



INVESTMENT ADVISER BROCHURE

HAMMOND, KENNEDY, WHITNEY & COMPANY, INC.

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This Investment Adviser Brochure (“Brochure”) provides information about the qualifications and business practices of Hammond, Kennedy, Whitney & Company, Inc. and its advisory affiliates (collectively, “HKW”). If you have any questions about the contents of this Brochure, please contact us at (317) 574-6900. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state authority.

HKW is an investment adviser registered with the SEC under the Investment Advisers Act of 1940, as amended (the “Advisers Act”). However, such registration does not imply a certain level of skill or training.

Additional information regarding HKW is also available on the SEC’s website at www.adviserinfo.sec.gov.

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MATERIAL CHANGES

HKW filed its most recent Form ADV Part 2 on April 2, 2020. This annual amendment updates the description of certain risk factors and the business practices of HKW.

ADVISORY BUSINESS

Hammond, Kennedy, Whitney & Company, Inc. (“**HKW Company**”), a New York corporation and a registered investment adviser, and its affiliated investment advisers provide investment advisory services to investment funds privately offered to qualified investors in the United States and elsewhere. HKW Company commenced operations in 1903.

HKW’s clients include the following (each, a “**Fund**,” and together with any future private investment fund to which HKW or its affiliates provide investment advisory services, the “**Funds**”):

- HKW Capital Partners III, L.P.
- HKW Capital Partners III-A, L.P.
- HKW Capital Partners III Supplemental L.P.
- HKW Capital Partners III-A Supplemental L.P.
- HKW Capital Partners IV, L.P.
- HKW Capital Partners IV-A, L.P.
- HKW Capital Partners IV-B, L.P.
- HKW Capital Partners V, L.P.
- HKW Capital Partners V-A, L.P. (together with HKW Capital Partners V, L.P., “**Fund V**”)

The following registered investment advisers are affiliated with HKW Company:

- HKW Management III, L.P.
- HKW Management III Supplemental L.P.
- HKW Management IV, L.P.
- HKW Management V, L.P.

(each, a “**General Partner**” and together with HKW Company and their affiliated entities “**HKW**”).

Each General Partner is registered under the Advisers Act pursuant to HKW Company’s registration in accordance with SEC guidance. This Brochure also describes the business practices of the General Partners, which operate as a single advisory business together with HKW Company.

The Funds are private equity funds and invest through negotiated transactions directly and indirectly in operating entities, generally referred to herein as “portfolio companies.” HKW’s investment advisory services to the Funds include identifying and evaluating investment opportunities, negotiating the terms of investments, managing and monitoring investments and achieving dispositions for such investments. Although investments are made predominantly in non-public companies, investments in public companies are permitted. One or more partners at HKW (the “partner” title at HKW refers to the firm’s executive-level personnel), other personnel

of HKW or its affiliates or other persons designated by HKW generally serve on such portfolio companies' respective boards of directors (or similar governing bodies) or otherwise act to influence control over management of portfolio companies in which the Funds have invested.

HKW's advisory services for the Funds are detailed in the applicable private placement memoranda or other offering documents (each, a **"Memorandum"**), investment management agreements, limited partnership or other operating agreements or governing documents (each, a **"Partnership Agreement"**) and are further described below under "Methods of Analysis, Investment Strategies and Risk of Loss." Limited partners in the Funds participate in the overall investment program for the applicable Fund but in certain circumstances are excused from a particular investment due to legal, regulatory or other agreed-upon circumstances pursuant to the relevant Partnership Agreement(s); for the avoidance of doubt, such arrangements generally do not and will not create an adviser-client relationship between HKW and any investor. The Funds or the General Partners have entered into side letters or other similar agreements (**"Side Letters"**) with certain limited partners that have the effect of establishing rights (including economic or other terms) under, or altering or supplementing the terms of, the relevant Partnership Agreement with respect to such limited partners.

Additionally, from time to time and as permitted by the relevant Partnership Agreement, HKW expects to provide (or agrees to provide) co-investment opportunities (including the opportunity to participate in co-investment vehicles) to certain limited partners or other persons, including other sponsors, market participants, finders, consultants and other service providers, selling equity owners or current or former management team members of an acquired portfolio company and/or certain other persons associated with HKW and/or its affiliates. Such co-investments typically are expected to involve investment and disposal of interests in the applicable portfolio company at the same time and on the same terms as the Fund making the investment. However, from time to time, for strategic and other reasons, a co-investor or co-investment vehicle purchases a portion of an investment (generally, at a price based on the cost of such investment) from one or more Funds after such Funds have consummated their investment in the portfolio company (also known as a post-closing sell-down or transfer), which generally will have been funded through Fund investor capital contributions and/or the use of a Fund credit facility. Any such purchase from a Fund by a co-investor or co-investment vehicle generally occurs shortly after the Fund's completion of the investment to avoid any changes in valuation of the investment, although purchases may be made after a period of time has elapsed after the initial investment in certain circumstances, and the co-investor or co-investment vehicle typically is not charged interest on the purchase to compensate the relevant Fund for the holding period. Accordingly, such holding costs generally are borne by the relevant Fund.

As of December 31, 2020, HKW managed \$759,854,190 in client assets on a discretionary basis. HKW is managed by 9 individual partners who are investment professionals of the firm.

FEES AND COMPENSATION

In general, HKW receives a management fee and a carried interest in connection with the provision of advisory services to its clients. HKW receives additional compensation in connection with management and other services performed for portfolio companies of Funds, and a portion of such additional compensation will offset the management fees otherwise payable to HKW, in each

case as described in the relevant Partnership Agreement and generally summarized below. Limited partners in a Fund also bear certain expenses.

Management Fees

Generally, the Funds will pay HKW, quarterly in advance in accordance with the relevant Partnership Agreement, a management fee (the “**Management Fee**”) generally equal to 2.0% on an annual basis of aggregate limited partner capital commitments (“**Commitments**”), but generally excluding Commitments of certain affiliated limited partners, as further described in the relevant Partnership Agreement. Limited partners participating in a closing after the initial closing date bear the Management Fee and an additional amount calculated at the prime rate plus 2% per year from the initial closing date. Upon the earliest to occur of (i) the date when all of a Fund’s Commitments have been invested or otherwise used to pay expenses of such Fund, (ii) the end of the commitment period specified in the relevant Partnership Agreement or (iii) certain other events specified in the relevant Partnership Agreement, the Management Fee will be reduced and generally will equal 2.0% on an annual basis of (a) the aggregate funded Commitments used in connection with making investments in portfolio companies (or paying expenses related thereto), as reduced by (b) permanent write downs and distributions constituting returns of capital, as adjusted in the case of certain recapitalizations. In addition, with respect to Fund V, after the 10th anniversary of the effective date of Fund V, the Management Fee will be further reduced on an annual basis pursuant to a schedule specified in such Fund’s Partnership Agreement. The Management Fee will be payable until all portfolio investments are distributed or until HKW’s relationship with the Fund is terminated for other reasons (as described in the relevant Partnership Agreement). Installments of the Management Fee payable for any period other than a full quarterly period are adjusted on *pro rata* basis according to the actual number of days in such period. Where the Partnership Agreements calculate Management Fees based on the amount of Commitments or the amount of investment contributions, the amount of Management Fees generally will not be reduced based on reductions in investment value, except where specified by the relevant Partnership Agreement. As a general matter, Management Fees will be payable during any term extensions unless otherwise agreed with investors.

Three of the Funds, HKW Capital Partners III Supplemental L.P., HKW Capital Partners III-A Supplemental L.P. and HKW Capital Partners IV-B, L.P., do not pay a Management Fee. Although HKW may negotiate a Management Fee with respect to prospective co-investors and/or co-investment vehicles, it is generally expected that any co-investment vehicle or other prospective co-investor will not be subject to the Management Fee with respect to any amounts co-invested.

In accordance with the relevant Partnership Agreement, a Fund’s Management Fee generally will be reduced by a portion of certain fees and other amounts paid by a portfolio company or prospective portfolio company of a Fund to HKW or its partners or employees, generally including, without limitation, directors’ fees, monitoring fees and transaction fees, as well as break-up fees paid in connection with unconsummated transactions (such fees, “**Supplemental Fees**”). With respect to HKW Capital Partners V, L.P. and as further described in its Partnership Agreement, all of such Fund’s share of Supplemental Fees are offset against the Management Fee. Other Funds have different Management Fee offset provisions, and Management Fees, offsets and related Fund terms generally vary from Fund to Fund. For example, as further described in the Partnership Agreement for HKW Capital Partners IV, L.P., such

Supplemental Fees generally are offset against the Management Fee, as follows: (i) 50% with regard to limited partners with Commitments below a specified threshold, and (ii) 60% with regard to limited partners with Commitments above the specified threshold, in each case until HKW has received and retained a specified amount in fees, after which such Supplemental Fees are offset against the Management Fee by 100%. For each relevant Fund, the remaining portion of Supplemental Fees not subject to an offset against the Management Fee is retained by HKW. To the extent that an offset credit would reduce the Management Fee for a given quarterly period below zero, the credit will be carried forward for future application against payable Management Fees, and any Management Fee offsets which have not been applied as of the date of a Fund's final distribution of assets would be distributed to the limited partners of such Fund, in accordance with the relevant Partnership Agreement. With respect to certain Funds that do not pay a Management Fee (e.g., HKW Capital Partners III Supplemental L.P., HKW Capital Partners III-A Supplemental L.P.), the relevant portion of Supplemental Fees that otherwise would have been offset against the Management Fee is generally shared with such Fund via a distribution to the applicable Funds. Unless otherwise agreed with investors, Supplemental Fees generally will be payable during term extensions, even if Management Fees are reduced or eliminated during the extended term.

Certain Partnership Agreements permit HKW to waive a portion of the Management Fee and have such waived portions of the Management Fee treated by the Partnership Agreement as a deemed capital contribution by the relevant General Partner, which is effectively invested in the relevant Fund on such General Partner's behalf. This treatment operates to reduce the amount of capital such General Partner would otherwise be required to contribute to a Fund in cash. The fee-bearing limited partners of a Fund would, in such circumstances, be required to make a *pro rata* contribution according to their respective Commitments to fund any contribution that otherwise would be required of HKW in connection with any such waiver as described above and, as a result, the exercise of such waiver may result in an acceleration (or delay) of limited partner capital contributions. Due to such waived Management Fees, it is possible that Management Fee offsets will not be realized fully by limited partners in a Fund until any unapplied portion of such Management Fee offsets is distributed to limited partners in connection with a Fund's final distribution of assets, as described above.

Carried Interest

The General Partners will receive a carried interest with respect to the Funds generally equal to 20% of all realized profits, subject to a compound preferred return, as more fully described in the relevant Partnership Agreement. The carried interest distributed to HKW is subject to a potential giveback at the end of life of the Fund if HKW has received excess cumulative distributions and at certain interim intervals as provided in the Partnership Agreement. Although HKW may negotiate a performance-based fee with respect to prospective co-investors and/or co-investment vehicles, it is generally expected that any co-investment vehicle or other prospective co-investor will not be subject to a performance-based fee with respect to any amounts co-invested.

Other Information

HKW is permitted to exempt certain limited partners in the Funds from bearing all or a portion of Management Fees and/or carried interest, including HKW and any other person designated by HKW as described in the relevant Partnership Agreement. Each General Partner

reserves the right to make any such exemption from Management Fees and/or carried interest by a direct exemption, a rebate by HKW and/or its affiliates, or through other Funds that co-invest with a Fund. For example, in instances where an HKW professional (or an affiliated entity thereof) invests in a Fund, such professional (or such affiliated entity) generally will be exempt from the Management Fee and/or carried interest with respect to such Fund. Additionally, to the extent permitted by the relevant Partnership Agreement, HKW has the right to permit investors, affiliated with HKW or otherwise, to invest directly, through the relevant General Partner or through other vehicles that do not bear Management Fees or carried interest.

The Funds generally invest on a long-term basis. Accordingly, investment advisory and other fees are expected to be paid, except as otherwise described in the Partnership Agreement, over the term of the relevant Fund, and limited partners generally are not permitted to withdraw or redeem interests in the Funds.

Principals or other current or former employees of HKW generally receive salaries and other compensation derived from, and in certain cases including a portion of, the Management Fee, carried interest or other compensation received by HKW or its affiliates.

In addition to the Management Fee and carried interest payable to HKW, each Fund bears certain expenses, including their organizational costs (generally including the related out-of-pocket expenses of the respective General Partner, HKW Company and their agents) up to an amount specified in the relevant Partnership Agreement. Organizational expenses in excess of that amount generally will be paid by the respective General Partner, but in certain Funds, the Fund would also pay such excess but recoup such excess through an offset against the Management Fee as set forth in the relevant Partnership Agreement. As set forth in the relevant Partnership Agreement, a Fund generally bears all fees, costs, expenses, liabilities and obligations (which may vary among Funds) relating to the Fund's (and its subsidiaries' and intermediate entities') activities, business, portfolio companies or actual or potential investments, including with respect to any person formed to effect the acquisition and/or holding of a portfolio company (to the extent not borne or reimbursed by a portfolio company or potential portfolio company), including, as applicable for each Fund, some or all of the following fees, costs, expenses, liabilities and obligations relating or attributable to: (i) activities with respect to the structuring, organizing, negotiating, consummating, financing, refinancing, acquiring, bidding on, owning, managing, monitoring, operating, holding, hedging, restructuring, trading, taking public or private, selling, valuing, winding up, liquidating, or otherwise disposing of, as applicable, a Fund's portfolio companies and its actual and potential investments (including follow-on investments) or seeking to do any of the foregoing (including any associated legal, financing, commitment, transaction or other fees and expenses payable to attorneys, accountants, investment bankers, lenders, third-party diligence software and service providers, consultants and similar professionals in connection therewith and any fees and expenses related to transactions that may have been offered to co-investors), whether or not any contemplated transaction or project is consummated and whether or not such activities are successful; (ii) indebtedness of, or guarantees made by, a Fund, the relevant General Partner or any "affiliated partner" on behalf of a Fund (including any credit facility, letter of credit or similar credit support), including interest with respect thereto, or seeking to put in place any such indebtedness or guarantee; (iii) financing, commitment, origination and similar fees and expenses; (iv) broker, dealer, finder, underwriting (including both commissions and discounts), loan administration, private placement fees, sales commissions, investment banker, finder and similar

services; (v) brokerage, sale, custodial, depository, trustee, record keeping, account and similar services; (vi) legal, accounting, research, auditing, administration (including fees and expenses associated with a Fund's third-party administrator and administration or reporting software, if any), information, appraisal, advisory, valuation (including third-party valuations, appraisals or pricing services), consulting (including consulting and retainer fees and other compensation paid to consultants performing investment initiatives and other similar consultants), tax and other professional services; (vii) reverse breakup, termination and other similar fees; (viii) directors and officers liability, errors and omissions liability and general partnership liability premiums and other insurance expenses; (ix) filing, title, transfer, registration and other similar fees and expenses; (x) printing and communications; (xi) the preparation, distribution or filing of Fund-related or investment-related financial statements or other reports, tax returns, tax estimates, Schedule K-1s, or any other administrative, compliance or regulatory filings or reports (including Form PF and any filings or reports contemplated by the Alternative Investment Fund Managers Directive or any similar law, rule or regulation), or other information, including fees and costs of any third-party service providers and professionals related to the foregoing; (xii) developing, licensing, implementing, maintaining or upgrading any web portal, extranet tools, investor reporting and disclosure (*e.g.*, data room) computer software or other similar administrative or reporting tools (including subscription-based services) for the benefit of a Fund or the limited partners; (xiii) any activities with respect to protecting the confidential or non-public nature of any information or data; (xiv) to the extent provided in the relevant Partnership Agreement, or otherwise approved by the relevant General Partner in its sole discretion, activities or proceedings of the advisory board (including any reasonable out-of-pocket costs and expenses incurred by representatives of the relevant General Partner, the advisory board members, permitted observers and other persons in attending or otherwise participating in meetings of the advisory board); (xv) indemnification (including any fees, costs and expenses incurred in connection with indemnifying any partner or other person pursuant to the relevant Partnership Agreement and advancing fees, costs and expenses incurred by any such person in defense or settlement of any claim that may be subject to a right of indemnification pursuant to the relevant Partnership Agreement), except as otherwise set forth in the relevant Partnership Agreement; (xvi) actual, threatened or otherwise anticipated litigation, mediation, arbitration or other dispute resolution process, including any judgment, other award or settlement entered into in connection therewith; (xvii) any annual limited partner meeting or other periodic, if any, meetings of the limited partners and any other conference or meeting with any limited partner(s); (xviii) except as otherwise determined by the relevant General Partner in its sole discretion, any fee, cost, expense, liability or obligation relating to any alternative investment vehicle or its activities, business, portfolio companies or actual or potential investments (to the extent not borne or reimbursed by a portfolio company of such alternative investment vehicle) that would be a Fund expense or organizational expense if it were incurred in connection with the Fund, and any expenses incurred in connection with the formation, management, operation, termination, winding up and dissolution of any feeder vehicles related to a Fund to the extent not paid by the investors investing in such entities; (xix) the termination, liquidation, winding up or dissolution of a Fund; (xx) defaults by partners in the payment of any capital contributions; (xxi) amendments to, and waivers, consents or approvals pursuant to, the constituent documents of a Fund and any alternative investment vehicle of a Fund, including the preparation, distribution and implementation thereof; (xxii) complying with any law or regulation related to the activities of a Fund (including regulatory expenses of the relevant General Partner incurred in connection with the operation of a Fund and legal fees and expenses);

(xxiii) any litigation or governmental inquiry, investigation or proceeding involving a Fund, including the amount of any judgments, settlements or fines paid in connection therewith, except as set forth in the relevant Partnership Agreement; (xxiv) unreimbursed costs and expenses incurred in connection with any transfer or proposed transfer by a limited partner; (xxv) any taxes, fees and other governmental charges levied against a Fund and all expenses incurred in connection with any tax audit, investigation settlement or review of a Fund; (xxvi) distributions to the partners and other expenses associated with the acquisition, holding and disposition of a Fund's investments, including extraordinary expenses; (xxvii) compliance or regulatory matters related to a Fund, except as set forth in the relevant Partnership Agreement; (xxviii) any travel, lodging, meals or entertainment relating to any of the foregoing, including in connection with consummated and unconsummated investment and disposition opportunities; (xxix) any placement fees; and (xxx) any other fees, costs, expenses, liabilities or obligations approved by the advisory board. Generally included in the expenses permitted to be borne by a Fund are the fees, costs, expenses, liabilities and obligations of legal counsel, consultants and/or other service providers to procure, establish, review, revise and/or negotiate relationships relating to the foregoing items, which generally are expected to be significant. As a general matter, broken deal expenses are allocated among Fund investors regardless of whether any individual investor negotiated for an elective or automatic contractual right that would have excused them from participating in the investment. In certain cases, these or similar expenses (and/or Supplemental Fees) are expected to be charged to portfolio companies, capitalized into the cost basis of a transaction or, to the extent necessary or desirable for operational, administrative, tax or other reasons, charged at the level of an intermediate holding company between the relevant Fund and the portfolio company. To the extent holding or intermediate entities include one or more special purpose acquisition companies ("SPACs"), the relevant Fund(s) will bear the costs of organizing and offering such SPACs, as well as the amount and dilutive effect of any founders' equity or similar interests issued thereby that are not held directly or indirectly by the Fund, and except where prohibited by the Partnership Agreement, such interests are permitted to be issued to HKW and its personnel. Excluded from Fund expenses are ordinary administrative and overhead expenses of HKW incurred in connection with managing and monitoring investments, including employees' salaries, rent, utilities and other similar expenses specified in the relevant Partnership Agreement. Each Fund also generally will bear the costs of implementing, monitoring and complying with investment guidelines and directives relating to the Fund's strategy, including in Side Letters relating thereto, and (where applicable) environmental, social, governance and other standards to which the relevant General Partner has committed in making investments on behalf of the Fund. Additionally, subject to the Governing Documents, a Fund typically will bear certain unreimbursed expenses of portfolio companies and intermediate holding vehicles through which the Fund invests. As is typical for private equity funds, the Funds likely bear additional and greater expenses, directly or indirectly, than many other pooled investment products, such as mutual funds, and there can be no assurance that the benefits to investors will be commensurate with such expenses. To the extent brokerage fees are incurred, they will be incurred in accordance with the general practices set forth in "Brokerage Practices."

In certain circumstances, HKW expects to advance amounts related to expenses or obligations that may be common to multiple Funds (including without limitation legal expenses for a transaction in which all such Funds participate, or other fees or expenses in connection with services the benefit of which are received by other Funds over time) and receive reimbursements from the Funds to which such expenses or obligations relate. To the extent the paying Fund makes

use of a credit facility to pay such expense, it generally will not be reimbursed separately by other Funds for use of the facility.

As described above, in certain circumstances, the relevant General Partner is authorized to permit certain parties to co-invest in portfolio companies alongside one or more Funds. If a co-investment vehicle is formed, such entity will bear expenses related to its formation and operation, many of which are similar in nature to those borne by the Funds. Co-investors generally will not bear broken deal expenses (*i.e.*, certain fees, expenses and liabilities incurred in connection with transactions not consummated) with respect to their co-investment, but co-investors investing through a multiple investment, committed co-investment vehicle formed by HKW generally will bear such broken deal expenses to the extent the termination of the prospective transaction occurred after the applicable General Partner determined that it was appropriate for such co-investment vehicle to participate in such co-investment opportunity. To the extent the Fund makes use of a credit facility to invest in a portfolio company or pay related expenses, it generally will not be reimbursed separately by co-investors for use of the facility.

HKW and/or its affiliates generally have discretion over whether to charge Supplemental Fees to a portfolio company and, if so, the rate, timing and/or amount of such compensation, as well as to charge such amounts at varying levels in a portfolio company's holding or operating structure. The receipt of such compensation generally will give rise to potential conflicts of interest between the Funds, on the one hand, and HKW and/or its affiliates on the other hand. As described above and in the relevant Partnership Agreement, all or a portion of such Supplemental Fees received by HKW from a portfolio company is offset against the Management Fee payable by a Fund in accordance with the relevant Partnership Agreement.

Limited partners participating in a closing after the initial closing date are required to pay the respective Fund, on a date designated by the relevant General Partner, an amount equal to the portion of their respective capital commitments that would have been drawn down had those persons been limited partners from the date of the initial closing (plus an additional amount calculated at the prime rate plus 2% per year). This amount will include the limited partner's proportionate share of the Management Fee (if applicable) and Fund expenses, generally including any fees and expenses incurred in connection with the Fund's prior investment activity.

HKW intends to utilize its network of consultants, advisors, deal finders and other firm contacts (the "**HKW Network**") in order to identify potential investment opportunities. HKW intends to pay relevant HKW Network members (which could include, without limitation, current and former portfolio company executives, advisors, current and former limited partners, "friends of the firm" and other relevant contacts) a finder's fee or other compensation in connection with deal referrals that result in a completed transaction, in accordance with SEC guidance. Any such compensation will be borne by the relevant portfolio company and, indirectly, by the applicable Fund, and will not result in an offset to, or reduction of, the Management Fee payable to HKW. In addition, in some instances, a consultant in the HKW Network may be permitted to contribute the negotiated amount of such compensation as a co-investment in the relevant transaction referred to HKW and/or negotiate other co-investment rights.

PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

As described under “Fees and Compensation,” HKW generally receives a carried interest allocation on certain realized profits in the relevant Funds. HKW also manages one or more Fund(s) that are not charged performance-based compensation. This practice could present a conflict of interest because HKW has an incentive to favor accounts for which it receives the highest performance-based compensation. Additionally, to the extent that HKW has Funds with varying carried interest terms and/or HKW personnel are assigned varying percentages of carried interest from the Funds, HKW and such personnel are subject to potential conflicts of interest, to the extent they are involved in identifying investment opportunities as appropriate for Funds from which they are entitled to receive a higher carried interest percentage.

HKW seeks to address the potential for conflicts of interest in this area with allocation policies that provide that transactions and investment opportunities will be allocated to the Funds in accordance with each Fund’s investment guidelines and Partnership Agreement, as well as other factors that do not include the amount of performance-based compensation received by HKW or any personnel.

The existence of performance-based compensation has the potential to create an incentive for the General Partner to make more speculative investments on behalf of a Fund than it would otherwise make in the absence of such arrangement, although HKW generally considers performance-based compensation to better align its interests with those of its limited partners.

TYPES OF CLIENTS

HKW provides investment advice solely to its Fund clients, and references throughout this Brochure to “clients” and to HKW’s related duties to and practices on behalf of its clients and/or investors should be construed accordingly. The Funds generally include investment partnerships or other investment entities formed under domestic or foreign laws and operated as exempt investment pools under the Investment Company Act of 1940, as amended. The limited partners participating in the Funds generally include individuals, banks or thrift institutions, insurance companies, financial institutions and other investment entities, university endowments, sovereign wealth funds, family offices, pension and profit-sharing plans, trusts, estates or charitable organizations or other corporations or business entities and from time to time include, directly or indirectly, partners or other employees of HKW and its affiliates and members of their families, or other service providers retained by HKW, as well as executives of Fund portfolio companies.

The Funds generally have a minimum investment amount of either \$1,000,000 or \$5,000,000 for third-party limited partners, and Fund interests are offered and sold to qualified purchasers or accredited investors that are also qualified clients (or qualified knowledgeable HKW personnel). HKW generally is permitted to waive such minimum investment amount.

METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

General

HKW is a private investment firm focused on acquiring control positions primarily in privately-held companies in the lower end of the middle market that are headquartered primarily

in the United States or Canada as set forth in the relevant Memorandum and/or Partnership Agreement. These investments are made through managed buy-outs and other equity-related investments. HKW also seeks to maintain a diversified portfolio of companies in various industries relative to the amount of capital committed in each Fund. The investment by a Fund in any one portfolio company may not exceed a specified percentage or amount of Commitments of such Fund, as set forth in the relevant Memorandum and/or Partnership Agreement. HKW seeks opportunities from a broad range of industry sectors but from time to time will focus on certain favored industries.

In addition to the company characteristics, HKW considers management to be a crucial component of its companies. HKW thus seeks companies that have an experienced management team that is willing to invest in the company on the same terms as HKW and to establish a true partnership and work collaboratively with HKW in formulating clear, common objectives and a clear vision for value creation.

HKW regularly reassesses and refines its investment criteria to reflect the lessons learned from its investment and management experience. HKW's investment decision-making framework currently comprises its investment criteria (divided into three categories: company criteria, management criteria and deal criteria), the diligence process and the monitoring of its portfolio companies. Each is discussed in turn below.

Investment Criteria

HKW targets investments with the following company criteria:

- Revenues and EBITDA (*i.e.*, earnings before interest, tax, depreciation and amortization) within a targeted range;
- Stable and predictable cash flows;
- Power in its market niche as evidenced by margins and/or market leadership;
- Sustainable competitive advantage;
- Low risk of competition from low wage countries; and
- Low risk of technological obsolescence.

In addition, HKW assesses the existing management team, and typically avoids investing in companies with insufficient or departing management teams. In evaluating management teams, HKW focuses on the following factors:

- Talent and work ethic of existing personnel;
- Skill and experience of existing personnel in relation to the skill needed by the company to execute based on HKW's investment thesis;
- Willingness of management to devote a substantial or meaningful portion of their net worth to purchase equity in the company; and
- Willingness of management to interactively work with HKW to create value.

Finally, HKW typically assesses the transaction terms based on whether the companies:

- are underwritten in a way that has potential to achieve returns on par with

- HKW's overall historical performance;
- are underwritten in a way that demonstrate conservative fixed charge coverage ratios;
- have an attractive entry EBITDA multiple relative to current market conditions for similarly situated companies; and
- have potential for expansion of the EBITDA multiple upon exit.

While HKW believes that companies in the lower end of the middle market represent significant opportunities for a variety of reasons, it also acknowledges that such companies often face challenges. HKW approaches these challenges in three main ways: (i) in analyzing new deals, HKW seeks to identify and prioritize areas for improvement during the due diligence process; if there are too many areas identified as requiring improvement, it passes on the proposed investment; (ii) HKW and target company management define value creation objectives and an execution plan up front and (iii) HKW has a dedicated team who is principally focused on portfolio company management and operations, including a person dedicated primarily to exit strategies for portfolio companies.

There can be no assurance that HKW will achieve the investment objectives of any Fund and a loss of investment is possible.

Investment and Operating Strategy

Deal Sourcing and Due Diligence. HKW largely identifies suitable investments generally through its dedicated deal sourcing team and is primarily focused on smaller regional investment bankers. HKW's dedicated deal generation team continuously seeks appropriate investment opportunities, both for platform investments and follow-on investments, by utilizing its network and calling upon its contacts.

HKW's investment professionals meet as a group each week to review new deals, act on potential investments and discuss select companies in the portfolio of each Fund. If a potential target company appears to meet HKW's investment criteria, then based on HKW's knowledge of the particular industry and the strengths of the targeted company, an indication of interest is submitted and, if accepted, preliminary due diligence, sufficient to prepare an investment thesis and a financial model, is commenced. HKW Company partners must approve the investment before a letter of intent is submitted. Once a letter of intent is executed, a robust due diligence process is initiated. During due diligence, HKW's investment committee reviews reports and findings as they become available and requests further detail and clarification. When due diligence is complete, HKW's investment committee convenes to review an updated investment thesis and financial model and to discuss any outstanding questions. If approved by the investment committee, HKW typically then will cause the applicable Fund(s) to enter into definitive agreements to purchase the company. Generally, management of the company must also invest to ensure that interests are aligned.

HKW also implements its investment committee process when a portfolio company of a Fund acquires a target company that requires such Fund to make a follow-on investment in the portfolio company or when a Fund is required to provide guarantee of indebtedness for a portfolio company.

Monitoring. Monitoring of portfolio companies is accomplished through frequent communication with management and through several disciplined practices; monthly review of financial statements, quarterly review of progress on value creation objectives with portfolio company management, quarterly board of directors meetings and annual review of year-end audited financial statements for each Fund portfolio company.

Typically, an HKW partner is named chairman of a portfolio company and is joined on the board of directors by another HKW person. The chairman of the portfolio company's board of directors is responsible for monitoring the company throughout a Fund's ownership period.

If a portfolio company is under-performing, it is typically reviewed by all investment professionals at a weekly meeting. The level of discussions with portfolio company management increases, and internal or external reviews of particular aspects of a company management or operations may be initiated. If necessary, management is replaced or augmented.

HKW also has a risk committee comprised primarily of current and former partners of HKW and certain outside executives or advisors. This group typically meets three times a year to review portfolio company performance.

Exit Committee. HKW Company implements an Exit Committee to provide guidance, support and oversight on exit timing and process for all HKW portfolio companies. The Exit Committee has an annual exit planning meeting with all HKW portfolio companies to discuss performance compared to plan, strategic initiatives and exit timing. Once a decision is made to sell a portfolio company, the Exit Committee approves a formal exit plan that is presented by the HKW Company members of the company's board of directors. During the exit process, the Exit Committee is kept apprised of the process, becomes involved to the extent there are any deviations from the approved plan and serves as a forum for discussion.

Risks of Investment

Each Fund and its limited partners bear the risk of loss that HKW's investment strategy entails. The risks involved with HKW's investment strategy and an investment in a Fund include, but are not limited to:

Business Risks. A Fund's investment portfolio will consist primarily of securities issued by privately held companies, and operating results in a specified period will be difficult to predict. Such investments involve a high degree of business and financial risk that can result in substantial losses.

Future and Past Performance. The performance of HKW's prior investments is not necessarily indicative of a Fund's future results. While the General Partner intends for each Fund to make investments that have estimated returns commensurate with the risks undertaken, there can be no assurances that any targeted internal rate of return will be achieved. On any given investment, loss of principal is possible.

Investment in Junior Securities. The securities in which a Fund will invest may be among the most junior in a portfolio company's capital structure and, thus, subject to the greatest risk of loss. Generally, there will be no collateral to protect a Fund's investment once made.

Concentration of Investments. Each Fund will participate in a limited number of investments and may seek to make several investments in one industry or one industry segment or within a short period of time. As a result, a Fund's investment portfolio could become highly concentrated, and the performance of a few holdings or of a particular industry may substantially affect its aggregate return. Furthermore, to the extent that the capital raised is less than the targeted amount, a Fund may invest in fewer portfolio companies and thus be less diversified.

Lack of Sufficient Investment Opportunities. The business of identifying, structuring and completing private equity transactions is highly competitive and involves a high degree of uncertainty. It is possible that a Fund will never be fully invested if enough sufficiently attractive investments are not identified. However, regardless of the extent to which the Commitments of the limited partners are invested (or drawn down to be invested), the limited partners will be required to bear Management Fees through a Fund during the Commitment Period based on the entire amount of the limited partners' Commitments and other expenses as set forth in the relevant Partnership Agreement.

Dynamic Investment Strategy. While each General Partner generally intends to seek attractive returns for a Fund primarily through making private equity investments as described herein, the relevant General Partner is permitted to pursue additional investment strategies and/or may modify or depart from its initial investment strategy, investment process and investment techniques as it determines appropriate. A General Partner is permitted to pursue investments outside of the industries and sectors in which HKW has previously made investments or have internal operational experience.

Illiquidity; Lack of Current Distributions. An investment in a Fund should be viewed as illiquid. It is uncertain as to when profits, if any, will be realized. Losses on unsuccessful investments may be realized before gains on successful investments are realized. The return of capital and the realization of gains, if any, generally will occur only upon the partial or complete disposition of an investment. While an investment may be sold at any time, it is generally expected that this will not occur for a number of years after the initial investment. Before such time, there may be no current return on the investment. Furthermore, the expenses of operating a Fund (including the annual Management Fee payable to a General Partner, as applicable) may exceed its income, thereby requiring that the difference be paid from a Fund's capital, including, without limitation, unfunded Commitments.

Leveraged Investments. Each Fund generally is permitted to make use of leverage by incurring or having a portfolio company incur debt to finance a portion of its investment in a given portfolio company, including in respect of companies not rated by credit agencies. Leverage generally magnifies both a Fund's opportunities for gain and its risk of loss from a particular investment. The cost and availability of leverage is highly dependent on the state of the broader credit markets, which state is difficult to accurately forecast, and at times it may be difficult to obtain or maintain the desired degree of leverage. The use of leverage by a Fund will also result in interest expense and other costs to a Fund that may not be covered by distributions made to a Fund or appreciation of its investments. The use of leverage also imposes restrictive financial and operating covenants on a company, in addition to the burden of debt service, and may impair its ability to operate its business as desired and/or finance future operations and capital needs. The leveraged capital structure of portfolio companies will increase the exposure of a Fund's

investments to any deterioration in a company's condition or industry, competitive pressures, an adverse economic environment or rising interest rates and could accelerate and magnify declines in the value of a Fund's investments in the leveraged portfolio companies in a down market. In the event any portfolio company cannot generate adequate cash flow to meet its debt service, a Fund may suffer a partial or total loss of capital invested in the portfolio company, which could adversely affect the returns of the Fund. Furthermore, should the credit markets be limited or costly at the time a Fund determines that it is desirable to sell all or a part of a portfolio company, the Fund may not achieve an exit multiple or enterprise valuation consistent with its forecasts. Moreover, the companies in which a Fund will invest generally will not be rated by a credit rating agency. A Fund is also permitted to borrow money or guaranty indebtedness (such as a guaranty of a portfolio company's debt, a letter of credit or other forms of promise to provide funding). A Fund is permitted to incur leverage on a joint and several basis with one or more other investment funds and entities managed by its General Partner or any of its affiliates and may have a right of contribution, subrogation or reimbursement from or against such entities. In addition, to the extent a Fund incurs leverage (or provides such guaranties), such amounts are permitted to be secured by Commitments made by a Fund's limited partners and such limited partners' contributions may be required to be made directly to the lenders instead of the Fund. Such amounts may remain outstanding for an extended period of time but are generally expected to remain outstanding for three to six months.

Limited Transferability of Fund Interests. There will be no public market for Fund interests, and none is expected to develop. There are substantial restrictions upon the transferability of Fund interests under the relevant Partnership Agreement(s) and/or Memoranda and applicable securities laws. In general, withdrawals of interests in the Funds are not permitted. In addition, interests in the Funds are not redeemable.

Restricted Nature of Investment Positions. Generally, there will be no readily available market for Fund investments, and hence, most of a Fund's investments will be difficult to value. Certain investments may be distributed in kind to the partners of a Fund, and it may be difficult to liquidate the securities received at a price or within a time period that is determined to be ideal by such partners. After a distribution of securities is made to the partners, many partners may decide to liquidate such securities within a short period of time, which could have an adverse impact on the price of such securities. The price at which such securities may be sold by such partners may be lower than the value of such securities determined pursuant to the relevant Partnership Agreement, including the value used to determine the amount of carried interest available to HKW with respect to such investment.

Reliance on the General Partner and Portfolio Company Management. Control over the operation of a Fund will be vested with the Fund's General Partner, and future profitability of each Fund will depend largely upon the business and investment acumen of HKW principals. The loss or reduction of service of one or more of the HKW's partners could have an adverse effect on a Fund's ability to realize its investment objectives. In addition, HKW's partners currently, and expect in the future, manage other investment funds besides the Funds and HKW's partners may need to devote substantial amounts of their time to the investment activities of such other funds, which may pose conflicts of interest in the allocation of the time of the HKW partners. Limited partners generally have no right or power to take part in the management of a Fund, and as a result, the investment performance of a Fund will depend on the actions of the relevant General Partner.

In addition, certain changes in the General Partner or circumstances relating to the General Partner may have an adverse effect on a Fund or one or more of its portfolio companies including potential acceleration of debt facilities. Although the relevant General Partner will monitor the performance of each Fund investment, it will primarily be the responsibility of each portfolio company's management team to operate such portfolio company on a day to day basis. Although the Funds generally intend to invest in companies with strong management or recruit strong management to such companies, there can be no assurance that the management of such companies will be able or willing to successfully operate a company in accordance with a Fund's objectives.

Projections. Projected operating results of a company in which each Fund invests normally will be based primarily on financial projections prepared by such company's management, with adjustments to such projections made by HKW in its discretion. In all cases, projections are only estimates of future results that are based upon information received from the company and third parties and assumptions made at the time the projections are developed. There can be no assurance that the results set forth in the projections will be attained, and actual results may be significantly different from the projections. Also, general economic factors, which are not predictable, can have a material effect on the reliability of projections.

Conflicting Limited Partner Interests. Limited partners may have conflicting investment, tax, and other interests with respect to their investments in a Fund, including conflicts relating to the structuring of investment acquisitions and dispositions. Conflicts may arise in connection with decisions made by a Fund's General Partner regarding an investment that may be more beneficial to one limited partner than another, especially with respect to tax matters. In structuring, acquiring and disposing of investments, the relevant General Partner generally will consider the investment and tax objectives of a Fund and its partners as a whole, not the investment, tax, or other objectives of any limited partner individually.

Enhanced Scrutiny and Certain Effects of Potential Regulatory Changes. There continue to be discussions regarding enhanced governmental scrutiny and/or increased regulation of the private equity industry. There can be no assurance that any such scrutiny or regulation will not have an adverse impact on a Fund's activities, including the ability of a Fund to effectively and timely address such regulations, implement operating improvements or otherwise execute its investment strategy or achieve its investment objectives. The combination of such scrutiny of private equity firms (along with other alternative asset managers) and their investments by various politicians, regulators and market commentators, and the public perception that certain alternative asset managers, including private equity firms, contributed to the recent downturn in the U.S. and global financial markets, may complicate or prevent a Fund's efforts to structure, consummate and/or exit investments, both in general and relative to competing bidders outside of the alternative asset space. As a result, a Fund may invest in fewer transactions or incur greater expenses or delays in completing or exiting investments than it otherwise would have.

Additionally, Congress has considered proposed legislation that would treat certain income allocations to service providers by partnerships such as the Funds (including any carried interest) as ordinary income for U.S. federal income tax purposes that under current law is treated as an allocation of the partnership's income, which may be taxed at lower rates than ordinary income. Enactment of any such legislation, whether during or after the initial closing of a Fund, could adversely affect the ability of HKW, its employees or other individuals associated with a relevant

Fund or General Partner who were or may in the future be granted direct or indirect interests in such General Partner to benefit from carried interest taxed at lower rates. This may reduce such persons' after-tax returns from a Fund and the relevant General Partner, which could make it more difficult for the General Partner and its affiliates to incentivize, attract and retain individuals to perform services for the Funds. These same issues may also apply to officers, directors and employees of a Fund's portfolio companies if such persons receive a profits interest in such companies.

Alternative Investment Fund Managers Directive. The EU Alternative Investment Fund Managers Directive (the "AIFMD") regulates the activities of certain private fund managers undertaking fund management activities or marketing fund interests to investors within the European Economic Area ("EEA"). If a Fund is actively marketed to investors domiciled or having their registered office in the EEA in circumstances where no transitional relief is available: (i) such Fund may be subject to certain reporting, disclosure and other compliance obligations under the AIFMD, which may result in the Fund incurring additional costs and expenses; (ii) such Fund and/or the applicable General Partner may become subject to additional regulatory or compliance obligations arising under national law in certain EEA jurisdictions, which may result in the Fund incurring additional costs and expenses or otherwise affect the management and operation of the Fund; (iii) the relevant General Partner may be required to make detailed information relating to such Fund and its investments available to regulators and third parties; and (iv) the AIFMD may also restrict certain activities of such Fund in relation to EEA portfolio companies including, in some circumstances, the Fund's ability to recapitalize, refinance or potentially restructure an EEA portfolio company within the first two years of ownership. In addition, it is possible that some EEA jurisdictions will elect to restrict or prohibit the marketing of non-EEA funds to investors based in those jurisdictions, which may make it more difficult for a Fund to raise its targeted amount of Commitments.

Need for Follow-On Investments. Following its initial investment in a given portfolio company, a Fund may decide to provide additional funds to such portfolio company or may have the opportunity to increase its investment in a successful portfolio company (whether for opportunistic reasons, to fund the needs of the business, as an equity cure under applicable debt documents or for other reasons). There is no assurance that a Fund will make add-on investments or that a Fund will have sufficient funds to make all or any of such investments. Any decision by a Fund not to make add-on investments or its inability to make such investments may have a substantial negative effect on a portfolio company in need of such an investment (including an event of default under applicable debt documents in the event an equity cure cannot be made), and such failure may result in a lost opportunity for a Fund to increase its participation in a successful portfolio company or the dilution of a Fund's ownership in a portfolio company if a third party invests in such portfolio company. Additionally, there can be no assurance that any follow-on investment will ultimately achieve the desired investment objective or enhance the value of a portfolio company. From time to time, a follow-on investment may not be integrated successfully with an existing portfolio company, and in such instances, the follow-on investment could potentially adversely affect the performance or value of such portfolio company, and ultimately, the returns of the relevant Fund.

Non-U.S. Investments. A Fund may invest in portfolio companies that are organized or headquartered or have substantial sales or operations outside of the United States, its territories,

and possessions. Such investments may be subject to certain additional risk due to, among other things, potentially unsettled points of applicable governing law, the risks associated with fluctuating currency exchange rates, capital repatriation regulations (as such regulations may be given effect during the term of the Fund), the application of complex U.S. and non U.S. tax rules to cross-border investments, possible imposition of non-U.S. taxes on the Fund and/or the partners with respect to a Fund's income, and possible non-U.S. tax return filing requirements for such Fund and/or its partners. Additional risks of non-U.S. investments include: (a) economic dislocations in the host country; (b) less publicly available information; (c) less well-developed regulatory institutions; (d) greater difficulty of enforcing legal rights in a non-U.S. jurisdiction; (e) civil disturbances; (f) government instability; and (g) nationalization and expropriation of private assets. Moreover, non-U.S. companies may not be subject to uniform accounting, auditing and financial reporting standards, practices and requirements comparable to those that apply to U.S. companies.

Hedging Arrangements. A General Partner is authorized (but is not obligated) to endeavor to manage a Fund's interest rate exposures or other exposures, using hedging techniques where available and appropriate, and a portfolio company may undertake similar steps with respect to these exposures. The Fund may incur costs related to such hedging arrangements, which may be undertaken in exchange-traded or over-the-counter ("OTC") contexts, including futures, forwards, swaps, options and other instruments. There can be no assurance that adequate hedging arrangements will be available on an economically viable basis or that such hedging arrangements will achieve the desired effect, and in some cases hedging arrangements may result in losses greater than if hedging had not been used. In some cases, particularly in OTC contexts, hedging arrangements will subject a Fund to the risk of a counterparty's inability or refusal to perform under a hedging contract, or the potential loss of assets held by a counterparty, custodian or intermediary in connection with such hedging. OTC contracts may expose a Fund to additional liquidity risks if such contracts cannot be adequately settled. Certain hedging arrangements may create for the General Partner and/or one of its affiliates an obligation to register with the U.S. Commodity Futures Trading Commission or other regulator or comply with an applicable exemption.

Significant Adverse Consequences for Default. Each Partnership Agreement provides for significant adverse consequences in the event a limited partner defaults on its Commitment or any other payment obligation. In addition to losing its right to potential distributions from the relevant Fund, a defaulting limited partner may be forced to transfer its interest in such Fund for an amount that is less than the fair market value of such interest and that may be paid over a period of up to ten years, without interest.

Dilution. Limited partners admitted or that increase their respective Commitments to a Fund at subsequent closings generally will participate in then-existing investments of a Fund, thereby diluting the interest of existing limited partners in such investments. Although any such new limited partner will be required to contribute its pro rata share of previously made capital contributions, there can be no assurance that this contribution will reflect the fair value of a Fund's existing investments at the time of such contributions.

General Partner's Carried Interest. The fact that a Fund's General Partner's carried interest is based on a percentage of net profits may create an incentive for the General Partner to

cause a Fund to make riskier or more speculative investments or to hold an investment longer than otherwise would be the case.

Director Liability. A Fund will often seek to obtain the right to appoint one or more representatives to the board of directors (or similar governing body) of the companies in which it invests. Serving on the board of directors (or similar governing body) of a portfolio company exposes a Fund's representatives, and ultimately the Fund, to potential liability. Not all portfolio companies may obtain insurance with respect to such liability, and the insurance that portfolio companies do obtain may be insufficient to adequately protect officers and directors from such liability. Litigation involving a troubled portfolio company or its directors may exacerbate these risks and may have adverse effects on the Fund's returns. The Partnership Agreements generally require the Funds to bear litigation and indemnification costs and expenses, as well as judgments and settlements, and these are expected to be incurred where a Fund is obligated, or where the relevant General Partner deems it in the interests of the Fund, to indemnify board members of a portfolio company, including board members other than those it has appointed in connection with litigation. In addition, involvement in litigation can be time consuming for such persons and can divert the attention of such persons from the Fund's investment activities.

Limitation of Recourse and Indemnification. Each Partnership Agreement generally will limit the circumstances under which the applicable General Partner and its affiliates will be held liable to a Fund. As a result, limited partners may have a more limited right of action in certain cases than they would have in the absence of such provision. In addition, each Partnership Agreement will provide that a Fund will indemnify the relevant General Partner and its affiliates for certain claims, losses, damages and expenses arising out of their activities on behalf of the Fund. Such indemnification obligations could materially impact the returns to limited partners.

Litigation. In the course of their respective businesses, a Fund, its General Partner and their respective affiliates may be subject to litigation from time to time. The outcome of such proceedings may materially adversely affect the value of the Fund and may continue without resolution for long periods of time. Any litigation may consume substantial amounts of a Fund's General Partner's and HKW's partners' time and attention, and that time and the devotion of these resources to litigation may, at times, be disproportionate to the amounts at stake in the litigation.

Advisory Board. A General Partner generally will appoint one or more limited partner representatives to an advisory board. Certain Partnership Agreements provide that to the fullest extent permitted by applicable law, none of the relevant Fund's advisory board members owe any fiduciary duties to the relevant Fund or any other partner and that each of them may act in the self-interest of such member or the limited partner that such member represents. In addition, such members of the advisory board and the limited partners that such members represent may have various business and other relationships with HKW, its partners, employees and affiliates (including as existing or prospective investors in, or co-investors alongside, one or more funds affiliated with HKW). These relationships may influence their decisions as members of the advisory board.

Uncertain Economic, Social and Political Environment. Consumer, corporate and financial confidence may be adversely affected by current or future tensions around the world, fear of terrorist activity and/or military conflicts, localized or global financial crises or other sources of

political, social or economic unrest. Such erosion of confidence may lead to or extend a localized or global economic downturn. A climate of uncertainty may reduce the availability of potential investment opportunities, and increases the difficulty of modeling market conditions, potentially reducing the accuracy of financial projections. In addition, limited availability of credit for consumers, homeowners and businesses, including credit used to acquire businesses, in an uncertain environment or economic downturn may have an adverse effect on the economy generally and on the ability of a Fund and its portfolio companies to execute their respective strategies and to receive an attractive multiple of earnings on the disposition of businesses. This potentially will slow the rate of future investments by a Fund and result in longer holding periods for investments. Furthermore, such uncertainty or general economic downturn may have an adverse effect upon a Fund's portfolio companies.

Market Conditions. The capital markets have experienced great volatility and financial turmoil. Moreover, governmental measures undertaken in response to such turmoil (whether regulatory or financial in nature) may have a negative effect on market conditions. General fluctuations in the market prices of securities and economic conditions generally may reduce the availability of attractive investment opportunities for a Fund and may affect a Fund's ability to make investments. Instability in the securities markets and economic conditions generally (including a slow-down in economic growth and/or changes in interest rates or foreign exchange rates) may also increase the risks inherent in a Fund's investments and could have a negative impact on the performance and/or valuation of the portfolio companies. A Fund's performance can be affected by deterioration in the capital markets and by market events, such as the onset of the credit crisis in the summer of 2007 or the downgrading of the credit rating of the United States in 2011, which, among other things, can impact the public market comparable earnings multiples used to value privately held portfolio companies and limited partners' risk-free rate of return. Movements in foreign exchange rates may adversely affect the value of investments in portfolio companies and a Fund's performance. Volatility and illiquidity in the financial sector may have an adverse effect on the ability of a Fund to sell and/or partially dispose of its portfolio company investments. Such adverse effects may include the requirement of a Fund to pay break-up, termination or other fees and expenses in the event the Fund is not able to close a transaction (whether due to the lenders' unwillingness to provide previously committed financing or otherwise) and/or the inability of a Fund to dispose of investments at prices that the General Partner believes reflect the fair value of such investments. The impact of market and other economic events may also affect a Fund's ability to raise funding to support its investment objective.

Deterioration of Credit Markets May Affect Ability to Finance and Consummate Investments. Any deterioration of the global credit markets may make it more difficult for investment funds such as the Funds to obtain favorable financing for investments. A widening of credit spreads, coupled with the deterioration of the sub-prime and global debt markets and a rise in interest rates, could dramatically reduce investor demand for high yield debt and senior bank debt, which in turn could lead some investment banks and other lenders to be unwilling to finance new private equity investments or to only offer committed financing for these investments on unattractive terms. A Fund's ability to generate attractive investment returns may be adversely affected to the extent a Fund is unable to obtain favorable financing terms for its investments. Moreover, to the extent that such marketplace events are not temporary and continue, they may have an adverse impact on the availability of credit to businesses generally and could lead to an overall weakening of the U.S. and global economies. Such marketplace events also may restrict

the ability of a Fund to realize its investments at favorable times or for favorable prices.

Subscription Lines. A Fund generally is permitted to enter into a subscription line with one or more lenders in order to finance its operations (including the acquisition of the Fund's investments). Fund-level borrowing subjects limited partners to certain risks and costs. For example, because amounts borrowed under a subscription line typically are secured by pledges of the relevant General Partner's right to call capital from the limited partners, limited partners may be obligated to contribute capital on an accelerated basis if the Fund fails to repay the amounts borrowed under a subscription line or experiences an event of default thereunder. Moreover, any limited partner claim against the Fund would likely be subordinate to the Fund's obligations to a subscription line's creditors.

In addition, Fund-level borrowing will result in incremental partnership expenses that will be borne by investors. These expenses typically include interest on the amounts borrowed, unused commitment fees on the committed but unfunded portion of a subscription line, an up-front fee for establishing a subscription line, and other one-time and recurring fees and/or expenses, as well as legal fees relating to the establishment, structuring and negotiation of the terms of the borrowing facility, as well as expenses relating to the maintenance, renegotiating or terminating the facility. Because a subscription line's interest rate is based in part on the creditworthiness of the relevant Fund's limited partners and the terms of the Partnership Agreements, it may be higher than the interest rate a limited partner could obtain individually. To the extent a particular limited partner's cost of capital is lower than the Fund's cost of borrowing, Fund-level borrowing can negatively impact a limited partner's overall individual financial returns even if it increases the Fund's reported net returns in certain methods of calculation. Conflicts of interest have the potential to arise in that the use of Fund-level borrowing typically delays the need for limited partners to make contributions to a Fund, which in certain circumstances enhances the relevant Fund's internal rate of return calculations and thereby may be deemed to benefit the marketing efforts of the General Partner and its affiliates. Conflicts of interest also have the potential to arise to the extent that a subscription line is used to make an investment that is later sold in part to co-investors (including one or more co-investing Funds), and to the extent co-investors are not required to act as guarantors under the relevant facility or pay related costs or expenses, co-investors nevertheless stand to receive the benefit of the use of the subscription line and neither the relevant Fund nor investors generally will be compensated for providing the relevant guarantee(s) or being subject to the related costs, expenses and/or liabilities.

A credit agreement frequently will contain other terms that restrict the activities of a Fund and the limited partners or impose additional obligations on them. For example, a subscription line may impose restrictions on the relevant General Partner's ability to consent to the transfer of a limited partner's interest in the Fund or impose concentration or other limits on the Fund's investments. In addition, in order to secure a subscription line, the relevant General Partner may request certain financial information and other documentation from limited partners to share with lenders. The General Partner will have significant discretion in negotiating the terms of any subscription line and may agree to terms that are not the most favorable to one or more limited partners.

Fund-level borrowing involves a number of additional risks. For example, drawing down on a subscription line allows the General Partner to fund investments and pay partnership expenses

without calling capital, potentially for extended periods of time. Calling a large amount of capital at once to repay the then-current amount outstanding under a subscription line could cause short-term liquidity concerns for limited partners that would not arise had the relevant General Partner called smaller amounts of capital incrementally over time as needed by a Fund. This risk would be heightened for a limited partner with commitments to other funds that employ similar borrowing strategies or with respect to other leveraged assets in its portfolio; a single market event could trigger simultaneous capital calls, requiring the limited partner to meet the accumulated, larger capital calls at the same time. The applicable General Partner is authorized to use Fund-level borrowing to pay Management Fees and to reimburse HKW for expenses incurred on behalf of the Fund.

Limited Access to Information. Limited partners' rights to information regarding a Fund, the relevant General Partner or HKW generally will be specified, and in many cases strictly limited, by the relevant Partnership Agreement. In particular, it is anticipated that the General Partner and its affiliates will obtain certain types of material information from or relating to a Fund's investments that will not be disclosed to limited partners because such disclosure is prohibited, including as a result of contractual, legal or similar obligations outside of HKW's control. Decisions by HKW or its affiliates to withhold information may have adverse consequences for limited partners in a variety of circumstances. For example, a limited partner that seeks to transfer its interest in a Fund may have difficulty in determining an appropriate price for such interest. Decisions to withhold information may also make it difficult for a limited partner to monitor HKW and its performance. Additionally, it is anticipated that limited partners that designate representatives to participate on a Fund's advisory board generally may, by virtue of such participation, have more or earlier information about a Fund and its investments in certain circumstances than other limited partners. Limited partners generally will bear the expenses of responding to disclosure requests, including in connection with state public records, similar freedom of information and other laws, whether or not the relevant Fund succeeds in asserting confidentiality for requested documents and other materials, and HKW reserves the right to withhold certain information from investors subject to such laws for reasons relating to HKW's public reputation, business strategy or other reasons.

Material Non-Public Information; Other Regulatory Restrictions. As a result of its operations, as well as in connection with officerships or directorships of HKW personnel, HKW frequently comes into possession of confidential or material, non-public information. Therefore, HKW and its affiliates may have access to material, non-public information that may be relevant to an investment decision to be made by a Fund. Consequently, a Fund may be restricted from initiating a transaction or selling an investment which, if such information had not been known to it, may have been undertaken on account of applicable securities laws or HKW's internal policies and practices.

Similarly, anti-money laundering, anti-boycott and economic and trade sanction laws and regulations in the United States and other jurisdictions may prevent HKW or the Funds from entering into transactions with certain individuals or jurisdictions. The United States Department of the Treasury's Office of Foreign Assets Control ("OFAC") and other governmental bodies administer and enforce laws, regulations and other pronouncements that establish economic and trade sanctions on behalf of the United States. Among other things, these sanctions may prohibit transactions with or the provision of services to, certain individuals or portfolio companies owned

or operated by such persons, or located in jurisdictions identified from time to time by OFAC. Additionally, antitrust laws in the United States and other jurisdictions give broad discretion to the U.S. Federal Trade Commission, the United States Department of Justice and other U.S. and non-U.S. regulators and governmental bodies to challenge, impose conditions on or reject certain transactions. In certain circumstances, antitrust restrictions relating to one Fund's acquisition of a portfolio company may preclude other Funds from making an attractive acquisition or require one or more other Funds to sell all or a portion of certain portfolio companies owned by them.

As a result of any of the foregoing, a Fund may be adversely affected because of HKW's inability or unwillingness to participate in transactions that may violate such laws or regulations, or by remedies imposed by any regulators or governmental bodies. Any such laws or regulations may make it difficult or may prevent a Fund from pursuing investment opportunities, require the sale of part or all of certain portfolio companies on a timeline or in a manner deemed undesirable by HKW or may limit the ability of one or more portfolio companies from conducting their intended business in whole or in part. Consequently, there can be no assurance that any Fund will be able to participate in all potential investment opportunities that fall within its investment objectives.

Personal Investments. Certain of HKW's partners may, for their own accounts, for the accounts of their family members and/or estate or wealth planning vehicles, sell or otherwise deal with investments that are outside the scope of the Funds' investment strategies. There can be no assurances that such investments will not create incentives for such partners that would conflict with the interests of a Fund.

Lack of Unilateral Control. Even if a Fund is the majority investor or controlling shareholder, as applicable, of a portfolio company, in certain circumstances it may not have unilateral control of the portfolio company. To the extent the Fund invests alongside third parties, such as institutional co-investors or private equity funds of other sponsors, or makes a minority investment, the relevant portfolio companies may be controlled or influenced by persons who have economic or business interests, investment or operational goals, tax strategies or other considerations that differ from or are inconsistent with those of the Funds or their limited partners. Such third parties may be in a position to take action contrary to the Fund's business, tax or other interests, and the Fund may not be in a position to limit such contrary actions or otherwise protect the value of its investment.

Unfunded Pension Liabilities of 80%-Owned Portfolio Companies. Certain court decisions have suggested that, where an investment fund owns 80% or more of a portfolio company, such fund (and any other 80%-owned portfolio companies of such fund) might be found liable for certain pension liabilities of such a portfolio company to the extent the portfolio company is unable to satisfy such liabilities. Although the Funds intend to manage their investments to mitigate any such exposure, a Fund may, from time to time, own an 80% or greater interest in a portfolio company that has unfunded pension fund liabilities. If a Fund (or other 80%-owned portfolio companies of the Fund) were deemed to be liable for such pension liabilities, this could have a material adverse effect on the operations of the Fund and the companies in which the Fund owned, at some point, 80% or more of the equity.

Valuation of Investments. There is not expected to be an actively traded market for most of

the securities owned by the Funds. When estimating fair value, HKW will apply a methodology it determines to be appropriate based on accounting guidelines and the applicable nature, facts and circumstances of the respective investments. However, the process of valuing securities for which reliable market quotations are not available is based on inherent uncertainties and the resulting values may differ from values that would have been determined had an active market existed for such securities and may differ from the prices at which such securities ultimately may be sold. The exercise of discretion in valuation by HKW may give rise to conflicts of interest, including in connection with determining the amount and timing of distributions of carried interest and the calculation of management fees.

Contingent Liabilities Upon Disposition. In connection with the disposition of an investment, a Fund and the relevant General Partner may be required to make (and/or be responsible for another person's or entity's breach of) representations and warranties, *e.g.*, about the business and financial affairs of the applicable portfolio company, the condition of its assets and the extent of its liabilities, in each case generally in the nature of representations and warranties typically made in connection with the sale of similar businesses, and may be responsible for the content of disclosure documents under applicable securities laws. They may also be required to indemnify the purchasers of such investment or underwriters to the extent that any such representations or disclosure documents are inaccurate. These arrangements may result in contingent liabilities, which would be borne by the applicable Fund and, ultimately, its investors.

Coronavirus and Public Health Emergency. Pandemics and other widespread public health emergencies, including outbreaks of infectious diseases such as SARS, H1N1/09 flu, avian flu, ebola and the current outbreak of COVID-19 (as defined below), have and are resulting in market disruption, and future such emergencies have the potential to materially and adversely impact economic production and activity in ways that are impossible to predict, all of which may result in significant losses to the Funds.

Currently, there is an ongoing outbreak of a novel and highly contagious form of coronavirus ("COVID-19"), which the World Health Organization formally declared in March 2020 to constitute a global "pandemic." This outbreak has caused a worldwide public health emergency, straining healthcare resources and resulting in extensive and growing numbers of infections, hospitalizations and deaths. In an effort to contain COVID-19, national, regional and local governments, as well as private businesses and other organizations, have taken severely restrictive measures, including instituting local and regional quarantines, restricting travel (including closing certain international borders), prohibiting public activity (including "stay-at-home" and similar orders), and ordering the closure of large numbers of offices, businesses, schools, and other public venues. In many jurisdictions, restrictive measures have been re-imposed to address subsequent waves of infection. As a result, COVID-19 has significantly diminished global economic production and activity of all kinds and has contributed to both volatility and a severe decline in all financial markets. Among other things, these unprecedented developments have resulted in material reductions in demand across most categories of consumers and businesses, dislocation (or in some cases a complete halt) in the credit and capital markets, labor force and operational disruptions, slowing or complete idling of certain supply chains and manufacturing activity, steep increases in unemployment levels in the United States and several other countries, and strain and uncertainty for businesses and households, with a particularly acute

impact on industries dependent on travel and public accessibility, such as transportation, hospitality, tourism, retail, sports and entertainment.

The ultimate impact of COVID-19 — and any resulting decline in economic and commercial activity — on global economic conditions, and on the operations, financial condition and performance of any particular industry or business, is impossible to predict, although ongoing and potential additional materially adverse effects, including a further global or regional economic downturn (including a recession) of indeterminate duration and severity, are possible. The extent of COVID-19's impact will depend on many factors, including the ultimate duration and scope of the public health emergency and the restrictive countermeasures being undertaken, as well as the effectiveness of other governmental, legislative and financial and monetary policy interventions (including the effectiveness of vaccines and the implementation of vaccination programs) designed to mitigate the crisis and address its negative externalities, all of which are evolving rapidly and may have unpredictable results. Even if and as the spread of the COVID-19 virus itself is substantially contained and economies are able to “re-open,” it will be difficult to assess what the longer-term impacts of an extended period of unprecedented economic dislocation and disruption will be on future macro- and micro-economic developments, the health of certain industries and businesses, and commercial and consumer behavior.

The ongoing COVID-19 crisis and any other public health emergency could have a significant adverse impact and result in significant losses to the Funds. The extent of the impact on the Funds' and their portfolio companies' operational and financial performance will depend on many factors, all of which are highly uncertain and cannot be predicted, and this impact may include significant reductions in revenue and growth, unexpected operational losses and liabilities, impairments to credit quality and reductions in the availability of capital. These same factors may limit the ability of the Funds to source, diligence and execute new investments and to manage, finance and exit investments in the future, and governmental mitigation actions may constrain or alter existing financial, legal and regulatory frameworks in ways that are adverse to the investment strategy the Funds intend to pursue, all of which could adversely affect the Funds' ability to fulfill their investment objectives. They may also impair the ability of portfolio companies or their counterparties to perform their respective obligations under debt instruments and other commercial agreements (including their ability to pay obligations as they become due), potentially leading to defaults with uncertain consequences. In addition, the operations of the Funds, their portfolio companies, the General Partner and HKW may be significantly impacted, or even temporarily or permanently halted, as a result of government quarantine measures, restrictions on travel and movement, remote-working requirements and other factors related to a public health emergency, including its potential adverse impact on the health of any such entity's personnel. These measures may also hinder such entities' ability to conduct their affairs and activities as they normally would, including by impairing usual communication channels and methods, hampering the performance of administrative functions such as processing payments and invoices, and diminishing their ability to make accurate and timely projections of financial performance.

Cybersecurity Risks. Recent events have illustrated the ongoing cybersecurity risks to which operating companies are subject. To the extent that a portfolio company is subject to cyber-attack or other unauthorized access is gained to a portfolio company's systems, such portfolio company may be subject to substantial losses in the form of stolen, lost or corrupted (i) customer data or payment information; (ii) customer or portfolio company financial information; (iii)

portfolio company software, contact lists or other databases; (iv) portfolio company proprietary information or trade secrets; or (v) other items. In certain events, a portfolio company's failure or deemed failure to address and mitigate cybersecurity risks may be the subject of civil litigation or regulatory or other action. The use of internet- or cloud-based programs, technologies and data storage applications generally heightens these risks. Any of such circumstances could subject a portfolio company, or the relevant Fund, to substantial losses, including losses relating to: misappropriation of assets, intellectual property or confidential information; corruption, deletion or destruction of data; physical damage and repairs to systems; reputational harm; financial losses from remedial actions; and/or disruption of operations. Third parties, including activist, criminal, nation-state or terrorist actors, may also attempt fraudulently to induce portfolio companies or their personnel to disclose sensitive information (including passwords) in order to gain access to data, accounts, funds or other assets, or otherwise to inflict harm. In addition, in the event that such a cyber-attack or other unauthorized access is directed at HKW or one of its service providers holding its financial or limited partner data, HKW, its affiliates or the Funds may also be at risk of loss, despite efforts to prevent and mitigate such risks under HKW's policies.

Privacy and Data Protection Law Compliance Risk. The adoption, interpretation and application of consumer protection, data protection and/or privacy laws and regulations in the United States, Europe and other jurisdictions (collectively, "**Privacy Laws**") could significantly impact current and planned privacy- and information security-related practices, the collection, use, sharing, retention and safeguarding of personal data and current and planned business activities of HKW, the General Partners, the Funds and/or their portfolio companies, and increase compliance costs and require the dedication of additional time and resources to compliance for such entities. A failure to comply with such Privacy Laws by any such entity or their service providers could result in fines, sanctions or other penalties, which could materially and adversely affect the results of operations and overall business, as well as have a negative impact on reputation and Fund performance. As Privacy Laws are implemented, interpreted and applied, compliance costs for HKW, the General Partners, the Funds and/or their portfolio companies, are likely to increase, particularly in the context of ensuring that adequate data protection and data transfer mechanisms are in place.

For example, California has passed the California Consumer Privacy Act of 2018, as amended, and the European Union has enacted the General Data Protection Regulation (EU 2016/679), each of which broadly impacts businesses that handle various types of personal data, potentially including private fund managers and their funds and investments. Such laws impose stringent legal and operational obligations on regulated businesses, as well as the potential for significant penalties.

Other jurisdictions, including other U.S. states, have proposed or are considering similar Privacy Laws, which if enacted could impose similarly significant costs, potential liabilities and operational and legal obligations. Such Privacy Laws and regulations are expected to vary from jurisdiction to jurisdiction, thus increasing costs, operational and legal burdens, and the potential for significant liability for regulated entities, which could include HKW, the General Partners, the Funds and/or their portfolio companies.

Conflicts of Interest

HKW and its related entities engage in a broad range of advisory and non-advisory activities, including investment activities for their own account and for the account of other Funds, and providing transaction-related, management and other services to Funds, SPACs and portfolio companies. HKW will devote such time, personnel and internal resources as it believes are necessary to conduct the business affairs of the Funds in an appropriate manner, as required by the relevant Partnership Agreement, although the Funds and their respective investments will place varying levels of demand on these over time. In the ordinary course of HKW conducting its activities, the interests of a Fund likely will conflict with the interests of HKW, one or more other Funds, portfolio companies or their respective affiliates in certain circumstances. Certain of these conflicts of interest are discussed herein. As a general matter, HKW will determine all matters relating to structuring transactions and Fund operations using its best judgment considering all factors it deems relevant, but in its sole discretion, subject in certain cases to the required approvals by the advisory boards of the participating Funds, but there can be no assurance that any conflicts of interest will be resolved in the manner most advantageous to any particular Fund or limited partner. In addition, HKW personnel reserve the right to manage their own personal investments, whether or not through a formal family office or estate planning structure, and to pay or receive compensation relating to these arrangements. Unless restricted by the Partnership Agreements, HKW personnel are permitted to serve on boards or act in other roles unaffiliated with HKW, the Funds or their portfolio companies, including boards of charitable and educational institutions, public companies and former portfolio companies, and receive compensation in connection with such services and roles.

Until such time as the General Partner is permitted to raise a successor investment fund to a Fund, HKW will pursue all appropriate investment opportunities that meet the investment criteria, strategy and scope of a Fund principally for the benefit of such Fund, subject to certain exceptions set forth in the relevant Partnership Agreement. However, the HKW partners currently manage several investment funds and may spend a portion of their business time and attention managing and exiting the investments of such funds. In addition, the HKW partners may spend a portion of their business time and attention pursuing, managing and exiting investment opportunities for other funds or funds that may be formed in the future, in each case, that have investment criteria or a strategy or scope that differ from that of a Fund. HKW's investment staff will continue to manage and monitor such investment funds and investments. Such other investment funds and investments that HKW expects from time to time to control generally have the potential to compete with a Fund or companies acquired by a Fund. At such time as HKW is permitted to raise a successor investment fund to a Fund, HKW will continue to manage a Fund's investments, but also reserves the right to, and likely will, focus investment activities on other opportunities and areas unrelated to the Fund's investments. Certain investments may be allocated between a Fund and any successor or predecessor fund(s) in accordance with the terms of the relevant Partnership Agreement(s).

From time to time, HKW will be presented with investment opportunities that would be suitable not only for a Fund, but also for other Funds and other investment vehicles operated by advisory affiliates of HKW, including investment opportunities that might be suitable as an add-on investment for an existing portfolio company. In determining which investment vehicles should participate in such investment opportunities, HKW and its affiliates are subject to conflicts of

interest among the investors in such investment vehicles. Investments by more than one client of HKW in a portfolio company also have the potential to raise the risk of using assets of a client of HKW to support positions taken by other clients of HKW.

HKW must first determine which Fund(s) will, or are required to, participate in the relevant investment opportunity. HKW generally assesses whether an investment opportunity is appropriate for a particular Fund based on the Fund's Partnership Agreement, investment objectives, strategies, life-cycle and structure. Following this determination, HKW will determine if the amount of an investment opportunity in which one or more Funds will invest exceeds the amount that would be appropriate for such Fund(s) and any such excess may be offered to one or more potential co-investors, as determined by the Funds' Partnership Agreements, Side Letters and HKW's procedures regarding allocation, which are more fully described in HKW's Investment Allocations/Co-Investment Policy and/or the applicable Partnership Agreement(s). HKW's procedures may include, but are not limited to: contractual obligation, indicated interest, perceived funding ability, confidentiality concerns that may arise in connection with providing the prospective co-investor with specific information relating to the investment opportunity, history of responsiveness, size of the investment allocation and practicality of dividing it up among multiple co-investors, industry expertise, whether HKW believes that allocating investment opportunities to an investor or person will help establish, recognize, strengthen and/or cultivate relationships that have the potential to provide longer term benefits to the relevant Funds, the likelihood that an investor may invest in a future Fund sponsored by HKW and other appropriate factors.

HKW's allocation of investment opportunities among the persons and in the manner discussed herein often will not result in proportional allocations among such persons, and such allocations likely will be more or less advantageous to some such persons relative to others. While HKW will allocate investment opportunities in a manner that it believes is fair and equitable to its clients under the circumstances over time and considering relevant factors, there can be no assurance that a Fund's actual allocation of an investment opportunity, if any, or the terms on which that allocation is made, will be as favorable as they would be if the potential conflicts of interest to which HKW expects to be subject, discussed herein, did not exist.

A Fund may co-invest with third parties through partnerships, joint ventures or other entities or arrangements. Such investments may involve risks not present in investments where a third-party is not involved, including the possibility that a third-party co-venturer or partner may at any time have economic or business interests or goals that are inconsistent with those of a Fund, or may be in a position to take action contrary to the investment objectives of a Fund. As co-investors often do not commit contractually to a transaction until late in the process, a Fund may be responsible for the full amount of any broken deal costs, expenses or guarantees by a Fund notwithstanding the fact that there may have been anticipated co-investors. In addition, a Fund may in certain circumstances be liable for actions of its third-party co-venturer or partner. In addition, co-investors generally will not bear any interest or related expenses of leverage attributable to a Fund.

In certain cases, HKW may have the opportunity (but, subject to any applicable restrictions or procedures in the relevant Partnership Agreement, no obligation) to identify one or more secondary transferees of interests in a Fund. In such cases, HKW will not receive compensation

for identifying such transferees, and will use its discretion to select such transferees based on suitability and other factors, and unless required by the relevant Partnership Agreement, will determine in its sole discretion whether the opportunity to receive a transfer of Fund interests should be offered to one or more existing Fund investors.

Subject to any relevant restrictions or other limitations contained in the Partnership Agreements of the Funds, HKW will allocate fees and expenses in a manner that it believes is fair and equitable to its clients under the circumstances over time and considering such factors as it deems relevant, but in any case in its sole discretion. In exercising such discretion, HKW expects to be faced with a variety of potential conflicts of interest.

As a general matter, Fund expenses typically will be allocated among all relevant Funds or co-investment vehicles eligible to reimburse expenses of that kind. In all such cases, subject to the relevant Partnership Agreement(s) and any other applicable legal, contractual or similar restrictions, expense allocation decisions generally will be made by HKW or its affiliates using their best judgment, considering such factors as they deem relevant, but in their sole discretion. The allocations of such expenses may not be proportional, and any such determination involves inherent matters of discretion (*e.g.*, in determining whether to allocate *pro rata* based on number of Funds or co-investment vehicles receiving related benefits or proportionately in accordance with asset size). The Funds generally have different expense reimbursement terms, including with respect to Management Fee offsets, which is expected from time to time to result in the Funds bearing different levels of expenses with respect to the same investment.

As a result of the Funds' controlling interests in portfolio companies, HKW and/or its affiliates typically have the right to appoint portfolio company board members, or to influence their appointment, and to determine or influence a determination of their compensation. From time to time, portfolio company board members approve compensation and/or other amounts payable to HKW and/or its affiliates. Such amounts will be in addition to any Management Fees or carried interest paid by a Fund to HKW.

In connection with its services to the Funds and their investments, HKW, its affiliates and personnel expect to receive the benefit of certain tangible and intangible benefits. For example, in the course of HKW's operations, including research, due diligence, investment monitoring, operational improvements and investment activities, HKW and its personnel expect to receive and benefit from information, "know-how," experience, analysis and data relating to Fund or portfolio company (as applicable) operations, terms, trends, market demands, customers, vendors and other metrics (collectively, "**HKW Information**"). In many cases, HKW Information will include tools, procedures and resources developed by HKW to organize or systematize HKW Information for ongoing or future use. Although HKW expects its Funds and their portfolio companies generally to benefit from HKW's possession of HKW Information, it is possible that any benefits will be experienced solely by other or future Funds or portfolio companies and not by the Fund or portfolio company from which HKW Information was originally received. HKW Information will be the sole intellectual property of HKW and solely for the use of HKW. HKW reserves the right to use, share, license, sell or monetize HKW Information, without offset to Management Fees, and the relevant Fund or portfolio company will not receive any financial or other benefit of such use, sharing, licensure, sale or monetization. Additionally, expenses relating to the Funds or portfolio companies are expected to be charged using credit cards or other widely available third-party

rewards programs that provide airline miles, hotel stays, travel rewards, traveler loyalty or status programs, “points,” “cash back,” rebates, discounts and other arrangements, perquisites and benefits under the available terms of such reward programs. Such terms are expected to vary from time to time, and any such rewards (whether or not *de minimis* or difficult to value) generally will inure to the benefit of the personnel participating in the rewards program, rather than the portfolio companies, the Funds or their respective investors; no such rewards will offset Management Fees.

HKW generally exercises its discretion to recommend to a Fund or to a portfolio company thereof that it contract for services with certain service providers, and from time to time such service providers are expected to include: (i) HKW, its former personnel or their related persons (which may include a portfolio company of a Fund); (ii) a service provider with which HKW or its affiliates or current or former owners, partners, employees or other personnel of HKW has a relationship (which can include, for example, a service provider at which HKW personnel were formerly employed or with which HKW personnel are otherwise familiar) or from which HKW or its affiliates or their personnel otherwise derives financial or other benefit (which can include, for example, discounted rates for HKW, the Funds and/or portfolio companies), including relationships with joint venturers or co-venturers, or relationships where HKW personnel are seconded, or from which HKW receives secondees; or (iii) certain limited partners or their affiliates. For example, HKW expects to be presented with opportunities to receive financing and/or other services in connection with a Fund’s investments from certain limited partners or their affiliates that are engaged in lending or a related business. HKW generally has broad discretion to retain or recommend service providers for or on behalf of itself, the Funds or portfolio companies, and it may prioritize prior usage, familiarity, sector competence or expertise or other factors in such retention or recommendation. Additionally, HKW, the Funds and portfolio companies receive, and expect to continue to receive, discounted rates negotiated with certain such service providers. HKW believes the potential for conflicts relating to these arrangements is mitigated by the anticipated cost savings to the Fund(s) and portfolio companies that will result if the negotiated rates for the services provided are discounted relative to those widely available in the market.

Such situations subject HKW to potential conflicts of interest, because although HKW selects service providers that it believes are aligned with its operational strategies, provide services of a high quality and will enhance portfolio company performance and, relatedly, returns of the relevant Fund, HKW has a potential incentive to recommend the related or other person (including a limited partner) because of its financial or other business interest. There is a possibility that HKW, because of such belief or for other reasons (including whether the use of such persons could establish, recognize, strengthen and/or cultivate relationships that have the potential to provide longer-term benefits to the relevant Funds or HKW), would favor such retention or continuation even if a better price could be obtained from another person. Although HKW generally seeks appropriate rates for services, it reserves the right to prioritize prior usage, perceived sector competence or expertise, familiarity, onboarding speed or other factors in retaining or recommending service providers. Whether or not HKW has a relationship or receives financial or other benefit from recommending a particular service provider, there can be no assurance that no other service provider is more qualified to provide the applicable services or could provide such services at lesser cost.

In addition, a portfolio company typically will bear the cost (directly or indirectly through reimbursement of HKW) of the expenses of HKW or the fees and expenses of service providers

retained at HKW's discretion (including without limitation travel expenses) incurred by HKW or such service providers in connection with its performance of services for such portfolio company. In addition, because certain expenses are paid for by a Fund and/or its portfolio companies or, if incurred by HKW, are reimbursed by a Fund and/or its portfolio companies, HKW will not necessarily seek out the lowest cost options when incurring (or causing a Fund or its portfolio companies to incur) such expenses. The foregoing subjects HKW and its affiliates to conflicts of interest because the Funds generally do not have an interest or share in these reimbursements, and the amount of such reimbursements over time could be substantial. Although the amount of individual payments or reimbursements typically is not disclosed to limited partners in any Fund, their effect is reflected in each Fund's audited financial statements, and any fee paid or expense reimbursed to HKW or such service providers generally is subject to: agreements with sellers, buyers and management teams; the review and supervision of the board of directors of or lenders to portfolio companies; and/or third party co-investors in its transactions. These factors help to mitigate related conflicts of interest.

Although uncommon, HKW reserves the right from time to time to cause a Fund to enter into a transaction whereby the Fund purchases securities from, or sells securities to, other Funds managed by HKW, or co-investors or co-investment vehicles. Such transactions may arise in the context of automatic or other re-balancing of an investment among parallel investing entities to enhance liquidity options for one or more Funds or in contexts where a portfolio company owned by one Fund is acquired by a portfolio company acquired by another Fund. Certain of such transactions raise potential conflicts of interest, including where the investment of one Fund supports the value of portfolio companies owned by another Fund. These conflicts are heightened to the extent the relevant securities are illiquid or do not have a readily ascertainable value, and there generally can be no assurance that the price at which such transactions are entered into represent what would ultimately be the underlying investment's fair value. HKW intends that any such transactions be conducted in a manner that it believes in good faith to be fair and equitable to each Fund under the circumstances, including a consideration of the potential present and future benefits with respect to each Fund.

Although HKW generally structures Funds to avoid cross-guarantees and other circumstances in which one Fund ultimately bears liability for all or part of the obligations of another Fund, in certain circumstances lenders and other market parties negotiate for the right to face only select Fund entities, which may result in a single Fund being solely liable for other Funds' share of the relevant obligation and/or joint and several liability among Funds. In such case, HKW intends to cause the relevant other Funds to enter into a back-to-back guarantee, indemnification or similar reimbursement arrangement, although the Fund undertaking the obligation in the first instance generally will not receive compensation for being primarily liable under these arrangements.

HKW and/or its affiliates reserve the right to employ personnel with pre-existing ownership interests in portfolio companies owned by the Funds or other investment vehicles advised by HKW and/or its affiliates; conversely, current and former personnel or executives of HKW and/or its affiliates from time to time serve, or have served, in significant management roles at portfolio companies or service providers recommended by HKW. Similarly, HKW, its affiliates and/or personnel maintain relationships with (or may invest in) financial institutions, service providers and other market participants, including managers of private funds, banks and brokers.

Certain of these persons or entities may invest (or will be affiliated with a limited partner) in, engage in transactions with and/or provide services (including services at reduced rates) to, HKW and/or its affiliates, and/or the Funds or other investment vehicles they advise. In other circumstances, these vendors are expected to provide personal banking, private wealth or lending arrangements (including lending arrangements with respect to personal investments in or through HKW entities) to HKW personnel and their estate planning vehicles. HKW expects to be subject to a potential conflict of interest with a Fund in recommending the retention or continuation of a third-party service provider to such Fund or a portfolio company if such recommendation, for example, is motivated by a belief that the service provider or its affiliate(s) will continue to invest in one or more Funds, will provide HKW information about markets and industries in which HKW operates (or is contemplating operations) or will provide other services that are beneficial to HKW. HKW expects to be subject to a potential conflict of interest in making such recommendations, in that HKW has an incentive to maintain goodwill between it and the existing and prospective portfolio companies for a Fund, while the products or services recommended may not necessarily be the best available to a Fund or its portfolio companies.

Except to the extent prohibited by the Governing Documents, HKW and its personnel are permitted to market, organize, sponsor or act in other capacities (including as director, founder or manager or as a special consultant or advisor) for other pooled investment vehicles, accounts or SPACs the investment or business strategy of which does not overlap with the Fund(s) and to receive compensation (including in the form of management fees, performance-based compensation, founders' equity or similar interests) relating thereto. Subject to any limitations imposed by the Governing Documents and anti-“assignment” provisions of the Advisers Act, HKW and its personnel are also permitted to offer, restructure and monetize interests in HKW.

Because HKW's carried interest is based on a percentage of net realized profits, it may create an incentive for HKW to cause a Fund to make riskier or more speculative investments (or hold investments for longer periods) than would otherwise be the case. Also, because there is a fixed investment period after which capital from limited partners in a Fund may only be drawn down in limited circumstances and because Management Fees are, at certain times during the life of a Fund, based upon capital invested by such Fund, this fee structure may create an incentive to deploy capital when HKW may not otherwise have done so. Since HKW is permitted to retain certain Supplemental Fees (as described under “Fees and Compensation”) in connection with Fund investments, it could have a conflict of interest in connection with approving transactions and setting such compensation. In many cases, Supplemental Fees are based on enterprise value, flat rate pricing or other metrics relating to a portfolio company, and there can be no assurance that the amount of Supplemental Fees charged will be proportional to the amount of hours of work performed on behalf of the portfolio company.

In certain circumstances, such as those relating to short- or long-term portfolio company cash or liquidity needs, and regardless of whether the portfolio company is undergoing financial stress, HKW reserves the right to accrue, defer or forego payments of Supplemental Fees. In such cases, in accordance with the relevant Partnership Agreement, investors will not receive the benefit of Management Fee offsets with respect to such amounts until they are actually received.

HKW and/or its affiliates reserve the right to enter into Side Letters with certain limited partners in a Fund providing such limited partners with different or preferential rights or terms,

including but not limited to different fee structures (including discounted or rebated compensation terms), information rights, specialized reporting, priority co-investment rights or targeted co-investment amounts, and liquidity or transfer rights. Side Letters may also relate to strategic relationships under which an investor agrees to make Commitments to multiple Funds. Except where required by Partnership Agreements, other investors will not receive copies of Side Letters or related provisions, and as a general matter, the other investors have no recourse against a Fund, the relevant General Partner or any of their affiliates in the event that certain investors have received additional and/or different rights and/or terms as a result of such Side Letters. As a consequence of one or more limited partners being excused or excluded, or from regulatory or other factors limiting their participation in investments, the aggregate returns realized by participating limited partners could be adversely affected in a material manner by the unfavorable performance of particular investments.

Any of these situations subjects HKW and/or its affiliates to potential conflicts of interest. HKW attempts to resolve such conflicts of interest in light of its obligations to limited partners in its Funds and the obligations owed by HKW's advisory affiliates to limited partners in investment vehicles managed by them, and attempts to allocate investment opportunities among a Fund, other Funds and such investment vehicles in a manner it believes to be fair and equitable to the Funds under the circumstances over time. To the extent that an investment or relationship raises particular conflicts of interest, HKW will review the circumstances of such investment or relationship with a view to addressing and reducing the potential for conflict. Where necessary, HKW consults and receives consent to conflicts from an advisory board consisting of limited partners of the relevant Fund(s) and such other investment vehicles.

DISCIPLINARY INFORMATION

HKW and its management persons have not been subject to any material legal or disciplinary events required to be disclosed in this Brochure.

OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

HKW Company is affiliated with other HKW investment advisers, including the General Partners and equivalent entities formed from time to time and subject to the Advisers Act pursuant to HKW's registration in accordance with SEC guidance. These advisers are HKW Management III, L.P., HKW Management III Supplemental L.P., HKW Management IV, L.P. and HKW Management V, L.P. These affiliated investment advisers operate as a single advisory business together with HKW Company and serve as managers or general partners of Funds and other pooled vehicles and generally share common owners, officers, partners, employees, consultants or persons occupying similar positions.

CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

HKW has adopted the HKW Code of Ethics (the "**Code**"), which sets forth standards of conduct that are expected of HKW partners and employees and addresses conflicts that arise from personal trading. The Code requires certain HKW personnel to report their personal securities transactions, prohibits or requires pre-clearance for HKW personnel from directly or indirectly

acquiring beneficial ownership of securities in an initial public offering, and prohibits HKW personnel from directly or indirectly acquiring beneficial ownership of securities with limited exceptions, without first obtaining approval from the HKW Chief Compliance Officer. In addition, the Code requires such personnel to comply with procedures designed to prevent the misuse of, or trading upon, material non-public information. A copy of the Code will be provided to any limited partner or prospective limited partner upon request to Constantine Rakkou, the HKW Chief Compliance Officer, at (212) 867 1010 Ext. 4.

HKW and its affiliated persons may come into possession, from time to time, of material non-public or other confidential information about public companies which, if disclosed, might affect a limited partner's decision to buy, sell or hold a security. Under applicable law, HKW and its affiliated persons would be prohibited from improperly disclosing or using such information for their personal benefit or for the benefit of any person, regardless of whether such person is a client of HKW.

Accordingly, should HKW or any of its affiliated persons come into possession of material non-public or other confidential information with respect to public and non-public company, HKW generally would be prohibited from communicating such information to clients, and HKW will have no responsibility or liability for failing to disclose such information to clients as a result of following their policies and procedures designed to comply with applicable law. Similar restrictions may be applicable as a result of HKW personnel serving as directors of public companies and may restrict trading on behalf of clients, including a Fund.

Partners and other employees of HKW and its affiliates typically expect to directly or indirectly own an interest in one or more Funds. Co-invest opportunities generally are also expected to be presented to certain affiliates of HKW, as well as third-party limited partners and other persons, and such co-investments may be effected through co-investment vehicles or directly in a particular portfolio company or through an intermediate entity in a portfolio company's structure. Additionally, a Fund generally reserves the right to invest together with other Funds advised by an affiliated adviser of HKW in the manner set forth in the Partnership Agreement and the HKW's Investment Allocation/Co-Investment Policy, as described above. In addition to the foregoing, if HKW's related persons participate in co-investments, HKW is required to seek an informed consent from the relevant Fund's advisory board as set forth in the relevant Partnership Agreement(s). In the case of certain co-investments, HKW may grant certain third-party limited partners the opportunity to evaluate specified amounts of prospective co-investments in Fund portfolio companies or otherwise to have priority in co-investment opportunities. Because the interests of co-investors and limited partners in the Funds may diverge, permitting co-investment on such terms may subject HKW to potential conflicts of interest; however, HKW intends to permit such co-investment only in circumstances that HKW believes are likely to benefit the relevant portfolio company and not in circumstances that HKW believes are likely to benefit either the Funds or co-investors at the expense of the other.

HKW and/or its related persons may receive certain benefits, such as discounts on products or services, from companies in which a Fund holds a significant ownership interest.

In borrowing on behalf of a Fund, HKW is subject to conflicts of interest between repaying its obligations and retaining such borrowed amounts for the benefit of the Fund, and in

circumstances where interest accrues on any such outstanding borrowings at a rate lower than the relevant Fund's preferred return, is expected to have incentives to cause the Fund to borrow in this manner rather than drawing down capital commitments. Where a preferred return begins to accrue after capital contributions are due (regardless of when the Fund borrows, makes the relevant investment or pays expenses) and ceases to accrue upon return of these capital contributions, the use of borrowing to shorten the period between calling and returning capital limits the amount of time the preferred return will accrue. In circumstances where there is not a preferred return on funds borrowed in advance or in lieu of calling capital, Fund-level borrowing typically will reduce the amount of preferred return to which the limited partners would otherwise be entitled had the General Partner called capital, and thus could result in the relevant General Partner receiving carried interest sooner than it would without borrowing. It is expected that the costs relating to the establishment and/or maintenance of a subscription line of credit will be significant, and there can be no assurance that the benefits to limited partners will be commensurate with such costs.

BROKERAGE PRACTICES

HKW focuses on securities transactions of private companies and generally purchases and sells such companies through privately-negotiated transactions in which the services of a broker-dealer may be retained. However, HKW reserves the right to distribute securities to limited partners in a Fund or sell such securities, including through using a broker-dealer, if a public trading market exists. Although HKW does not intend to regularly engage in public securities transactions, to the extent it does so, it intends to follow the brokerage practices described below.

If HKW sells publicly traded securities for a Fund, it is responsible for directing orders to broker-dealers to effect securities transactions for accounts managed by HKW. In such event, HKW will seek to select brokers on the basis of best price and execution capability. In selecting a broker to execute client transactions, HKW reserves the right to consider a variety of factors, including: (i) execution capabilities with respect to the relevant type of order; (ii) commissions charged; (iii) the reputation of the firm being considered; and (iv) responsiveness to requests for trade data and other financial information.

HKW has no duty or obligation to seek in advance competitive bidding for the most favorable commission rate applicable to any particular client transaction or to select any broker on the basis of its purported or "posted" commission rate, but will endeavor to be aware of the current level of the charges of eligible brokers and to reduce the expenses incurred for effecting client transactions to the extent consistent with the interests of such clients. Although HKW generally seeks competitive commission rates, it may not necessarily pay the lowest commission or commission equivalent. Transactions may involve specialized services on the part of the broker involved and thereby entail higher commissions or their equivalents than would be the case with other transactions requiring more routine services.

Consistent with HKW seeking to obtain best execution, brokerage commissions on client transactions are permitted to be directed to brokers in recognition of research furnished by them, although HKW generally does not make use of such services. Such research services could include economic research, market strategy research, industry research, company research, fixed income data services, computer-based quotation equipment and research services and portfolio performance analysis. As a general matter, research provided by these brokers would be used to

service all of HKW's Funds. However, each and every research service may not be used for the benefit of each and every Fund managed by HKW, and brokerage commissions paid by one Fund may apply towards payment for research services that might not be used in the service of such Fund. Research services may be shared between HKW and its affiliates. There is no agreement or formula for the allocation of brokerage business on the basis of research services.

From time to time, HKW may, but is not obligated to, purchase or sell securities for several client accounts at approximately the same time. Such orders may be combined or "batched" to facilitate obtaining best execution and/or to reduce brokerage commissions or other costs. Batched transactions are executed in a manner intended to ensure that no participating Fund of HKW is favored over any other Fund. When an aggregated order is filled in its entirety, each participating Fund generally will receive the average price obtained on all such purchases or sales made during such trading day. To the extent such orders are not batched, they may have the effect of increasing brokerage commissions or other costs.

In HKW's private company securities transactions on behalf of the Funds, HKW reserves the right to retain one or more broker-dealers or investment banks, the costs of which will be borne by the relevant Fund and/or its portfolio companies. In determining to retain such parties, HKW reserves the right to consider a variety of factors, including: (i) capabilities with respect to the type of transaction being contemplated; (ii) commissions or fees charged; (iii) reputation of the firm being considered; and (iv) responsiveness to requests for information. As a result, although HKW generally will seek reasonable rates for such services, the market for such services involves more subjective evaluations than public securities brokerage transactions, and the Funds may not pay the lowest commission or fee for such services.

REVIEW OF ACCOUNTS

The investments made by the Funds are generally private, illiquid and long-term in nature. Accordingly, the review process is not directed toward a short-term decision to dispose of securities. However, HKW closely monitors companies in which the Funds invest, and the HKW Chief Compliance Officer periodically checks to confirm that each Fund is maintained in accordance with its stated objectives. Monitoring of portfolio company investments is accomplished through several disciplined practices:

- Frequent communication with company management;
- Review of monthly portfolio company financial statements;
- Quarterly portfolio company board of directors meetings;
- Quarterly review of progress on value creation objections with portfolio company management; and
- Annual review of year-end financial statements for each portfolio company.

Typically, an HKW partner is named chairman of a portfolio company invested in by a Fund and is joined on the board of directors by another HKW person (and/or potentially other persons designated by HKW). The chairman of the portfolio company's board of directors is responsible for monitoring the company throughout a Fund's ownership period. If a portfolio company is under-performing, it is typically reviewed weekly by all investment professionals. In such circumstances, the level of discussions with portfolio company management increases and

internal or external reviews of particular aspects of company management or operations may be initiated. If necessary, management is replaced or augmented. HKW also has a risk committee comprised primarily of its current and former partners of HKW and certain outside executives or advisors. This group typically would meet three times a year to review portfolio company performance and to provide advice and guidance on next steps with particular portfolio companies.

Each Fund generally will provide to its limited partners (i) annual GAAP audited and quarterly unaudited portfolio reports (generally including financial statements, a schedule of investments made during the quarter and a statement of the a limited partner's capital account) and (ii) annual tax information necessary for each limited partner's tax return.

CLIENT REFERRALS AND OTHER COMPENSATION

HKW and/or its affiliates intend to provide certain business or consulting services to companies in a Fund's portfolio and expect to receive compensation (including Supplemental Fees) from these companies in connection with such services. As described in the Partnership Agreement, this compensation may, in many cases, offset a portion of the Management Fees paid by such Fund. However, in other cases (*e.g.*, reimbursements for out of pocket expenses directly related to a portfolio company), these fees and reimbursements are in addition to Management Fees. *See* "Fees and Compensation."

HKW reserves the right from time to time to enter into solicitation arrangements pursuant to which it compensates third parties for referrals that result in a potential limited partner becoming a limited partner in a Fund. Any fees payable to any such placement agents generally will be borne by HKW indirectly through an offset against the Management Fee, although related expenses incurred pursuant to the relevant placement agent or similar agreement, including but not limited to placement agent travel, meal and entertainment expenses, typically are borne by the relevant Fund(s).

CUSTODY

HKW maintains custody of assets held in the name of one or more Funds with the following qualified custodians: Citibank, N.A., Delaware Trust Company and Comerica Bank.

INVESTMENT DISCRETION

HKW has discretionary authority to manage investments on behalf of each Fund. As a general policy, HKW does not allow clients to place limitations on this authority. Pursuant to the terms of the Partnership Agreement, however, HKW and/or its affiliates have entered, and expect to enter, into Side Letters with certain limited partners whereby the terms applicable to such limited partner's investment in a Fund are altered or varied, including, in some cases, the right to opt-out of certain investments for legal, tax, regulatory or other similar reasons. HKW assumes this authority pursuant to the terms of the Partnership Agreement and powers of attorney executed by the limited partners of such Fund.

VOTING CLIENT SECURITIES

Generally, HKW does not acquire securities that require it to vote proxies on behalf of the

Funds. However, HKW has adopted proxy voting policies to address how it will vote proxies, as applicable, for each Fund's portfolio investments. The proxy voting policy seeks to ensure that HKW votes proxies (or similar instruments) in the best interest of the Funds, including where there may be material conflicts of interest in voting proxies. HKW generally believes its interests are aligned with those of each Fund's limited partners, for example, through the principals' beneficial ownership interests in such Fund and therefore will not seek limited partner approval or direction when voting proxies. In the event that there is or may be a conflict of interest in voting proxies, HKW will address matters involving such conflicts of interest on a case-by-case basis in the best interests of the Funds, including by seeking the approval or concurrence of a Fund's advisory board on the proposed proxy vote or through other alternatives set forth in the proxy voting policy. HKW does not consider service on portfolio company boards by HKW personnel or HKW's receipt of management or other fees from portfolio companies to create a material conflict of interest in voting proxies with respect to such companies.

FINANCIAL INFORMATION

HKW does not have any events requiring disclosure under this item of the Brochure.