts of interest may exist relating to tax considerations applicable to one feeder fund that do not relate to others (if applicable).

Investment Expenses. The investment expenses (e.g., expenses related to the investment and custody of the Fund's assets, such as brokerage commissions, custodial fees and other trading and investment charges and fees) as well as other Fund fees may, in the aggregate, constitute a high percentage relative to other investment entities. The Fund will bear these costs regardless of its profitability.

Third Party Litigation. The Fund's investment activities subject it to the normal risks of becoming involved in litigation by third parties. The expense of defending against claims by third parties and paying any amounts pursuant to settlements or judgments would generally be borne by the Fund and would reduce net assets.

Lack of Insurance. The assets of the Fund are not insured by any government or private insurer except to the extent portions may be deposited in bank accounts insured by the United States Federal Deposit Insurance Corporation or with brokers insured by the United States Securities Investor Protection Corporation and such deposits and securities are subject to such insurance coverage (which, in any event, is limited in amount).

Risks Related to Investment Strategy of the Fund

Market Volatility. The profitability of the Fund substantially depends upon HDI correctly assessing the future price movements of derivatives, stocks, options on stocks, and other securities and the movements of interest rates and currencies. HDI cannot guarantee that it will be successful in accurately predicting price and general market movements.

Investments in Securities and Other Assets Believed to Be Undervalued. HDI's investment program contemplates that a portion of the Fund's portfolio may be invested in securities and other assets that HDI believes to be undervalued. The identification of such investment opportunities is a difficult task, and there are no assurances that such opportunities will be successfully recognized or acquired. While such investments offer the opportunities for above-average capital appreciation, they also involve a high degree of financial risk and can result in substantial losses. Returns generated from the Fund's investments may not adequately compensate for the business and financial risks assumed. It is likely that a major economic recession could disrupt severely the market for such investments and severely impact on their value. In addition, it is likely that any such economic downturn could adversely affect the value of equity investments as well as the ability of debt issuers of such obligations to repay principal and pay interest thereon and increase the incidence of default

for such securities. Additionally, there can be no assurance that other investors will ever come to realize the value of some of these investments, and that they will ever increase in price. Furthermore, the Fund may be forced to hold such investments for a substantial period of time before realizing their anticipated value. During this period, a portion of the Fund's funds would be committed to the investments made, thus possibly preventing the Fund from investing in other opportunities.

Short Sales. The Fund intends to engage in short sales. A short sale involves the sale of a security that the Fund does not own in the expectation of purchasing the same security (or a security exchangeable therefor) at a later date at a lower price. A short sale involves a theoretically unlimited risk of an increase in the market price of the security sold short, increasing the cost of buying those securities to cover the short position, and thus unlimited loss to the Fund. There can be no assurance that the security necessary to cover a short position will be available for purchase or to be borrowed. Purchasing securities to close out the short position can itself cause the price of the securities to rise further, thereby exacerbating the loss.

Securities borrowed to be sold short are generally required to be returned to the lender on short notice. Thus, the Fund is required to purchase the security at the market price. If the market price increases, the Fund could be required to purchase the securities at a higher price in order to close out the short positions. This may result in losses to the Fund. Securities may be sold short by the Fund in a long/short strategy to hedge a long position, or to enable the Fund to express a view as to the relative value between the long and short positions. There is no assurance that the objectives of this strategy will be achieved, or specifically that the long positions will not decrease in value and the short positions will not increase in value, causing the Fund losses on both components of the transaction.

Risk of Limited Number of Investments; Lack of Diversity. The Fund currently plans to invest primarily in equity investments in Latin American public markets. Despite HDI's intent to diversify the Fund's investments, the Fund may ultimately participate in a limited number of investments and, as a consequence, the aggregate return of the Fund may be adversely affected by the unfavorable performance of even a single investment. Additionally, Investors can have no assurance as to the degree of diversification in the Fund's investments, either by region or type of investment. As a result, the value of the Fund's investments and its capital and profitability may be materially affected by a single adverse political or economic event in Latin America.

Investments in Small Capitalization and Unseasoned Company Securities. HDI's investment program contemplates that a portion of the Fund's portfolio may be invested in the securities of companies that have small market capitalization and/or are unseasoned companies (such as spin-offs of large companies). Such securities generally have potential for rapid growth, but they often involve higher risks because the company may lack the management experience, financial resources, product diversification and/or competitive strength of larger and/or more established companies. In addition, in many instances, the frequency and volume of their trading may be substantially less than is typical of the securities of larger companies. As a result, the securities of smaller companies may be

subject to wider price fluctuations. When making large sales, the Fund may have to sell portfolio holdings of such securities at discounts from quoted prices or may have to make a series of small sales over an extended period of time due to the lower trading volume of smaller company securities.

Illiquid Strategies. The Fund may invest in financial instruments, such as structured products, derivatives and other types of unregistered financial instruments, which are illiquid. Generally, there is no public or over-the-counter trading market for these financial instruments, and the Fund might only be able to liquidate these positions at highly disadvantageous prices. There may be limited information available about the issuers of the financial instruments which may make valuation of such financial instruments difficult or uncertain. The market prices, if any, for such illiquid financial instruments tend to be volatile and the Fund may not be able to sell them when it desires to do so or to realize what it perceives to be their fair value in the event of a sale. Even those markets which HDI expects to be liquid can experience periods, possibly extended periods, of illiquidity.

Derivatives Risk. Derivatives are financial contracts whose value depends on, or is derived from, the value of an underlying asset, reference rate or index. Many of the Fund's investments can be characterized as derivatives. The Fund may use derivatives for any purpose including, among other things, as a substitute for taking a position in the underlying asset or as part of a strategy designed to reduce or increase exposure to other risks, such as general market or currency risks. The Fund's use of derivative instruments involves risks different from, or possibly greater than, the risks associated with investing directly in securities and other traditional investments. Derivatives are subject to a number of risks described elsewhere in this section, such as interest rate risk, market risk and credit risk. They also involve the risk of mispricing or improper valuation and the risk that changes in the value of the derivative may not correlate perfectly with the underlying asset, rate, or index. If the Fund invests in a derivative instrument it could lose more than the principal amount invested. Also, suitable derivative transactions may not be available in all circumstances and there can be no assurance that the Fund will engage in these transactions to reduce exposure to other risks when that would be beneficial.

Futures Contracts. The value of futures depends upon the price of the financial instruments, such as equities or commodities, underlying them. The prices of futures are highly volatile, and price movements of futures contracts can be influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies. In addition, investments in futures are also subject to the risk of the failure of any of the exchanges on which the Fund's positions trade or of its clearing houses or counterparties. Futures positions may be illiquid because certain commodity exchanges limit fluctuations in certain futures contract prices during a single day by regulations referred to as "daily price fluctuation limits" or "daily limits." Under such daily limits, during a single trading day no trades may be executed at prices beyond the daily limits. Once the price of a particular futures contract has increased or decreased by an amount equal to the daily limit, positions in that contract can neither be taken nor liquidated unless traders are willing to effect trades at or within the limit. This could prevent the Fund

from promptly liquidating unfavorable positions and subject the Fund to substantial losses or prevent it from entering into desired trades. In extraordinary circumstances, a futures exchange or the Commodity Futures Trading Commission (“CFTC”) could suspend trading in a particular futures contract, or order liquidation or settlement of all open positions in such contract.

Call Options. The Fund may incur risks associated with the sale and purchase of call options. The seller (writer) of a call option which is covered (i.e., the writer holds the underlying security) assumes the risk of a decline in the market price of the underlying security below the purchase price of the underlying security less the premium received, and gives up the opportunity for gain on the underlying security above the exercise price of the option. The seller of an uncovered call option assumes the risk of a theoretically unlimited increase in the market price of the underlying security above the exercise price of the option. The securities necessary to satisfy the exercise of an uncovered call option may be unavailable for purchase, except at much higher prices, thereby reducing or eliminating the value of the premium. Purchasing securities to cover the exercise of an uncovered call option can cause the price of the securities to increase, thereby exacerbating the loss. The buyer of a call option assumes the risk of losing its entire premium investment in the call option.

Put Options. The Fund may incur risks associated with the sale and purchase of put options. The seller (writer) of a put option which is covered (i.e., the writer has a short position in the underlying security) assumes the risk of an increase in the market price of the underlying security above the sales price (in establishing the short position) of the underlying security plus the premium received, and gives up the opportunity for gain on the underlying security if the market price falls below the exercise price of the option. The seller of an uncovered put option assumes the risk of a decline in the market price of the underlying security below the exercise price of the option. The buyer of a put option assumes the risk of losing its entire investment in the put option.

Index or Index Options. The Fund may also purchase and sell indices as well as call and put options on indices, whether or not the indices are listed on securities exchanges or traded in the over-the-counter market. An index or index option fluctuates with changes in the market values of the stocks included in the index. Because the value of an index or index option depends upon movements in the level of the index rather than the price of a particular instrument, whether the Fund will realize gains or losses from the purchase or writing of options on indices depends upon movements in the level of instrument prices in the instrument market generally or, in the case of certain indices, in an industry or market segment, rather than movements in the price of particular instruments.

Non-U.S. Investments. The Fund intends to invest in non-U.S. investments. Such investments are subject to fluctuations in foreign currency exchange rates, unexpected changes in regulatory requirements, political and economic instability in certain geographic locations, less developed securities markets, difficulties in managing international operations, potentially adverse tax consequences, different or less rigorous accounting, auditing and financial reporting standards, practices and requirements than

those in the U.S., enhanced accounting and control expenses, and the burden of complying with a wide variety of foreign laws.

Laws and regulations of other countries may impose restrictions that would not exist in the U.S. A non-U.S. investment may require significant government approvals under corporate, securities, exchange control, foreign investment and other similar laws and may require financing and structuring alternatives that differ significantly from those customarily used in the U.S. In addition, some governments from time to time impose restrictions intended to prevent capital flight, which may, for example, involve taxation (including high withholding taxes) on certain securities transfers or the imposition of exchange controls making it difficult or impossible to exchange or repatriate the local currency. In addition, the repatriation of currency and other restrictions may make it impracticable for the Fund to distribute the full amount of each Investor's Capital Account or Special Investment Capital Account in U.S. dollars, and therefore a portion of the distribution may be made in non-U.S. securities or currency. No assurance can be given that a given political or economic climate or particular legal or regulatory risk might not adversely affect an investment by the Fund.

Currency Exchange. Investments of the Fund may be denominated in, or linked to, currencies other than the U.S. Dollar, and hence the value of such investments will depend in part on the relative strength of the U.S. Dollar. The Fund may be affected favorably or unfavorably by exchange control regulations or changes in the exchange rate between such currencies and the U.S. Dollar. A change in the value of a non-U.S. currency relative to the U.S. Dollar will result in a corresponding change in the dollar value of the Fund's assets denominated in that non-U.S. currency as well as the dollar value of non-U.S. currency held by the Fund. Changes in currency exchange rates may also affect the value of dividends and interest earned and gains and losses realized on the sale of securities held by the Fund.

The Fund may enter into forward currency exchange contracts or invest in currency futures contracts and options on currencies and futures as well as swap agreements and options on swaps to manage the Fund's exposure to a foreign currency or to shift exposure to foreign currency fluctuations from one country to another with respect to the Fund. A forward currency exchange contract, which involves an obligation to purchase or sell a specific currency at a future date at a price set at the time of the contract, reduces the Fund's exposure with respect to its investment to changes in the value of the currency it will deliver and increases its exposure to changes in the value of the currency it will receive for the duration of the contract. The effect on the value of the Fund is similar to selling securities denominated in one currency and purchasing securities denominated in another currency. A contract to sell foreign currency would limit any potential gain which might be realized if the value of the hedged currency increases. The Fund may enter into these contracts to hedge against currency exchange risk, to increase exposure to a currency or to shift exposure to currency fluctuations from one currency to another.

The Fund is not obligated to engage in any currency hedging operations, and there can be no assurance that the Fund will engage in such transactions at any given time or from time

to time. Additionally, suitable hedging transactions may not be available in all circumstances, or such transactions may not be successful and may eliminate any chance for the Fund to benefit from favorable fluctuations in relevant currencies. The Fund may use one currency (or a basket of currencies) to hedge against adverse changes in the value of another currency (or a basket of currencies) when exchange rates between the two currencies are positively correlated.

IPO Securities. The Fund may purchase securities of companies in initial public offerings or shortly thereafter. Special risks associated with these securities may include a limited number of shares available for trading, unseasoned trading, lack of investor knowledge of the company and limited operating history. These factors may contribute to substantial price volatility for the shares of these companies and, thus, for the value of the Fund's interests. The limited number of shares available for trading in some initial public offerings may make it more difficult for the Fund to buy or sell a significant number of shares without an unfavorable impact on prevailing market prices. In addition, some companies in initial public offerings are involved in relatively new industries or lines of business, which may not be widely understood by investors. Some of these companies may be undercapitalized or regarded as developmental stage companies, without revenues or operating income, or the near-term prospects of achieving them.

Hedging Policies and Risks. In connection with certain investments, the Fund may employ hedging techniques designed to reduce the risks of such investments, including, without limitation, adverse movements in interest rates, securities prices and currency exchange rates. There can be no assurance that the Fund will hedge when appropriate or choose the correct hedge if it does hedge. Although the Fund expects to engage in hedging transactions to hedge against risks and not for speculation, the use of hedging transactions involves certain risks. These risks include: (i) the possibility that the market will move in a manner or direction that would have resulted in gain for the Fund had a particular hedging transaction not been utilized, in which case the Fund's performance would have been better had the Fund not engaged in the hedging transaction; (ii) the risk of imperfect correlation between the risk sought to be hedged and the hedging instrument used; (iii) potential illiquidity for the hedging instrument used, which may make it difficult or costly for the Fund to close-out or unwind a hedging transaction; and (iv) the possible default by the counter-party to the transaction.

Leverage. Although leverage is not intended to be a core element of the investment strategy of the Fund, the Fund has the flexibility to utilize leverage in its investment program. The Fund may borrow funds from brokerage firms, banks and other financial institutions in order to increase the amount of capital available for investment. Consequently, the level of interest rates at which the Fund can borrow will affect the operating results of the Fund. While the use of borrowed funds will increase returns if the Fund earns a greater return on the incremental investments purchased with borrowed funds than it pays for such funds, the use of leverage will decrease returns if the Fund fails to earn as much on such incremental investments as it pays for such funds. The effect of leverage may therefore result in a greater decrease in the net asset value of the Fund than if the Fund was not so leveraged. Under certain declining or rising market conditions, the Fund's lenders or

counterparties could make margin calls on long or short investments, respectively, that require the Fund to post additional cash or collateral as security, thereby potentially resulting in impairment of value. Because certain borrowings may be cross-collateralized, it is possible that the Fund could experience concurrent losses upon lender or counterparty liquidations. In addition, the Fund could experience losses in certain circumstances where the counterparty to transaction(s) is downgraded below an acceptable rating level in accordance with the contract; thereby resulting in the potential that the contract cannot be novated or closed out. In addition, the Fund may in effect “leverage” its investment returns through the use of various instruments or by engaging in various types of derivative or other transactions, including equity and index swaps. The use of leverage has the potential to magnify the gains or the loss on the Fund’s investments and to make the Fund’s returns more volatile.

Regulation. The Fund may invest in financial instruments subject to ongoing services provided by financial institutions regulated by national and state supervisory entities. Such regulators have broad discretion to issue or change regulations, or issue guidance, which can significantly affect the way such service providers conduct their businesses. In the event that a regulatory change impacts an institution providing service to a financial instrument owned by the Fund, it is possible that the value of the Fund’s investment could be harmed.

Counterparty Risk. It is expected that some of the Fund’s investment purchases and dispositions may transpire in private markets. These transactions may include swaps and financing trades including equity and equity indices. Differing market standards for counterparty credit evaluation may expose the Fund to the risk that a counterparty will not complete or settle a transaction in accordance with its terms and conditions because of a dispute over the terms of the contract (irrespective of whether bona fide), downgrade of the counterparty’s credit rating below a level specified within the contract, counterparty default, or inability to perform, causing the Fund to suffer a loss. In the case of a downgrade of the counterparty, novation of the contract could be limited to prior approval by the assuming party to the contract; or may not be available at all if there is no party willing to accept the novation. Such “counterparty” risk is accentuated for contracts with longer maturities or where the Fund has concentrated its transactions with a particular counterparty or group of counterparties.

Potential Involvement in Litigation. It is possible that the Fund may become involved in litigation in connection with its investments. Litigation entails expense and the possibility of counterclaims against the Fund including HDI and ultimately judgments may be rendered against the Fund for which the Fund does not carry insurance.

Risk of Default or Bankruptcy of Third Parties. The Fund could suffer losses if there were a default or bankruptcy by certain third parties, including brokerage firms and banks with which the Fund does business, or to which such securities and/or financial instruments have been entrusted for custodial purposes. For example, if the Fund’s prime broker and custodian were to become insolvent or file for bankruptcy, the Fund could suffer significant losses with respect to any securities held by such firm.

Forward Commitments and “When-Issued” Transactions. The Fund may purchase and sell securities or other instruments on a “when-issued” and “delayed delivery” basis. The payment obligation and the interest rate receivable on a forward commitment, delayed delivery or when-issued security are fixed when the Fund enters into the commitment, but the Fund does not make payment until it receives delivery from the counterparty. No income accrues to the Fund on such securities in purchase transactions prior to the date the Fund actually takes delivery of the securities.

When purchasing a security on a when-issued, delayed delivery, or forward commitment basis, the Fund assumes the rights and risks of ownership of the security, including the risk of price and yield fluctuations. When the Fund sells a security on a when-issued, delayed delivery, or forward commitment basis, the Fund does not participate in future gains or losses with respect to the security. If the other party to a transaction fails to deliver or pay for the securities, the Fund could miss a favorable price or yield opportunity or could suffer a loss.

Lending of Securities. The Fund may lend portfolio securities to broker dealers and other financial institutions. The advantage of such loans is that the Fund continues to receive the interest or dividends on the loaned securities, while at the same time earning interest on the collateral which is invested in short-term obligations. If the borrower fails to maintain the requisite amount of collateral, the loan automatically terminates, and the Fund could use the collateral to replace the securities while holding the borrower liable for any excess of replacement cost over collateral. As with any extensions of credit, there are risks of delay in recovery and in some cases even loss of rights in the collateral should the borrower of the securities fail financially. On termination of the loan, the borrower is required to return the securities to the Fund; any gains or loss in the market price during the loan would inure to the Fund.

Temporary Investments. The Fund may invest in temporary investments (“Temporary Investments”), including, but not limited to: (i) money market mutual funds, (ii) certificates of deposit issued by, or other custodial accounts with, commercial banks (whether domestic or foreign), (iii) commercial paper, interest-bearing government securities and other short-term instruments, and (iv) marketable securities unconditionally guaranteed by the U.S. The duration of investments in Temporary Investments may vary, and long periods of such investments may reduce the overall performance of the Fund. In addition, although the Temporary Investments are generally considered to have less risk, the Fund could still have substantial losses from the Temporary Investments due to, among other things, general economic and market conditions, changes in interest rates, and defaults on government securities and short-term instruments.

Other Risks Associated with Markets and the Economy

Competition for Investment Opportunities. The current marketplace contains many investors that focus on the investments that the Fund intends to acquire, creating a highly competitive environment for such investments. Competition for these investments, beyond

that which is currently foreseen, could reduce or extinguish anticipated margins and expected returns.

Difficult Economic Environment and Unfavorable Market Conditions. Current economic uncertainty and unfavorable market conditions, including the extreme volatility and illiquidity of certain investments, could materially adversely affect the investments made by the Fund. These factors are outside of the Fund's control and as a result, the Fund may not be able to manage its exposure to these conditions. Recent developments in the global financial markets have illustrated that the current environment is one of extraordinary and unprecedented uncertainty for investment management businesses. In addition, a further downturn or contraction in the economy or in certain industries or geographic regions, including Latin America, may restrict the availability of suitable investment opportunities for the Fund or negatively impact its ability to liquidate any such investments, each of which could prevent the Fund from meeting its performance objectives.

Legal Framework and Corporate Governance. Laws and regulations of some countries may impose restrictions that would not exist in the U.S., may lack certain protections provided by U.S. law or may not be fully or consistently enforced, particularly where the other party to a dispute with the Fund is a local resident or entity. In addition, many countries provide inadequate legal remedies for breaches of contract.

Quality of Financial Reporting. Financial reporting and financial information at the enterprise level is often not as reliable in the countries in which the Fund invests as can be expected in other more developed regions. While there is a trend toward improved financial reporting by companies and increased enforcement of statutes concerning financial and tax reporting, there can be no assurance that the financial information can be made as reliable as in other regions.

C. Emerging Markets Risk

Emerging Markets. The Fund may invest in investments located in "emerging markets" (less developed countries located outside of the U.S.). Investing in emerging markets involves not only the risks described above with respect to non-U.S. investments, but also other risks, including exposure to economic structures that are generally less diverse and mature than, and to political systems that can be expected to have less stability than, those of developed countries. Other characteristics of emerging markets that may affect investment include certain national policies that may restrict investment by foreigners in issuers or industries deemed sensitive to relevant national interests and the absence of developed structures governing private and foreign investments and private property. The typically small size of the markets of securities of issuers located in emerging markets and the possibility of a low or nonexistent volume of trading in those securities may also result in a lack of liquidity and in price volatility of those securities. Securities markets in developing countries may be substantially less liquid and have greater volatility than securities markets in developed countries and greater fluctuations in the rate of exchange between currencies, and costs associated with currency conversions.

Investments in Latin America. The Fund intends to invest primarily in a number of Latin American public markets. The Fund's investments will be subject to the direct and indirect consequences of political, economic and social factors and other uncertainties, including the risks of expropriation, nationalization, renegotiation or nullification of existing contracts, changes in taxation policies, currency exchange restrictions and political instability in the countries in which it invests. Some of the countries in the region face varying degrees of social and political instability, have experienced high rates of inflation in recent years and have extensive external debt. Political changes or a deterioration of a country's domestic economy or balance of trade may indirectly affect the Fund's investments. It also may be difficult to obtain and enforce a judgment in a local court. Described herein are certain significant risks specific to these investments.

HDI will analyze information with respect to political and economic environments and the particular legal and regulatory risks before making investments, but no assurance can be given that a given political or economic climate, or particular legal or regulatory risks, might not adversely affect an investment by the Fund.

- Risks from the Economic Conditions in the Countries in the Fund Invests. The vast majority of the Fund's investments will involve long and short equity investments in Latin American public markets, and as a result, the Fund's investment returns are largely impacted by economic conditions in the countries in which those public markets are located. Many of these countries have a history of economic instability. The Fund's results may be to a large extent dependent upon the overall level of economic activity and political and social stability in these emerging markets. Should economic conditions deteriorate in Latin America or in emerging markets generally, the Fund's investment returns may be adversely affected.
- Inflation in the Countries in which the Fund Invests. In the past, high levels of inflation have adversely affected the economies and financial markets of some of the countries in which the Fund invests and the ability of their governments to create conditions that stimulate or maintain economic growth. Moreover, governmental measures to curb inflation and speculation about possible future governmental measures have contributed to the negative economic impact of inflation and have created general economic uncertainty. Future governmental economic measures, including interest rate increases, intervention in foreign exchange markets and actions to adjust or fix currency values, may trigger or exacerbate increases in inflation, and consequently have an adverse impact on the Fund's returns.
- Political/Sovereign Risk. Governments of some countries in Latin America have exercised and continue to exercise substantial influence over many aspects of the private sector. In some cases, the government owns or controls many companies, including some of the largest, such as energy and utility companies. The policies set by these companies could have a significant effect on economic and market conditions in some countries. Moreover, the economies of these countries generally are heavily dependent upon international trade and, accordingly, have been and may continue to be adversely affected by trade barriers, exchange controls, managed

adjustments in relative currency values and other protectionist measures imposed or negotiated by the countries with which they trade. These economies also have been and may continue to be adversely affected by economic conditions in the countries with which they trade. There is the possibility of nationalization, expropriation or confiscatory taxation, political changes, changed or increased government regulation, economic or social instability or diplomatic developments (including war) which could adversely affect the economies of such countries or the value of the Fund's investments in those countries. In addition, the interdependence of economies in some Latin American countries has deepened over the years, with the effect that economic difficulties in one country often spread throughout the region. No assurance can be given that the Fund's portfolio will not be adversely affected by events in countries outside of where investments are located.

Item 9. Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any material legal or disciplinary events that would be material to an evaluation of HDI or the integrity of HDI's management. HDI does not have any material legal or disciplinary events to disclose.

Item 10. Other Financial Industry Activities and Affiliates

Other Investment Advisers/Sponsors of Limited Partnerships

HDI is affiliated with The Human Development Investment Fund GP, LLC, which is the general partner of the Fund. Please see Item 6 above regarding performance-based compensation that may be paid by the Fund to its general partner. All personnel of the general partner are subject to the compliance policies and procedures and Code of Ethics requirements of HDI (in addition to any other compliance requirements of applicable regulatory authorities in their respective jurisdictions). In addition, due to the possibility of HDI in managing the Fund and Managed Accounts, along with its affiliate acting as the general partner of the Fund, there can be conflicts in the allocation of time, resources and investment opportunities among the Fund and the Managed Accounts. HDI believes these conflicts of interest are mitigated by its allocation procedures.

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

Code of Ethics

HDI maintains a Code of Ethics (the "Code") designed to reinforce the fiduciary principles that govern the conduct of HDI and its personnel. The Code, among other things, requires all employees to act with integrity, competence, dignity and in an ethical and professional manner.

The Code requires pre-clearance of personal securities transactions involving initial public offerings, limited offerings or private placement securities, investments in current client holdings and sales involving previous client holdings and requires personal securities transactions reporting and review. The Code also requires that employees direct their brokers to forward copies of all personal securities transactions confirmations as well as brokerage statements for every account in which they or their immediate family members have a beneficial interest. These confirmations and statements are submitted to and reviewed by the Chief Compliance Officer or his designee.

Requests for trading authorization will be denied when, among other reasons, the proposed personal transaction would be contrary to the provisions of the Code. In addition to the pre-clearance requirements, the Code contains several provisions that subject such personnel to various trading restrictions and reporting obligations. These include disclosure of accounts in which HDI's personnel have a beneficial interest, and disclosure of conflicts of interests by investment personnel before making a recommendation to the Fund or Managed Account concerning a security in which the investment person has an interest. Reportable transactions are reviewed for compliance with the Code.

HDI's Chief Compliance Officer maintains a Watch List of Securities ("Watch List") that includes all securities held in the portfolios of the Fund and Managed Accounts and any security that HDI is actively evaluating for purchase or sale in those portfolios. HDI personnel are prohibited from trading in securities on the Watch List.

In certain situations, HDI and/or related persons of HDI may purchase interests in the same securities in which the Fund or Managed Account is investing or has invested or, conversely, the Fund or Managed Account may purchase interests in a security in which HDI and/or related persons of HDI are investing or have invested. Because HDI does not in all instances prohibit employees from investing in the same securities in which the Fund or Managed Accounts invest, in addition to the pre-clearance described above, HDI reviews the periodic personal securities transactions and holdings reports in an effort to ensure that employees do not personally benefit from, or try to take advantage of, their knowledge of upcoming buys and sells within the Fund or Managed Accounts.

The Code of Ethics also addresses the fiduciary duties expected of the persons subject to the Code, including gift and entertainment opportunity policies as well as charitable and political contribution policies. A copy of the Code is available to any current or prospective investor or Managed Account client upon request.

Any partner, member, officer, director or employee of HDI who fails to comply with the Code risks sanctions up to and including dismissal and personal liability.

Insider Trading

HDI and its related persons may, from time-to-time, come into possession of material, non-public and other confidential information which, if disclosed, might affect an investor's decision to buy, sell or hold a security. Under applicable law, HDI and its related persons

are prohibited from improperly disclosing or using such information for their own benefit or for the benefit of any other person, regardless of whether the other person is the Fund or Managed Accounts.

By reason of its responsibilities to the Fund, Managed Accounts and other investment activities, and notwithstanding procedural safeguards including restricted securities lists and watch lists, HDI may acquire material, non-public or other confidential information that would limit its ability to direct the purchase or sale of certain investments. Moreover, HDI may be restricted from initiating transactions in certain instruments or selling certain investments, due to its possession of material, non-public or other confidential information, at a time when it would otherwise take such action. At times, HDI, in an effort to avoid investment restrictions with respect to the Fund and Managed Accounts, may elect not to receive information that other market participants or counterparties are eligible to receive or have received.

Additional Conflicts of Interest

The Fund or one or more Managed Accounts may invest in assets that are eligible for purchase by other Managed Accounts or the Fund, which raises potential conflicts. Conflicts may also arise if the Fund or a Managed Account makes an investment in which another Managed Account or the Fund has already invested, including conflicts related to investing in different or overlapping levels of an entity's capital structure. Decisions about what actions should be taken in a troubled situation, including whether or not to enforce claims, whether or not to advocate or initiate a restructuring or liquidation inside or outside of bankruptcy, and the terms of any work-out or restructuring raise conflicts of interest. The Fund or a Managed Account may also participate in restructuring or recapitalization transactions (including those requiring additional investments of capital) involving companies in which other Managed Accounts or the Fund have invested or may invest. These transactions may present conflicts of interest, including determinations of whether existing investors are being cashed out at a price that is higher or lower than market value and whether new investors are paying too high or low a price for the company or purchasing investments with terms that are more or less favorable than prevailing market terms. There can be no assurance that the return on the Fund's or a Managed Account's investments will not be less than the returns obtained by other Managed Accounts participating in the same overall capital structure.

Certain Managed Accounts and the Fund may also make investments in entities or assets in which they have already invested (e.g., an additional investment) or that are held by other Managed Accounts or the Fund. The purchase, holding or sale of these investments may enhance profitability of such investments to such entity and therefore present conflicts of interests with respect to the investing entity. To date, HDI has not made any investments alongside the Fund. As noted above, however, HDI affiliates and qualified employees of HDI are permitted to invest in the Fund. Additional conflicting interests can arise in connection with these investments.

HDI, in connection with investments by the Fund or Managed Accounts, may represent creditors or debtors in proceedings under Chapter 11 of the U.S. Bankruptcy Code or prior to such filings. From time-to-time, HDI may serve as advisor to, or a member of, creditor or equity committees. This involvement may limit or preclude the flexibility that the Fund or Managed Accounts may otherwise have to participate in restructurings or the Fund or Managed Accounts may be required to liquidate any existing positions of the applicable issuer. HDI personnel that serve as members of a bankruptcy committee may owe fiduciary or other legal duties to other stakeholders in the bankruptcy.

While HDI endeavors at all times to act in the best interests of the Fund and Managed Accounts, investors should be aware that the types of transactions described above create potential conflicts of interest with respect to HDI, the Fund and Managed Accounts. HDI will seek to resolve the conflicts of interest discussed above using its best judgment and in a manner that it believes to be fair and reasonable to the Fund and Managed Accounts in accordance with its duties as an investment adviser. HDI also believes that these conflicts of interest are mitigated by its allocation procedures and its disciplined investment process.

Item 12. Brokerage Practices

Selection Criteria for Brokers-Dealers

The primary selection criterion employed by HDI in connection with selecting brokers is the brokers' ability to provide best execution. In assessing best execution, and its overall broker relationships, HDI considers a variety of factors including 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; the quality, comprehensiveness and frequency of available brokerage and research products and services considered to be of value; and the competitiveness of commission rates in comparison with other brokers satisfying HDI's other selection criteria. HDI may, however, pay a higher commission than would otherwise be necessary for a particular transaction when, in HDI's opinion, to do so would further the goal of obtaining the best available execution on an aggregate basis for the related investment. Commissions are negotiated with the broker on the basis of the quality and quantity of execution services that the broker provides, in light of generally prevailing commission rates with respect to any securities transactions involving a commission payment.

HDI may also use an Electronic Communications Network ("ECN") or Alternative Trading System ("ATS") to effect over-the-counter trades when, in HDI's judgment, the use of an ECN or ATS may result in equal or more favorable overall executions for the transactions. HDI will pay a commission to an ECN or ATS that, when added to the price, is believed to be better than the overall execution price that might have been attained trading "net" with a market maker.

HDI endeavors to be aware of current charges of eligible broker-dealers and to minimize the expense incurred for effecting portfolio transactions. Although HDI generally seeks competitive commission rates, it will not necessarily pay the lowest commission or commission equivalent. Transactions may involve specialized services or unique sourcing considerations on the part of the broker-dealer involved, resulting in higher commissions or their equivalents than would be the case with transactions requiring more routine services. The reasonableness of commissions is based on the broker's ability to provide professional services, competitive commission rates and other services that will help HDI in providing investment management services to clients. The limited availability of a particular investment may also impact the selection of a broker-dealer and the related commission.

Before HDI begins trading with a broker-dealer, the respective portfolio manager (the "Portfolio Manager") will review, as applicable, the broker-dealer's operational, financial, and regulatory status. The Chief Compliance Officer may also perform periodic reviews of broker-dealers, which will vary in frequency and intensity based on the perceived counterparty exposure of the Fund and Managed Accounts. For broker-dealers that only provide execution services on a delivery-versus-payment basis, HDI anticipates that the reviews will be limited in scope and less frequent. For arrangements where the counterparty exposure is expected to be more significant, the reviews may generally be more intensive and frequent.

Soft Dollar Policies

HDI is authorized by the Fund Offering Documents, and may be authorized under certain Managed Account agreements, to pay higher prices for the purchase of securities from or accept lower prices for the sale of securities to brokerage firms that provide HDI with investment and research information or to pay higher commissions to these firms if HDI determines their prices or commissions are reasonable in relation to the overall services provided. Research services furnished by brokers may include (i) written information and analyses concerning specific securities, companies or sectors; (ii) market, financial and economic studies and forecasts; (iii) statistics and pricing or appraisal services; (iv) discussions with research personnel; and (v) invitations to attend conferences or meetings with management or industry consultants.

In addition to research services, the HDI may be offered other nonmonetary "soft dollar" benefits by broker-dealers that it may engage to execute securities transactions on behalf of clients. These benefits may take the form of special execution capabilities; clearance, settlement, online pricing, block trading and block positioning capabilities; willingness to execute related or unrelated difficult transactions in the future; order of call; online access to computerized data regarding clients' accounts; performance measurement data; consultations, economic and market information; portfolio strategy advice; industry and company comments; outside industry consultants; technical data, recommendations, general reports, efficiency of execution and error resolution; quotation equipment and services; the availability of stocks to borrow for short trades; custody, travel, record keeping and similar services; newswire and quotation equipment and services (e.g.,

Reuters, Bloomberg); data processing charges; periodical subscription fees; consultant networks and investor surveys; computer equipment used for brokerage or research purposes and related technical support, repair and maintenance; expenses incurred in connection with investigating and researching issuers of securities and attending research and investment conferences (e.g., airfare, car rentals, taxi fares, conference fees and related expenses, hotel accommodations and meals); economic consulting services; legal and accounting fees; and other reasonable expenses.

When HDI uses soft dollars to obtain research or other products, HDI receives a benefit because HDI, the Fund or the Managed Account does not have to produce or pay for research products or services.

These above benefits may be available for use by HDI in connection with transactions in which the Fund or a Managed Account will not participate. The availability of these benefits may influence HDI to select one broker rather than another to perform services for the Fund. Nevertheless, HDI's decision on which brokers to utilize will be driven by a concerted striving for "best execution." Also, HDI will attempt to assure either that the fees and costs for services provided to the Fund and Managed Accounts by brokers offering these benefits are reasonable in relation to the fees and costs charged by other equally capable brokers not offering such services or that the Fund and Managed Accounts also will benefit from the services.

HDI intends for its use of "soft dollar" benefits to fall within the safe harbor of Section 28(e) of the United States Securities Exchange Act of 1934, as amended (the "Exchange Act"), which provides a "safe harbor" to advisers who use "soft dollars" generated by their advised accounts to obtain investment research and brokerage services that provide lawful and appropriate assistance to the adviser in the performance of investment decision-making responsibilities.

The use of brokerage commissions to obtain investment research services and to pay for the administrative costs and expenses of the HDI or its affiliates may create a conflict of interest between the HDI and its clients because the clients pay for such products and services that are not exclusively for the benefit of clients and that may be primarily or exclusively for the benefit of the HDI. To the extent that the HDI is able to acquire these products and services without expending its own resources (including management fees paid by clients), HDI's use of soft-dollars would tend to increase HDI's profitability. In addition, the availability of these non-monetary benefits may influence HDI to select one broker rather than another to perform services for clients. HDI has an incentive to select or recommend a broker-dealer based on its interest in receiving the research or other products or services, rather than on a client's interest in receiving the most favorable execution. Moreover, HDI may cause clients to pay commissions (or markups or markdowns) higher than those charged by other broker-dealers in return for soft dollar benefits. In the event that the HDI uses soft dollar benefits, HDI will use such benefits to service all client accounts rather than only those accounts that paid for the benefits. The Fund Offering Documents specifically authorize these practices to the fullest extent permitted by law.

Brokerage for Client Referrals

HDI may receive investor referrals from registered representatives of broker-dealers that trade on behalf of the Fund and Managed Accounts. Such referrals may pose a conflict of interest, as HDI could have an incentive to direct brokerage to broker-dealers that fail to achieve best execution in order to continue receiving referrals. HDI will review referral relationships and the associated conflicts of interest during its periodic and systematic evaluations of execution quality. HDI has not received an investor referral from registered representatives of broker-dealers that trade on behalf of the Fund or Managed Accounts.

Directed Brokerage Arrangements

A Managed Account owner may direct HDI to effect transactions through a specific broker-dealer. Under such a directed brokerage arrangement, the Managed Account owner is responsible for negotiating terms for its account directly with the broker-dealer. HDI will only direct brokerage pursuant to specific instructions that have been approved by a Managed Account owner.

For Managed Accounts subject to directed brokerage arrangements, HDI will not aggregate trades or seek better execution services or prices from other broker-dealers. Consequently, HDI may not obtain best execution on behalf of a Managed Account that directs brokerage; such a Managed Account may pay materially disparate commissions, greater spreads, or other transaction costs, or receive less favorable net prices on transactions than would otherwise be the case.

Before initiating management of a Managed Account subject to a directed brokerage arrangement, HDI may review the financial solvency and execution capabilities of the designated broker-dealer. Upon completion of the review, HDI may either approve the arrangement or ask the Managed Account to reconsider the direction.

In order to meet directed brokerage mandates and trade in an efficient manner, HDI may ask Managed Accounts that direct brokerage to permit the use of “step-out” trades. The Portfolio Manager will document any step-out trades on the relevant trade ticket.

Cross Trades and Principal Trades

HDI may trade assets between the Fund and a Managed Account, or between Managed Accounts (although to date it has not done so). A cross trade may permit HDI to execute trades without impacting the market price of securities, can save brokerage commissions and, in certain cases, related transaction costs like custody expenses and transfer taxes. Any such cross trades will generally be valued and priced at fair market value and will be conducted on terms as favorable to the Fund and Managed Accounts involved in the transaction as would be the case in a transaction with an independent third party and in accordance with any fiduciary obligation of HDI under applicable law and subject to any conditions or required consents under the Fund’s Offering Documents and the Managed

Account's documents. All cross trades must be approved by HDI's Chief Compliance Officer.

HDI and/or certain related persons of HDI may, directly or through one or more entities, sell securities in which they have a direct or indirect ownership interest to the Fund or a Managed Account, provided that the sale is consistent with HDI's fiduciary obligations to the Fund. Such transactions will be fully disclosed and the written consent of the Fund and applicable Managed Account owner will be obtained prior to the consummation of any such transactions in accordance with Section 206(3) of the Investment Advisers Act of 1940, as amended, (to the extent such transactions constitute "principal transactions") and all other applicable state and federal securities laws.

For the purpose of securing the consent of the Fund to execute affiliate transactions including transactions which may be deemed to be principal transactions governed by Section 206(3) of the Advisers Act, the Fund may utilize an independent, unaffiliated agent (the "Independent Agent") to approve transactions presented by HDI for its review, or obtain the approval of a committee, appointed by the general partner, of persons not affiliated with the general partner. The Independent Agent will approve such transaction if it determines, in its sole judgment, that the monetary or business consideration arising therefrom would be substantially as advantageous to the Fund as the monetary or business consideration which the Fund would obtain in a comparative arm's length transaction with a person who is not an affiliate of the Fund. In analyzing such principal transactions, HDI may have a conflict between acting in the best interests of the Fund and assisting its affiliate by selling or purchasing a particular security. The Independent Agent may be a company or a director, officer or employee of any company that provides services to the Fund, and, unless otherwise agreed, the Independent Agent will not be accountable to the Fund for any remuneration or other benefits received thereby.

Allocation of Investment Opportunities

HDI allocates investment opportunities to the Fund and any Managed Accounts in a manner that in its judgment it believes to be appropriate and equitable in light of the investment objectives, liquidity, diversification and other similar factors applicable to the Fund and the Managed Accounts. As a general practice, HDI endeavors to allocate investment opportunities pro rata among the Fund and each Managed Account (after taking into account the factors noted below) based on the amount of capital each has available for investment, and thereafter based on any investment restrictions that may be applicable to a particular Managed Account or the Fund (e.g., asset restrictions). In certain cases, however, investment opportunities may be made available other than on a pro rata basis. In making its allocation decisions, HDI generally takes into account the following factors: (i) the investment objectives of the Fund and Managed Accounts; (ii) the liquidity position and anticipated liquidity needs of each participating Managed Account and the Fund; (iii) the size and anticipated liquidity of the investment; (iv) diversification and/or concentration considerations; (v) maturity or duration considerations; (vi) applicable transfer or assignment provisions; (vii) tax considerations; (viii) regulatory considerations; and (ix) such other factors as HDI may reasonably deem relevant. HDI monitors allocations made

on an other than pro rata basis in an effort to ensure that over time all Managed Accounts and the Fund are treated fairly in light of their specific situations.

Aggregation of Orders

Trades are executed by approved personnel. Generally, HDI purchases and sells the same securities for the Fund and Managed Accounts and may bunch orders where HDI deems this to be appropriate and consistent with HDI's fiduciary duties. The decision to aggregate is only made after HDI determines that: it does not intentionally favor the Fund or any Managed Account over another; it does not systematically advantage or disadvantage the Fund or any Managed Account; HDI does not receive any additional compensation or remuneration solely as the result of the aggregation; and each participating Managed Account and the Fund (if participating) will receive the average investment price and will share pro rata in the transaction costs. When a bunched order is filled in its entirety, each participating Managed Account and the Fund will participate at the average investment price for the bunched order on the same business day. Transaction costs generally will be shared pro rata based on the client's participation in the bunched order. When a bunched order is only partially filled, the investments purchased generally will be allocated on a pro rata basis to the client participating in the bunched order or in such other manner that is consistent with HDI's allocation policy.

In many instances, the purchase or sale of investments for a client will be effected simultaneously with the purchase or sale of like investments for other clients. Such transactions may be made at slightly different prices, due to the volume of investments purchased or sold. In such event, the average price of all investments purchased or sold in such transactions may be determined, at HDI's sole discretion, and the clients may be charged or credited, as the case may be, with the average transaction price.

HDI will evaluate any investment or allocation errors to ensure that they are corrected by the appropriate party. HDI identifies and corrects any investment and allocation error affecting the Fund and any Managed Account as expeditiously as possible. As a general practice, any error that results in a gain accrues to the benefit of the client in which the error was made; any error that results in a direct loss will be reimbursed by HDI to the client in which the error was made; and if more than one error is made in any given client within reasonable proximity of each other, any error resulting in a gain may be netted against any error resulting in a loss within the client in determining the net loss required to be reimbursed by HDI. However, in no event will gains and losses be netted across multiple clients.

IPO Allocation Procedures

HDI will seek to allocate initial public offering opportunities ("IPOs") in a manner that is fair to all clients. For each IPO in which a client seeks to participate, the Portfolio Manager will prepare a written pre-allocation prior to HDI submitting an indication of interest of behalf of any clients. The Portfolio Manager will seek to establish a pre-allocation that is fair in light of each client's size, diversification, cash availability, eligibility to participate

(per FINRA Rules 5130 and 5131), investment objectives, and any other relevant factors. If HDI receives a full allocation, then the clients participate according to the written pre-allocation. For oversubscribed IPOs, HDI will allocate shares pro-rata based on the written pre-allocation. De minimis deviations from the pre-allocation are permitted in the interest of placing round lots in client accounts.

Item 13. Review of Accounts

HDI's investment and business professionals are responsible for ongoing diligence and reviews of investments entered into on behalf of the Fund and Managed Accounts. These professionals review investments on a periodic basis, and in some cases as frequently as daily. These reviews are designed to monitor and analyze transactions, positions and investment levels.

Each investor in the Fund and each Managed Account owner generally receives in writing monthly performance return information, capital statements, a quarterly letter, and for the Fund investors, a copy of the quarterly unaudited and annual audited financial statements for the Fund.

An independent auditor annually audits the Fund's financial statements.

Item 14. Client Referrals and Other Compensation

HDI and related persons of HDI have entered into and may enter into additional cash compensation arrangements with unaffiliated placement agents or third parties for introducing investors to the Fund. Any sales charge or placement fees associated with such arrangements will ultimately be payable by HDI and/or its related persons. Notwithstanding the foregoing, indemnification payments (if any) to such placement agents or third parties may be borne by the Fund and not by HDI. Additionally, if an investor that is placed in the Fund by a placement agent retained by HDI has a brokerage, banking or other relationship with that placement agent, that investor may pay additional fees to the placement agent based on the terms of that relationship.

In the future, to the extent HDI enters into an agreement to provide cash compensation to a party for the referral of Managed Account clients, HDI will comply with the requirements of Rule 206(4)-3 under the Investment Advisers Act of 1940, as amended. These requirements include that the referring party be eligible to receive such compensation under the rule, the existence of a written agreement between HDI and the referring party and the referring party's providing the prospective clients with a separate written disclosure statement describing, among other things, that HDI will be paying the referring party and the terms of such compensation arrangement.

Item 15. Custody

HDI does not serve as the qualified custodian of any of the assets owned by the Fund or Managed Accounts and does not maintain physical custody of any securities or cash owned

by the Fund or Managed Accounts (other than certain privately offered securities to the extent permitted by the Investment Advisers Act of 1940, as amended, and related SEC interpretive guidance). However, HDI is deemed by the applicable regulatory rules to have constructive custody of the assets of the Fund as a result of its position as an affiliate of the general partner (or equivalent control person) of the Fund.

HDI satisfies the applicable regulatory requirements related to custody by, among other things, ensuring that the Fund is subject to an annual audit by an independent accounting firm that is registered and examined by the Public Company Accounting Oversight Board, and that audited financial statements for the Fund are provided to its investors within the applicable required time frame. The Fund investors will not receive account statements from the bank or other qualified custodian holding physical custody of the Fund's assets.

Item 16. Investment Discretion

The Fund and Managed Accounts (except as noted below) retain HDI to exercise broad investment discretion in accordance with the investment objectives and investment mandates of the Fund or Managed Account without investor consultation or consent, all as set forth in the applicable Fund Offering Documents or Managed Account documents. For the Fund, this authority is established through the Fund subscription documents completed and signed by each Fund investor as well as the management agreement between HDI and the Fund. For Managed Accounts, this authority is established through the Managed Account documents completed and signed by the Managed Account owner. The exercise of HDI's investment discretion includes (without limitation) the determination of:

- When to buy or sell;
- Which investments to buy or sell;
- The total amount of investments to buy or sell;
- The broker, dealer or other institution through which (or with which) investments are bought, sold or managed;
- The commission rates (or other fees) at which investment transactions are effected;
- The prices at which investments are to be bought or sold, which may include spreads, mark-ups, fees and transaction costs payable to one or more third parties; and
- The amount of research and/or due diligence that may be conducted and whether the transaction may be pursued on an expedited basis.

HDI generally does not accept instructions from clients with respect to investments by or for their Managed Accounts, but HDI has the ability to do so. Managed Accounts can impose restrictions on investing in certain securities or types of securities and can also negotiate other terms with HDI. Managed Account restrictions and terms are formalized in

advisory agreements with HDI. Managed Account investment guidelines and restrictions must be provided to and agreed by HDI in writing.

Item 17. Voting Client Securities

Because HDI has the authority for investments held by the Fund and Managed Accounts (unless otherwise specified in a Managed Account agreement), it has adopted written proxy voting policies and procedures. These policies and procedures generally provide that HDI will vote investments for the exclusive benefit, and in the best economic interest, of the Fund and relevant Managed Accounts and their beneficiaries, as determined by HDI in good faith. HDI's voting responsibilities will be exercised in a manner that is consistent with the general anti-fraud provisions of the Investment Advisers Act of 1940, as amended, as well as with HDI's fiduciary duties under federal and state law to act in the best interests of the Fund and the relevant Managed Accounts. HDI considers each issue presented in a proxy on its merits and votes on a case-by-case basis consistent with the Fund's and relevant Managed Accounts' best economic interests. On occasion, HDI may determine not to vote a particular proxy. This may be done, for example where: (1) the cost of voting the proxy outweighs the potential benefit derived from voting; (2) a proxy is received with respect to securities that have been sold before the date of the shareholder meeting and are no longer held in a client account; (3) the terms of an applicable securities lending agreement prevent HDI from voting with respect to a loaned security; (4) despite reasonable efforts, HDI receives proxy materials without sufficient time to reach an informed voting decision and vote the proxy; or (5) the terms of the security or any related agreement or applicable law preclude HDI from voting. It is possible HDI may have a conflict of interest in connection with voting on a particular matter. If a conflict exists that cannot be otherwise addressed, HDI may choose one of several options including: (1) voting in accordance with its standard proxy procedures, if it involves little or no discretion; (2) voting as recommended by a third-party service, if employed by HDI; (3) "echo" or "mirror" voting the proxies in the same proportion as the votes of other proxy holders that are not HDI clients; (4) if possible, erecting information barriers around the person or persons making the voting decision sufficient to insulate the decision from the conflict; or (5) abstaining from voting. Investors in the Fund and Managed Account owners may request a copy of HDI's written proxy voting policies and procedures as well as information about how HDI has voted securities for the Fund (for investors in the Fund) or for the relevant Managed Account (for the owner of such Managed Account).

The Portfolio Manager coordinates HDI's proxy voting process. Paragraph (c)(ii) of Rule 204-2 under the Investment Advisers Act requires HDI to maintain certain books and records associated with its proxy voting policies and procedures. Records of proxy materials and votes are maintained with an outside third party provider. HDI utilizes a third party to manage the proxy voting process. The Portfolio Manager is responsible for voting all proxies. The Portfolio Manager will consider whether HDI is subject to any material conflict of interest in connection with each proxy vote. HDI personnel must notify the Portfolio Manager if they are aware of any material conflict of interest associated with a proxy vote. If a proxy vote creates a material conflict between the interests of HDI and the Fund or Managed Account, HDI will resolve the conflict before voting the proxies. It

is impossible to anticipate all material conflicts of interest that could arise in connection with proxy voting.

Item 18. Financial Information

Each registered investment adviser is required to disclose whether it has any financial condition that could impair its ability to meet its contractual commitments to its clients, and whether it has been the subject of a bankruptcy proceeding. HDI does not have any adverse financial conditions to disclose and has not been the subject of a bankruptcy proceeding.

Item 1: Cover Page

HDI Capital LLC
Form ADV Part 2B Client Brochure Supplement
Tufic Salem
March 31, 2020

Address: Prol. Paseo de la Reforma 1015, Torre A, Piso 20
Col. Santa Fe, Del. Alvaro Obregon
Mexico City, Mexico 01376

This brochure supplement provides information about Tufic Salem that supplements the HDI Capital LLC brochure. You should have received a copy of that brochure. Please contact compliance@hdicapital.com if you did not receive HDI Capital's brochure or if you have any questions about the contents of this supplement.

Additional information about Tufic Salem is available on the SEC's website at www.adviserinfo.sec.gov.

Tufic Salem, born 1979

Item 2: Educational Background and Business Experience

Mr. Tufic Salem is the manager of the General Partner and a principal and the Chief Investment Officer of the Investment Manager. Mr. Salem spent nine years at Credit Suisse, where he was the Head of Mexico's Equities Research Team and the Head of Latin America Consumption Research Team.

Mr. Salem holds a Bachelor of Science in Business Administration from Trinity University, Texas and a Chartered Financial Analyst designation from the CFA Institute.

Item 3: Disciplinary Information

None

Item 4: Other Business Activity

None

Item 5: Additional Compensation

None

Item 6: Supervision

As Manager of the General Partner and Chief Investment Officer of the Investment Manager, Mr. Salem has ultimate responsibility for the supervision of firm activities and investment advice to clients. Mr. Salem is supervised by the HDI Capital LLC Compliance Program under regulatory requirements which is administered and implemented by the Chief Compliance Officer.