

**INVESTMENT ADVISER BROCHURE  
PART 2A OF FORM ADV**

**HARREN EQUITY PARTNERS, LLC**

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**March 30, 2023**

**This Investment Adviser Brochure (“Brochure”) provides information about the qualifications and business practices of Harren Equity Partners, LLC (“Harren”). If you have any questions about the contents of this Brochure, please contact Lee J. Monahan at (434) 245-5800. 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.**

Harren 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 Harren is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **MATERIAL CHANGES**

Harren filed its most recent Brochure on March 31, 2022. This annual amendment updates the description of the business practices of Harren and its affiliates.

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## ADVISORY BUSINESS

Harren Equity Partners, LLC (“Harren”), a Delaware limited liability company and a registered investment adviser, provides investment advisory services to funds privately offered to qualified investors in the United States and elsewhere and to certain proprietary accounts. Harren commenced operations in 2006 but is part of a private investment management firm that was founded in 2000 by Thomas A. Carver. Currently, Harren’s principal owners are Thomas A. Carver and Lee J. Monahan. As of December 31, 2022, Harren managed approximately \$ 764.9 million in client assets on a discretionary basis.

Harren serves as the management company of Harren Investors II, L.P. and Harren Investors II-B, L.P. (together with Harren Investors II, L.P., “Fund II”), Harren Investors III, L.P. (“Fund III”) and Harren Investors IV, L.P. (“Fund IV”), each a Delaware limited partnership (collectively and together with any parallel and alternative investment vehicles and any future private investment fund managed by Harren, the “Funds”). Harren Advisors II, L.P. (“GP II”), a Delaware limited partnership, is the general partner of Fund II, Harren Advisors III, L.P. (“GP III”), a Delaware limited partnership, is the general partner of Fund III and Harren Advisors IV, L.P. (“GP IV”), a Delaware limited partnership, is the general partner of Fund IV. Each of GP II, GP III, and GP IV (each, a “General Partner,” and collectively, together with any future affiliated general partner entities, the “General Partners,” and together with Harren, the “Advisers”), is subject to the Advisers Act pursuant to Harren’s registration in accordance with SEC guidance and is under common control with Harren. This Brochure also describes the business practices of the General Partners, which operate as a single advisory business together with Harren.

Each General Partner has the authority to make all investment decisions on behalf of a Fund. Pursuant to each Fund’s agreement of limited partnership or other operating agreement or governing document (the “Partnership Agreement”) and the management agreements (each, a “Management Agreement”) between Harren and the applicable General Partner and Fund(s), each General Partner has delegated day-to-day advisory responsibility to Harren. However, each General Partner acts in its separate and special capacity as described in the Partnership Agreement.

In its capacity as the management company of each Fund, Harren has the authority to manage the business and affairs of each Fund. Each Fund is a private equity fund and invests through negotiated transactions in operating entities, generally referred to herein as “portfolio companies.” Harren’s investment advisory services to each Fund consist of 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, limited investments in public companies are permitted. When investing in portfolio companies, the senior principals or other personnel of the Advisers generally serve on such portfolio companies’ respective boards of directors or otherwise act to influence control over management of portfolio companies in which the Funds have invested.

Harren’s advisory services for each Fund are detailed in each Fund’s private placement memoranda or other offering documents (each, a “Memorandum”), management agreement and Partnership Agreement and are further described below under “Methods of Analysis, Investment Strategies and Risk of Loss.” Investors in each Fund (generally referred to herein as “investors,” “partners” or “limited partners”) participate in each Fund’s overall investment program but in

certain circumstances will have the right to be excused from a particular investment due to legal, regulatory or other agreed-upon circumstances pursuant to the relevant Partnership Agreement; such arrangements generally do not and will not create an adviser-client relationship between Harren and any investor.

Harren also serves as the manager of multiple co-investment vehicles through which Harren employees and affiliates and certain other persons with a close business relationship with Harren invest side-by-side with each Fund, subject to limitations set forth in each Fund's Partnership Agreement and in the Advisers' allocation policy (collectively, the "Co-Invest Funds"). Additionally, from time to time and as permitted by the relevant Partnership Agreement, Harren reserves the right to provide (or agree to provide) co-investment opportunities (including the opportunity to participate in co-invest vehicles) to certain current or prospective investors or other persons, including other sponsors, market participants, finders, consultants and other service providers. Such co-investments by the Co-Invest Funds or otherwise typically involve investment and disposal of investments in the applicable portfolio company at substantially the same time and on substantially the same terms as the Fund making the investment. However, although uncommon, from time to time, for strategic and other reasons, a Co-Invest Fund or other co-investor or co-invest vehicle purchases a portion of an 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 use of a Fund credit facility. Any such purchase from a Fund by such Co-Invest Fund, co-investor or co-invest vehicle would generally occur at or shortly after the Fund's completion of the investment to avoid any changes in valuation of the investment. Where appropriate, and in Harren's sole discretion, Harren reserves the right to charge interest on the purchase to the Co-Invest Fund or other co-investor or co-invest vehicle (or otherwise adjust equitably the purchase price under certain conditions) and to seek reimbursement to the relevant Fund for related costs. However, to the extent such amounts are not so charged or reimbursed, they generally will be borne by the relevant Fund.

## **FEES AND COMPENSATION**

In general, Harren ultimately receives a management fee in connection with advisory services it provides to each Fund pursuant to the applicable Management Agreement. Each General Partner receives a carried interest. Harren and/or its affiliates receive additional compensation in connection with management and other services performed for portfolio companies of each Fund and such additional compensation will offset in whole or in part the management fees otherwise payable to Harren to the extent provided by the relevant Partnership Agreement. Investors in each Fund also bear certain fund expenses. A summary of each Fund's fees follows. Fund investors should refer to each Fund's Partnership Agreement for the detailed fee provisions.

### **Management Fees**

Fund IV pays Harren (via GP IV) a management fee (the "Management Fee") payable semi-annually, partially in arrears and partially in advance. The Fund IV is currently calculated as a specified percentage of aggregate non-affiliated investor capital commitments

("Commitments"). The Fund IV Management Fee is reduced upon the occurrence of certain events as set forth in its Partnership Agreement.

Fund III pays Harren (via GP III) a Management Fee payable semi-annually, partially in arrears and partially in advance. The Fund III Management Fee was initially calculated as a specified percentage of aggregate non-affiliated investor Commitments, but, in connection with the termination of Fund III's investment period, is now calculated as a specified percentage of an amount equal to the aggregate amount of invested capital with respect to investments that have not been disposed of or completely written-off for U.S. federal income tax purposes, as determined in accordance with Fund III's Partnership Agreement. The Fund III Management Fee is reduced upon the occurrence of certain events as set forth in its Partnership Agreement and, in certain cases, a portion of Management Fees received will reduce the amount paid to GP III as carried interest.

Fund II pays Harren (via GP II) a Management Fee payable semi-annually, partially in arrears and partially in advance. The Fund II Management Fee was initially calculated as a specified percentage of aggregate non-affiliated investor Commitments, but, in connection with the termination of Fund II's investment period, is now calculated as a specified percentage of an amount equal to the aggregate amount of invested capital with respect to investments that have not been disposed of or completely written-off for U.S. federal income tax purposes, as determined in accordance with Fund II's Partnership Agreement.

Investors participating in a closing after each Fund's initial closing date bear the Management Fee from the initial closing date. The Management Fee will be payable until proceeds from all portfolio investments are distributed. Installments of the Management Fee payable for any period other than a full six-month period are adjusted on a *pro rata* basis according to the actual number of days in such period. As a general matter, Management Fees will be payable during term extensions unless otherwise agreed with investors.

The governing documents set forth the full list of terms under which Management Fees will be reduced, offset or otherwise be limited, and consequently investors should expect to bear the full specified Management Fee rate in the governing documents until they are reduced in the circumstances and on the date(s) specified therein.

Each Fund's Management Fee is reduced by a percentage of any breakup fees and transaction and monitoring fees earned by the Advisers or their affiliates and attributable to such Fund's investment in the applicable portfolio company, as set forth in the applicable Partnership Agreement. In addition, the Management Fee is also offset by any private placement and finders' fees paid and organizational fees in excess of the cap stated in the Partnership Agreement, to the extent any such fees are incurred. Furthermore, as described in the applicable Partnership Agreement, Harren also receives amounts from portfolio companies as compensation for services (the Fund's allocable portion of which is typically offset against the Management Fee to the extent specified in the Partnership Agreement) or as reimbursement of expenses (which is typically not offset against the Management Fee). Accordingly, unless otherwise specified in the Partnership Agreement, no Fund will benefit from the portion of any breakup, transaction or monitoring fees related to General Partner or affiliated partner commitments or that relates to co-investors or potential co-investors, (which could include co-investment vehicles managed by Harren, third parties, portfolio company management or employees and/or others).

Certain Partnership Agreements permit the applicable General Partner to waive or agree to reduce the Management Fee. Certain waived portions of the Management Fee are 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, and operate to reduce the amount of capital such General Partner would otherwise be required to contribute to such Fund. The 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 would otherwise be required of each Fund's General Partner in connection with any such waiver or reduction as described above, and, as a result, the exercise of such waiver may result in an acceleration of investor capital contributions.

### **Carried Interest**

Each General Partner is entitled to receive a carried interest with respect to each Fund equal to 20% of realized profits after distributing a preferred return, subject to a General Partner catch-up provision as more fully described in the applicable Partnership Agreement. The carried interest distributed to each General Partner is subject to a potential clawback or giveback if the General Partner has received excess cumulative distributions as determined at the end of each Fund's life, as determined in each case in accordance with the applicable Partnership Agreement.

### **Other Information**

Harren is permitted to exempt certain "affiliated partner" investors in each Fund from payment of all or a portion of Management Fees and/or carried interest, including the relevant General Partner, its affiliates and any other person designated by the relevant General Partner. The relevant General Partner reserves the right to make any such exemption from Management Fees and/or carried interest by a direct exemption or through the Co-Invest Fund or another investment vehicle. To the extent permitted by the relevant Partnership Agreement, certain General Partners have the right to permit investors, affiliated with a General Partner or otherwise, to invest through the relevant General Partner or other vehicles that do not bear Management Fees and/or carried interest.

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

Principals or other current or former employees of Harren or the General Partner generally receive salaries and other compensation derived from the Management Fee, carried interest or other compensation received by Harren or its affiliates. Principals of Harren or the General Partner typically also have a direct or indirect interest in the Management Fee, carried interest or other compensation received by Harren or its affiliates.

In addition to the Management Fee and carried interest, each Fund bears certain other expenses. As set forth more fully in the applicable Memorandum and/or Partnership Agreement, each Fund bears all fees, costs, expenses, liabilities and obligations relating to such Fund's (and its subsidiaries' and intermediate entities'): (i) activities with respect to the structuring, organizing,

negotiating, consummating, financing, refinancing, diligencing, 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, tax professionals, investment bankers, lenders, third-party diligence software and service providers, consultants and similar professionals, including operating partners, in connection therewith and any fees and expenses related to transactions that may have been offered to co-investors and/or co-investment vehicles), 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, a General Partner or any "affiliated partner" on behalf of a Fund (including any credit facility, letter of credit or similar credit support), including repayment of principal and interest and fees 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 (including any depository appointed pursuant to the Alternative Investment Fund Managers Directive), Swiss representative or paying agent appointed pursuant to the Swiss Collective Investment Schemes Act (as amended), including any law, rule or regulation relating to the implementation thereof, local paying agent, trustee, record keeping, account, registered office 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, fairness opinions, software, appraisals or pricing services), consulting (including consulting and retainer fees and other compensation paid to operating partners, 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, crime coverage, cyber and general partnership liability premiums and other insurance and regulatory expenses, including any costs and expenses related to any retention or deductibles; (ix) filing, title, transfer, registration and other similar fees and expenses; (x) printing and communications; (xi) the preparation, printing, distribution or filing of Fund-related or investment-related financial statements or other reports, tax returns, tax estimates, Schedule K 1s or similar forms or other communications with limited partners, any other administrative, compliance or regulatory filings or reports (including Forms PF, Forms D, Bureau of Economic Analysis Reports, 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, or any other administrative, regulatory or other Fund-related U.S. federal or state or non-U.S. government or self-regulatory organization reporting or filing including expenses related to maintaining the Advisers' status as an SEC-registered investment adviser and complying with the Advisers Act and any similar U.S. federal or state or non-U.S. government or self-regulatory organization laws, rules or regulations that require an Adviser to obtain or maintain a license, apply for an exemption or otherwise be regulated in order to control or manage the affairs of a Fund (including expenses of any service providers retained by an Adviser to advise it or perform services on behalf of it or the Partnership and the costs of any compliance programs implemented by an Adviser in connection with such matters);



(xii) compliance with any tax or financial account reporting regime, including the U.S. Foreign Account Tax Compliance Act, the OECD Standard for Automatic Exchange of Financial Account Information – Common Reporting Standard and any similar laws, rules and regulations, including any costs of any third-party service providers and professionals related to the foregoing; (xiii) developing, licensing, implementing, maintaining or upgrading any web portal, extranet tools, computer software or other administrative or reporting tools (including subscription-based services) for the benefit of a Fund or its limited partners; (xiv) any activities with respect to protecting the confidential or non-public nature of any information or data; (xv) to the extent provided in the relevant Partnership Agreement, or otherwise approved by a General Partner in its sole discretion, activities or proceedings of a relevant advisory board (including any reasonable out-of-pocket costs and expenses incurred by representatives of a General Partner, such as advisory board’s members, permitted observers and other persons in attending or otherwise participating in meetings of such advisory board); (xvi) indemnification (including any fees, costs and expenses incurred in connection with indemnifying any limited partner or other person pursuant to the relevant Partnership Agreement or otherwise 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 Partnership Agreement), except as otherwise set forth in the relevant Partnership Agreement; (xvii) 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; (xviii) any annual limited partner meeting or other periodic, if any, meetings of such limited partners and any other conference, meeting, webcast or other video conference with any limited partner(s) (including travel), to the extent incurred by a Fund, a General Partner or any other affiliate of Harren; (xix) to the extent allocated to a Fund in the reasonable good faith judgment of the relevant General Partner and not reimbursed by portfolio companies, the compensatory and other employment related costs of designated persons employed by Harren or its affiliates who provide management, operations and other services to portfolio companies (in lieu of a General Partner requiring such portfolio companies to obtain such services from third party providers); (xx) the Management Fee; (xxi) except as otherwise determined by a 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 a 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, and any other costs and expenses related to any restructuring of a Fund or any alternative investment vehicle; (xxii) the termination, liquidation, winding up or dissolution of a Fund; (xxiii) defaults by limited partners in the payment of any capital contributions; (xxiv) amendments to, and waivers, consents or approvals pursuant to, the constituent documents of a Fund and any alternative investment vehicle of such Fund, including the preparation, distribution and implementation thereof; (xxv) (A) 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) and/or (B) 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 to the extent such expenses or amounts have been determined to be excluded from the indemnification provided for in the relevant Partnership Agreement; (xxvi) unreimbursed costs

and expenses incurred in connection with any transfer or proposed transfer of limited partner interests; (xxvii) any taxes, fees and other governmental charges levied against a Fund and all expenses incurred in connection with any tax audit, inquiry, investigation settlement or review of such Fund (except to the extent that such Fund is reimbursed therefor by a reimbursing limited partner) and any costs of or related to the “partnership representative” of a Fund, provided that nothing in this clause (xxvii) shall affect the treatment of any such amount pursuant to the relevant Partnership Agreement; (xxviii) distributions to the limited partners and other expenses associated with the acquisition, holding and disposition of a Fund’s investments, including extraordinary expenses; (xxix) compliance or regulatory matters related to a Fund, except as otherwise set forth in the relevant Partnership Agreement; (xxx) any travel (including, where appropriate as determined by a General Partner, the cost of using private aircraft or other private air travel (including the use of a private aircraft owned by any affiliate of a Fund) at rates that do not exceed rates charged by a comparable third-party charter service, after considering relevant pricing factors, as determined by the relevant General Partner) relating to any of the foregoing, including in connection with consummated and unconsummated investment, restructuring and disposition opportunities; (xxxi) any organizational expenses; (xxxii) any placement fees; and (xxxiii) any other fees, costs, expenses, liabilities or obligations approved by the relevant advisory board. The Funds also bear expenses indirectly to the extent a portfolio company pays expenses, including expenses of Harren and/or its affiliates. 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, develop, establish, review, revise, customize, upgrade and/or negotiate relationships relating to the foregoing items, which generally are expected to be significant. The Funds do not bear Harren’s expenses in connection with maintaining and operating its offices (such as compensation of its employees, rent, utilities and general office expenses). In certain cases, these or similar expenses (and/or breakup, transaction, monitoring or similar 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. The applicable General Partner reserves the right to agree with executive professionals, service providers, portfolio company management or other persons that all or a portion of certain expense reimbursements, payments or other amounts owed to such persons relating to one or more investments will be paid in the form of a profits interest granted in the relevant investments or related intermediate entities. While such an arrangement could be more favorable to the relevant Fund if the investment does not increase in value, in the event of appreciation in the relevant investment any such profits interest generally would have a dilutive impact on the Fund’s investment, as well as the potential to result in economic gains to the recipient greater than the original amount of compensation. Each Fund also generally will bear the costs of implementing, reporting (as applicable), monitoring and complying with investment guidelines and directives relating to the Fund’s strategy, including in Side Letters (as defined below) 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 applicable Partnership Agreement, 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 practices set forth in “Brokerage Practices.” Each Co-Invest Fund bears its share of expenses with respect to investments it makes, including expenses associated with their disposition, in a manner consistent with the governing documents of the participating Funds and Co-Invest Funds; the relative percentage of these expenses that are borne by various stakeholders (including the relevant Fund, any co-investors, portfolio company management and other persons) is expected to depend upon the level at which such expenses are charged or incurred. If the allocation for any such expense is not specified by the governing documents, the relevant Adviser shall determine the allocation of such expense in a manner it believes is fair and equitable. All out of pocket costs, expenses, liabilities and obligations relating to investment opportunities considered appropriate for Fund III and/or Fund IV and not consummated have been allocated to Fund III and/or Fund IV, as applicable, and no portion of these costs, expenses, liabilities and obligations have been or will be allocated to Harren III Coinvest, LLC, the Co-Invest Fund established to facilitate a co-investment by Harren employees and management alongside Fund III and Fund IV, or any other Co-Invest Fund.

Furthermore, as described more fully in the applicable Memorandum and/or Partnership Agreement, Harren and certain of its affiliates are expected to, on occasion, provide services to (or with respect to) one or more Funds or certain portfolio companies in which a Fund invests and would receive compensation from such portfolio companies in such circumstances. Break up, monitoring and transaction fees are generally subject to the Management Fee offset. The most common form of compensation is monitoring fees, which are typically pre-negotiated with the seller prior to the transaction. Harren and/or its affiliates generally have discretion over whether to charge such fees, although such amounts can, but are not required to, be subject to review by a portfolio company’s independent directors and limited by arrangements with third-party lenders.

Additionally, the Advisers are expected to, on occasion, retain certain operating executives (including entities formed for the benefit of such persons and/or to facilitate the provision of their services) to provide services with respect to one or more current or prospective portfolio companies in which one or more Funds invest. Such operating executives would provide services in relation to the identification, acquisition, holding, improvement and disposition of portfolio companies, including operational aspects of such companies, among other services. In certain circumstances, these services also include serving in management or policy-making positions for portfolio companies. Such operating executives receive compensation, and such compensation will not offset the Management Fee. If such compensation is in the form of profits or equity interests in a portfolio company or intermediate holding company, it likely will have a dilutive impact on the Fund’s investment, and has the potential to result in economic effects greater than the original amount of compensation. The relevant Fund typically will bear the costs of all such compensation as well as fees, costs and expenses of structuring such arrangements.

#### **PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

As described under “Fees and Compensation,” the relevant General Partner generally receives a carried interest allocation on certain realized profits in the relevant Fund. The Co-Invest Funds are not charged a performance-based fee. Since participation in the Co-Invest Funds is limited to Harren employees and affiliates and certain other persons with a close business relationship with Harren, and the Co-Invest Funds invest side-by-side with each Fund subject to

the terms set forth in the applicable Partnership Agreement, Harren's view is that this practice does not present a conflict of interest.

The existence of performance-based compensation has the potential to create an incentive for a General Partner to make more speculative investments on behalf of a Fund than it would otherwise make in the absence of such arrangement, although Harren generally considers performance-based compensation to better align its interests with those of its investors, particularly in instances where the governing documents include terms requiring clawback or giveback of performance-based compensation amounts at the end of the relevant Fund's life or at certain interim intervals.

## **TYPES OF CLIENTS**

Harren provides investment advice solely to the Funds, including the Co-Invest Funds, and references throughout this Brochure to "clients" and to Harren'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 U.S. or non-U.S. laws and operated as exempt investment pools under the Investment Company Act of 1940, as amended. The investors participating in the Funds generally include individuals, banks or thrift institutions, 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, principals or other employees or former employees of Harren and its affiliates and members of their families, or other service providers retained by Harren and its affiliates, as well as executives of portfolio companies.

The relevant General Partner also generally is permitted from time to time to establish Funds that are alternative investment vehicles in order to permit certain investors to participate in one or more particular investment opportunities in a manner desirable for tax, regulatory or other reasons. Alternative investment vehicle sponsors generally have limited discretion to invest the assets of these vehicles independent of limitations or other procedures set forth in the organizational documents of such vehicles and the related Fund.

Each Fund generally has a minimum investment amount of \$2,500,000 to \$5,000,000 for third-party investors, which minimum the General Partner is generally permitted to waive. Each Fund's interests are offered and sold solely to qualified purchasers (or qualified knowledgeable Harren personnel).

## **METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

### **General**

The General Partner has selected Harren to provide day-to-day investment advisory services to each Fund, subject to the General Partner's supervision. The Advisers share common owners and personnel. Accordingly, the Advisers' investment methodology is described below.

The Advisers focus primarily on making investments of up to \$60 million in companies with enterprise values that range from \$30 million to \$300 million (the "Lower Middle Market"). The Advisers seek to take majority equity positions in Lower Middle Market Companies through

leveraged acquisitions and recapitalization transactions with participation by management. The Advisers maintain a broad industry focus, although the Advisers may occasionally target opportunities in a particular industry in which they believe the fundamentals are particularly attractive or in which the Advisers' principals have experience or expertise. The Advisers take a hands-on approach with the management of portfolio companies. The Advisers also concentrate on making operational improvement through work with portfolio companies.

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

## **Investment and Operating Strategy**

*Investment Evaluation.* Day-to-day responsibility for each acquisition candidate is typically assigned to a team of two to four of the Advisers' investment professionals. This team updates the entire investment team at a weekly deal meeting and more frequently on an informal basis. For candidates that progress toward acquisition, the evaluation process eventually culminates in an investment committee meeting in which the team must defend all aspects of the diligence process and its investment conclusions. The evaluation process begins with an assessment of the company, its industry and management team. In addition to due diligence undertaken by the Advisers' professionals, the Advisers typically engage third party advisors to provide analysis on potential areas of substantial risk to the company, the business prospects of the company and issues related to the structure of a transaction. As part of this process, the Advisers seek to develop a strong working relationship with management in order to create a strategic plan for the business, which will serve as the basis for the initiatives to be pursued during the investment period.

*Investment Acquisition.* Prior to acquiring a company, the investment team will consider, among other factors, (i) identifiable growth potential, (ii) quality of the management team, (iii) scalability of the business model, (iv) the ability of the Advisers and management to address existing operational issues effectively, and (v) the presence of an agreeable strategic plan developed in partnership with management during due diligence. The Advisers prefer to utilize simple transaction structures that typically include only one class of stock in order to promote transparency and alignment of interests among all shareholders, including the managers of a business, who typically maintain a significant equity interest in the company. In general, the moderate amount of leverage utilized by the Advisers often allows for greater investment in growth capital to further accelerate growth. The Advisers attempt to maximize the utility of tax structuring and other financial instruments that can positively impact risk-adjusted returns to each Fund.

*Ownership Activity.* The Advisers work with management post-acquisition to implement the strategic plan that was developed during the investment evaluation process. The Advisers employ their operations focus and spend time on-site as necessary to support management. An annual strategic assessment is conducted to measure progress versus the original plan and to evaluate areas for continued improvement.

*Realization Process.* The decision to exit an investment requires a subjective assessment of company performance, future prospects, market conditions, and other factors, including the desires and plans of management. The Advisers typically anticipate an investment period of three

to seven years. In general, the timing of an exit is dictated by the progress a company has made with respect to its strategic plan.

## **Risks of Investment**

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

**Business Risks.** Each Fund's investment portfolio is expected to 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 the Principals' prior investments is not necessarily indicative of each 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 the 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 each 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 an 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, each Fund's investment portfolio could become highly concentrated, and the performance of a few holdings may substantially affect its aggregate return. Furthermore, to the extent that the capital raised is less than the targeted amount, each Fund may, particularly in the early portion of its life, 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 each 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 Fund's investors are invested (or drawn down to be invested), Fund investors will be required to bear annual management fees through the Fund during the investment period based on the entire amount of their Commitments and other expenses as set forth in the applicable Partnership Agreement.

**Impact of Government Regulation, Reimbursement and Reform.** Certain industry segments in which the each Fund intends to invest, including various segments of the healthcare industry, are (or may become) (i) highly regulated at both the federal and state levels in the United States and internationally and (ii) subject to frequent regulatory change. Certain segments may be highly dependent upon various government (or private) reimbursement programs. While each Fund intends to invest in companies that seek to comply with applicable laws and regulations, the laws and regulations relating to certain industries, including in particular the healthcare industry,

are complex, may be ambiguous or may lack clear judicial or regulatory interpretive guidance. An adverse review or determination by any applicable judicial or regulatory authority of any such law or regulation, or an adverse change in applicable regulatory requirements or reimbursement programs, could have a material adverse effect on the operations and/or financial performance of the companies in which each Fund invests. By way of example, the healthcare industry has been, and will likely continue to be, significantly impacted by recent legislative changes, and various U.S. federal, state or local or non-U.S. legislative proposals related to such industry are introduced from time to time, which, if adopted, could have a significant impact on such industry in general and/or on companies in which each Fund may invest.

Additionally, the SEC has indicated that it intends to seek to enact changes to numerous areas of law and regulations that would impact the business of Harren and the Funds. In particular, the SEC has signaled an increased emphasis on investment adviser and private fund regulation and has proposed a number of new rules that, if adopted, would impose significant changes on private fund advisers and their management of private funds, and the SEC is expected to propose additional changes in the future. Any such changes are expected to materially impact Harren and its affiliates, the Fund and/or its investments, as well as increasing their expenses. Significant time and resources may be required to comply with new regulations, which potentially will detract from the time and resources dedicated to the Fund.

Illiquidity; Lack of Current Distributions. An investment in each Fund should be viewed as an illiquid investment. 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 investments. Furthermore, the expenses of operating each Fund (including the annual management fee) may exceed its income, thereby requiring that the difference be paid from each Fund's capital, including unfunded Commitments.

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 Partnership Agreement and applicable securities laws. In general, withdrawals of Fund interests are not permitted. In addition, Fund interests are not redeemable.

Leveraged Investments. Funds are generally permitted to make use of leverage by having a portfolio company or intermediate entity incur debt to finance a portion of the investment, including in respect of companies not rated by credit agencies. Such use of leverage generally magnifies a Fund's risk of loss from a particular investment and increases the portfolio company's exposure to company, industry and economic conditions and changes in interest rates. The cost and availability of leverage is highly dependent on the state of the broader credit markets (and such credit markets may be impacted by regulatory restrictions and guidelines), 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 often imposes restrictive financial and operating covenants on a company, in addition to the burden of debt service, and will constrain its ability to 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. These risks generally are expected to increase as interest rates rise, including in circumstances where a portfolio company's creditworthiness is such that it must borrow at higher interest rates than are available to the relevant Fund. In the event any portfolio company cannot generate adequate cash flow to meet debt service, a Fund may suffer a partial or total loss of capital invested in the portfolio company, in turn affecting Fund returns. 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. Furthermore, the companies in which a Fund invests generally will not be rated by a credit rating agency. Except where otherwise required by the relevant governing documents, a Fund will not be obligated to borrow on behalf of a portfolio company, even in circumstances where the Fund's creditworthiness would permit borrowing at a lower rate than is available to the portfolio company. Funds are typically 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) or otherwise be liable therefor, and in such situations, it is not expected that such Fund would be compensated for providing such guarantee or exposure to such liability. The use of leverage by a Fund generally also will result in fees, interest expense and other costs to such Fund that may not be covered by distributions made to the Fund or appreciation of its investments. In addition, to the extent a Fund incurs leverage (or provides such guaranties), such amounts are permitted to be secured by capital commitments made by such Fund's investors and such investors' contributions may be required to be made directly to the lenders instead of such Fund.

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 additional 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 upfront 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, renegotiation or termination of 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 applicable Partnership Agreement and Memorandum, 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



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, as 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 or borrowing facility frequently will contain other terms that restrict the activities of a Fund and the limited partners or impose additional obligations on them. For example, certain lenders are expected to 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, and/or financial or other covenants, that could affect the implementation of the Fund's investment strategy. The relevant 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. In certain circumstances, due to separate evaluations of creditworthiness by lenders or facility providers, a portfolio company or other Fund subsidiary is expected to bear higher rates under a borrowing facility than are borne by the Fund or additional potential liquidity constraints or other burdens on the relevant portfolio company or Fund subsidiary. Accordingly in such circumstances, the General Partner will have incentives to utilize a Fund-level borrowing facility rather than a borrowing facility at the portfolio company or Fund subsidiary level.

Fund-level borrowing involves a number of additional risks. For example, drawing down on a subscription line allows the relevant 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. A Fund is also permitted to utilize Fund-level borrowing when the relevant General Partner expects to repay the amount outstanding through means other than limited partner capital, including as a bridge for equity or debt capital with respect to an investment. If a Fund ultimately is unable to repay the borrowings through those other means, limited partners would end up with increased exposure to the underlying investment, which could result in greater losses.

If an investment appreciates in value and is disposed of prior to repayment, the relevant Fund generally would apply disposition proceeds to repay the borrowing and related interest and expenses, and the absence of invested capital funded by limited partners potentially will result in a distribution of net proceeds without a preferred return accrual on the amount invested. Accordingly, borrowings have the potential to support the distribution of proceeds to limited partners and increase the potential carried interest for the relevant General Partner, as reduced by the interest incurred by the relevant Fund.

Restricted Nature of Investment Positions. Generally, there will be no readily available market for a substantial number of each Fund's investments, and hence, most of each Fund's investments will be difficult to value. Certain investments may be distributed in kind to the Partners 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 Partnership Agreement, including the value used to determine the amount of carried interest available to the General Partner with respect to such investment.

Reliance on the General Partner and Portfolio Company Management. Control over the operation of a Fund is vested entirely with Harren and the applicable General Partner, and such Fund's future profitability will depend largely upon the business and investment acumen of the Advisers' principals. The loss or reduction of service of one or more of the Advisers' principals could have an adverse effect on a Fund's ability to realize its investment objectives. In addition, the Advisers' principals currently, and may in the future, manage other investment funds besides the existing Funds (to the extent permitted by the terms of the applicable Partnership Agreement) and such principals 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 principals. In addition, certain changes in an Adviser or circumstances relating to an Adviser have the potential to have an adverse effect on a Fund or one or more of its portfolio companies including potential acceleration of debt facilities. Fund investors 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 entirely on the actions of the Advisers. Although the Advisers will monitor the performance of each Fund investment, it will primarily be the responsibility of each portfolio company's management team to operate the portfolio company on a day-to-day basis. Although each Fund generally intends 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 the Fund's objectives.

Projections. Projected operating results of a company in which the Fund invests normally will be based primarily on financial projections prepared by such company's management, with adjustments to such projections made by the applicable General Partner 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.

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 follow-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 follow-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). Additionally, such failure to make such investments may result in a lost opportunity for such Fund to increase its participation in a successful portfolio company or the dilution of such Fund's ownership in a portfolio company, if a third party invests in such portfolio company. Any decision by a Fund to provide additional funds puts more of its capital at risk, which may be lost if the investment is not successful.

Non-U.S. Investments. Each Fund may invest in portfolio companies that are organized or have substantial sales or operations outside of the United States, its territories, and possessions, namely Canada. 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 each Fund) and the application of complex tax rules to cross-border investments, possible imposition of non-U.S. taxes on a Fund and/or its Partners with respect to such 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 and/or more restrictive laws, regulations, regulatory institutions and judicial systems; (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.

Material, Non-Public Information; Other Regulatory Restrictions. As a result of the operations of Harren and its affiliates, as well as in connection with officerships or directorships of Harren personnel, Harren frequently comes into possession of confidential or material, non-public information. Harren 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, 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 Harren's internal policies and practices.

Hedging Arrangements; Related Regulations. A General Partner is authorized (but not obligated) to endeavor to manage the relevant Fund's or any portfolio company's currency exposures, interest rate exposures or other exposures, using hedging techniques where available and appropriate. 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 the 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 the 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 (the “CFTC”) or other regulator or comply with an applicable exemption. Losses may result to the extent that the CFTC or other regulator imposes position limits or other regulatory requirements on such hedging arrangements, including under circumstances where the ability of a Fund or a portfolio company to hedge its exposures becomes limited by such requirements.

Significant Adverse Consequences for Default. The Partnership Agreement provides for significant adverse consequences in the event a Fund investor defaults on its Commitment or any other payment obligations. In addition to losing its right to potential distributions from a Fund, a defaulting investor 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.

General Partner’s Carried Interest. The fact that the 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.

Public Company Holdings. To the extent permitted by the applicable Partnership Agreement, each Fund’s investment portfolio may contain securities and debt issued by publicly held companies. Such investments may subject each Fund to risks that differ in type or degree from those involved with investments in privately held companies. Such risks include greater volatility in the valuation of such companies, increased obligations to disclose information regarding such companies, limitations on the ability of each Fund to dispose of such securities and debt at certain times, increased likelihood of shareholder litigation and insider trading allegations against such companies’ executives and board members, including the Advisers’ principals, and increased costs associated with each of the aforementioned risks.

Non-controlling Investments. Each Fund is permitted to hold meaningful minority stakes in privately held companies and in some cases may have limited minority protection rights. In addition, during the process of exiting investments, a Fund at times may hold minority equity stakes of any size such as might occur if portfolio companies are taken public. As is the case with minority holdings in general, such minority stakes that a Fund may hold will have neither the control characteristics of majority stakes nor the valuation premiums accorded majority or controlling stakes. Where a Fund holds a minority stake, it may be more difficult for a Fund to liquidate its interests than it would be had the Partnership owned a controlling interest in such company. Even if a Fund has contractual rights to seek liquidity of such Fund’s minority interests in such companies, it may be very difficult to sell such interests or seek a sale of such company upon terms acceptable to such Fund, especially in cases where the interests of the other investors in such company have different business and investment objectives and goals.

Director Liability. Each 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 each Fund’s representatives, and ultimately each 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. 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.

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, significant changes to government policies on trade, travel or immigration, virus or disease outbreaks or epidemics, or other sources of political, social or economic unrest. Such events, and any associated 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 each Fund and its portfolio companies to execute their respective strategies and to receive an attractive multiple of earnings on the disposition of businesses. This may slow the rate of future investments by the Fund and result in longer holding periods for investments. Furthermore, such uncertainty or general economic downturn may have an adverse effect upon each Fund's portfolio companies.

Public Health Emergencies; COVID-19. Pandemics and other widespread public health emergencies, including outbreaks of infectious diseases such as SARS, H1N1/09 flu, avian flu, Ebola and COVID-19, have and are resulting in market volatility and 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.

In an effort to contain such health emergencies, national, regional and local governments, as well as private businesses and other organizations, have taken or have the potential to take 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. Any such measures have the potential to significantly diminish economic production and activity of all kinds and contribute to volatility in financial markets, demand across categories of consumers and businesses, and the credit and capital markets. Restrictive measures, whether on an initial or re-imposed basis, also have the potential to cause labor force and operational disruptions, slowing or complete idling of certain supply chains and manufacturing activity, increases in unemployment levels, 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 any such health emergency — and the resulting precipitous 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, but could have a significant adverse impact and result in significant losses to the Fund. 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 Partners and Harren may be significantly impacted, or even temporarily or permanently halted, as a result of any such health emergencies, or any measures, restrictions, remote-working requirements and other factors related thereto, 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.

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 the Partnership 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. Each 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 investors' 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 a 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 relevant 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 objectives.

Ability to Finance and Consummate Investments. A Fund's ability to generate attractive investment returns may be adversely affected to the extent the Fund is unable to obtain favorable financing terms for its investments. Moreover, to the extent that 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.

Limited Access to Information. Fund investors' rights to information regarding a Fund, the relevant General Partner or Harren generally will be specified, and in many cases strictly limited, by the governing documents of such Fund. In particular, it is anticipated that the relevant 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 Harren's control. Decisions by Harren 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 Harren 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 of a Fund 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 Harren reserves the right to withhold certain information from investors subject to such laws for reasons relating to Harren's public reputation, business strategy or other reasons.

Valuation of Investments. Generally, the relevant General Partner will determine the value of all the related Fund's investments for which market quotations are available based on publicly available quotations. However, market quotations will not be available for virtually all of a Fund's investments because, among other things, the securities of portfolio companies held by such Fund generally will be illiquid and not quoted on any exchange. Each General Partner will determine the value of all the relevant Fund's investments that are not readily marketable 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. There can be no assurance that the relevant General Partner will have all the information necessary to make valuation decisions in respect of these investments, or that any information provided by third parties on which such decisions are based will be correct. There can be no assurance that the valuation decision of a General Partner with respect to an investment will represent the value realized by the relevant Fund on the eventual disposition of such investment or that would, in fact, be realized upon an immediate disposition of such investment on the date of its valuation. Accordingly, the valuation decisions made by such General Partner may cause it to ineffectively manage the relevant Fund's investment portfolios and risks, and may also affect the diversification and management of such Fund's portfolio of investments. The exercise of discretion in valuation by the relevant General Partner gives 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.

Cybersecurity Risks. Recent events have illustrated the ongoing cybersecurity risks to which operating companies are subject, particularly operating companies in historically vulnerable industries such as the food services and retail industries. To the extent that a portfolio company, Fund, Adviser or one or more of their respective service providers is subject to cyber-attack or other unauthorized access is gained to their systems, substantial losses may occur in the form of stolen, lost or corrupted (i) data or payment information; (ii) financial information; (iii) software, contact lists or other databases; (iv) proprietary information or trade secrets; or (v) other items. If technology systems are compromised, become inoperable for extended periods of time or cease to function properly, the Advisers, the General Partners, the Funds and/or portfolio companies may incur significant time or expense to fix or replace them and to seek to remedy the effects of such issues. The failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in the Advisers', the General Partners', the Funds', portfolio companies' and/or service providers' operations, including the ability to make distributions to limited partners, and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information relating to investors (and the beneficial owners of investors). In certain events, a 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, and the risks of attack are expected to be heightened in remote work environments. 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 Harren or one of its service providers holding its financial or investor data, Harren, its affiliates or the Funds may also be at risk of loss.

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 ("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 Harren, 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 Harren, 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.

Certain jurisdictions, including U.S. states, have proposed, adopted 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 Harren, the General Partners, the Funds and/or their portfolio companies.

Russia-Ukraine Conflict. The ongoing military conflict between Russia and Ukraine has caused disruption to global financial systems, trade and transport, among other things. In response, multiple other countries have put in place global sanctions and other severe restrictions or prohibitions on the activities of individuals and businesses connected to Russia. However, the ultimate impact of the Russia-Ukraine conflict and its effect on global economic and commercial activity and conditions, and on the operations, financial condition and performance of the Funds or any particular industry, business or investee country and the duration and severity of those effects, is impossible to predict.

The Russia-Ukraine conflict may have a significant adverse impact and result in significant losses to the Funds. This impact may include reductions in revenue and growth, unexpected operational losses and liabilities and reductions in the availability of capital. It may also limit the ability of a Fund to source, diligence and execute new investments and to manage, finance and exit investments in the future. Developing and further governmental actions (military or otherwise) may cause additional disruption and constrain or alter existing financial, legal and regulatory frameworks and systems in ways that are adverse to the investment strategy which any Fund intends to pursue, all of which could adversely affect such Fund's ability to fulfill its investment objectives.

U.S. Taxation of Carried Interest. U.S. federal income tax law treats certain allocations of capital gains to service providers by partnerships such as the Funds as short-term capital gain (taxed at higher ordinary income rates) unless the partnership has held the asset that generated such gain for more than three years. Additionally, Congress has considered proposed legislation that would treat certain income allocations to service providers by partnerships such as a Fund (including any carried interest) as ordinary income for U.S. federal income tax purposes that under current law are treated as an allocation of the partnership's income (and which may be taxed at lower rates than ordinary income). Such rules, as well as any such legislation that may be enacted in the future, could apply to reduce the after-tax returns of individuals associated with a Fund, its General Partner, or Harren who were or may in the future be granted direct or indirect interests in carried interest, which could make it more difficult for the relevant General Partner and its affiliates to incentivize, attract and retain individuals to perform services for a Fund. This creates potential incentives for Harren to cause a Fund to hold investments for a longer period than would be the case if such greater-than-three-year holding period requirement did not exist.

Secondaries and other GP-Led Transactions. There continues to be a significant market in the private fund sector for secondary sales, GP-led transactions, continuation funds, successor fund investments and other transactions for the disposition of investments. Many of these transactions involve an auction process run by an investment bank and a buyer (or buyer group) that agrees to purchase a portion of one or more investments that will continue to be managed by Harren following the transaction. Such transactions are undertaken for various reasons, including, for example, to balance competing interests between offering liquidity to existing limited partners and maintaining exposure to an asset where Harren believes there is the potential for additional value

generation. Where undertaken, existing limited partners typically are offered certain options relating to receiving liquidity from the transaction or continuing to maintain exposure to the asset, assets or a new portfolio of assets (including a portfolio that combines assets from multiple Funds sponsored by the Harren and its affiliates). However, certain of such transactions are expected to require a limited partner to invest additional capital in the existing Fund and/or other investment vehicles, a greater exposure to one or more particular portfolio company, and/or a delay in the full liquidation of its investment. In other circumstances, even limited partners that elect to continue to hold a direct or indirect interest in the relevant portfolio company will have their interest adjusted as if distributed (*i.e.*, a portion of such interest will be allocated to the relevant General Partner to the extent of its right to receive carried interest, if any), effectively diluting their interests.

Each of these transactions has the potential for conflicts between the interests of a Fund or limited partner and those of Harren or any buyer group that typically are not applicable to more traditional investment sales. For example, in circumstances where Harren or an affiliate will continue to manage and receive fees and/or performance-based compensation relating to the subject assets following the transaction, their incentives are expected to diverge from those of limited partners who elect to sell their interests. Similarly, there are potential conflicts of interest among the selling Fund, Harren, the relevant General Partner and any buyer group relating to the valuation and consideration offered for the investment(s) subject to the transaction. Further, the relevant General Partner is expected to be incentivized to make investments in portfolio companies with the view of holding such investments for longer periods of time or to make investments that it would not otherwise have made if the possibility of liquidity through a secondary transaction did not exist. Where co-investors historically have been invested in an investment subject to such a transaction, there can be no assurance that they will receive the same liquidity or other options as limited partners in the relevant Fund, and in such circumstances Harren reserves the right to compel co-investors to receive cash or continue to hold an interest in the relevant investment. In other circumstances, certain limited partners will not be permitted to continue to maintain exposure to the asset(s) due to a lack of eligibility to invest in a continuation vehicle under relevant securities, tax or other considerations. Although relevant potential conflicts of interest are disclosed to limited partners and/or the relevant advisory board prior to the closing of the transaction, there can be no assurance that Harren will successfully identify all conflicts of interest or resolve or mitigate all such conflicts of interest in favor of Fund or any individual limited partner or group of limited partners. However, Harren reserves the right, in its sole discretion, to determine to engage in such transactions, subject to any approvals required in the relevant governing documents.

Financial Institution Risk; Distress Events. An investment in a Fund is subject to the risk that one of the Fund's banks, brokers, hedging counterparties, lenders or other custodians of some or all of the Fund's assets (each, a "Financial Institution") fails to perform its obligations or experiences insolvency, closure, receivership or other financial distress or difficulty (each, a "Distress Event"). Distress Events can be caused by factors including eroding market sentiment, significant withdrawals, fraud, malfeasance, poor performance or accounting irregularities. In the event a Financial Institution experiences a Distress Event, Harren, the Funds and/or their portfolio companies may not be able to access deposits, borrowing facilities or other services for an extended period of time or ever. Although assets held by regulated Financial Institutions in the United States frequently are insured up to stated balance amounts by organizations such as the Federal Deposit Insurance Corporation ("FDIC"), in the case of banks, or the Securities Investor Protection

Corporation (“SIPC”), in the case of certain broker-dealers, amounts in excess of the relevant insurance are subject to risk of loss, and any non-U.S. Financial Institutions that are not subject to similar regimes pose increased risk of loss. Although in recent years governmental intervention has resulted in additional protections for depositors, there can be no assurance that governmental intervention will be successful or avoid the risk of loss, substantial delays or negative impact on banking or brokerage conditions or markets.

Any Distress Event has a potentially adverse effect on the ability of Harren to manage the Funds and their investments, and on the ability of Harren, any Fund and/or portfolio companies to maintain operations, which in each case could result in significant losses and unconsummated investment acquisitions and dispositions. Such losses have the potential to include a Fund to pay fees and expenses in the event the Fund is not able to close a transaction (whether due to the inability to draw capital on a credit line provided by a Financial Institution experiencing a Distress Event, the inability of investors to make capital contributions or otherwise), as well the inability of a Fund to acquire or dispose of investments at prices that the relevant General Partner believes reflect the fair value of such investments and/or the inability of portfolio companies to make payroll, fulfill obligations and maintain operations. Although Harren expects to exercise contractual remedies under the agreements with Financial Institutions in the event of a Distress Event, there can be no assurance that such remedies will be successful or avoid losses or delays.

Many Financial Institutions require, as a condition to using their services or otherwise, that Harren and/or the relevant Fund maintain all or a set amount or percentage of their respective accounts or assets with a custodian, which heightens the risks associated with a Distress Event with respect to such custodian. Although Harren seeks to do business with custodians that it believes are creditworthy and capable of fulfilling their respective obligations to the Funds, Harren is under no obligation to use a minimum number of custodians with respect to any Fund, or to maintain account balances at or below the relevant insured amounts.

## **Conflicts of Interest**

Harren and its affiliates engage in a broad range of advisory and non-advisory activities. Harren will devote such time, personnel and internal resources as 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 an Adviser conducting its activities, the interests of a Fund likely will conflict with the interests of its Advisers, 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, Harren will determine all matters relating to structuring transactions and Fund operations using its reasonable 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.

During the investment period of each Fund, all appropriate investment opportunities will be pursued by the Advisers’ principals through such Fund, subject to certain limited exceptions set forth in the Fund’s governing documents and Harren’s allocation policies. Without limitation, the

Advisers' principals currently manage, and expect in the future to manage, several other investments similar to those in which the Funds will be investing, and expect to direct certain relevant investment opportunities or resources to those investments. The Advisers' personnel reserve the right to manage their own personal investments, whether or not through a formal family office or estate planning structure, to establish trusts, endowments, charitable programs, foundations or similar arrangements, and to pay or receive compensation relating to these arrangements. The Advisers' principals and investment staff will continue to manage and monitor such investments until their realization. Harren believes that the significant investment of the Advisers' principals in each Fund, as well as the principals' interest in the carried interest, operate to align, to some extent, the interest of the principals with the interest of each Fund's investors although the Advisers' principals have or are likely to have economic interests in such other Funds and investments as well and receive management fees and carried interests relating to such other Funds. Such other investments that the Advisers' principals expect from time to time to control or manage generally have the potential to compete with such Fund or with companies acquired by the Funds. At such time as the applicable Adviser is permitted to raise a successor Fund to a Fund, the Advisers' principals will continue to manage the initial Fund's investments, but also likely will focus investment activities on other opportunities and areas unrelated to such Fund's investments. To the extent an advisory opportunity is received that is unsuitable for a Fund, in Harren's sole discretion, Harren and its personnel reserve the right to refer such opportunity to third parties or to make personal investments in the relevant opportunity. Unless restricted by an applicable Partnership Agreement and/or Memorandum, the Advisers' personnel are permitted to serve on boards or act in other roles unaffiliated with the Advisers, 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, none of which will offset or otherwise reduce Management Fees.

From time to time, the Advisers 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 an Adviser. In determining which investment vehicles should participate in such investment opportunities, Harren and its affiliates are subject to conflicts of interest among the investors in such investment vehicles. Except as required by the relevant Partnership Agreement and/or Memorandum, Harren is not obligated to recommend any investment to any particular investment vehicle. Investments by more than one client of the Advisers in a portfolio company also have the potential to raise the risk of using assets of a client of the Advisers to support positions taken by other clients of the Advisers. The Advisers endeavor to allocate investment opportunities in a manner they believe to be fair and equitable, considering, among other factors, their fiduciary obligations, the applicable Partnership Agreements, investment and operating guidelines, diversification limitations, tax and regulatory considerations, minimum dollar limits and other relevant factors, including risk and the strategic benefits to Harren and the Funds. The Advisers typically reserve the right to exclude Funds nearing the end of their investment period from any allocation of a potential investment in accordance with the applicable Partnership Agreement. Funds generally are expected to invest together with other Funds advised by the Advisers in the manner set forth in the relevant Partnership Agreements and Harren's allocation policy.

After determining the allocation of investment opportunities among Funds and other vehicles operated by advisory affiliates of an Adviser, the Advisers 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 the Advisers reserve the right to offer any such excess to one or more potential co-investors, including third parties, as determined by the Funds' Partnership Agreements, Side Letters and the Advisers' procedures regarding allocation, which permit Harren to take into consideration a wide variety of factors in making such determinations. Although the Advisers reserve the right to consider a prospective co-investor's willingness to invest in future Funds as a factor, such willingness generally will not be the sole determining factor considered by the Advisers in identifying co-investors. Co-investment opportunities typically will be offered to some and not to other Fund investors, and the consideration of the factors set forth above likely will result in certain investors receiving multiple opportunities to co-invest while others expressing interest in co-investments have the potential to receive none. Allowing any co-investment generally reduces the amount of the relevant investment opportunity that theoretically could have been taken by the relevant Fund, and the Advisers expect to be subject to potential conflicts of interest in determining the amount of investment opportunity that should be allocated to the relevant Fund because (i) co-invest opportunities generally appeal to Fund investors and third parties, (ii) to the extent co-investments made by Fund investors are not subjected to Management Fees and/or performance-based compensation, co-investments blend the effective rates of compensation paid by such persons and (iii) co-investors' proportionate share of a particular investment typically is not subject to the Management Fee offset provisions of a Fund's governing documents. In order to facilitate the acquisition of a portfolio company, a Fund reserves the right to make (or commit to make) an investment in the company with a view to selling a portion of the investment to co-investors or other persons prior to or following the closing of the acquisition. In such event, the relevant Fund will bear the risk that any or all of the excess portion of such investment may not be sold or may only be sold on unattractive terms, including for example the risk that a portion of the investment will be syndicated at reduced cost, at cost, or at a lower amount at a time when the General Partner believes the value of such investment has appreciated or should be higher than that paid (or willing to be paid) by a co-investor. To the extent such a syndication is made, the General Partner's interest in limiting the Fund's exposure to a given investment while providing a potential benefit to co-investors investing at such lower values will give rise to a potential conflict of interest. As a consequence of a failed co-investment syndication process or a co-investment syndication on unattractive terms, the relevant Fund would be required to (i) bear the entire portion of any break-up, topping or other fees, costs and expenses related to such investment (including the proportionate share of such amounts that were expected to have been borne by co-investors), (ii) hold a larger-than-expected investment in such portfolio company, (iii) receive less-than-fair-market value for the syndicated portion of the investment and/or (iv) be diluted or realize lower than expected returns from such investment. When and to the extent that employees and related persons of Harren and its affiliates make capital investments in or alongside certain Funds, Harren and its affiliates are subject to potentially conflicting interests in connection with these investments. There can be no assurance that any Fund's return from a transaction would be equal to and not less than another Fund or other investment vehicle participating in the same transaction or that it would have been as favorable as it would have been had such conflict not existed.

Harren'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 entities. Therefore, in certain cases such allocations likely will be less advantageous to some such persons relative to one or all of the others. While each Adviser will allocate investment opportunities in a

way that it believes in good faith 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 such Adviser expects to be subject, discussed herein, did not exist.

Subject to any relevant restrictions or other limitations contained in the Partnership Agreements of the Funds, Harren 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, Harren expects to be faced with a variety of potential conflicts of interest.

As a general matter, Fund expenses associated with consummated investments will be allocated among all relevant Funds or co-invest vehicles eligible to reimburse expenses of that kind. In all such cases, subject to applicable legal, contractual or similar restrictions, expense allocation decisions will generally be made by each Adviser or its affiliates using their reasonable 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 determinations involve inherent matters of discretion, e.g., in determining whether to allocate pro rata based on number of Funds or co-invest 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. Without limiting the foregoing, Harren III Coinvest, LLC and Harren IV Coinvest, LLC, each of which is, a dedicated employee vehicle that will co-invest alongside various Funds, will not be allocated any expenses associated with potential investments that are not successfully consummated.

As a result of the Funds' controlling interests in portfolio companies, Harren and/or its affiliates typically have the right to appoint board members (including current or former Harren personnel or persons serving at their request), to such portfolio companies, 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 Harren and/or its affiliates in connection with services provided by Harren and/or its affiliates. Such amounts often will not be fully offset against any Management Fees or carried interest paid by a Fund to its Advisers. Such authority to appoint or influence the appointment of portfolio company board members who may be involved in approving compensation payable to Harren and/or its affiliates subjects Harren and/or its affiliates and any such portfolio company board appointees to potential conflicts of interest.

Additionally, a portfolio company typically will reimburse its Advisers or service providers retained at its Advisers' discretion for expenses (including without limitation travel expenses) incurred by such Adviser or such service providers in connection with its performance of services for such portfolio company. This subjects Harren and its affiliates to conflicts of interest because the Funds generally do not have an interest or share in these reimbursements, which are expected over time to be substantial. The Advisers determine the amount of these reimbursements for such services in their own discretion, subject to Harren's internal reimbursement policies and practices. Although the amount of individual reimbursements typically is not disclosed to investors in any

Fund, their effect is reflected in each Fund's audited financial statements, and any fee paid or expense reimbursed to the Advisers or such service providers generally is subject to: agreements with or review by 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.

In connection with its services to the Funds and their investments, Harren, its affiliates and personnel expect to receive the benefit of certain tangible and intangible benefits. For example, in the course of Harren's operations, including research, due diligence, investment monitoring, operational improvements and investment activities, Harren 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, "Harren Information"). In many cases, Harren Information will include tools, procedures and resources developed by Harren to organize or systematize Harren Information for ongoing or future use. Although Harren expects its Funds and their portfolio companies generally to benefit from Harren's possession of Harren Information, it is possible that any benefits will be experienced solely by other or future Funds or portfolio companies (or by Harren and its personnel) and not by the Fund or portfolio company from which Harren Information was originally received or derived. Harren Information will be the sole intellectual property of Harren and solely for the use of Harren. Harren reserves the right to use, share, license, sell or monetize Harren 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.

The Advisers generally exercise their discretion to recommend to a Fund or to a portfolio company thereof that it contract for products or services with certain service providers, potentially including: (i) an Adviser or a related person of an Adviser (which may include a portfolio company of such Fund or other Funds) at rates determined or substantively influenced by an Adviser; (ii) an entity with which an Adviser or its affiliates or current or former members of their personnel has a relationship or from which such person derives financial or other benefit, including relationships with joint venturers or co-venturers; or (iii) certain limited partners or their affiliates. For example, each Adviser 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 related business. This discretion subjects such Adviser to conflicts of interest, because although such Adviser selects service providers that it believes are aligned with its operational strategies and will enhance portfolio company performance and, relatedly, returns of the relevant Fund, such Adviser has a potential incentive to recommend the related or other person (including a limited partner) because of its financial or other business interest, such as an interest in maintaining goodwill between itself and its former, existing and prospective portfolio

companies. There is a possibility that such Adviser, 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 the Adviser), would favor such retention or continuation even if a better price and/or quality of service could be obtained from another person. An Adviser will not necessarily seek out the lowest cost options when incurring (or causing a Fund or its portfolio companies to incur) expenses. Although Harren generally seeks appropriate rates for services, it reserves the right to prioritize prior usage, perceived quality, sector competence or expertise, familiarity, onboarding speed or other factors in retaining or recommending service providers. In certain circumstances where an Adviser commits or has committed to seek “market” or “arms-length” rates or terms, it will do so in its sole discretion, seeking rates that it has determined in its sole discretion to be reflective of the range of rates in the applicable or related markets. Harren reserves the right to deem third-party investment in a transaction to be verification that the transaction was entered into at a value that is “arms-length.” Consequently, no Adviser undertakes any minimum amount of benchmarking, and does not represent that any such benchmarking ultimately will be accurate, comparable or relate specifically to the assets, services, geographies or comparable markets to which such rates or terms relate. Where such rates or terms include hourly components, Harren reserves the right to rely on approximations or estimates of time spent for purposes of allocating or charging for services. Any methodology, or choice among methodologies, involves potential conflicts of interest. Whether or not an Adviser 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 products or services or could provide such products or services at higher quality or lesser cost. Without limiting the foregoing, Harren will often utilize private aircraft services from Jackson Air Charter for travel to portfolio companies. Jackson Air Charter is wholly owned by Thomas Carver, the managing partner of Harren. The private aircraft costs incurred are reimbursed by the portfolio companies. The rates charged to the portfolio companies are benchmarked to a local third-party flight charter service.

In addition, portfolio companies typically pay certain fees to operating executives and other consultants (including consultants introduced or arranged by Harren and/or its affiliates that regularly provide services to one or more portfolio companies), and such amounts do not offset or reduce the Management Fee as described herein. Operating executives are expected from time to time to include former employees of Harren or certain portfolio companies, and in some circumstances former operating executives are expected to become Harren employees or employees of portfolio companies. Consequently, the determination of whether individuals are operating executives is expected to vary and/or be revisited from time to time, which poses potential conflicts of interest where certain changes in status or categorization would reduce costs that Harren otherwise would be required to bear. Operating executives generally receive investment opportunities, reimbursements and other compensation that do not offset or reduce the Management Fee as described herein and the use of operating executives is expected to fluctuate and/or expand over time. To the extent that operating executives are paid retainers or guaranteed minimum compensation amounts, there is the possibility that certain portfolio companies or Funds will bear a greater share of such compensation due to the utilization of the operating executive’s services at a time when fewer portfolio companies or Funds make use of such operating executive. Under many of these arrangements, there can be no assurance that the amount of compensation paid in a particular year will be proportional to the amount of hours worked or the amount or written work product generated by the operating executive. Although Harren seeks to retain



operating executives with a view to reducing costs to portfolio companies (and, ultimately, the Funds) and/or improving portfolio company performance, a number of factors may result in limited or no cost savings from such retention. 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.

Harren 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 Harren, 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 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. To the extent required by the relevant Funds' limited partnership agreements or otherwise in the sole discretion of Harren, Harren reserves the right to seek to mitigate such conflicts by seeking input from an unaffiliated third party (including the use of a consultant or investment banker to opine as to the fairness or arms'-length nature of a purchase or sale price, whether or not part of a formal fairness opinion, "request for proposal" process, or proposal or quotation provided exclusively for the benefit of Harren) or by obtaining the consent of the relevant Fund(s) (including, where authorized, the consent of each Fund's advisory board) to such transactions. In certain circumstances, Harren reserves the right to determine that the willingness of a third party to make an investment on the same terms demonstrates the fairness of the relevant transaction (including its value) to the Fund under then-current market conditions. Harren intends that any such transactions be conducted in a manner that it believes 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.

Harren and/or its affiliates reserve the right to employ or engage personnel with pre-existing ownership interests in or who were employed by portfolio companies owned by the Funds or other investment vehicles advised by Harren and/or its affiliates; conversely, current or former personnel or executives of Harren and/or its affiliates are expected from time to time to serve in significant management roles at portfolio companies or service providers recommended by such Adviser. Additionally, Harren, its affiliates and/or personnel maintain and expect to develop relationships with (or may invest in) financial institutions, service providers and other market participants, including but not limited to managers of private funds, banks, brokers, advisors, consultants, finders (including executive finders and portfolio company finders), executives, attorneys, accountants, institutional investors, family offices, lenders, current and former employees, and current and former portfolio company executives, as well as certain family members or close contacts of these persons. Certain of these persons or entities will invest (or will be affiliated with an investor) in, engage in transactions with and/or provide services (including serving as an executive or director of a portfolio company) to, Harren and/or its affiliates, the Funds or other investment vehicles they advise, and/or portfolio companies thereof. Certain fees or other compensation paid by the portfolio companies to these persons or entities are likely to not offset the Management Fees as described herein. In other circumstances, these vendors could

potentially provide personal banking, private wealth or lending arrangements (including lending arrangements with respect to personal investments in or through Harren entities, whether or not relating to financing Harren personnel obligations to fund General Partner commitment obligations) to the Advisers' personnel and their estate planning vehicles. Harren and/or its affiliates expects to have 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 Harren and/or its affiliates information about markets and industries in which such entity operates (or is contemplating operations) or will provide other services that are beneficial to Harren and/or its affiliates or Funds. Harren and/or its affiliates expect to have a potential conflict of interest in making such recommendations, in that such Adviser 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.

Harren, its affiliates, and equityholders, officers, principals and employees of Harren and its affiliates reserve the right to buy or sell securities or other instruments that an Adviser has recommended to a Fund. The investment policies, fee arrangements and other circumstances of these investments would be as set forth in the governing documents of the applicable Co-Invest Fund or other co-investment vehicle, which generally vary from those of any Fund. Employees and related persons of Harren have, and are expected to continue to have, capital investments in prospective portfolio companies directly or indirectly, as well as in investment vehicles (including private funds) sponsored by potential competitors, and therefore expects to have additional potential conflicting interests in connection with these investments.

A Fund's General Partner generally is permitted to receive a distribution in kind from the Fund, including in connection with investment dispositions or the payment in kind of amounts owed to the General Partner as carried interest (which generally will be made using the value of the relevant securities on the date of contribution). In such circumstances, there is a potential conflict of interest between the General Partner (and its beneficial owners) and the relevant Fund's limited partners. For example, the General Partner and its beneficial owners may intend to hold the investment for a different time period than Harren deems suitable for the Fund. Although the General Partner and its beneficial owners bear the risk that such securities will decrease during their holding period, to the extent the value of the relevant securities increases following the Fund's disposition thereof, neither the relevant Fund nor its limited partners will benefit from the increase, and over time the economic benefit to the General Partner and its beneficial owners could exceed the value of the General Partner's pro rata interest in the Fund and the amount of carried interest owed. To the extent the beneficial owners of the General Partner contribute such securities to a charity (including to a private foundation or other charitable organization associated with, operated or chosen by such persons or their families), any tax efficiencies or other personal benefits associated with the contribution will inure to the benefit of such beneficial owners rather than to the Fund or its limited partners.

Because an Adviser's carried interest is based on a percentage of net realized profits, it potentially creates an incentive for the Advisers to cause a Fund to make riskier or more speculative investments or to hold an investment longer than would otherwise be the case. Also, because there is a fixed investment period after which capital from investors 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 creates an incentive to deploy capital when the Advisers may not otherwise have done so. Since the Advisers are permitted to collect breakup fees and transaction and monitoring fees in certain cases (as described under “Fees and Compensation”) in connection with Fund investments, they expect to be subject to a potential conflict of interest in connection with approving transactions and setting such compensation, though this conflict is mitigated by the fact that the Management Fee for the applicable Fund is reduced by 100% of such breakup fees and transaction and monitoring fees. In many cases, such fees are based on enterprise value or other metrics relating to a portfolio company, and there can be no assurance that the amount of breakup, transaction or monitoring 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, Harren reserves the right to accrue, defer or forego payments of break up, monitoring and transaction fees. In such cases, in accordance with the applicable Memorandum and/or Partnership Agreement, investors will not receive the benefit of Management Fee offsets with respect to such amounts until they are actually received.

In borrowing on behalf of a Fund, Harren 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 relevant General Partner called capital, and thus could result in the relevant General Partner receiving carried interest sooner than it would without borrowing. In cases where multiple Funds are participating in an investment, the Advisers have no obligation to, and frequently will not, require each Fund to incur similar levels of Fund-level borrowing in connection with such investment. In addition, when the Management Fee is calculated as a percentage of invested capital, a limited partner may pay Management Fees on borrowed amounts used to fund investments that have not yet been realized even though such amounts would not accrue preferred return as described above. This conflict, however, is mitigated by any limits the applicable Partnership Agreement imposes on the length of time a Fund-level borrowing may remain outstanding, and the relevant General Partner may cause the Fund to repay its borrowings prior to such limit.

Harren and/or its affiliates reserve the right to enter into side letter arrangements or similar agreements (“Side Letters”) with certain investors in a Fund providing such investors with different or preferential rights or terms, including but not limited to different fee structures or arrangements (including discounted or rebated compensation terms, modified waterfall mechanics and/or receipt of a portion of Harren’s compensation, none of which generally will be subject to the “most-favored nation” provisions of a Fund’s governing documents), information rights,

specialized reporting, priority co-investment rights or targeted co-investment amounts, rights to serve on the Fund’s advisory board, liquidity or transfer rights, confidentiality protections and disclosure rights, modification of default remedies, as well as economic, procedural and other terms. Harren is likely to have its own economic and/or other business incentives to provide certain terms to certain limited partners, e.g., based on commitment amount to a Fund or the timing thereof, the ability of a limited partner to provide sourcing or other services to Harren, its affiliates and personnel or the Funds, or the potential to establish, recognize, strengthen or cultivate relationships that have the potential to provide longer-term benefits to Harren, its affiliates and personnel, or the Funds. Further, Side Letters may also relate to strategic relationships under which an investor agrees to make Commitments to multiple Funds. Except where required by the applicable Partnership Agreement, 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, Harren, 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. Side Letters subject Harren to potential conflicts of interest, including in circumstances where an investor’s right to serve on the relevant Fund’s advisory board results in the investor receiving additional information relative to other investors. To the extent an investor is subject to statutory or other limitations on indemnification, or otherwise negotiates rights relating thereto, other investors may be subject to increased losses, or be required to bear an increased portion of indemnification amounts. Other Side Letter rights are likely to confer benefits on the relevant limited partner at the expense of the relevant Fund or of limited partners as a whole, including in the event that a Side Letter confers additional reporting, information rights and/or transfer rights, the costs and expenses of which are expected to be borne by the relevant Fund.

As a consequence of one or more limited partners being excused or excluded, or from regulatory, tax or other factors altering or limiting their participation in investments or ability to bear certain liabilities or obligations, the aggregate returns realized by participating or non-participating limited partners could be adversely affected in a material manner by the unfavorable performance of particular investments; similar considerations apply in the event a limited partner defaults on a drawdown in respect of an investment. Although Harren believes it to be unlikely, excuse or other rights requested or received by one or more limited partners (or such regulatory, tax or other factors applicable to such limited partners) representing a substantial percentage of a Fund have the potential to create significant variations in limited partner investment returns or exposures to liabilities or obligations, or to influence or affect the investment strategy and pursuit of investment opportunities by the General Partner on behalf of the relevant Fund as a whole. A limited partner’s voting rights for regulatory or other reasons can be limited in circumstances specified in the applicable Partnership Agreement; conversely, a limitation on one or more limited partners’ voting rights generally will increase the voting rights percentage of other limited partners in the relevant Fund. Further, limited partners with different domiciles or tax categorizations could receive different investment returns or amounts of tax basis and/or pay different levels of expenses, e.g., based on tax savings or ownership of alternative investment vehicle, “blocker” or other structures used to facilitate their investments in, through or below a Fund.

Any of these situations subjects Harren and/or its affiliates to potential conflicts of interest. In the event a conflict of interest arises, the Advisers will attempt to resolve such conflict of interest in light of its obligations to the applicable Fund and its investors in a manner it believes to be fair and equitable under the circumstances over time. Where necessary, the Advisers expects to consult

with and receive consent to conflicts from an advisory board consisting of certain Fund investors. Following the investment period of each Fund, the Advisers' principals likely will focus their investment activities on other opportunities and areas unrelated to such Fund's investments.

### **DISCIPLINARY INFORMATION**

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

### **OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

Harren is affiliated with the General Partners, which are subject to the Advisers Act pursuant to Harren's registration in accordance with SEC guidance. These entities collectively operate as a single advisory business together with Harren and serve as managers or general partners of private investment funds and other pooled vehicles and may share common owners, officers, partners, employees, consultants or persons occupying similar positions.

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

The Advisers have adopted a Code of Ethics and Securities Trading Policy and Procedures (the "Code"), which sets forth standards of conduct that are expected of the Advisers' principals and employees and addresses conflicts that arise from personal trading. The Code requires all of the Advisers' personnel to report their personal securities transactions and to obtain approval from the Advisers' Chief Compliance Officer prior to acquiring, directly or indirectly, beneficial ownership of certain restricted securities and securities in an initial public offering or in a limited offering. 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 existing or prospective client (or Fund investor) upon request to Thomas A. Carver, Harren's Managing Partner, at (434) 245-5800. Personal securities transactions by employees who manage client accounts are required to be conducted in a manner that prioritizes the client's interests in client eligible investments.

The Advisers and their affiliated persons may come into possession, from time to time, of material nonpublic or other confidential information about public companies which, if disclosed, might affect an investor's decision to buy, sell or hold a security. Under applicable law, the Advisers and their 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 the Advisers.

Accordingly, should the Advisers or any of their affiliated persons come into possession of material, nonpublic or other confidential information with respect to any public company, the Advisers generally would be prohibited from communicating such information to clients, and the Advisers 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 the Advisers' personnel serving as directors of public companies and may restrict trading on behalf of clients, including each Fund.

Principals and employees of the Advisers and its affiliates generally are expected to directly or indirectly own an interest in one or more Funds, including the Co-Invest Funds. With respect to each Fund, Harren and its affiliates have committed to co-invest an amount equal to a specified percentage of each Fund's aggregate Commitments on a pro-rata basis with each Fund. Such percentage varies according to such Fund's terms, as set forth in the relevant governing documents. To the extent that co-investment vehicles (other than the Co-Invest Funds) exist, such vehicles are expected to invest in one or more of the same portfolio companies as each Fund. Investment opportunities will be allocated as described in "Conflicts of Interest."

The Advisers and their affiliates, principals and employees expect from time to time to carry on investment activities for their own account, for personal or employee investment vehicles and, potentially, for family members, friends or others who do not invest in the Funds, as well as give advice and recommend securities to vehicles which may differ from advice given to, or securities recommended or bought for, the Funds, even though their investment objectives may be the same or similar. Each Fund's Partnership Agreement limits the extent to which persons affiliated with the Advisers and/or other investment vehicles managed by the Advisers and their affiliates, including the Co-Invest Funds, are permitted to invest in investments held, suitable for or being pursued by such Fund.

#### **BROKERAGE PRACTICES**

The Advisers focus on securities transactions of private companies and generally purchase and sell such companies through privately-negotiated transactions in which the services of a broker-dealer may be retained. However, the Advisers reserve the right to distribute securities to investors in the Funds or sell such securities, including through using a broker-dealer, including where a public trading market exists. Although the Advisers do not intend to regularly engage in public securities transactions, to the extent they do so, they intend to follow the brokerage practices described below.

If the Advisers sell publicly traded securities for a Fund, they are responsible for directing orders to broker-dealers to effect securities transactions for accounts managed by the Advisers. In such event, the Advisers will seek to select brokers on the basis of best price and execution capability. In selecting a broker to execute client transactions, the Advisers reserve the right to consider a variety of factors, including: (i) prompt execution of orders, (ii) the reliability, integrity, financial condition and execution capability of the firm being considered for effecting transactions in light of the size and difficulty of executing the order, (iii) the price and (iv) the capabilities of firms to supply research services.

The Advisers have 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 the Advisers generally seek competitive commission rates, they 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 the Advisers 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 the Advisers generally do not make use of such services. As a general matter, any such research would likely be shared between the Advisers and their affiliates and be used to service one or more of the Funds regardless of which Fund paid the brokerage commission being applied toward payment for such research services. There is no agreement or formula for the allocation of brokerage business on the basis of research services.

The Advisers do not anticipate engaging in frequent public securities transactions; however, to the extent that the Advisers engage in any such transactions, orders for the purchase or sale of securities placed first will be executed first, and within a reasonable amount of time of order receipt. To the extent that orders for Funds are completed independently, the Advisers reserve the right to also purchase or sell the same securities or instruments for several Funds simultaneously. From time to time, the Advisers expect, but are not obligated, to purchase or sell securities for several Funds 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 is favored over any other Fund. To the extent such orders are not batched, they may have the effect of increasing brokerage commissions or other costs.

#### **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, the Advisers closely monitor companies in which each Fund invests, and the Advisers’ Chief Compliance Officer periodically checks to confirm that each Fund is maintained in accordance with its stated objectives as set forth in the Partnership Agreement.

Each Fund generally will provide to its limited partners (i) on an annual basis (A) audited financial statements, (B) tax information necessary for each limited partner’s tax return, (C) valuations of each Fund’s investments, and (ii) on a quarterly basis (for the first three quarters of the fiscal year) (A) unaudited financial statements and (B) reports providing a narrative summary of the status of each portfolio company investment, in each case subject to exceptions permitted under the Partnership Agreement.

#### **CLIENT REFERRALS AND OTHER COMPENSATION**

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

Harren and/or its affiliates reserve 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 investor becoming a limited partner in a Fund. Any fees and expenses payable to any such

placement agents will ultimately be borne by Harren and/or the applicable General Partner directly or indirectly through an offset against the Management Fee or otherwise as described in the applicable Partnership Agreement, 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).

The Advisers retained Ineo Capital, LLC (“Ineo”), a U.S. registered broker-dealer, to solicit investors for Fund IV. As compensation for its efforts, Ineo received a fee based on a percentage of commitments to Fund IV by certain investors.

### **CUSTODY**

The Advisers generally expects that it will be deemed to have “custody” (within the meaning of Advisers Act Rule 206(4)-2 the (“Custody Rule”)) of the funds or securities of each Fund and the Co-Invest Funds in accounts held in the Fund’s or Co-Invest Fund’s name, subject to certain exceptions set forth in the Custody Rule and related guidance, or in the name of an Adviser as agent or trustee for the Co-Invest Fund, as applicable, and intends to maintain such assets with Fifth Third Bancorp, a qualified custodian located at Madisonville Office Building, 5001 Kingsley Drive, Cincinnati, OH 45227.

### **INVESTMENT DISCRETION**

Harren has discretionary authority to manage investments on behalf of each Fund. As a general policy, Harren does not allow clients to place limitations on this authority. Pursuant to the terms of the Partnership Agreement, however, Harren has entered, and expect to enter, into Side Letters with certain limited partners whereby the terms applicable to such limited partner’s investment in each 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. Harren assumes this discretionary authority pursuant to the terms of the Management Agreement and powers of attorney executed by the limited partners of each Fund.

### **VOTING CLIENT SECURITIES**

The Advisers have adopted Proxy Voting Policies and Procedures (the “Proxy Policy”) to address how they will vote proxies, as applicable, for each Fund’s portfolio investments. The Proxy Policy seeks to ensure that the Advisers vote proxies (or similar instruments) in the best interest of each Fund, including where there may be material conflicts of interest in voting proxies. The Advisers generally believe their interests are aligned with those of each Fund’s investors through the principals’ beneficial ownership interests in each Fund and therefore will not seek investor approval or direction when voting proxies. In the event that there is or may be a conflict of interest in voting proxies, the Proxy Policy provides that the Advisers may address the conflict using several alternatives set forth in the Proxy Policy. Additionally, each Fund’s limited partner advisory committee is authorized to approve the Advisers’ vote in a particular solicitation. The Advisers do not consider service on portfolio company boards by the Advisers’ personnel or the Advisers’ receipt of management or other fees from portfolio companies to create a material conflict of interest in voting proxies with respect to such companies. In addition, the Proxy Policy sets forth certain specific proxy voting guidelines followed by the Advisers when voting proxies



on behalf of each Fund. Prospective or existing clients (or Fund investors) that would like a copy of the Proxy Policy or information regarding how the Advisers voted proxies for particular portfolio companies should contact the Firm's Chief Compliance Officer, at (434) 245-5800, and it will be provided at no charge.

#### **FINANCIAL INFORMATION**

Harren does not require prepayment of management fees more than six months in advance or have any other events requiring disclosure under this item of the Brochure.