

Sands Capital Horizons, LLC

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Form ADV, Part 2A Brochure

July 28, 2025

This Brochure provides information about the qualifications and business practices of Sands Capital Horizons, LLC (“*Horizons*”).

If you have any questions about the contents of this Brochure, please contact Horizons’ Chief Compliance Officer at +1 (703) 562-4000. The information in this brochure has not been approved or verified by the U.S. Securities and Exchange Commission (the “SEC”) or by any state or non-U.S. securities authority. Horizons is registered as an investment adviser. Such registration does not imply any level of skill or training. Additional information about Horizons is available on the SEC’s website at: www.adviserinfo.sec.gov. You can search this site using Horizon’s unique identifying number, known as a CRD number, which is 335568.

Item 2 – Material Changes

This brochure dated July 28, 2025 serves as an other-than-annual update and contains the following material changes since the initial ADV 2A filing on April 4, 2025.

The Brochure was updated to include information regarding Horizons' Discretionary Advisory Clients. This updated information clarifies the services provided, fees charged, methods of analysis applied, and other risks related to such clients in the relevant sections of the Brochure.

The Brochure was updated to include additional disclosure regarding potential conflicts of interest related to investing client assets in affiliated investment products.

The Brochure was updated to reflect additional investment risks related to broker selection.

Certain non-material changes were also made to this Brochure. Consequently we encourage you to read the Brochure in its entirety. All defined terms in this Item 2 are subsequently defined in this Brochure.

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Item 4 – Advisory Business

Horizons is an independent investment management firm that was formed on January 28, 2025. Sands Capital Management, LP is the principal owner of Horizons. Sands Capital Management, LP is principally owned, directly and indirectly, by the companies and trusts identified in Schedule B of Part 1 of the Form ADV. Horizons and Sands Capital Management, LP are ultimately controlled by Frank M. Sands.

Horizons provides discretionary investment advisory services to private funds (the “*Horizons Funds*” or the “*Funds*”) and other separately managed account clients (“*Discretionary Advisory Clients*”). Horizons also provides non-discretionary investment advisory services to separately managed account clients (“*Non-Discretionary Advisory Clients*” and together with Discretionary Advisory Clients, the “*Advisory Clients*” and, together with Funds, the “*Clients*”). The Funds are exempt from registration under the U.S. Investment Company Act of 1940, as amended (the “*1940 Act*”), and their securities are not registered under the U.S. Securities Act of 1933, as amended (the “*Securities Act*”). Horizons provides investment advisory services with respect to investments in a wide range of publicly-traded and privately-owned assets, including, but not limited to, other pooled investment vehicles, equities, fixed income securities, and real assets. Horizons’ investment strategies and methods of analysis are described in *Item 8 – Methods of Analysis, Investment Strategies, and Risk of Loss*.

Horizons sources investment opportunities and advises with respect to the acquisition, management, monitoring, and disposition of investments for each Client. Horizons’ investment advisory services are performed in accordance with the advisory agreement and/or the organizational documents of each Client (the “*Client Documentation*”) and, in the case of the Funds, are subject to the direction and control of the general partner of each Fund, as applicable. Each general partner of a Fund is subject to the U.S. Investment Advisers Act of 1940, as amended (the “*Advisers Act*”), pursuant to the registration of Horizons in accordance with SEC guidance. This Brochure also describes the business practices of the general partners of the Funds, which operate as a single advisory business together with Horizons.

The Horizons Funds

The Horizons Funds are Funds that generally employ a “hybrid” investment approach to achieve their respective investment objectives. The hybrid approach provides broad latitude for each Fund to invest in (i) interests in private investment vehicles, which may include open- or closed-ended investment funds or any other pooled investment vehicles or structures, including separately managed accounts (each a “*Portfolio Fund*”); (ii) rights to share in profits of Portfolio Funds that generally would otherwise have accrued to sponsors of such Portfolio Funds, including revenue sharing arrangements, profits interests, and seed arrangements; (iii) direct investments in securities or other assets as permitted in the Client Documentation, including Manager-Led Directs (defined below); and (iv) derivatives transactions for investment and/or hedging purposes (together “*Fund Investments*”). Portfolio Funds may be managed by Horizons, Advisory Affiliates (as defined below), or third parties. Horizons Funds’ investment activities are typically not subject to limitation on the amount of capital that may be invested in any one Fund Investment, industry, sector, subsector, geography, or asset class. Investment limitations, if any, are described in the Client Documentation. The Funds’ portfolios may be highly concentrated.

Non-Discretionary Investment Advisory Services

Horizons provides non-discretionary investment advisory services to Non-Discretionary Advisory Clients, generally families with multi-generational wealth as well as their related foundations and investment vehicles. Horizons works closely with its Non-Discretionary Advisory Clients to identify goals, objectives, liquidity needs, risk tolerance, and tax sensitivities, and provides customized investment advisory solutions. Non-discretionary investment advisory services include, but are not limited to: (i) development of investment policy and asset allocation strategy; (ii) ongoing assistance in screening, identifying, and recommending investment opportunities and investment managers across all major asset classes as may be applicable to the Non-Discretionary Advisory Client's portfolios; (iii) ongoing monitoring and evaluation of investments and investment managers in the Non-Discretionary Advisory Client portfolios; (iv) strategic planning support for philanthropic objectives, and facilitation of best practices for the Non-Discretionary Advisory Client's family foundations; (v) cash and liquidity forecasting; (vi) macroeconomic commentary and analysis that seeks to identify specific macro developments which may impact the Non-Discretionary Advisory Client's portfolios and/or guide strategic decisions; and (vii) comprehensive investment performance reporting and analysis.

Discretionary Investment Advisory Services

Horizons provides discretionary investment advisory services to Discretionary Advisory Clients. Horizons manages such client portfolios in accordance with each client's stated investment objectives, risk tolerance, and in accordance with the Discretionary Advisory Client's Client Documentation. Horizons' discretionary authority is limited to investments in cash and publicly traded securities, which may include, but are not limited to, common and preferred equities, exchange-listed securities, corporate and government bonds, exchange-traded funds (ETFs), money market instruments, and other liquid, marketable securities. Horizons may also recommend on a non-discretionary basis, investments in private placements or other illiquid or non-publicly traded instruments.

Manager-Led Directs

In the ordinary course, Horizons may, from time to time, identify opportunities to deploy capital from the Client portfolios directly into specific businesses or real assets in transactions that Horizons, its principals, its affiliates, or its or their employees lead, manage, or co-lead with outside managers, generally through special purpose vehicles ("SPVs"), which are Funds (collectively "Manager-Led Directs"). Interests in Manager-Led Directs are privately offered to qualified individuals pursuant to Regulation D of the Securities Act, therefore, only Clients who meet relevant eligibility requirements are given the opportunity to invest. Horizons may recommend Manager-Led Directs for inclusion in Clients' portfolios through special purpose vehicles or similar entities managed by Horizons or an affiliate. Participation in Manager-Led Directs by Clients is entirely at such Client's discretion. Terms and conditions of Manager-Led Directs, including, without limitation, any compensation or expense reimbursement to Horizons or its affiliates, are governed by the Client Documentation. Investments made by Manager-Led Directs are Fund Investments.

Additional Information Related to the Advisory Business

Any investment restrictions, including with respect to types of securities, industries, or diversification are set forth in the Client Documentation. Once invested in a Fund, investors cannot change or impose new investment restrictions on a Fund. Horizons may agree to amend the investment advisory agreements with Advisory Clients to change or impose new investment restrictions with respect to the advisory services offered to them by Horizons.

Investors in a Fund generally have limited rights to redeem their interests in the Fund and can obtain liquidity only as described in the Client Documentation. Advisory Clients may have more or less frequent ability to obtain liquidity depending on the nature of the specific investments and Client Documentation specific to each Advisory Client.

Horizons does not participate in wrap-fee programs.

Horizons has certain affiliates that are also investment advisers (“*Advisory Affiliates*”). Under personnel-sharing and other arrangements, certain Advisory Affiliates’ employees act on behalf of Horizons for the purposes of providing services with respect to Clients, including back office, trading, legal, compliance, and administrative services. Certain Advisory Affiliates’ employees are also officers of Horizons.

Horizons believes that harnessing the collective capabilities of Horizons and the Advisory Affiliates benefits Horizons’ Clients. These joint teams use expanded and shared capabilities, including the sharing of research and other information by investment employees relating to economic perspectives, market analysis, and securities research.

Horizons had regulatory assets under management of approximately 428.0 million as of February 28, 2025.

Whistleblowing

No provision in any agreement between Horizons and any third-party, including the Clients, restricts any party from communicating with or recovering a monetary award from any governmental authorities or other regulatory agencies, or from making disclosures that are protected under the whistleblower provisions of federal law or regulation.

Item 5 – Fees & Compensation

Horizons or its affiliates generally receive Management Fees (as defined below), and/or incentive allocation or similar performance-based remuneration from Clients (“*Incentive Fees*”). A Fund may also make other payments to Horizons or its affiliates for services provided to the Fund, which, in certain circumstances, consistent with the Client Documentation, would reduce the Management Fees payable to Horizons. Consistent with the Client Documentation, the Fund typically bears certain out-of-pocket expenses incurred by Horizons in connection with the services provided to the Fund. Further details about certain common fees and expenses are set forth below.

Management Fees

Horizons Funds and Manager-Led Directs

Investors in a Horizons Fund are typically subject to an investment management fee (a “*Management Fee*”) payable by the Fund to Horizons as the investment manager of the Fund. Investors in Manager-Led Directs are subject to a Management Fee, which is generally waived at the discretion of Horizons for Horizons’ affiliates, employees of Horizons or its affiliates, and other “friends and family” of Horizons (together, “*Adviser Investors*”), Advisory Clients, and Horizons Funds. The Management Fee is calculated in accordance with the Client Documentation. The precise amount of, and manner and calculation of, the Management Fee are set forth in the Client Documentation provided to an investor prior to investment in a Fund. The Management Fee is typically not open to negotiation. Additionally, Management Fee rates currently and may in the future differ from one Fund to another, and certain Funds grant investors the ability to choose among different Management Fee rate options that may correspond to different incentive allocation percentages or other terms of the Fund. Consistent with the Client Documentation, Management Fees are expected to differ within each series of a Fund and not all investors will be eligible to invest in each series. Horizons may waive the Management Fee for certain investors (if consistent with the Client Documentation). Generally, in the case of an investor admitted to the Fund after the first day of a calculation period, the Management Fee will be pro-rated based on the admission date of such Fund investor. Generally, the Management Fee is payable until an investor withdraws their full investment in the Fund or until Horizons’ relationship with the Fund is terminated for other reasons as described in the Client Documentation. The Management Fee may be lowered or offset by certain fees received by Horizons or its affiliates as described in the Client Documentation. The Management Fee structures described herein may be modified from time to time. Upon termination of an advisory agreement, Management Fees that have been pre-paid are generally returned on a prorated basis.

Generally, Adviser Investors who invest in a Fund will not be subject to a Management Fee or will receive a reduction in Management Fees. However, Adviser Investors (or Horizons, or its affiliates on their behalf) will generally bear their *pro rata* share of Fund expenses. In addition, and in accordance with the Client Documentation, as applicable, Horizons anticipates entering into letter agreements or other similar agreements (collectively, “*Side Letters*”) with one or more investors that provide such investors with additional and/or different rights (including with respect to Management Fees) than provided in the Client Documentation.

The Management Fee paid by a Fund may be reduced by an amount and in the manner set forth in the applicable Client Documentation. To the extent a reduction relates to more than one Fund, Horizons will allocate the reduction fairly among the Funds at its discretion. To the extent a reduction relates to a Fund Investment held by more than one Fund, Horizons shall allocate the resulting Management Fee reduction among the applicable Fund in proportion to their respective interest (or prospective interest) in the Fund Investment(s) to which the reduction relates. As some Fund investors may not pay Management Fees, any such reduction will not benefit such Funds or investors, as applicable. Generally, the portion of fees allocable to capital invested by a Fund or Fund investor that does not pay Management Fees will be retained by Horizons and such amount will not offset any Management Fee.

Investment Advisory Services to Advisory Clients

Horizons is generally compensated by Advisory Clients for its investment advisory services with an annual fee (“*Retainer Fee*”) payable monthly in advance, although certain Advisory Clients may have different

arrangements, consistent with each Advisory Client's Client Documentation. The precise amount, manner, and calculation of the Retainer Fee is set forth in the Client Documentation. The Retainer Fee is determined by several factors, including, but not limited to, the complexity and breadth of the engagement with each Advisory Client. Additionally, Retainer Fees currently and will likely continue to differ from one Advisory Client to another. Horizons, in its sole discretion, may waive or reduce the Retainer Fee for certain Advisory Clients. Retainer Fees for Advisory Clients are invoiced, and Horizons does not deduct such fees directly from Advisory Client accounts. If Retainer Fees have been pre-paid and an Advisory Client terminates its advisory relationship with Horizons, consistent with the Client Documentation, Horizons will pro-rate such pre-paid Retainer Fees and refund the amount relating to any period following the termination of the Client Documentation.

Expenses

Horizons Fund Expenses

To the extent it is consistent with its Client Documentation, each Horizons Fund bears all expenditures relating to the organization, administration, and operation of the Horizons Fund, and the offering of interests in the Horizons Fund, including:

- a. any and all fees and expenses incurred in connection with the Horizons Fund's, the Horizons Fund's general partner's, or Horizons' compliance with any legal and/or regulatory requirements in respect of the Horizons Fund (including costs and expenses relating to regulatory, compliance, licensing, filing, securities regulations, registration and similar fees required in any jurisdiction);
- b. all custody, administration, accounting, bookkeeping, tax, transfer, registration, depositary (including a depositary appointed pursuant to the Alternative Investment Fund Managers Directive), auditing, consulting and other professional expenses, including those of valuation firms, appraisers and prime brokers (if any) in all cases, either ordinary or extraordinary (in all cases including related indemnities) and similar expenses incurred by the Horizons Fund and all brokerage and finders' fees and commissions and discounts incurred by the Horizons Fund in connection with the Horizons Fund's operations, activities, investments or business;
- c. all reasonable audit, tax preparation, mailing and postage, facsimile and printing expenses and the costs of maintaining the books and records of the Horizons Fund (including any related internal costs that the Horizons Fund's general partner or Horizons may incur to produce any such books and records or external costs for a third-party administrator to maintain and oversee the Horizons Fund's books and records);
- d. expenses incurred in connection with complying with side letter agreements, including "*most favored nation*" provisions;
- e. all taxes, fees or other governmental charges (if any) required to be paid or withheld by the Horizons Fund;

- f. all reasonable research and due diligence expenses (including news, quotation, data and information service subscriptions, market or industry research expenses, consultant or expert expenses), legal and administrative, travel, meals, and accommodation expenses (which may include expenses for chartered or first class travel) in connection with sourcing, researching, structuring, negotiating, making and monitoring and disposing of investments, accounting, audit and tax preparation, financing, investment banking, consulting expenses (including consulting fees incurred by the Horizons Fund for the benefit of its investments), fees paid to third-party valuation agents for valuations, appraisals, or pricing services, reporting and other out-of-pocket costs relating to the Horizons Fund's operations, activities, investments or business and filing, similar fees paid on behalf of the Horizons Fund, including such expenses with respect to transactions that are not consummated, investment expenses, including brokerage commissions, custody fees and break-up fees and other "*broken deal*" costs, to the extent that such expenses are not reimbursed by entities in which the Horizons Fund invests or proposes to invest (including expenses that would have been borne by potential co-investors or co-investment vehicles) and expenses related to attending trade association meetings, conferences or similar meetings in connection with the evaluation of investment opportunities or business sector opportunities (including the evaluation of potential investments, regardless of whether such investment is ultimately consummated);
- g. administration fees and other expenses charged by or relating to the services of third-party providers of administration services (including related indemnities);
- h. third-party technology services specifically for the benefit of the Horizons Fund or any of its investors;
- i. fees payable to sub-advisors, including through investments in pooled investment vehicles;
- j. bank service, custodial, and similar fees;
- k. all principal and interest on indebtedness of the Horizons Fund and other fees and expenses associated with any borrowings by the Horizons Fund (including but not limited to costs related to the setup of one or more credit facilities and the costs of upsizing or amending such credit facilities, as applicable and costs and expenses related to indebtedness as between the Horizons Fund and any special purpose vehicle of the Horizons Fund);
- l. fees and expenses related to the purchase, monitoring, sale, settlement, custody or transfer of Horizons Fund assets (directly or through trading affiliates), including brokerage fees and expenses;
- m. third-party and out-of-pocket fees and expenses relating to systems and software used specifically for the benefit of the Horizons Fund or any of its investors;
- n. subject to the Client Documentation in the case of payments to indemnified parties, all extraordinary expenses, such as litigation (including potential litigation) and indemnification costs and expenses, judgments and settlements (including the expenses of the Horizons Fund general partner related to its duties in respect of the Horizons Fund);

- o. fees and expenses in connection with any advisory board, similar board or committee or independent representative(s);
- p. all taxes, fees, or other governmental charges, if any, required to be paid or withheld by the Horizons Fund;
- q. fees and expenses relating to the offer and sale of Horizons Fund interests (including organizational fees and expenses), such as the organization of the Horizons Fund, including legal and accounting fees, printing costs, travel, accommodation and out-of-pocket expenses, and all costs and expenses incurred in connection with the offering and sale of Horizons Fund interests (including, but not limited to, any legal advice, filing or other regulatory expenses incurred with respect to such offering and sale, but excluding placement agent fees), which may, in the Horizons Fund general partner's sole discretion, be amortized over a five-year period, and filing and legal fees;
- r. costs and expenses incurred in connection with the dissolution, winding up, termination and liquidation of the Horizons Fund;
- s. costs and expenses incurred in connection with any meeting of the Horizons Fund's investors or general partner relating to the Horizons Fund;
- t. reorganizational expenses;
- u. registration, annual and other similar fees payable by the Horizons Fund;
- v. all premiums and other reasonable costs relating to indemnity or insurance policies (including, cyber-security insurance policies), if any, as the Horizons Fund general partner deems necessary or appropriate for the conduct of the business of the Horizons Fund; and
- w. such other ordinary or extraordinary expenses associated with the operations of the Horizons Fund and its investment activities as the Horizons Fund's general partner deems necessary or proper to incur.

Notwithstanding the foregoing and consistent with the Client Documentation, the Horizons Fund's general partner may specially allocate Horizons Fund expenses in any manner that the Horizons Fund's general partner reasonably determines, in its sole discretion, that it is equitable to do so. To the extent that expenses to be borne by the Horizons Fund or a feeder fund are paid by Horizons or its affiliates, the Horizons Fund will reimburse Horizons or its affiliates for such expenses, consistent with the Client Documentation.

Manager-Led Direct Expenses

Generally, each Manager-Led Direct bears all expenditures relating to the organization, administration, and operation of the Manager-Led Directs, including the offering of interests therein, as provided in the applicable Client Documentation.

Advisory Client Expenses

Unless otherwise agreed in Client Documentation, Advisory Clients will be responsible for all expenses related to the custody and administration of their accounts and any transaction-related expenses, including

brokerage commissions, transfer fees, registration costs, taxes, third-party manager fees, and other similar costs, if applicable.

Allocation of Expenses

In exercising its discretion to allocate investment opportunities and fees and expenses, Horizons is faced with a variety of potential conflicts of interest. Horizons will allocate fees and expenses incurred in the course of evaluating potential investments that are consummated between Funds in accordance with each Fund's Client Documentation or, to the extent not addressed in the Client Documentation, in proportion to each Fund's relative capital subscriptions or on such other basis Horizons believes is fair and equitable, *provided* that such fees and expenses may be shared on a disproportionate basis if Horizons determines, at its discretion, that such disproportionate allocation would be more appropriate or equitable in view of the nature of such fees and expenses.

The appropriate allocation of expenses and fees generated in evaluating and making investments that are not consummated, such as out-of-pocket fees associated with due diligence, attorney fees, and the fees of other professionals between Funds and affiliate-managed funds, may not be clear. In such instances, allocation will be determined by Horizons and its affiliates in their good-faith discretion, considering all factors they deem to be relevant. In general, each affiliate responsible for making such a decision will participate in the resolution of all such matters using its best judgment in good faith, considering all factors it deems relevant.

Brokerage Fees

When Horizons uses a broker-dealer in connection with securities transactions on behalf of a particular Client, such Client will incur brokerage and other transaction costs. Such costs include brokerage commissions, commission equivalents, markups, markdowns, any other brokerage costs, third-party execution costs (if any), transaction fees, and other similar charges that are incurred in connection with transactions placed in a Client's account. For additional information regarding brokerage practices, please see *Item 12 – Brokerage Practices* below.

Item 6 – Performance-Based Fees and Side-by-Side Management

Performance-Based Fees

Clients, with the exception of Advisory Clients, are typically subject to Incentive Fees paid to Horizons or its affiliate as further described below. Incentive Fees may differ from one Fund or Manager-Led Direct to another, and among investors in the same Fund or Manager-Led Direct. Horizons does and may in the future grant investors participating as initial or early investors of a Fund lower incentive allocation rates.

Incentive Fees are based on the appreciation of assets over specified periods as described in the Client Documentation. Such performance-based compensation may create an incentive for Horizons to make investment decisions that are riskier or more speculative than would be the case in the absence of a financial incentive based on performance, although Horizons generally considers performance-based compensation to better align its interests with those of its Clients.

The payment by some, but not all, Clients of an Incentive Fee, the payment of Incentive Fees at varying rates and/or other terms (e.g. timing, high water mark, etc.) creates an incentive for Horizons to disproportionately allocate time, services, or functions to Clients paying incentive allocations or Clients paying incentive allocations at a higher rate, or allocate investment opportunities to such Clients. Horizons evaluates on an ongoing basis the time and services being devoted to each Client to ensure that the necessary resources are being allocated to each Client.

Horizons monitors the investments held by each Client on an ongoing basis and will endeavor to ensure that it is appropriate to continue holding each investment without regard to the potential for performance-based compensation. In addition, each investor bearing an Incentive Fee is required to represent (or Horizons will verify) that it is a “*Qualified Client*” within the meaning of Rule 205-3 under the Advisers Act. Any Incentive Fee arrangements will be consistent with the requirements of applicable law, including the Advisers Act.

Manager-Led Directs

Investors in Manager-Led Directs are typically subject to Incentive Fees equal to a percentage of the net realized gains on the full or partial disposition of Fund Investments. Generally, Incentive Fees will be distributed following a full or partial disposition of a Fund’s assets or another liquidity event that gives rise to a distribution by the Fund to investors. An Incentive Fee will generally only be paid with respect to an investor after the investor has received a full return of its capital contributions to the Fund.

Horizons Funds

Investors in certain series of the Horizons Funds are typically subject to Incentive Fees equal to a percentage of the aggregate net realized and unrealized profits on the net asset value of the Horizons Fund at the end of each performance allocation period, subject to adjustments and as defined in the Client Documentation. Certain series of the Horizons Funds subject Incentive Fees to a high-water mark as described in each Horizons Fund’s Client Documentation. Such Incentive Fees are generally allocated to the Horizons Fund general partner; however, the Horizons Fund general partner may instead allocate all or a portion of the Incentive Fee allocable to it to another Horizons Fund investor’s capital account, including an affiliate of the Horizons Fund’s general partner.

Advisory Client Services

Generally, Advisory Clients are not subject to Incentive Fees; however, Horizons or its affiliates have the ability to separately negotiate terms with individual Advisory Clients, which may result in an Advisory Client being subject to an Incentive Fee. Additionally, Advisory Clients that invest in Horizons Funds will likely be subject to an incentive fee associated with such investment in the Horizons Fund(s), as described above in this *Item 6 – Performance Based Fees and Side-by-Side Management*. In the event an Advisory Client is subject to a direct Incentive Fee, it is likely to be subject to a different Incentive Fee than another Client.

Side-by-Side Management

Horizons and the Advisory Affiliates make investment decisions for multiple investment strategies and Clients that may, at times, overlap with one another. These investment advisory responsibilities create conflicts of interest as described herein. Horizons seeks to conduct itself in a manner it considers to be the most fair and consistent with Horizons' fiduciary obligations to the Clients. Horizons makes investment decisions or recommendations based on a Client's portfolio construction, available cash or committed capital, investment objectives, restrictions, permitted instruments, and other relevant considerations. To the extent that Horizons engages in the trading of publicly traded securities for Clients, Horizons shares trading desk resources with its Advisory Affiliates. For additional information regarding brokerage practices, please see *Item 12- Brokerage Practices* below.

Allocation of investment opportunities may create conflicts of interest, as Horizons and its Advisory Affiliates have an incentive to allocate securities that are expected to increase in value to favored clients of Horizons and its Advisory Affiliates or those that pay higher fees.

A particular investment can be recommended, bought or sold for one Client in different amounts, or at different times, than it is recommended bought or sold for a different Client. Similarly, an investment can be purchased for one Client at the same time as it is sold for a different Client. A conflict arises because actions with respect to one Client are adverse to the interests of another Client. Conflicts like those described above arise where Clients are invested in different strategies or in different parts of an issuer's capital structure, also including instances where one or more Client (or a client of the Advisory Affiliates) owns private securities of an issuer and another Client (or a client of the Advisory Affiliates) owns public securities of the same issuer. Actions by one Client in one part of the capital structure can have an adverse consequence on Clients in another part of the capital structure.

Horizons has established policies and procedures designed to manage the potential conflicts described above. Horizons monitors a variety of areas, including compliance with Client investment guidelines, review of allocations, and compliance with Horizons' Code of Ethics. Horizons has policies and procedures designed to achieve fair and equitable allocation of investment opportunities among Clients over time.

Item 7 – Types of Clients

Horizons provides investment advisory services to Clients as described above in *Item 4 – Advisory Business*. Interests in the Funds are offered pursuant to applicable exemptions from registration under the Securities Act and the 1940 Act. Investors in the Funds are generally: (i) "*accredited investors*" (as defined in Regulation D under the Securities Act) and (ii) "*qualified purchasers*" (as defined in the 1940 Act) or are otherwise qualified to invest in a "*3(c)(7) fund*," and that meet other qualifications established by Horizons, and may include high net worth individuals, principals, or other knowledgeable employees of Horizons and its affiliates (including the Advisory Affiliates), trusts (including collective investment trusts and their trustees), estates, charitable organizations, university endowments, limited partnerships, limited liability companies, or other entities. Subscription and capital commitment minimums are disclosed in the Client Documentation of the Funds and are, at times, waived for certain investors at Horizons' discretion.

Horizons is also generally permitted 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 Client Documentation of such vehicles and the Client Documentation of the related Fund.

Investment advisory services for Advisory Clients are tailored based on the Advisory Clients' individual investment objectives, guidelines, and/or limitations on the types of securities and other instruments in which the given Advisory Client may invest. Horizons provides such investment advisory services primarily to families with multi-generational wealth and to their foundations and investment vehicles, including trusts, estates, charitable organizations, corporations, limited partnerships, limited liability companies, or other entities. Horizons generally imposes a minimum portfolio size of USD 100,000,000 for Advisory Clients, but may, in its sole discretion, lower or waive the minimum requirement. It is expected that there will be Advisory Clients who also invest in the Funds and/or Manager-Led Directs.

Item 8 – Methods of Analysis, Investment Strategies, and Risk of Loss

Horizons assesses each Client's investment objectives, guidelines, and/or limitations on the types of securities and other instruments in which the given Client may invest to form the basis for recommending or implementing investments. Horizons uses a wide range of information sources, as described in more detail below, for investment analysis including, but not limited to, proprietary and non-proprietary databases, industry and broker research, industry networks, manager research and due diligence, general market analysis, and individual security analysis. Please refer to *Item 4 – Advisory Business* for more detailed information on each investment strategy.

Horizons' investment advisory services are generally with respect to a wide range of assets including, but not limited to, the interests of pooled investment vehicles, equities, fixed income, and real assets and include both publicly traded and private investments.

Investments in Portfolio Funds

Horizons places substantial focus on evaluating and recommending Portfolio Funds for inclusion in Client portfolios, performing in-depth initial due diligence. During the assessment of the Portfolio Fund, Horizons may evaluate management and investment teams; operations personnel and processes; investment and security selection strategies; and risk management processes. Horizons may conduct detailed interviews, in-person meetings, and reference checks, and at times employs third-party background checks. Generally, audited financial statements, offering documents, manager reports, and investment performance records for Portfolio Fund managers are also reviewed. The due diligence process includes quantitative and qualitative considerations which are used to develop an informed perspective on how each Portfolio Fund manager executes its strategy and seeks to generate returns. Horizons emphasizes the following criteria, among others, in assessing managers:

- a process-oriented investment approach, rooted in thoughtful research;
- an experienced staff;
- acceptable economic and structural terms;

- a sound portfolio and risk management policy;
- Horizons' conclusions regarding the manager's background.

Investments in other Securities

When Horizons makes recommendations for Clients to invest in securities other than those of Portfolio Funds, its goal is generally to produce long-term, risk-adjusted capital appreciation. Horizons evaluates opportunities in global markets across a wide range of asset classes. Horizons primarily considers the long-term fundamental prospects of the investments it evaluates and aims to integrate a macroeconomic perspective with bottom-up fundamental analysis. When evaluating direct investments in public securities, private securities, and real assets, Horizons generally focuses on business fundamentals, asset quality, valuation, management quality, liquidity, earnings forecasts, and the risk profile of the opportunity. Horizons blends quantitative and qualitative considerations to assess whether the risk-reward of an investment is appropriate for Client portfolios. Horizons may rely on internally generated research derived from companies' annual reports, prospectuses, filings with the SEC, corporate press releases, inspections of corporate activities, conversations with the relevant company and/or competitors, financial newspapers, magazines, and other sources. Horizons may also use research materials prepared by others in making an investment decision, including a third-party. During the research process, Horizons will make an assessment of the quality of the security in question by, among other things, examining financial metrics of the relevant company, the integrity and strategic vision of the company's management team, and the ability to execute such strategy, as well as the attractiveness and risks of the company's industry.

Non-Discretionary Advisory Clients will likely hold investments in their advisory accounts for which Horizons provides monitoring, asset allocation, and reporting services, but for which Horizons does not make investment recommendations ("Client-Directed Assets"). Non-Discretionary Advisory Clients decide on which Client-Directed Assets to buy or sell, with minimal input from Horizons. Further, Non-Discretionary Advisory Clients may hold investments in their advisory accounts that are held at another institution or with another adviser, which Horizons considers in its portfolio reviews, or for which it may provide general asset allocation advice ("Referred Assets"). Specific investment recommendations for Referred Assets are made by the institution or other adviser. Horizons provides prudent advice for Client-Directed Assets and Referred Assets, but does not perform the level of in-depth research and analysis for Client-Directed Assets and Referred Assets as it does for Fund Investments and other investments in securities that it sources and recommends for Clients.

Horizons uses a combination of fundamental, technical, and quantitative analysis to evaluate publicly traded securities and cash-equivalent instruments for Discretionary Advisory Clients. Discretionary Advisory Clients will likely hold investments that are aligned with each client's individual investment objectives, time horizon, risk tolerance, liquidity needs, and any stated investment restrictions. Investments include but are not limited to exchange-listed equities, U.S. government and agency securities, money market instruments, and exchange-traded funds (ETFs). Horizons may also recommend investments in private placements, hedge funds, derivatives, or other non-publicly traded or illiquid securities. Investment in such illiquid securities are made at the discretion of the Discretionary Advisory Clients.

Investment Risks

Investing in securities involves risk of loss, which investors must be prepared to bear; investments of the type targeted by Horizons involve a particularly high level of risk, and clients should be able to bear the loss of all or part of their investment. The risk factors listed below represent a limited summary of the various risks presented by the investment opportunities Horizons identifies. Additional risks associated with an investment are disclosed in the Client Documentation.

Risk of Loss. Investing in securities involves risk of loss that Clients should be prepared to bear. There may be loss or depreciation of the value of any investment due to the fluctuation of market values. The selection and execution of any investment strategy is inherently subject to a variety of risks beyond Horizons' control, including but, not limited to, risks associated with general economic conditions, the adequacy and timeliness of disclosures by issuers of securities, and market risks.

The strategies Horizons employs in the Clients (and the strategies that managers of Portfolio Funds, as relevant, employ) and the financial instruments used to implement those strategies are highly speculative. The strategies may not be successful in meeting their performance objectives, and potential clients and fund investors should not invest with Horizons unless they can bear the risk of a complete loss of their capital. There is no assurance that the strategies will be able to generate returns or that the returns will be commensurate with their inherent risks. The past investment performance of any Clients cannot be taken to guarantee future results of those or any other Clients.

Risk Inherent in Investments. The investments Horizons identifies will involve a high degree of risk. In general, the financial and operating risks confronting Client's investments are often significant. While targeted returns should reflect the perceived level of risk in any investment situation, there is no assurance that Clients will be adequately compensated for risks taken.

Early-stage and development-stage companies to which Clients are directly or indirectly invested often experience unexpected problems in the areas of product development, manufacturing, marketing, financing, and general management, which, in some cases, cannot be adequately solved. In addition, such companies often require substantial amounts of financing, which may not be available through institutional private placements or public markets. The percentage of companies that survive and prosper can be small.

Investments to which Clients are directly or indirectly invested in more mature companies in the expansion or profitable stage also involve substantial risks. In some instances, companies have previously obtained capital in the form of debt or equity to expand rapidly, reorganize operations, acquire a business, or develop new products and markets. By definition, these activities involve a significant amount of change in a company and could give rise to significant problems in sales, manufacturing, and general management of these activities.

Potential for Unexpected Risks. In researching potential investments, Horizons will in many instances rely on materials created or provided by third parties or their affiliates. Such materials are often provided on an "as-is" basis, and Horizons has a limited ability to verify the information they contain. There is no assurance that the information provided to Horizons will fairly represent the business, operations, and financial outlook of a potential investment. As a result, it is often difficult to identify, assess, and quantify with

confidence the risks involved in an investment. These unforeseen and unidentified risks could have an adverse effect on the investment.

Market Conditions. During certain periods, the financial sector has experienced an unusually high degree of volatility in the financial markets. Market turbulence may have an adverse effect on the investments Horizons identifies. The ability to realize investments depends not only on the investments and their historical results and prospects but also on the political, market, and economic conditions at the time of such realizations. Continued or renewed volatility in the financial sector or the economy generally may have a material adverse effect on the ability of the Clients to buy, sell and partially dispose of their investments. The Clients may be adversely affected to the extent that they seek to dispose of any of their investments into an illiquid or volatile market, and a Client may find itself unable to dispose of investments at prices that Horizons believes reflect the fair value of such investments. The duration and ultimate effect of current market conditions and whether such conditions may worsen cannot be predicted.

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 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 Clients.

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, as well as in 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 any resulting decline in economic and commercial activity — on global economic conditions, and on the operations, financial condition, and performance of any particular industry or business is impossible to predict, but could have a significant adverse impact and result in significant losses to the Clients. The extent of the impact on the Clients' and their investment's 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 Clients to source, diligence, and execute new investments and 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 Clients intend to pursue, all of which could adversely affect the Clients' ability to fulfill their

investment objectives. They may also impair the ability of Portfolio Funds 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 Clients, their investments, the general partners and Horizons 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.

Uncertain Geopolitical Events and Market Disruption. International and/or local geopolitical events, including large-scale military operations and conflicts, and the instability in various parts of the world could have adverse effects on the global economy and may exacerbate some of the general risk factors related to investing in certain strategies. A military operation involving, or in the vicinity of, a portfolio company in which a Client or Portfolio Fund invests may result in a liability far in excess of available insurance coverage. Similarly, prices for certain commodities and natural resources could be affected by available supply, which could be affected by military operations in areas in which such commodities and natural resources are located. There is likely to be considerable uncertainty with respect to such disruptions and their impact across the global economy. The impact of such military operations and disruptions to the global economy on a Client or Portfolio Fund is difficult to predict but they may adversely affect the return on a Client or Portfolio Fund and their respective investments. There may be detrimental implications for the value of certain of their investments (including valuing certain investments to zero), their ability to enter into transactions, or to value or realize such investments or otherwise to implement their investment program.

Russian Invasion of Ukraine. In February 2022, Russian President Vladimir Putin ordered the Russian military to invade two regions in eastern Ukraine and subsequently, the United States, United Kingdom and European Union announced sanctions against Russia. Given the ongoing and evolving nature of the conflict between the two nations and its ongoing escalation (such as Russia's decision to place its nuclear forces on high alert and the possibility of significant cyberwarfare against military and civilian targets globally), it is difficult to predict the conflict's ultimate impact on global economic and market conditions, and, as a result, the situation presents material uncertainty and risk with respect to the Clients and the performance of their investments or operations, and the ability of the Clients to achieve their investment objectives.

Israel-Hamas War. An armed conflict is currently ongoing between Hamas and other Palestinian militant groups and Israel, known as the 2023 Israel-Hamas war and which has created tremendous unrest and uncertainty in the region. A further expansion of the hostilities between Israel and Palestine could have significant international ramifications. The 2023 Israel-Hamas war could potentially have a significant adverse impact and result in significant losses to the Funds, including those described above in "*Russian Invasion of Ukraine*". The ultimate impact of the Israel-Hamas war and its effect on global economic and commercial activity and conditions, and on the operations, financial condition and performance of the

Clients or any particular industry, business or investee country, and the duration and severity of those effects is impossible to predict.

Financial Institution Risk; Distress Events. An investment in a Client is subject to the risk that one of the banks, brokers, counterparties, clearinghouses, exchanges, lenders, or other custodians (each, a “*Financial Institution*”) of some or all of the Client’s assets fails to timely perform or otherwise defaults on its obligations or experiences insolvency, closure, seizure, receivership or other financial distress or difficulty (each, a “*Distress Event*”). Distress Events can be caused by factors including, but not limited to, eroding market sentiment, significant withdrawals, fraud, malfeasance, poor performance, undercapitalization, market forces or accounting irregularities. If a Financial Institution experiences a Distress Event, Horizons, the Client’s general partner, the Client, or one or more of the Client’s investments may be unable to access deposits, borrowing facilities, or other services, either permanently or for an extended, potentially indeterminate, period. Although assets held by regulated Financial Institutions in the United States frequently are insured up to stated balance amounts by government-sponsored organizations such as the Federal Deposit Insurance Corporation, in the case of banks, and the Securities Investor Protection Corporation, in the case of certain broker-dealers, amounts in excess of the stated amounts are subject to the risk of a total loss, and any non-U.S. Financial Institutions that are not subject to similar regimes pose a comparable risk of loss. While in recent years, governmental intervention has resulted in additional protections for depositors and counterparties in connection with Distress Events, there can be no assurance that such intervention will occur in connection with any future Distress Event or that any such intervention undertaken will be successful or avoid the risks of loss, delays or negative impacts on banking or brokerage conditions or markets.

Any Distress Event could have a potentially adverse effect on the ability of the Client’s general partner to manage the Client and its investments, and on the ability of the Client’s general partner, the Client, and any Client investment to maintain operations, which, in each case, could result in significant losses and in unconsummated investment acquisitions and dispositions. Such losses could include: a loss of funds; an obligation to pay fees and expenses in the event the Client or Portfolio Fund is unable 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 the Client or Portfolio Fund to access capital contributions or otherwise); the inability of the Client or Portfolio Fund to acquire or dispose of investments, including at prices that the Client’s or Portfolio Fund’s general partner believes reflect the fair value of such investments; and the inability of a Client or Portfolio Fund’s investments to make payroll, fulfill obligations or maintain operations. If a Distress Event leads to a loss of access to a Financial Institution’s services, it is also possible that a Client, Portfolio Fund, or their investments will incur additional expenses or delays, or incur additional expenses, in putting in place alternative arrangements, or that such alternative arrangements will be less favorable than those formerly in place (with respect to economic terms, service levels, availability, access to capital or otherwise). To the extent the Client or Portfolio Fund is able to exercise contractual remedies under 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, delays, or other negative impacts. The Client, Portfolio Fund, and their investments are subject to similar risks if a Financial Institution utilized by investors in the Client, Portfolio Fund, or by suppliers, vendors, contractors, service providers, or other

counterparties of the Client or a portfolio company becomes subject to a Distress Event, which could have a material adverse effect on the Client, Portfolio Fund and/or one or more of their investments.

Many Financial Institutions require, as a condition to using certain of their services (often including lending services), that the Client's or Portfolio Fund's general partner and/or the Client or Portfolio Fund maintain all or a set amount or percentage of their respective accounts or assets with that Financial Institution, which heightens the risks associated with a Distress Event with respect to such Financial Institutions. Although the Client's general partner seeks to do business with Financial Institutions that it believes are established, well-capitalized and capable of fulfilling their respective obligations to the Client, Horizons and /or its affiliates are under no obligation to use a minimum number of Financial Institutions with respect to the Client or to maintain account balances at or below the relevant insured amounts, and the rapid collapse in the first quarter of 2023 of several seemingly well-capitalized and established institutions demonstrates that there are limits to the effectiveness of this approach in avoiding counterparty exposure. Under certain circumstances, such as receiving capital contributions pursuant to a capital call or proceeds from a disposition, the Client will not be able to maintain account balances at or below any relevant insured amounts. The same risks are applicable to Portfolio Funds, their affiliates, and their investments.

Interactive Brokers. Horizons anticipates directing all trades in listed securities for the Horizons Funds exclusively through a single broker, Interactive Brokers ("IB") and IB may select various executing brokers in connection with the trades. The Horizons Funds will typically pay commissions and other costs relating to IB and, if applicable, the executing brokers and such amounts may be higher than those another broker-dealer might charge. Best execution analyses relating to brokers selected by IB will be performed on an ongoing basis. In recognition of this conflict, Horizons will periodically review commissions and other costs of various broker-dealers as part of its process to ensure the Horizons Funds are receiving best execution. Although Horizons will consider competitive rates, it will also consider a variety of other factors relating to a broker-dealer's suite of services. Therefore, costs and services of broker-dealers are evaluated holistically to determine best execution. In its sole discretion, the Horizons Funds general partner may elect to direct trades for the Horizons Funds through one or more other brokers, in lieu of, or in addition to IB, without the consent of nor notice the Horizons Funds' limited partners.

Leveraged Investments. If authorized by its Client Documentation, a Client or Portfolio Fund may make use of leverage by incurring or having a portfolio company or intermediate entity incur debt to finance a portion of its investment. Leverage generally magnifies both such Client or Portfolio Fund's opportunities for gain and its risk of loss from a particular investment. The cost and availability of leverage is highly dependent on the state of the broader credit markets (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. 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 operate its business as desired and/or finance future operations and capital needs. The leveraged capital structure of portfolio companies will increase the exposure of a Client or Portfolio 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 such Client or Portfolio 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 Client or Portfolio Fund. In the event any portfolio company cannot generate adequate cash flow to meet its debt service, a Client or Portfolio Fund may suffer a partial or total loss of capital invested in the portfolio company, which could adversely affect the returns of such Client or Portfolio Fund. Furthermore, should the credit markets be limited or costly at the time a Client or Portfolio Fund determines that it is desirable to sell all or a part of a portfolio company, the Client or Portfolio Fund may not achieve an exit multiple or enterprise valuation consistent with its forecasts. Furthermore, the companies in which a Client or Portfolio Fund invests generally will not be rated by a credit rating agency. Except where otherwise required by the relevant Client Documentation, a Client or Portfolio Fund will not be obligated to borrow on behalf of a portfolio company, even in circumstances where the Client or Portfolio Fund's creditworthiness would permit borrowing at a lower rate than is available to the portfolio company.

If authorized by its Client Documentation, a Client or Portfolio Fund may 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 Client or Portfolio Fund would be compensated for providing such guarantee or exposure to such liability. The use of leverage by a Client or Portfolio Fund generally also will result in fees, interest expense and other costs to such Client or Portfolio Fund that may not be covered by distributions made to such Client or Portfolio Fund or appreciation of its investments. While Client or Portfolio Fund-level borrowings generally will be interim in nature, asset-level leverage generally will not be subject to any limitations, including with respect to the amount of time such leverage may remain outstanding. A Client or Portfolio Fund generally is permitted to incur leverage on a joint, several, joint and several or cross-collateralized basis with one or more other Clients, Portfolio Funds, or other such affiliated entities, including entities managed by Horizons or any of its affiliates, including through Client or Portfolio Fund subsidiaries and other intermediate entities, and may have a right of contribution, subrogation or reimbursement from or against such entities. It is also possible that certain co-investors (including third parties, current or former portfolio company management or personnel, sellers or members of management that have rolled their interest or reinvested proceeds in the portfolio company and/or other owners) are not expected to share in incurring such leverage or the related costs and as a result the Client or Portfolio Fund will disproportionately bear the risk and/or costs of leverage arrangements. In addition, to the extent a Client or Portfolio Fund incurs leverage (or provides such guaranties), such amounts are permitted to be secured by commitments made by such Client or Portfolio Fund's investors and such investors' contributions may be required to be made directly to the lenders instead of such Client or Portfolio Fund.

To the extent a Client or Portfolio Fund provides bridge financing to facilitate portfolio company investments, it is possible that all or a portion of such bridge financing will not be recouped within the time period specified in the Client Documentation, in which case the investment would be treated as a permanent investment of the Client or Portfolio Fund. As a result, the relevant Client or Portfolio Fund's portfolio could become more concentrated with respect to such investment than initially expected or otherwise provided for under the Client or Portfolio Fund's investment limitations, certain of which exclude bridge financing investments.

Horizons, on behalf of certain Clients, or Portfolio Funds may be authorized by their respective Client Documentation to engage in transactions resulting in leverage, exposing such Clients or Portfolio Funds to greater risk and increased costs. These transactions can include the use of certain derivatives (for example swap transactions and options). Leverage generally has the effect of increasing the amounts of loss or gain a Client or Portfolio Fund might realize, and creates the likelihood of greater volatility of the value of the Client or Portfolio Fund's investments. In transactions involving leverage, a relatively small market movement or change in another underlying indicator can lead to significantly larger losses to the account. There is generally the risk of loss in excess of invested capital. The use of leverage may result in a Client or Portfolio Fund liquidating portfolio positions when it may not be advantageous to do so to satisfy its contractual obligations or to meet applicable asset segregation or position coverage requirements.

Subscription Line. From time to time, a Fund will enter into a subscription line credit facility with one or more lenders in order to finance its operations (including the acquisition of investments). Additionally, from time to time, a Fund will borrow capital from an affiliate of Horizons for the acquisition of investments, or in order to warehouse investments prior to the launch of the relevant Fund. Such fund-level borrowing subjects investors to certain risks and costs. For example, because amounts borrowed under a subscription line will typically be secured by pledges of Horizons' right to call contributions from investors, investors may be obligated to make contributions on an accelerated basis if a Fund fails to repay amounts borrowed under a subscription line or experiences an event of default thereunder. Moreover, any claim an investor may have against a Fund would likely be subordinate to such Fund's obligations to the lenders providing a subscription line. In addition, a subscription line will result in incremental Fund expenses that will be borne by investors. These expenses typically include interest on the amounts borrowed, unused commitment fees with respect to the committed but unfunded portion of the facility, an upfront fee for establishing the facility, and other one-time and recurring fees and/or expenses, as well as legal and other fees relating to the establishment, structuring, and negotiation of the terms of the facility, as well as expenses relating to maintaining, renegotiating, or terminating the facility.

Due to the fact that a subscription line's interest rate is typically based in part on the creditworthiness of a Fund's investors and the terms of the related fund documents, the interest rate in respect of any subscription line into which a Fund enters may be higher than the interest rate an investor could obtain individually. To the extent a particular investor's cost of capital is lower than a Fund's cost of borrowing, Fund-level borrowing can negatively impact an investor's overall individual financial returns (even if it increases such Fund's reported net returns using certain methods of calculation). Conflicts of interest have the potential to arise, in that the use of Fund-level borrowing typically delays the need for limited partners to make contributions to a Fund, or results in short-term gains to a Fund, which in certain circumstances enhances the relevant Fund's internal rate of return calculations and thereby may be deemed to benefit the marketing efforts of Horizons and increases the likelihood that any hurdle or preferred return component in the Fund's carried interest arrangements will be met. The use of Fund-level borrowing arrangements, and the repayment or non-repayment thereof, can also influence the determination of the end of a Fund's investment period, and cause or defer a related change in the basis of the relevant Fund's Management Fee calculation under the Client Documentation. Conflicts of interest also have the potential to arise to the extent that, although unlikely, a subscription line is used to make an investment that is later sold in part to co-investors (including one or more co-investing Funds). To the extent co-investors are not required to act

as guarantors under the relevant facility or pay related costs or expenses, co-investors stand to receive the benefit of the use of the subscription line and neither the relevant Fund nor investors generally will be compensated for providing the relevant guarantee(s) or being subject to the related costs, expenses and/or liabilities. A credit agreement frequently will contain other terms that restrict the activities of a Fund and the investors or impose additional obligations on them. In addition, in order to secure a subscription line, Horizons may request certain financial information and other documentation from investors to share with lenders. Horizons will have significant discretion in negotiating the terms of any subscription line in relation to a Fund and may agree to terms that may not be favorable to one or more investors (as opposed to the Fund as a whole).

Fund-level borrowing also involves a number of additional risks. For example, drawing on a subscription line may allow Horizons to fund investments and pay Fund expenses without requiring investors to make contributions, potentially for extended periods of time. If Horizons then draws down a relatively large proportion of commitments at once (or over a short period of time) in order to repay the amount outstanding under a subscription line, this could cause short-term liquidity concerns for investors (which may not have arisen had Horizons drawn down smaller amounts incrementally). This risk may be heightened with respect to investors that have made commitments to other investment funds which employ similar borrowing strategies or investors that hold other leveraged assets in their investment portfolios. In such circumstances, a single market event could result in multiple simultaneous drawdowns from such investors, requiring them to meet the accumulated, larger capital calls over a short period of time.

Securities Lending Risk. Certain Clients are authorized and may engage in the practice of lending their portfolio securities to certain types of eligible borrowers in an attempt to increase income and/or total return. Portfolio Fund managers may be similarly authorized by their funds' governing documents. Each loan is secured continuously by collateral. Securities lending involves the risk that the borrower may fail to return the securities in a timely manner or at all. As a result, Clients exposed directly or indirectly to securities lending may lose money and there may be a delay in recovering the loaned securities, as well as regulatory consequences. Such Clients could also lose money if it does not recover the securities and/or the value of the collateral falls, including the value of investments made with cash collateral. Securities lending also may have certain adverse tax consequences.

Forward Trading. Forward contracts and options thereon, unlike futures contracts, are not traded on exchanges and are not standardized; rather, banks and dealers act as principals in these markets and negotiate each transaction on an individual basis. Forward and "cash" trading are substantially unregulated. There is no limitation on daily price movements, and speculative position limits are not applicable. The primary risks associated with entering into such transactions include the risk that there will not be a market for such instruments; that trading will be disrupted because of unusually high trading volume, government intervention, or other factors; that there is counterparty credit risk; and that the counterparty may not be able to perform on its obligation under the contract. Market illiquidity, trading disruption, or failure of the counterparty to perform could result in major losses to the portfolios. To the extent possible, Horizons endeavors to utilize directly or select Portfolio Funds that it believes will deal only with counterparties that are creditworthy and reputable institutions, but such counterparties need not be rated investment grade.

Total Return Swap Risk. Horizons, on behalf of certain Clients, may be authorized by the Client Documentation to engage in the use of total return swaps. Portfolio Fund managers may be similarly authorized by their funds' governing documents. Total return swap agreements are contracts between parties in which one party agrees to make payments to the other party based on the change in the market value of a specified index, asset, or basket of assets. In addition to the risk of investing in the underlying specified index, asset, or basket of assets, such swap agreements pose the risk that a party will default on its payment obligations thereunder. Swaps are types of derivatives. See "*Derivatives Risk*" below.

Derivatives Risk. Horizons, on behalf of certain Clients, may be authorized to use various derivative instruments on behalf of such Clients. Portfolio Fund managers may be similarly authorized by their funds' governing documents. These instruments typically involve highly leveraged exposure to underlying referenced assets from which such instruments derive their performance, at least in part. The use of derivatives involves a variety of material risks, including the possibility of counterparty non-performance as well as deviations between the actual and the theoretical value of such derivatives. Changes in the volatility of the price of an underlying security or index may make a large difference to the theoretical value of a derivative instrument. Derivative instruments may be privately negotiated in the over-the-counter market and involve exposure to credit risk, since the contract performance depends in part on the financial condition of the counterparty or its guarantor. Derivatives are subject to a wide variety of contractual terms including a range of early termination events permitting the counterparty to liquidate the position prematurely. Derivatives may be extremely illiquid, and in many cases, derivative positions may be offset only by transacting with the counterparty to the derivative.

Short Selling. The Portfolio Funds with which the Clients invest may engage in short selling. Short selling involves selling securities, which may or may not be owned, and borrowing the same securities for delivery to the purchaser, with an obligation to replace the borrowed securities at a later date. Short selling allows an investor to seek profits from declines in the prices of securities. A short sale creates the risk of a theoretically unlimited loss because the price of the underlying security could theoretically increase without limit and increase the cost of buying those securities to close the short position. There can be no assurance that the securities necessary to close a short position will be available for purchase. Purchasing securities to close out the short position can itself cause the price of the securities to rise further, thereby exacerbating the loss.

Short strategies can also be implemented synthetically through various instruments and be used with respect to indices or in the over-the-counter market and with respect to futures and other instruments. In some cases of synthetic short sales, there is no floating supply of an underlying instrument with which to cover or close out a short position and the Portfolio Funds may be entirely dependent on the willingness of over-the-counter market makers to quote prices at which the synthetic short position may be unwound. There can be no assurance that such market makers will be willing to make such quotes. Short strategies can also be implemented on a leveraged basis. Lastly, even though the Portfolio Funds generally secure a "*good borrow*" of the security sold short at the time of execution, the lending institution may recall the lent security at any time, thereby forcing the Portfolio Funds to purchase the security at the then-prevailing market price, which may be higher than the price at which such security was originally sold short by the Portfolio Funds.

Futures Contracts. The Clients or Portfolio Funds may trade in futures contracts (and options on futures). Futures contracts markets are highly volatile and are influenced by a variety of factors, including national and international political and economic developments. In addition, because of the low margin deposits normally required in futures trading, a high degree of leverage is typical of a futures trading account. As a result, a relatively small price movement in a futures contract may result in substantial losses to the trader. Moreover, futures positions are marked to market each day and variation margin payments must be paid to or by a trader.

Positions in futures contracts may be closed out only on the exchange on which they were entered into or through a linked exchange, and no secondary market exists for such contracts. Although the Clients or Portfolio Funds typically enter into futures contracts only if an active market exists for the contracts, no assurance can be given that an active market will exist for the contracts at any particular time. Certain futures exchanges do not permit trading in particular futures contracts at prices that represent a fluctuation in price during a single day's trading beyond certain set limits. If prices fluctuate during a single day's trading beyond those limits, a Client or Portfolio Fund could be prevented from promptly liquidating unfavorable positions and thus be subjected to substantial losses.

In addition, the Commodity Futures Trading Commission ("CFTC") and various exchanges impose speculative position limits on the number of positions a person or group may hold or control in particular commodities. For purposes of complying with speculative position limits, a Portfolio Fund's outright positions (*i.e.*, those that are not bona fide hedge positions or spread positions specifically exempted from speculative limits) may be aggregated with positions of certain related persons and, as a result, a Portfolio Fund may be unable to take positions in particular futures contracts or may be forced to liquidate positions in particular futures contracts.

Unlike trading on U.S. futures exchanges, trading on non-U.S. futures exchanges is not regulated by the CFTC and may be subject to greater risks than trading on domestic exchanges. For example, some non-U.S. exchanges are principal markets so that no common clearing facility exists and a trader may look only to the broker for performance of the contract. In addition, unless a Portfolio Fund hedges against fluctuations in the exchange rate between the U.S. dollar and the currencies in which trading is done on non-U.S. exchanges, any profits that a Portfolio Fund might realize in trading could be eliminated by adverse changes in the exchange rate, or the Portfolio Fund could incur losses as a result of those changes.

Horizons may trade directly in futures contracts but only to the extent permitted pursuant to the Client Documentation and under applicable statutory exemptions.

Additional Capital Requirements of Portfolio Companies. Some of the companies Horizons or the Portfolio Fund managers identify as investment opportunities, directly or indirectly, especially those in a development or "platform" phase, require additional financing to satisfy their working capital requirements or acquisition strategies. Following its initial investment in portfolio companies, a Client is often called upon to provide additional funds to portfolio companies or will have the opportunity to increase its investment in a portfolio company, including the opportunity to participate in the initial public offerings of such portfolio companies, and in the subsequent purchase of publicly traded shares. Although the Client may make follow-on investments, there is no assurance that the Client and its co-investors will provide all necessary follow-on

capital or that any Client will have sufficient funds to make all or any of such investments. Any decision by a Client not to make add-on investments or its inability to make such investments may have a substantial negative impact on a portfolio company in need of such investment (including an event of default under applicable debt documents in the event an equity cure cannot be made), result in a lost opportunity for such Client to increase its participation in a successful operation or the dilution of the relevant Client's ownership in a portfolio company if a third party or co-investor is permitted to invest. If the funds provided by the Client are not sufficient, a company may have to raise additional capital at a price unfavorable to the existing investors, including such Client. In addition, a Client may make additional debt and equity investments or exercise warrants, options, or convertible securities that were acquired in the initial investment in such company in order to preserve the Client's proportionate ownership when a subsequent financing is planned, or to protect the Client's investment when such portfolio company's performance does not meet expectations. The availability of capital is generally a function of capital market conditions that are beyond the control of a Client or any portfolio company. There can be no assurance that the portfolio companies will be able to predict accurately the future capital requirements necessary for success or that additional funds will be available from any source.

Investment in Companies Dependent Upon New Scientific Developments and Technologies. Investment opportunities will often involve companies developing new technologies or methods. Companies reliant upon the development of new technologies pose certain risks, including:

- rapidly changing science and technologies;
- products or technologies that may quickly become obsolete;
- exposure to a high degree of government regulation, making these companies susceptible to changes in government policy and failures to secure, or unanticipated delays in securing regulatory approvals;
- scarcity of management, technical, scientific, research, and marketing personnel with appropriate training;
- the possibility of lawsuits related to patents and intellectual property; and
- changing investor sentiments and preferences with regard to the specific industry sector relevant to the development or technology.

Illiquid Investments. The investments Horizons identifies, directly or indirectly, may be illiquid. Due to the illiquid nature of such investments, Horizons is often unable to predict with confidence what the exit strategy will ultimately be, or that one will become available. Exit strategies that appear to be viable when an investment is initiated may be precluded by the time the investment is ready to be realized due to economic, legal, political or other factors.

Illiquidity of Portfolio Investments. For Clients that invest in Portfolio Funds, contractual limitations will typically restrict such Clients' ability to transfer interests in Portfolio Funds without the consent of the applicable managers of those entities. The securities or other financial instruments or obligations of portfolio companies may, at any given time, be very thinly traded, have no public market, or be restricted as to their transferability under the laws of the applicable jurisdiction. There may be little, or no near-term cash flow distributed by the Portfolio Funds. Since the amount and timing of such Portfolio Funds' cash distributions to Clients are dependent in part upon the cash flow that such Clients receive from the Portfolio Funds,

such Clients will likely distribute little or no cash in the near term. Even if such Clients' portfolio investments prove successful, they are unlikely to produce a realized return to investors in the Clients for a period of years. Illiquidity may also result from market conditions that may be unfavorable for the sales of securities of particular issuers or issuers in particular industries. In some cases, a Portfolio Fund may also be prohibited by contract from selling securities of portfolio companies or other assets for a period of time or otherwise be restricted from disposing of such securities or other assets. In other cases, the underlying investments of a Portfolio Fund may require a substantial amount of time to liquidate. Consequently, there is a significant risk that Portfolio Funds will be unable to realize their respective investment objectives by sale or other disposition of their securities or other assets at attractive prices, or will otherwise be unable to complete any exit strategy. These risks can be further increased by changes in the financial condition or business prospects of the portfolio companies, changes in national or international economic conditions, and changes in laws, regulations, fiscal policies, or political conditions of countries in which portfolio companies are located or conduct their business. In addition, the illiquid nature of portfolio investments may result in the applicable Client not realizing all investments prior to the expiration of the term of the Client or Portfolio Fund.

Risk of Loss – Hybrid Investment Approach. Funds that invest in Portfolio Funds are intended for long-term investment by limited partners who can accept the risks associated with making highly speculative, often illiquid investments in privately negotiated transactions. The possibility of a partial or total loss of capital of such Portfolio Funds exists, and prospective limited partners should not subscribe unless they can readily bear the consequences of such loss.

Non-controlling Investments. The Clients are likely to hold non-controlling interests in their investments and, therefore, often have a limited ability to protect their position in such portfolio companies in part due to lack of operational involvement.

Concentration of Investments. The Clients' investment portfolios are not constructed to achieve a specific kind of diversification. While diversification among industries and geographies is a consideration, from time to time, a Client's portfolio may be heavily concentrated in a single position or a particular industry. Further, there is no limitation on the level of concentration of investments in any geographic region. All such concentration increases the risk of loss to a Client in the event of a decline in the market value of any security or sector in which a Client has invested a large percentage of its assets, or in the event of a market disruption in a geographic region in which a Client has invested a large percentage of its assets.

Investments Longer than Term. Funds and Portfolio Funds that are structured as closed-end funds may make investments that, due to various reasons, may not be capable of an advantageous disposition prior to the date such Fund or Portfolio Fund is required to be dissolved, either by expiration of the Fund's or Portfolio Fund's term or otherwise. Funds or Portfolio Funds may be required to sell, distribute in-kind, or otherwise dispose of investments at a disadvantageous time as a result of dissolution. No assurance can be given in any such circumstances that a Fund or Portfolio Fund will have received a return of its invested capital or that such Fund or Portfolio Fund will otherwise be able to exit its investments by sale or other disposition (at attractive prices or at all).

Style Drift. Horizons relies on information provided by the investment managers of Portfolio Funds in

assessing each Portfolio Funds' defined investment strategy, the underlying risks of such a strategy and, ultimately, determining whether, and to what extent, it will invest assets with a particular fund. "*Style drift*" is the risk of deviation from the stated or expected investment strategy. Style drift can occur abruptly if a Portfolio Fund manager believes that it has identified an investment opportunity for higher returns from a different approach (and disposes of an interest quickly to pursue this approach), or it can occur gradually, such as if, for instance, a value-oriented Portfolio Fund manager gradually increases investments in growth stocks. Style drift can also occur if a Portfolio Fund manager focuses on factors that it had originally deemed immaterial in its offering documents - such as particular statistical information or returns relative to certain benchmarks. Additionally, style drift may result in the Portfolio Fund pursuing investment opportunities in an area in which it has a competitive disadvantage or is outside such Portfolio Fund's area of expertise (e.g., a large-cap manager focusing on small-cap investment opportunities). Moreover, style drift poses a particular risk for multiple-manager structures since, as a consequence, the Clients may be exposed to particular markets or strategies to a greater extent than was anticipated by Horizons when it assessed the portfolio's risk-return characteristics and invested with a Portfolio Fund.

Reliance on Portfolio Company Management. The day-to-day operations of a portfolio company are the responsibility of such company's management team. Although Horizons will monitor the performance of portfolio companies in which its Clients directly invest and generally will seek to invest in companies operated by capable management, there can be no assurance that an existing management team, or any successor team, will be able to successfully operate a portfolio company in accordance with Horizons' strategy.

Board Participation. With respect to certain Clients, employees of Horizons or a Portfolio Fund investment manager will serve as directors of some of the Clients' or Portfolio Funds' portfolio companies and, as such, will have duties to persons other than the investing Client or Portfolio Fund. Although holding board positions may be important to a Client's or Portfolio Fund's investment strategy and may enhance the ability of a Client or Portfolio Fund investment manager to manage investments, director seats may also have the effect of impairing a Client's or Portfolio Fund's ability to sell the related securities when, and upon the terms, it may otherwise desire and may subject the investing Client or Portfolio Fund, its general partner, and Horizons' or the Portfolio Funds' employees to claims they would not otherwise be subject to as an investor, including claims of breach of duty of loyalty, securities claims, and other director-related claims. In addition, it is possible that employees of Horizons or a Portfolio Fund may serve as directors of publicly traded companies in a Client's or Portfolio Fund's investment portfolio. It is also possible that employees of Horizons or a Portfolio Fund's manager serve as directors of private and/or publicly traded companies not related to the Clients or Portfolio Funds. In the event that an employee serving as a director becomes aware of material, nonpublic information concerning a particular company, the Clients or Portfolio Funds may be prohibited from purchasing or selling securities of such company for periods of time. Such restrictions may have an adverse effect on the value of the investments of the relevant Client or Portfolio Fund.

Conflicts from Indirect Investments. Ownership interests in investments may be structured through several SPVs. Certain of the SPVs may have other investors, including investors related to one or more of the members of Horizons or its affiliates, including the Advisory Affiliates. Investments held through SPVs may involve

risks not present in direct investments, particularly when an investor participates in the SPV in conjunction with others. For example, a co-participant in an SPV might become bankrupt, or otherwise fail to fund its obligations to the SPV, and it may be difficult or undesirable for the investors to make up the shortfall from other sources in those cases.

Misconduct or Bad Judgment of Portfolio Funds and Their Service Providers. The success or failure of an investment in a Portfolio Fund will depend to a significant extent on the management team and employees. Misconduct by management and employees of the Portfolio Funds or by their third-party service providers could cause losses. Management and employee misconduct could include binding a Portfolio Fund to transactions that exceed authorized limits or present unacceptable risks and unauthorized trading activities or concealing unsuccessful trading activities (which, in either case, may result in unknown and unmanaged risks or losses) or other fraud. Losses could also result from actions by third-party service providers, including, without limitation, failing to recognize trades and misappropriating assets. Although Horizons will seek to monitor Portfolio Funds and their service providers, such measures do not guarantee, and may not be effective, in detecting fraud or misconduct.

In addition, Clients will still face the risk of Portfolio Fund misrepresentation, material strategy alteration, or poor judgment. Although Portfolio Funds are required to adhere to the offering documents, Horizons cannot control the investments made by a Portfolio Fund. Horizons' sole remedy in the event of a deviation by a Portfolio Fund from its offering documents (such as in the case of style drift) may be to withdraw capital or redeem shares from a Portfolio Fund, subject to any applicable withdrawal or redemption restrictions.

Risks Relating to Investment in and Disposition of Portfolio Companies. For Funds following the fund of funds approach, in connection with an investment of a Portfolio Fund, the Fund or a Portfolio Fund may assume, or acquire an investment subject to contingent liabilities. These liabilities may be material and may include liabilities associated with pending litigation, regulatory investigations, environmental actions, or payment of indebtedness, among other things. To the extent these liabilities are realized, they may materially adversely affect the value of such investment. In addition, if the Fund or a Portfolio Fund has assumed or guaranteed these liabilities, the obligation would be payable from the assets of the Fund or Portfolio Fund, including the remaining commitments of investors in the Fund or investors in the Portfolio Fund.

In connection with the disposition of an investment of a Portfolio Fund, the Fund or a Portfolio Fund may be required to make representations about the business and financial affairs of such investment typical of those made in connection with the sale of any business. The Fund may also be required to indemnify the purchasers of such investment in such portfolio company to the extent that any such representations or warranties turn out to be inaccurate or misleading. These arrangements may result in liabilities for the Fund directly or indirectly through the Portfolio Fund, depending upon recontribution obligations owed to the Portfolio Fund.

Commitments to Portfolio Funds in Excess of Capital Commitments to a Fund. For Funds investing in Portfolio Funds, such Funds may make commitments to Portfolio Funds in excess of the total capital committed to such Funds, or available to such Funds at the time of the capital call of the Portfolio Funds. As a result, in certain circumstances and consistent with the Client Documentation, such a Fund may need to retain

distributions from, or proceeds from the disposition of an interest in, a Portfolio Fund, or recall distributions previously made to investors of the Fund, borrow funds or, if necessary, liquidate some or all of its portfolio investments, including prematurely at potentially significant discounts to market value, if such Fund does not generate sufficient cash flow from its portfolio investments in order to satisfy such Fund's obligations in respect of these commitments.

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 Horizons or a Portfolio Fund manager 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 Horizons or a Portfolio Fund manager 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 Horizons and its affiliates or a Portfolio Fund 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, Portfolio Fund, or limited partner and those of Horizons or any buyer group that typically are not applicable to more traditional investment sales. For example, in circumstances where Horizons, an affiliate, or a Portfolio Fund, or its affiliates 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, Horizons, a Portfolio Fund and its affiliates, 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 or Portfolio Fund, and in such circumstances Horizons 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 committee prior to the closing of the transaction, there can be no assurance that Horizons or a Portfolio Fund manager will successfully identify all conflicts of interest or resolve or mitigate all such conflicts of interest in favor of Fund or Portfolio Fund or any individual limited partner or group of limited partners. However, Horizons reserves the right, in its sole discretion, to determine to engage in such transactions, subject to any approvals required in the relevant Client Documentation.

Multiple Layers of Fees and Expenses. A Client's Portfolio Fund managers are entitled to receive management fees, carried interest, performance-based fees and/or other forms of compensation in respect of Portfolio Funds, resulting in multiple layers of fees. Certain Fund investors or Advisory Clients may qualify, and have access that would permit, direct investment in certain of the Portfolio Funds and other securities in which Clients invest. By making investments through the Funds, Fund investors or Advisory Clients will generally be charged fees by the Fund, Horizons, and the Portfolio Fund managers. In addition to paying fees at multiple levels, an investor in a Fund or Advisory Client will bear its share of the transaction- related expenses and other operating costs of both the Fund and its Fund Investments.

As a result of the pooled nature of the Funds, even if a Fund's overall performance is negative, one or more of its investments may still have positive performance, and the Fund (and therefore its investors) will still be charged an incentive fee by the Portfolio Fund manager, regardless of the overall performance of the Fund. There will generally be no reduction in the Management Fees or Incentive Fees (as applicable) with respect to the portion of a Client's capital that is invested in the Portfolio Funds. In addition, certain investments, or portions of such investments, rely in whole or in part on the ability of another party to make contractual payments to the relevant Client in the future. These investments may suffer losses if such counterparties default on their obligations.

Conflicts Related to Multiple Portfolio Managers. Because the Clients invest in third party Portfolio Fund managers who make their investment decisions independently, it is theoretically possible that one or more of such Portfolio Fund managers may, at any time, take investment positions that are opposite of positions taken by other Portfolio Fund managers. It is also possible that the Portfolio Fund's investments in which a Client invests may on occasion be competing with each other for similar positions at the same time. Also, a particular Portfolio Fund manager may take positions for its other clients that are opposite to positions taken for the Portfolio Fund in which the Client invests.

Delayed Tax and Annual Reporting Information. For the Funds to complete their tax reporting requirements and to provide an audited annual report to investors and clients, they must receive information on a timely basis from the Portfolio Funds. A delay in providing this information to Horizons could indirectly delay the preparation of tax information. The preparation of the audited annual report could also be delayed, and extensions on the time to file tax returns may be needed.

Reliance on Other Managers. Horizons is expected to invest a significant portion of Clients' capital in Portfolio Funds managed by third parties. Finding, selecting, and investing with Portfolio Fund managers is a complex process. In determining how to invest Clients' capital in other Portfolio Funds, Horizons looks for Portfolio Fund managers with investment strategies Horizons believes have the potential to offer strong risk-adjusted returns, considering both objective information relating to such other Portfolio Fund managers (such as historical performance data) and subjective information. There can be no guarantee,

however, that Horizons' assessment of any Portfolio Fund manager will be accurate. In particular, there can be no assurance that past performance data or other objective or subjective information relating to such Portfolio Fund managers will provide any indication as to how Portfolio Funds managed by such Portfolio Fund managers will perform in the future. Further, Horizons may miss or misinterpret information during its due diligence. A Portfolio Fund manager could also be engaged in wrongdoing that Horizons does not discover in its ordinary course due diligence and monitoring processes. While Horizons will request information from each Portfolio Fund manager, the type of information provided is generally in the discretion of the Portfolio Fund manager, and Horizons will not always obtain all information requested, including as a result of confidentiality or other legal restrictions. Inability to receive complete information makes it more difficult to select, evaluate, allocate among, and assess the performance of Portfolio Fund managers.

As a result of Horizons' selection criteria for Portfolio Fund managers, Portfolio Fund managers are likely to be dependent on the services of one or a limited number of key individuals. The loss of the services of any such individual could result in the impairment or loss of a Client's investment. Even if Horizons is able to accurately identify Portfolio Fund managers whose Portfolio Funds have the potential to produce attractive returns, there can be no assurance that Clients will be able to invest in such Portfolio Funds. For example, taking into account the varying fundraising cycles of such Portfolio Funds, and the timing of the Clients' and Portfolio Funds' own closings and other investments, the Clients' may not have available capital during any such other Portfolio Funds' "open window" period. In addition, there can be no guarantee that a Client's offer to invest in any such Portfolio Fund will be accepted. Finally, it is anticipated that many of the same risks that relate to Horizons' management of the Clients, including conflicts of interest, will apply in a corresponding, or even more significant, manner to the Portfolio Funds.

Investment in other Funds and Managed Accounts. The Clients will invest in private limited partnerships and similar structures that are sold in private placements and that are not registered investment companies under the 1940 Act or registered advisers under any of the Advisers Act or other federal or state law.

Further, Horizons and the Clients generally will not have any control over the management of the Fund Investments in which Clients invest, and the success of such Fund Investments generally will depend on the ability and success of the management of such Fund Investments. It is anticipated that the Clients will be purely passive investors, with little or no right to vote upon or otherwise control the principal activities of such Fund Investments. The Clients' strategy of investing with Portfolio Fund managers whose trading decisions the Clients do not control creates a variety of risks of which the following is a non-exhaustive list:

- Portfolio Fund managers take positions that are the opposite of positions taken by the Clients or other managers for the Clients.
- Portfolio Fund managers and the Clients have and will in the future compete for the same or similar opportunities.
- While Horizons strives to evaluate Portfolio Fund managers' investment selection, diligence processes and investment management strategies, there can be no assurance that such evaluation will be exhaustive or that a Portfolio Fund manager will follow its procedures as described. A Portfolio Fund manager's failure to conduct appropriate diligence on an investment could result in material losses.

- A number of Portfolio Funds could obtain large positions in the same or related securities or other instruments, resulting in a Client's exposure to a higher than anticipated concentration of such investments. Unfavorable performance of a small number of such investments could therefore have a substantial adverse impact on a Client's performance.
- A Portfolio Fund manager may experience financial, legal or regulatory difficulties and may, from time to time, have economic, tax, regulatory, contractual or other business interests or goals that are inconsistent with those of a Client and as a result, may take a different view from Horizons as to appropriate strategy for an investment or may be in a position to take a contrary action to a Client's investment objective.

Large Investor Risk. In certain situations, interests in a Client or Portfolio Fund or their underlying investments are held by a large investor and in such an event, there is a risk that such large investors may impact Horizons' investment strategy by purchasing or selling interests in large amounts. For example, when Horizons eliminates a large account's interest or exits a position held in multiple accounts, the transacted shares may have an impact on the price or liquidity of the shares being sold, because there may be fewer or no willing buyers of those securities and they may have to be sold at a lower price or may not sell at all.

Account Consent Requirements. Periodically, Horizons will, in its sole judgment, determine that consent from an account owner (including a Client) is necessary to make an investment or participate in a corporate event of a portfolio company. If Horizons determines that consent is impractical due to timing or other considerations or consent is not received by an applicable due date, Horizons will not have the opportunity to make the investment for such Clients.

Side Pocket or Special Investments. A portion of the value of assets may remain invested in side pocket investments or special investments designated by Portfolio Funds. Side pockets may be created by a Fund or a Portfolio Fund (as permitted in the Client Documentation) in order to accommodate illiquid investments prior to the time when they are either sold or become readily marketable. If a side pocket is created, an allocable portion of the interests held by Clients or Fund investors typically will be converted at net asset value to a separate class of interest corresponding to the underlying investment in the side pocket. Side pocket investments will generally be carried on the books of the Funds or Portfolio Funds (and consequently on the books of the Fund or Portfolio Fund) at fair value (which may be cost) as determined by the Fund or Portfolio Funds and in accordance with the Client Documentation and, as applicable, related policies of the Portfolio Funds. There is no guarantee that fair value will represent the value that will be realized by the Fund or Portfolio Fund on the eventual disposition of the side pocket investment or that would, in fact, be realized upon its immediate disposition. If a Fund investor or Client were to redeem its interest in a Fund or Portfolio Fund that includes side pocket investments, such Fund investor or Client would remain exposed to the risk of loss on its indirect interest in any side pocket until such investments were realized or deemed realized. Management fees, performance fees, and other expenses of the Fund or Portfolio Fund would typically continue to accrue until the side pocket investment can be realized or deemed realized and as prescribed by the Client Documentation. If the proceeds from the disposition of a side pocket investment were insufficient to cover any accrued expenses, such accrued expenses might be borne disproportionately by other Fund investors or Clients in such Fund or Portfolio Fund.

Equity Securities. Horizons identifies investments, directly or indirectly, in equity securities. Investment in equity securities offers the potential for substantial capital appreciation. However, it also involves certain risks, including issuer, industry, market, dilution, and general economic-related risks. While offering greater potential for long-term growth, equity securities are more volatile and riskier than some other forms of investment. Additionally, in some circumstances, a Client may invest in common stock, which will be junior in a liquidation relative to a portfolio company's debt and preferred stock. Common stocks represent a share of ownership in a company. In the event of liquidation, common stockholders have rights to a company's assets only after bondholders, other debt holders, and preferred stockholders have been satisfied. The purchase of equity securities is subject to the risk that stock prices fall for extended periods of time. Historically, the equity markets have moved in cycles, and the value of equity securities may fluctuate drastically over various time periods. For example, individual companies report poor results or are negatively affected by industry and/or economic trends and developments. The prices of securities issued by a company may suffer a decline in response. These factors contribute to price volatility.

Options and Warrants. Horizons identifies, directly or indirectly, investment opportunities that may involve options or warrants.

The purchase or sale of an option involves the payment or receipt of a premium by the investor and the corresponding right or obligation, as the case may be, either to purchase or sell the underlying security or other instrument for a specific price at a certain time or during a certain period. Purchasing options involves the risk that the underlying instrument will not change price in the manner expected, so that the investor loses its premium.

There are risks associated with the sale and purchase of call options. The seller (writer) of a call option which is covered (e.g., the writer holds the underlying security) assumes the risk of a decline in the market price of the underlying security below the purchase price of the underlying security less the premium received and gives up the opportunity for gain on the underlying security above the exercise price of the option.

Warrants can be more speculative than certain other types of investments in that they do not entitle a holder to dividends or voting rights, nor do they represent any rights in the assets of the issuing company. Investment in warrants involves certain additional risks, including the possible lack of a liquid market for the resale of the warrants, potential price fluctuations as a result of speculation or other factors, and failure of the price of the underlying security to reach a level at which the warrant can be prudently exercised (in which case the warrant may expire without being exercised, resulting in the loss of the entire investment).

Exchange Traded Funds. Horizons identifies, directly or indirectly, investment opportunities that may involve Exchange Traded Funds ("ETFs"). ETFs generally expose their shareholders to the risks associated with the assets in which the ETF invests. Additionally, as exchange-traded investment vehicles, ETFs may involve market risk, management risk and (for index funds) tracking risk. If a Client acquires shares of an ETF, shareholders bear both their proportionate share of expenses in an account (including management and advisory fees) and, indirectly, the expenses of the ETF.

Convertibles. An investment identified by Horizons, directly or indirectly, may involve debt securities, preferred stock, or other securities that may be converted into common or other stock (convertibles). Convertibles typically accrue current income as either interest (debt security) or dividends (preferred stock). A convertible's value usually reflects both the stream of current income payments and the value of the underlying stock. The market value of a convertible performs like that of a regular debt security; that is, if market interest rates rise, the value of a convertible usually falls. Since it is convertible into stock, a convertible generally has the same types of market and issuer risk as the underlying stock. Convertibles that are debt securities are also subject to the normal risks associated with debt securities, such as interest rate risk, credit spread expansion and ultimately default risk. Convertibles are also prone to liquidity risk, as demand can dry up periodically and bid/ask spreads on bonds can widen significantly.

An issuer may be more likely to fail to make regular payments on a convertible than on its other debt because other debt securities may have a prior claim on the issuer's assets, particularly if the convertible is preferred stock. However, convertibles usually have a claim prior to the issuer's common stock. In addition, for some convertibles, the issuer can choose when to convert to common stock, or can "call" (redeem) the convertible, which may be at times that are disadvantageous.

Convertible securities held directly or indirectly by a Client may automatically be converted to common stock under certain circumstances that will be outside the control of Horizons, including if a percentage of certain shareholders consents to such conversion or the issuer holds its initial public offering. Upon conversion of convertible securities to common stock, a Client will lose any rights associated with the convertible securities.

Unregistered Securities and Private Placement Risks. Investments through private placements are not immediately tradeable on an exchange or in the over-the-counter market. They may be subject to resale restrictions including significant holding or lockup restrictions for designated time periods. Private placements may serve as financing vehicles for public companies, commonly referred to as PIPEs (Private Investment in Public Equity), or for privately held entities. Securities purchased through private placements may be less liquid than publicly traded securities and investments in privately held entities are generally less liquid than PIPES. The offering documents contain limited information on the company's business and many private placement securities are issued by companies that are not required to file audited financial reports making it difficult to gauge how the private placement is likely to perform over time. Because of the illiquid nature of these securities, a Client or Portfolio Fund may not be able to liquidate PIPE securities quickly, and the delay in the opportunity to sell such securities could expose such Clients or Portfolio Funds to the risk of a lower available market price when such Clients or Portfolio Funds have the ability to sell the security(ies).

Non-U.S. Securities. Investing in securities of non-U.S. companies, either directly or indirectly, involves certain considerations comprising both risks and opportunities not typically associated with investing in securities of U.S. companies. These considerations include changes in exchange rates and exchange control regulations, political and social instability, expropriation, imposition of foreign taxes, less liquid markets and less available information than is generally the case in the U.S., higher transaction costs, less government supervision of exchanges, brokers, and issuers, greater risks associated with counterparties and settlement, difficulty in enforcing contractual obligations, lack of uniform accounting and auditing standards, and

greater price volatility. Brokerage commissions and other transaction costs on securities exchanges in non-U.S. countries are generally higher than in the United States.

Investments in Initial Public Offerings. Clients or Portfolio Funds that invest in initial public offerings (or shortly thereafter) may involve higher risks than investments issued in follow-on public offerings or purchases on a secondary market due to a variety of factors, including the limited number of shares available for trading, unseasoned trading, lack of investor knowledge of the issuer and limited operating history of the issuer. In addition, some companies in initial public offerings are involved in relatively new industries or lines of business, which may not be widely understood by investors. Some of these companies may be undercapitalized or regarded as developmental stage companies, without revenues or operating income, or the near-term prospect of achieving them. These factors may contribute to substantial price volatility for such securities.

Public Company Holdings. A Client's investment portfolio may contain, directly or indirectly, debt and/or equity securities issued by publicly held companies. Such investments may subject a Client to risks that differ in type or degree from those involved with investments in privately held companies. Such risks include, without limitation, greater volatility in the valuation of such companies, increased obligations to disclose information regarding such companies, limitations on the ability of such Client to dispose of such securities at certain times, increased likelihood of shareholder litigation and insider trading allegations against such companies' executives and board members, including Horizons' principals, and increased costs associated with each of the aforementioned risks.

Special Purpose Acquisition Companies. A Client or Portfolio Fund may invest in units of, shares of, warrants to purchase stock of, and other interests in special purpose acquisition companies or similar special purpose entities that pool funds to seek potential acquisition opportunities (collectively, "SPACs") that have announced an intent to acquire a Client or Portfolio Fund's portfolio company. Because SPACs and similar entities have no operating history or ongoing business other than seeking to complete a business combination with one or more companies, the value of each of their securities is particularly dependent on the ability of the entity's management to identify and complete a successful business combination. Some SPACs may pursue acquisitions only within certain industries or regions, which may increase the volatility of their prices. An investment in a SPAC is subject to a variety of risks, including, among others, that (i) a business combination, if effected, may prove unsuccessful and an investment in the SPAC may lose value; (ii) a Client or Portfolio Fund may be delayed in receiving any redemption or liquidation proceeds from a SPAC to which it is entitled; (iii) an investment in a SPAC may be diluted in connection with the business combination or by additional financings; (iv) no or only a thinly traded market for shares of or interests in a SPAC may develop, leaving a Client or Portfolio Fund unable to sell its interest in a SPAC or to sell its interest only at a price below what a Client or Portfolio Fund believes is the SPAC interest's intrinsic value; and (v) the values of investments in SPACs may be highly volatile and may depreciate significantly over time.

In addition, a Client or Portfolio Fund may invest in the at-risk capital of a SPAC, which may be in the form of equity interests in such SPAC's sponsor, private placement warrants of the SPAC, units of the SPAC, or shares of the SPAC. An investment in the at-risk capital of a SPAC is subject to complete loss if the SPAC does not complete a business combination. Investments in a SPAC sponsor consist of securities

issued on a private placement basis, which are subject to legal and contractual lockups and transfer restrictions and are illiquid. In connection with a business combination, a SPAC sponsor may agree to forfeitures, earn-outs, additional lockups, or other agreements that may have the effect of reducing the value of any such investments.

In connection with any such investments, a Client or Portfolio Fund may have the ability to appoint one or more persons to the board of any such SPAC. Any such board member may become aware of material, nonpublic information that could impact a Fund's ability to trade in the securities of certain issuers.

Investment in ADRs / GDRs. American Depository Receipts ("ADR's") and American Depository Shares ("ADS's") are U.S. dollar-denominated receipts typically issued by domestic banks or trust companies that represent the deposit with those entities of securities of a foreign issuer. They are publicly traded on exchanges or over-the-counter in the United States. European Depository Receipts ("EDR's"), which are sometimes referred to as Continental Depository Receipts ("CDR's"), and Global Depository Receipts ("GDR's") may also be purchased by Horizons for its Clients. EDRs, CDRs and GDRs are generally issued by foreign banks and evidence ownership of either foreign or domestic securities. Certain institutions issuing ADRs, ADSs, EDRs or GDRs may not be sponsored by the issuer of the underlying foreign securities. A non-sponsored depositary may not provide the same shareholder information that a sponsored depositary is required to provide under its contractual arrangements with the issuer of the underlying foreign securities. Holders of an unsponsored depositary receipt generally bear all the costs of the unsponsored facility. The depositary of an unsponsored facility frequently is under no obligation to distribute shareholder communications received from the issuer of the deposited security or to pass through to the holders of the receipts voting rights with respect to the deposited securities.

Market Access Product Risk. Investments in instruments such as participatory notes ("P-Notes"), low exercise price warrants ("LEPW's"), and other similar types of access products ("Market Access Products"), are linked to equity securities issued by an underlying company ("Reference Securities"). Market Access Products are issued by financial institutions or other counterparties that are unaffiliated with the issuers of the Reference Securities. The amounts payable to a Client, directly or indirectly exposed to Market Access Products, with respect to the Market Access Products will be dependent upon various factors, including the price or level of, or changes in the price or level of, such Reference Securities. In addition, the amounts payable to such Client with respect to the Market Access Products may be in one or more currencies, which may be different from the currency in which the Reference Securities are denominated. An investment in Market Access Products may entail significant risks not associated with investments in conventional equity securities. The lack of a liquid secondary market for these products may prevent Horizons from closing a position on behalf of such Clients and could adversely impact such Clients' ability to realize profits or limit losses. Market Access Products are also subject to counterparty risk, meaning the party that issues the product may experience a significant credit event and may be unwilling or unable to make timely settlement payments or otherwise honor its obligations. Depending on the terms of the securities, Market Access Products may be redeemed or called at the option of the issuer upon the occurrence of certain events, including certain regulatory events, which could result in a Client's investment being liquidated at an inopportune time. Additionally, if interpretations by applicable tax authorities change, a Clients could be assessed tax charges with respect to prior year transactions.

Risk of Investing in Europe. Most developed countries in Western Europe are members of the European Union (“EU”), and many are also members of the European Economic and Monetary Union, which requires compliance with restrictions on inflation rates, deficits, and debt levels. Therefore, changes in regulations on trade, decreasing imports or exports, changes in the exchange rate of the euro and recessions among European countries may have a significant adverse effect on the economies of other European countries. The risk of investing in securities in the European markets may also be heightened since the United Kingdom left the EU (known as “*Brexit*”) and it entered into a transition period. There is still considerable uncertainty regarding the potential consequences of Brexit, including with respect to the negotiations of new trade agreements during the transition period and whether Brexit will have a negative impact on the EU. In addition, one or more countries may abandon the euro and/or withdraw from the EU. In addition, some countries in Europe have suffered terrorist attacks. There is a risk that additional attacks may occur in the future and such attacks may cause uncertainty in the financial markets. These risks, among others, could potentially have an adverse effect on the value of such investments.

Risk of Investing in China A-shares. China A-shares of eligible Chinese companies are listed and traded on the Shanghai Stock Exchange (“SSE”) or the Shenzhen Stock Exchange (“SZSE”) through the Shanghai-Hong Kong Stock Connect or the Shenzhen-Hong Kong Stock Connect programs (collectively referred to as “*Stock Connect*”). China A-shares are shares of mainland Chinese companies that trade on Chinese stock exchanges such as the SSE or SZSE. Stock Connect is a securities trading and clearing program developed by the Hong Kong Securities Clearing Company Limited, China Securities Depository and Clearing Corporation Limited, and the SSE or SZSE. Stock Connect provides, among other things, foreign investment opportunities through market access in the People’s Republic of China (“PRC” or “*Mainland China*” or “*China*”). Stock Connect allows investors to trade and settle shares on each market through their local exchanges and brokers in Hong Kong. There are special considerations and risks associated with investing in China A-shares via Stock Connect. China A-shares, are subject to clearing, settlement, and custody risks, day trading restrictions, daily quota limitations, and less market liquidity, which could impact successful implementation of an investment strategy. Additional considerations include foreign shareholding restrictions, different fees, costs, and taxes imposed on foreign investors purchasing China A-shares through Stock Connect. Mainland China implemented tax reforms in recent years and may amend or revise its existing tax laws in the future. These amendments may have retroactive effects. Uncertainties in Chinese tax rules could result in unexpected tax liabilities.

Risk of Investing in Emerging Markets. Investments in emerging markets, including those in Asia, Latin America, Eastern Europe, and Africa, involve a greater degree of risk than investing in developed countries. Among others, emerging market investments may be subject to the following risks: less publicly available information; more volatile markets and unstable market conditions; changes in interest rates; availability of credit and inflation rates; less liquidity or available credit; uncertainty in enforceability of documents; changes in local laws and regulations (including nationalization of industries); political or economic instability (including wars, terrorist acts or security operations); the relatively small size of the securities markets in such countries and the low volume of trading and less strict securities market regulation; less favorable tax or legal provisions; price controls and other restrictive governmental actions; changes in or non-approval of tariffs or other fees or rates charged, potential severe inflation or other serious adverse economic developments; unstable currency; expropriation of property; confiscatory

taxation; imposition of withholding and other taxes on income or gross sales proceeds or dispositions; fluctuations in the rate of exchange between currencies, non-convertibility of currencies which can result in the inability to repatriate funds, costs associated with currency conversion; and certain government policies that may restrict a Client's investment opportunities, either directly or indirectly. The foregoing may result in lack of liquidity and in price volatility.

The economies of emerging markets may differ, favorably or unfavorably, from the economies of developed countries in such respects as growth of gross domestic product, rate of inflation, currency depreciation, asset reinvestment, resource self-sufficiency, and balance of payments position. In addition, emerging market countries may have a greater risk of default on external debt when their economies experience a downturn. These risks of sovereign default could adversely affect such Client's value. Furthermore, emerging markets are generally heavily dependent upon international trade and, accordingly, have been and may continue to be adversely affected by trade barriers, exchange controls, managed adjustments in relative currency values, and other protectionist measures imposed or negotiated by the countries with which they trade. The economies of certain emerging markets may be based predominantly on only a few industries which may be vulnerable to changes in trade conditions and may have higher levels of debt or inflation.

Companies in emerging market countries are generally subject to less stringent and less uniform accounting, auditing, corporate governance, and financial reporting standards, practices, and disclosure requirements than those applicable to companies in developed countries. In particular, valuation of assets, depreciation, exchange differences, deferred taxation, contingent liabilities, and consolidation may be treated differently from accounting standards in more developed countries. Consequently, there is generally less publicly available information about emerging market companies than developed market companies.

Certain issuers located in emerging markets, such as banks and other financial institutions, may be subject to less stringent regulations than would be the case for issuers in developed countries; therefore, investments in these entities potentially carry greater risk. In addition, such Client's investment opportunities in certain emerging markets may be restricted by legal limits on foreign investment in local securities, restrictions on the ability to convert currency, or to take currencies out of certain countries.

In emerging markets, there is often less governmental supervision and regulation of business and industry practices, stock exchanges, over-the-counter markets, brokers, dealers, counterparties, and issuers than in other more established markets. Any regulatory supervision that is in place may be subject to manipulation or control. Some emerging market countries do not have mature legal systems comparable to those of more developed countries. Moreover, the process of legal and regulatory reform may not proceed at the same pace as market developments, which could result in investment risk. Legislation to safeguard the rights of private ownership may not yet be in place in certain areas, and there may be the risk of conflict among local, regional, and national requirements. In certain cases, the laws and regulations governing investments in securities may not exist or may be subject to inconsistent or arbitrary interpretation. Both the independence of judicial systems and their immunity from economic, political, or nationalistic influences remain largely untested in many countries. Such Clients' may also encounter difficulties in pursuing legal remedies or in obtaining and enforcing judgments in non-U.S. courts.

Settlement in Emerging Markets. There can be no guarantee of the operation or performance of settlement, clearing, and registration of transactions in emerging market countries nor can there be any guarantee of the solvency of any securities system or that such securities system will properly maintain the registration of a Client's or Portfolio Fund's custodian as the holder of securities. Where organized securities markets and banking and telecommunications systems are underdeveloped, concerns inevitably arise in relation to settlement, clearing, and registration of transactions in securities where these are acquired, other than as direct investments. Furthermore, due to the local postal and banking systems in many emerging market countries, no guarantee can be given that all entitlements attaching to quoted and over-the-counter traded securities acquired by a Client or Portfolio Fund, including those related to dividends, can be realized.

Some emerging markets currently dictate that monies for settlement be received by a local broker a number of days in advance of settlement, and that assets are not transferred until a number of days after settlement. This exposes the assets in question to risks arising from acts, omissions, and solvency of the broker and counterparty risk for that period of time.

Emerging Market Exchange Control and Repatriation. It may not be possible for a Client or Portfolio Fund to repatriate capital, dividends, interest, and other income from emerging markets, or it may require government consent to do so. Clients or Portfolio Funds could be adversely affected by the introduction of, or delays in, or refusal to grant any such consent for the repatriation of funds or by any official intervention affecting the process of settlement of transactions. Economic or political conditions could lead to the revocation or variation of consent granted prior to an investment being made in any particular country or to the imposition of new restrictions.

Emerging Market Inflation Risk. Some countries in which Clients may invest have experienced substantial rates of inflation in recent years. Inflation and rapid fluctuations in inflation rates have had, and may in the future have, negative effects on the economies and securities markets of certain emerging economies. There can be no assurance that inflation will not become a serious problem in the future and have an adverse impact on a Client's investments in these countries or such Client's returns from such investments, whether such exposure is direct or indirect.

Emerging Market Custodial Risk. A Client's or Portfolio Funds' custodian will have custody of its securities, cash, distributions, and rights accruing to such Client's or Portfolio Funds' securities accounts. If a custodian holds cash on behalf of a Client or Portfolio Fund, such Client or Portfolio Fund may be an unsecured creditor in the event of the insolvency of the custodian.

Local custody services remain underdeveloped in many emerging market countries and there is transaction and custody risk involved in dealing in such markets. In certain circumstances Clients or Portfolio Funds may not be able to recover some of their assets. Such circumstances include any acts or omissions or the liquidation, bankruptcy or insolvency of a sub-custodian, retroactive application of legislation and fraud or improper registration of title. The costs borne by such Client or Portfolio Fund from investing and holding investments in such markets will generally be higher than in organized securities markets.

Real Estate Investment Trust ("REIT") Risk. The Internal Revenue Code of 1986 (as amended) (the "Code") requires that an entity adhere to certain requirements in order to qualify as a REIT in the United States. The

requirements are complex and include, among other things, certain ownership concentration limitations. In its constitutive document, a REIT may also impose more stringent ownership concentration limits than those required by law. Ownership concentration limitations generally apply on a look-through basis up to the level of the beneficial owner, and are evaluated in aggregate across all investment vehicles that an owner may use to acquire an interest in a given REIT. Non-U.S. REITs may be subject to restrictions based on the laws of the jurisdictions in which they are formed. Many non-U.S. jurisdictions have similar requirements for REITs to those under the Code. Advisory Clients of Horizons that do not actively monitor their aggregate REIT holdings may cause a REIT to breach such concentration limitations, which could result in adverse consequences to the Advisory Client, including forfeiture of excess shares. Horizons will not monitor REIT investments that its Advisory Clients may have or may make outside of their investments with Horizons. Domestically-controlled U.S. REITs impose additional ownership concentration limits for non-U.S. owners, who may be subject to similar adverse consequences if they cause the REIT to fail to qualify as domestically controlled. Changes in the Code, U.S. Treasury Regulations promulgated thereunder, or laws in other jurisdictions (as applicable) could affect these risks, and investors that invest in publicly traded REITs should consider consulting with their tax advisors to address these risks with them.

Risks of Investing in Real Estate. Certain Clients, subject to applicable investment guidelines outlined in the Client Documentation, invest in Portfolio Funds that make investments in real estate or invest directly in real estate. In addition to employment and demographic changes, real estate is also influenced by changes in interest rates and the credit markets, which affect the demand and supply of capital and thus real estate values. Real estate-related investments are subject to the risk that a general downturn in the national or local economy will depress real estate prices. The real estate industry is sensitive to economic downturns, which may cause occasional or permanent reductions in property values and the values of interests in real estate funds may fluctuate between under-performance or outperformance of equity securities markets.

With regard to Portfolio Funds that invest in real estate, such Portfolio Funds' investment strategy may include the acquisition of real estate across a variety of property types in a variety of geographic locations. Accordingly, such Portfolio Funds will need to maintain and continue to develop expertise, relationships and market knowledge across a broad range of property-types and geographic regions and will be subject to the market conditions affecting each such property type in various markets, including, without limitation, such factors as the local economic climate, business layoffs, industry slowdowns, changing demographic, and local supply and demand issues affecting each such market. The multi-sector approach may require more management time and expense than would be typically required for an investment fund that focuses more on a single property type in fewer jurisdictions.

Reliance on third parties to manage or operate investments poses significant risks, including, among others, that the manager or operating partner may suffer a business failure, become bankrupt or engage in activities that compete with investments. Such factors may result in losses for the applicable Portfolio Fund or Client.

Real estate investments may require development or redevelopment, which carries additional risks, including the availability and timely receipt of zoning and other regulatory approvals, the cost and timely completion of construction, and the availability of financing on favorable terms. Such factors may result in losses for the applicable Portfolio Fund or Client.

The valuation of real estate investments is influenced by many variables. Therefore, reported fair value of real estate investments may not represent the net cash proceeds that would be realized if such investments were liquidated, since market prices of real estate investments can only be determined by negotiation between market participants.

Private Credit Risk. Certain Clients will invest directly in private credit opportunities and in Portfolio Funds investing in private credit and illiquid credit and distressed debt opportunities. Debt instruments held by such Clients or Portfolio Funds are subject to general market and credit and interest rate risks. Credit risk refers to the likelihood that an obligor will default on the payment of principal, interest or other amounts owed on an instrument. Financial strength and solvency of an obligor are the primary factors influencing credit risk. In addition, lack or inadequacy of collateral or other assets expected to be the source of repayment or credit enhancement for a debt instrument may affect its credit risk. Credit risk may change over the life of an instrument and debt instruments that are rated by rating agencies are subject to downgrade at a later date.

Additionally, investments in loans or other debt instruments, including debt-like instruments like preferred equity, bank loans and participation, as well as other direct lending transactions are subject to unique risks, including: the possible invalidation of an investment transaction as a “fraudulent” conveyance or preferential payments under relevant creditors’ rights and bankruptcy laws, or the subordination of claims under so-called “equitable subordination” common law principles; so-called lender-liability claims by the issuer of the obligations; and limitations on the ability of our accounts to directly enforce their rights with respect to any participations or other investments.

Certain Clients invest directly or in Portfolio Funds that invest in loans or securities that are subordinate in right of payment to one or more senior secured loans and, therefore, are subject to additional risks that the cash flows of the related obligor(s) and any property securing such subordinated loan may be insufficient to make the scheduled payments after giving effect to any senior secured loans of the related obligor(s).

Unsecured loans are unsecured obligations of the applicable obligor(s), may be subordinated to other obligations of such obligor(s) and generally have greater credit, insolvency and liquidity risk than is typically associated with secured obligations. Unsecured obligations will generally have lower rates of recovery than secured obligations following a default. Also, in the event of the insolvency of an obligor of an unsecured obligation, the holders of such unsecured obligation will be considered general, unsecured creditors of such obligor, will have fewer rights than secured creditors of such obligor and will be subordinate to the secured creditors of such obligor with respect to the related collateral.

Revolving credit facilities and other committed unfunded loans, which are loan commitments that are unfunded at the time of investment, are written agreements in which the lender commits itself to make a loan or loans up to a specified amount within a specified time period. The loan commitment sets out the terms and conditions of the lender’s obligation to make the loans. The portion of the amount committed by a lender under a loan commitment that the borrower has not drawn down is referred to as “unfunded.” A lender typically is obligated to advance the unfunded amount of a loan commitment at the borrower’s request, subject to certain conditions regarding, among other things, the creditworthiness of the borrower. Borrowers with deteriorating creditworthiness may continue to satisfy their contractual conditions and

therefore be eligible to borrow at times when the lender (e.g., a Client or Portfolio Fund) might prefer not to lend. In addition, a lender may have assumptions as to when the borrower may draw on an unfunded loan commitment when the lender enters into the commitment. If the borrower does not draw as expected, the commitment may not result in as attractive an investment as originally anticipated.

Leverage may be used in connection with a private credit investment. Although leverage presents opportunities for increasing total return, it may potentially increase losses as well. Accordingly, any event that adversely affects the value of an investment would be magnified to the extent leverage is used. The cumulative effect of the use of leverage in a market that moves adversely to investments held could result in a loss that would be greater than if leverage had not been used, including loss of the entire investment and also the possibility of loss exceeding the original amount of a particular investment. 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 Client or Portfolio Fund. There are also financing costs associated with leverage, and each leveraged investment will involve interest rate risk to the extent that financing charges for such leveraged investment are based on a predetermined interest rate. Furthermore, to the extent that capital is drawn from a subscription line to fund investments, the amount and timing of contributions and distribution to the investors of the Client or Portfolio Fund may be affected in a manner that may have potentially adverse consequences to such investors. A Client's or Portfolio Fund's use of borrowings to create leverage subjects such Client or Portfolio Fund to additional risks. For example, depending on the back-leverage structure or type of facility, a decrease in the market value of the investments which serve as the collateral would increase the effective amount of leverage and could result in the possibility of a margin call, pursuant to which the accounts must either deposit additional funds or collateral with the lender, which could require the investors to make additional capital contributions to the accounts or suffer mandatory liquidation of the pledged collateral to compensate for the decline in value. Liquidation of their investments at an inopportune time in order to satisfy a margin call would adversely impact the performance of the accounts and could, if the value of their collateral has declined enough, cause the accounts to lose all or a substantial amount of their capital.

Fixed Income Risk. Investments in bonds, credit, and other types of fixed income-like securities are subject to a variety of risks, including credit risk or the risk of default of the issuer, interest rate risk, or the risk of a decline in value due to changes in interest rates, and reinvestment risk or the risk that proceeds from a fixed income security will be reinvested later at lower interest rates.

Foreign Currency and Exchange Rate Risks. A Client's assets and income may be denominated in various currencies. Contributions and distributions, however, are denominated in U.S. dollars. As a result, the return of a Client on any investment may be adversely affected by fluctuations in currency exchange rates, any future imposed devaluations of local currencies, inflationary pressures, and the success of the investment itself. In addition, a Client may incur costs in connection with conversions between various currencies.

Hedging Risk. Horizons, on behalf of certain Clients, may be authorized by the Client Documentation to hedge certain market or other risks inherent in the Clients' portfolios, but generally have no obligation to do so. Portfolio Fund managers may be similarly authorized by their funds' governing documents. Horizons or Portfolio Fund managers may use a variety of investment instruments for hedging on behalf

of such Clients, the choice of which may turn out in retrospect to have failed to mitigate the risks as intended. Furthermore, Horizons or Portfolio Fund managers may choose to use dynamic hedging approaches which may ultimately fail to achieve the intended risk mitigation of the market experiences rapid changes in price, volatility, or liquidity. Horizons will not, in general, attempt to hedge all market or other risks inherent in such Clients' portfolios and will hedge certain risks only partially, if at all. Such hedging decisions, if they fail to achieve the intended risk mitigation or fail to adequately mitigate the level of intended risk, could have material adverse effect on the performance of such Clients.

Cybersecurity Risk. Horizons, the Clients' service providers, and other market participants increasingly depend on complex information technology and communications systems to conduct business functions. These systems are subject to a number of different threats or risks that could adversely affect the Clients and their investors, despite the efforts of Horizons and the Clients' service providers to adopt technologies, processes, and practices intended to mitigate these risks and protect the security of their computer systems, software, networks and other technology assets, as well as the confidentiality, integrity and availability of information belonging to the Clients and their investors. For example, unauthorized third parties have attempted to improperly access, modify, disrupt the operations of, or prevent access to these systems of Horizons, the Clients' service providers, counterparties, or data within these systems. Third parties have attempted to fraudulently induce employees, customers, third-party service providers or other users of the Horizons' systems to disclose sensitive information in order to gain access to Horizons' data or that of the Clients' investors. A successful penetration or circumvention of the security of the Horizons' systems could result in the loss or theft of an investor's data or funds, the inability to access electronic systems, loss or theft of proprietary information or corporate data, physical damage to a computer or network system or costs associated with system repairs. Such incidents could cause the Clients, Horizons, the general partners, and/or their service providers to incur regulatory penalties, reputational damage, additional compliance costs, or financial loss, and the risks of attack are expected to be heightened in remote work environments.

Similar types of operational and technology risks are also present for the companies in which the Clients invest, which could have materially adverse consequences for such companies, and may cause the Clients' investments to lose value.

Privacy and Data Protection Law Compliance Risk. The adoption, interpretation and application of consumer protection, data protection and/or privacy laws and regulations in the United States, Europe and other jurisdictions (collectively, "*Privacy Laws*") could significantly impact current and planned privacy and information security related practices, the collection, use, sharing, retention and safeguarding of personal data and current and planned business activities of Horizons, its affiliates including the Advisory Affiliates, the general partners, the Clients and/or their portfolio investments, 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 Client performance. As *Privacy Laws* are implemented, interpreted and applied, compliance costs for Horizons, its affiliates including the Advisory Affiliates the general partners, the Clients and/or their portfolio investments, are likely to increase, particularly in the context of ensuring that adequate data protection and data transfer mechanisms are in place.

Certain jurisdictions, including other 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 Horizons, its affiliates including the Advisory Affiliates, the general partners, the Clients and/or their portfolio investments.

Data Sources Risk. Before making investments, Horizons will conduct due diligence that it deems reasonable and appropriate based on the facts and circumstances applicable to each investment. When conducting due diligence, Horizons is required to evaluate important and complex business, financial, tax, accounting, and legal issues. Horizons uses a variety of proprietary and non-proprietary tools to evaluate investments. Horizons will rely on the resources reasonably available to it, which in some circumstances, whether or not known to Horizons at the time, may not be sufficient, accurate, complete, or reliable. If a data source is incomplete, inaccurate, or becomes unavailable or unreliable or the tool has errors, investment decisions may be negatively impacted. Horizons takes reasonable steps to ensure the proprietary and non-proprietary data sources and tools are correct and reliable but it is not responsible for errors in such sources and tools.

Use of Alternative Data. The analysis and interpretation of alternative data involves a high degree of uncertainty and may entail significant expense which may be borne by Clients. Alternative data typically refers to information derived from non-traditional sources of financial information. Alternative data is often less structured than traditional data sets and usually has less history, thus making it more complex to incorporate into investment models. Alternative data providers often do not have enterprise standard infrastructure for data delivery, which can result in data sets being suspended, delayed, degraded, adjusted, or otherwise less uniform. Moreover, there has been increased scrutiny from a variety of regulators regarding the use of alternative data for investment purposes, and its use or misuse under current or future laws and regulations could create liability for Horizons, its affiliates including the Advisory Affiliates, or its Clients, either directly or indirectly, in various jurisdictions. In addition, any future limitations on the use of alternative data or the unavailability of such alternative data sets could have an adverse impact on the performance of Horizons' strategies.

Valuation of Assets. There is no actively traded market for many of the securities owned by many of the Clients. When estimating fair value for such securities, Horizons will apply a methodology based on its best judgment that is appropriate in light of the nature, facts, and circumstance of the investments. Valuations are subject to multiple levels of review for approval and ensuring that portfolio investments are fairly valued is an important focus of Horizons. 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 may ultimately be sold. Third-party pricing information is often not available regarding certain assets or, if available, may not be relied upon. A disruption in the markets for a Client's investments may limit the ability of Horizons to obtain accurate market quotations for purposes of valuing the investments. In addition, material events occurring after the close of a principal market upon which a portion of the securities or other assets of the Client are traded may require the

determination of the effect of a material event on the value of the securities or other assets traded on the market for purposes of determining the value of the Client's investments.

Artificial Intelligence and Machine Learning. Horizons' and its affiliates' ability to use, manage, and aggregate data may be limited by the effectiveness of its policies, systems, and practices that govern how data is acquired, validated, used, stored, protected, processed, and shared. Failure to manage data effectively, and to aggregate data in an accurate and timely manner, may limit the Horizons' ability to manage current and emerging risks, as well as to manage changing business needs and to adapt to the use of new tools, including recent advances in artificial intelligence and machine learning technologies (collectively, "*AI Services*"). The rapid growth and widespread use of AI Services has the potential to pose risks to Horizons, its Clients, and their investments. Horizons and its employees expect to use AI Services in connection with Horizons' business activities, including to support Horizons' due diligence and investment activities. While Horizons' policies may restrict or prescribe certain uses of third-party and open source AI Services, Horizons' employees and consultants and a Client's investments will under certain circumstances use these tools, which poses additional risks relating to the protection of Horizons' and such investments' proprietary data, including the potential exposure of Horizons' or investments' confidential information to unauthorized recipients and the misuse of Horizons' or third-party intellectual property, which could adversely affect Horizons, a Client, or their investments. Use of AI Services could result in allegations or claims against Horizons, a Client, or its investments related to violation of third-party intellectual property rights, unauthorized access to or use of proprietary information, and failure to comply with open-source software requirements. AI Services are highly reliant on the accuracy, adequacy, completeness and objectivity of their underlying data, and any inaccuracies, deficiencies or biases in this data may produce inaccurate, misleading, or incomplete responses that could lead to errors in Horizons', and its employees' and consultants', decision-making, portfolio management, investment processes, or other business activities, which could have a negative impact on Horizons or on the performance of a Client. Such AI Services could also be used against Horizons, a Client, or its investments in criminal or negligent ways. AI Services have the potential to result in significant and disruptive changes in companies, sectors or industries, including those in which the Client's invest, and any such changes could render Horizons' underwriting models obsolete or create new and unpredictable operational, legal and/or regulatory risks. To the extent competitors of Horizons, a Client and its investments make more efficient or extensive use of AI Services, there is a possibility that such competitors will gain a competitive advantage. Additionally, Horizons, a Client or its investments could be further exposed to the risks of AI Services if third-party service providers or any counterparties, whether or not known to Horizons, use AI Services in their business activities. Horizons will not be able to control the use of AI Services in third-party products or services, including those provided by Horizons' and its affiliates' service providers. AI Services and their applications, including in the financial sector, continue to develop rapidly, and have recently become subject to increased scrutiny from lawmakers and regulators. It is impossible to predict the future risks that may have the potential to arise from such developments as well as the growing prominence of AI Services in general. Any of the foregoing factors could have a material and adverse effect on Horizons, a Client and its investments.

Regulatory Risks. Regulatory changes could occur during the term of each Client relationship that will adversely affect such Client, its portfolio investments, or the investors. Regulation of the private fund

industry has increased significantly in recent years and is expected to continue to increase. Compliance with regulations requires significant time and effort from Horizons and its personnel. In addition, the SEC has enacted changes to numerous areas of law and regulations that would impact the business of Horizons and the Clients. In particular, the SEC has signaled an increased emphasis on investment adviser and private fund regulation and has adopted a number of new rules that 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. Such changes are expected to materially impact Horizons and its affiliates (including the Advisory Affiliates), the Funds and/or their Fund Investments, as well as increasing Fund expenses, which such impacts are also expected to flow through to Advisory Clients. Significant time and resources may be required to comply with new regulations, which potentially will detract from the time and resources dedicated to the Clients. As a registered investment adviser or for other reasons, Horizons or its affiliates (including the Advisory Affiliates) and personnel will from time to time be subject to regulatory inquiries, examinations, investigations or enforcement actions that require significant time and attention from Horizons' personnel, and that could distract from the management of the Clients' affairs. Enforcement actions and any resulting sanctions that have an adverse effect on Horizons or its affiliates and personnel could in turn have an adverse effect on the Clients. In certain cases, the Funds themselves could become subject to regulatory investigation or enforcement actions that could involve significant cost to the Funds or otherwise adversely affect the Funds.

CFIUS and National Security Clearance Considerations. Certain investments are expected to be subject to, or require review and approval by, the U.S. Committee on Foreign Investment in the United States (“CFIUS”), such as where CFIUS-related laws, regulations, or guidance deem non-U.S. persons or entities under their control (such as a Client, co-investors and/or rollover sellers) to acquire a U.S. business (including a business with assets, employees, facilities, and/or operations in the U.S.). CFIUS has the authority to review proposed or existing transactions or investments and to seek to impose limitations on or prohibit investments. CFIUS filings and other considerations can materially impact transaction timing, feasibility, certainty, and costs. In certain circumstances, CFIUS considerations have the potential to prevent a Client from maintaining or pursuing investments or limit the universe of available buyers for an existing investment. Any of these factors have the potential to adversely affect a Client's performance, and the likelihood that CFIUS considerations will be implicated is expected to increase where non-U.S. limited partners comprise a substantial percentage of a Client. Under the Client Documentation, Horizons and / or its affiliates are generally authorized, although not required, to excuse or otherwise limit non-U.S. investors' ability to invest in U.S. businesses (or to exercise voting or advisory board rights with respect thereto) in order to anticipate or comply with CFIUS considerations. However, there can be no assurance that invoking any such excuse provisions or other limitations will allow the Client to proceed with or maintain any investment, or to avoid losses relating thereto. Similar considerations are expected to apply with respect to reviews by non-U.S. national security or investment clearance regulators.

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 Horizons 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 Horizons 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.

Foreign Tax Risk. While the Clients typically attempt to structure their investments to minimize taxes in non-U.S. jurisdictions, there is no guarantee that such efforts will be successful, and, as such, the Clients may be subject to non-U.S. withholding or other taxes, duties, or levies. In addition, there may be changes in tax laws in the U.S. or in non-U.S. jurisdictions, or interpretations of such tax laws, adverse to the Clients. There can be no assurance that the structure of the Clients or of any investment will be tax efficient.

Fraud. Securities markets may be susceptible to market manipulation or other fraudulent trading practices, which could disrupt the orderly functioning of markets or reduce the value of investments traded in them, including investments of Horizons' Clients. Instances of fraud and other deceptive practices committed by senior management of certain companies in which Horizons' Clients invests may negatively affect the value of their investments. In addition, when discovered, financial fraud may contribute to overall market volatility, which can negatively impact the Horizons' investment strategies. Financial fraud may also impact the rates or indices underlying Horizons' Clients' investments.

Redemptions from Portfolio Funds; Limited Liquidity; In-Kind Distributions. The complicated and often protracted process of withdrawing/redeeming from Portfolio Funds may limit Horizons' ability to meet withdrawal requests from its Clients or Fund investors in a timely manner. Among other things, the timing of the receipt of withdrawal/redemption proceeds from the Portfolio Funds is uncertain and can vary significantly from the expected payment dates. Certain Portfolio Funds may have significantly limited liquidity and may invest a significant portion of their assets in illiquid investments. A Portfolio Fund with significant illiquid investments may have a mismatch between the liquidity of its investment portfolio and the liquidity it offers to its investors, resulting in an inability to satisfy withdrawal/redemption requests, to suspend withdrawals/redemptions, or to take other measures restricting the ability of its Clients (including a Fund) or Fund investors to withdraw/redeem. The governing documents of Portfolio Funds typically give their investment managers broad leeway to restrict investor liquidity if they believe that not doing so would adversely affect continuing investors. If such a Portfolio Fund sells liquid positions in order to fund withdrawal/redemption requests, the reduced liquidity of such a Portfolio Fund's investment portfolio could adversely affect the ability of the remaining investors in such Portfolio Fund, including a Client, to withdraw/redeem their investments should they choose to do so. In certain cases, other investors in a Portfolio Fund may have preferential withdrawal/redemption rights as compared to a Client, the exercise of which could materially adversely affect the applicable Client's investment in such Portfolio Fund. For example, a Client may be subject to a lock-up, gate (defined below) or other restriction on its ability to withdraw/redeem its investment in a Portfolio Fund and may be adversely affected by the fact that other investors in such Portfolio Fund are able to withdraw/redeem before a Client is permitted to do so. Clients

may have limited rights to redeem, transfer, or otherwise liquidate investments in Portfolio Funds. Investments in Portfolio Funds are not themselves marketable, and therefore Clients are not able to readily dispose of interests in Portfolio Funds. Accordingly, with respect to Clients that invest in Portfolio Funds, the submission of a duly executed redemption request by such Client does not mean that it will necessarily be able to provide liquidity at the time requested in the redemption request as the Portfolio Fund may be subject to limitations of liquidity and potential restrictions on redemptions. Under the terms of the governing documents of the Portfolio Funds, the ability to redeem any amount invested therein may be subject to certain restrictions and conditions, including restrictions on the redemption of shares for a period of time (“*lock-up*”), restrictions on the amount of redemptions at a given time by an investor and at the Portfolio Fund level, and the frequency with which redemptions can be made, and investment minimums that must be maintained. Additionally, the Portfolio Funds typically reserve the right to reduce (“*gate*”) or suspend redemptions and to satisfy redemptions by making distributions in-kind, under certain circumstances. The ability to redeem all or any portion of shares may be adversely affected to varying degrees by such restrictions depending on, among other things, the length of any restricted periods imposed by the Portfolio Funds, the amount and timing of a requested redemption in relation to the time remaining of any restricted periods imposed by related Portfolio Funds, the aggregate amount of redemption requests, the next regularly scheduled redemption dates of such Portfolio Funds, the imposition of gates or suspensions, the decision by a Portfolio Fund to satisfy redemptions in kind, and the satisfaction of other conditions. Additionally, in some cases Portfolio Funds may also suspend the determination of the net asset value of all or a portion of their portfolios. The absence of such valuations would make it more difficult for Horizons’ or the adviser to the Portfolio Funds to accurately value the portfolio.

In addition, the Portfolio Funds may invest a portion of their assets in restricted or non-publicly traded securities, securities that are subject to legal or other restrictions on transfer or for which no liquid market exists, securities of distressed issuers, securities traded on non-U.S. exchanges, and futures contracts. The sale of restricted and illiquid securities often requires more time and results in higher brokerage charges or dealer discounts and other selling expenses than does the sale of securities eligible for trading on national securities exchanges or in the OTC markets. Futures positions may be illiquid because certain commodity exchanges limit fluctuations in certain futures contract prices during a single day by regulations referred to as “daily price fluctuation limits” or “daily limits.” Under such daily limits, during a single trading day no trades may be executed at prices beyond the daily limits. Once the price of a contract for a particular future has increased or decreased by an amount equal to the daily limit, positions in the future can neither be taken nor liquidated unless traders are willing to effect trades at or within the limit. Such investment positions could prevent a Portfolio Fund from liquidating unfavorable positions promptly and subject a Client’s portfolio to substantial losses. Similar limits may apply to securities traded on a non-U.S. exchange.

Portfolio Funds may be permitted to satisfy redemption requests by distributing their interests in kind. Thus, upon the withdrawal of all or a portion of its interest in a Portfolio Fund, a Client may receive securities that are illiquid or difficult to value. Similarly, although Horizons expects to distribute cash to Clients or Fund investors liquidating their accounts (in accordance with the Client Documentation), there can be no assurance that the Portfolio Funds will have sufficient cash to satisfy redemption or liquidation requests, or that Horizons will be able to liquidate a Client’s investments at the time of such redemption or liquidation requests. An in-kind distribution may not be readily marketable or saleable and may have to be

held by the Client or Fund investor for an indefinite period of time. In addition, it is the Advisory Client or Fund investor's (and not Horizons') responsibility to ensure that it has the legal and regulatory authority to hold such securities and that it has made the necessary custodial arrangements to hold such securities.

Horizons has no control over the liquidity of Portfolio Funds and depends on them to provide appropriate valuations as well as liquidity to process investor redemptions. Moreover, restrictions on liquidity that Portfolio Funds impose under certain circumstances may materially restrict or delay investor redemption rights. If a material portion of a Client's assets are allocated to Portfolio Funds that take such actions, such Client likely will not be able to withdraw from such Portfolio Funds for an extended period of time. This could expose the applicable Client to losses they may have avoided if they had been able to allocate away from such Portfolio Funds. The complicated and often protracted process of withdrawing from Portfolio Funds could hinder the Client's ability to timely meet withdrawal and redemption requests, as well as the applicable Client's ability to adjust its Portfolio Fund allocations. It could also cause a Client to become unbalanced in the event they withdraw from their more liquid Portfolio Funds to fund their withdrawals or expenses.

Also, to the extent that a material portion of a Client's Portfolio Funds suspend net asset value calculations, Horizons may be unable to calculate the relevant Client's net asset value.

Additionally, in certain circumstances, Horizons forms an SPV through which such investments into a Portfolio Fund may be made for purposes of obtaining access to a particular Portfolio Fund. Redemptions from such SPV in which the Client is invested will generally be subject to the terms imposed by such SPV, including, without limitation, restrictions on the timing or amount of liquidity. An SPV will generally have the liquidity that is associated with or similar to the Portfolio Funds in which such SPV is invested (and additional length of time for required notice), and in some cases other terms may differ depending upon the number of investors in the vehicle and such vehicle's size and strategy.

Misconduct of Employees and of Third-Party Service Providers. Misconduct by Horizons employees or by third party service providers could cause significant losses. Misconduct may include binding Client accounts to transactions that present unacceptable risks and unauthorized activities or concealing unsuccessful activities (which, in either case, may result in unknown and unmanaged risks or losses). Losses could also result from actions by third party service providers, including failing to record transactions or improperly performing their contractual responsibilities. In addition, employees and third-party service providers may improperly use or disclose confidential information, which could result in litigation or serious financial harm. Although Horizons has adopted measures reasonably designed to prevent and detect employee misconduct and to select reliable third-party providers, such measures would not likely be effective in all cases.

Item 9 – Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to an evaluation of their advisory business or the integrity of their management. Horizons has no such events and, therefore no information to disclose pursuant to this item.

Item 10 – Other Financial Industry Activities and Affiliations

Horizons has entered into a services agreement with its Advisory Affiliate pursuant to which the Advisory Affiliate is providing some of the employees and resources (e.g., including trading, marketing, legal, compliance, human resources, and other finance or administrative services) to conduct Horizons business, and the Advisory Affiliates and Horizons share certain officers. Horizons shares proprietary research and other information with the Advisory Affiliates, and the Advisory Affiliates share similar information with Horizons from time to time. Certain investors doing business with the Advisory Affiliates are investors in the Clients, and vice versa. Horizons and the Advisory Affiliates refer potential investors to each other from time to time. The Advisory Affiliates, their affiliates, their officers, and employees invest, and may in the future invest, in the Funds and/or Manager-Led Directs or on a side-by-side basis through separate investment vehicles, and, subject to the Client Documentation, invest, and may in the future invest, in opportunities that are not presented to the Funds or their investors. Horizons may invest or recommend investments in companies in which the Advisory Affiliates or their affiliates or their officers and employees have personal interests. In the event the securities issued by a portfolio company in which Horizons' Clients, officers, employees, or affiliates have directly or indirectly invested become listed on a national securities exchange, the Advisory Affiliates have in the past and may in the future invest in such securities for its client accounts. For a description of potential material conflicts of interest created by the relationship between Horizons and its related persons, as well as a description of how such potential conflicts are addressed, please see *Item 11 – Code of Ethics, Participation or Interest in Client Transactions, and Personal Trading* below.

Mr. Andrasko is the owner of Fry's Path Capital, LLC ("Fry's Path"). Fry's Path serves as the manager or investment adviser to special purpose vehicles, each formed to hold, manage, and dispose of an investment in a single privately held company. Some of the special purpose vehicles hold an investment in a company that is also held in client accounts of an Advisory Affiliate. Mr. Andrasko is also a co-owner of Fry's Path Atlas Manager, LLC, the manager of a special purpose vehicle formed to hold, manage, and dispose of an investment in a single privately held company. These activities do not involve a substantial amount of Mr. Andrasko's time. No management or director's fees are paid to Mr. Andrasko in connection with these entities. However, through these relationships, Mr. Andrasko has a financial interest in Incentive Fees, if any, generated by these entities. Horizons believes that potential conflicts resulting from such activities will be minimal and can be managed by existing policy regarding conflicts of interest, including policy addressing allocation of investment opportunities. For a description of potential material conflicts of interest created by the relationship between Horizons and its related persons, as well as a description of how such potential conflicts are addressed, please see *Item 11 – Code of Ethics, Participation or Interest in Client Transactions, and Personal Trading* below.

As detailed above, Horizons recommends third-party investment managers as part of its investment advisory services. Outside of compensation disclosed above and compensation that may be received from its affiliates, or the Advisory Affiliates and their affiliates, Horizons does not receive compensation of any kind from any third-party manager or advisor, including, for the avoidance of doubt, any third-party investment manager that Horizons recommends to its Clients.

Horizons is not a registered broker dealer. No management persons are registered, nor do any management persons have an application pending to register, as a broker-dealer or a registered representative of a broker-

dealer. Neither Horizons nor Horizons' management persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, commodity trading advisor, or an associated person of the foregoing entities.

Item 11 – Code of Ethics

Code of Ethics and Personal Trading

Horizons has adopted a code of ethics in compliance with the Advisers Act that is applicable to all of its members, principals, employees, and other personnel, as well as principals, employees, and other personnel of its affiliates, including the Advisory Affiliates, and certain independent contractors. The code of ethics is designed to comply with Rule 204A-1 under the Advisers Act and is based on the principle that Horizons and its employees owe a fiduciary duty to Clients. The code of ethics establishes guidelines for professional conduct and personal trading procedures, including certain pre-clearance and reporting obligations. The code of ethics helps Horizons detect and prevent potential conflicts of interest.

Horizons' code of ethics permits Horizons employees to trade in certain securities for their own accounts, *provided* that they comply with the restrictions imposed by the code. Under the code, personal securities transactions are limited to certain types of securities and certain issuers and must receive approval before a transaction can be initiated. The code also requires periodic reporting of personal securities transactions and holdings reports upon hire and annually thereafter. Each calendar quarter, Horizons employees are required to provide copies of all transactions in reportable securities to Horizons' Compliance Team. All Horizons employees must also comply with all applicable federal securities laws. Principals, employees, or other personnel who violate the code of ethics will be subject to such sanctions as deemed necessary and appropriate under the circumstances. The range of sanctions include, but are not limited to, written warning or reprimand, cancellation of trades, disgorgement of profits or sale of positions at a loss, restriction on trading privileges, fines, suspension of employment without pay, termination of employment and/or referral to regulatory or law enforcement authorities. Principals, employees, and other personnel are also required to promptly report any violations of the code of ethics of which they become aware and certify annually to compliance with the code of ethics. Clients may request a copy of the Horizons code of ethics by contacting the Chief Compliance Officer, writing to 1000 Wilson Blvd., Suite 3000, Arlington, VA 22209, or emailing ComplianceTeam@sandscap.com.

Horizons reserves the right to refine and modify the code and its other policies and procedures over time. No investor or prospective investor should invest with Horizons on the basis of, or otherwise rely on, the provisions thereof, and any such refinements or modifications have the potential to materially affect the investments available to the Clients or the expenses borne thereby.

Material, Nonpublic Information

As a result of the extensive operations of Horizons and its affiliates, including the Advisory Affiliates, Horizons and its employees at times come into possession of material, nonpublic information through a number of means, including through the activity of its Advisory Affiliates. There is no information wall between Horizons and the Advisory Affiliates that would otherwise limit communication of material non-

public information to Horizons. Horizons has adopted policies addressing the handling and protection of material, nonpublic information. In accordance with these policies, Horizons and its employees will be prohibited from using material, nonpublic information to buy or sell securities until the information has been disclosed to the public or is no longer material and such information is not subject to any contractual restrictions on its use and disclosure. This may cause Horizons to be unable to dispose of or otherwise take action with respect to an investment at a given time (including making an investment that otherwise might have been made or selling an investment that otherwise might have been sold), even if the action were in the best interests of applicable Clients. Additionally, there may be circumstances in which one or more individuals associated with Horizons or its affiliates will be precluded from providing services to Horizons or Clients because of certain confidential information available to those individuals or to Horizons or its affiliates, which could have an adverse effect on Clients.

Restricted List

In certain circumstances, Horizons or its Advisory Affiliates may conclude that a particular security should be placed on a “*restricted list*” or “*blackout list*.” While a security is on this list, purchases, sales, or other transactions in the security must be pre-cleared with Horizons’ or its affiliates’ Chief Compliance Officer (or his or her delegate). The reasons for placing a security on the restricted list include, but are not limited to: (i) preventing the appearance of impropriety in connection with a trading decision and (ii) preventing the misuse, or appearance of the misuse, of material, nonpublic information. Horizons and its Advisory Affiliates generally share one restricted list.

Participation or Interest in Client Transactions

Horizons and its affiliates (including the Advisory Affiliates) engage in a broad range of activities, including investment activities for their own accounts and for the accounts of other investment funds, and provide transaction-related, investment advisory, management, and other services to funds and operating companies. In the ordinary course of conducting its activities, the interests of a Client will, from time to time conflict with the interests of Horizons, other Clients, or their respective affiliates.

The material conflicts of interest encountered by a Client include those discussed below, although the discussion below does not necessarily describe all of the conflicts of interest that may be faced by a Client. Other conflicts may be disclosed throughout this brochure and in the Client Documentation, and the brochure and such Client Documentation should be read in their entirety for other conflicts.

Resolution of Conflicts

In the case of all conflicts of interest, Horizons’ determination as to which factors are relevant, and the resolution of such conflicts, will be made using Horizons’ best judgment, but in its sole discretion. In resolving conflicts, Horizons will consider various factors, including the interests of the applicable Clients with respect to the immediate issue and/or with respect to their longer-term courses of dealing. Certain procedures for resolving specific conflicts of interest are set forth below. When conflicts arise, the following factors generally mitigate, but will not eliminate, conflicts of interest:

- a Client will not make an investment unless Horizons believes that such investment is an appropriate investment considered solely from the viewpoint of such Client;
- many important conflicts of interest will generally be resolved by set procedures, restrictions, or other provisions contained in the Client Documentation;
- where Horizons deems appropriate, unaffiliated third parties may be used to help resolve conflicts, such as the use of an investment banker to opine as to the fairness of a purchase or sale price;
- prior to subscribing to interests in a Fund, each investor receives information relating to significant potential conflicts of interest arising from the proposed activities of the Fund; and
- Horizons and certain of its affiliates have adopted written policies establishing information communication guidelines designed to guard against unlawful and inappropriate disclosure of material, nonpublic information among Horizons and its affiliates.

Valuation

Horizons will typically be responsible for determining the value of investments held in a Horizons Fund and on behalf of Discretionary Advisory Clients. To do so, Horizons has adopted a valuation policy, which may be updated from time to time in the sole discretion of Horizons. Certain securities owned by the Funds will not be publicly traded, and there exists no actively traded market for such securities. For such securities, there will be no reliable market quotations on which to determine valuation. The process of valuing these securities is based on inherent uncertainties, and the resulting values may differ from values that would have been determined had an active market existed and may differ from the prices at which such securities may ultimately be sold. Third-party pricing information may sometimes not be available but regardless, will generally not be used when valuing such assets. Further, Horizons has discretion as to which methodology(ies) to use when valuing such assets, and choice of valuation methodology(ies) could have a material impact on the valuation. The valuations of investments are likely to impact the amount of Management Fees or Incentive Fees Horizons or its affiliates will receive from a Horizons Fund. Further, valuations of investments have in the past and are likely to in the future be provided to potential investors in connection with fundraising for Funds or investment strategies. In such cases, Horizons will have an incentive to adopt valuation methodologies that will result in higher valuations.

Horizons may incorporate the analyses of valuation committees of its Advisory Affiliates, as appropriate, to conduct its valuation of securities held by a Fund, however, Horizons retains discretion over valuations of such investments and may value the investments differently than how the same or similar investments are valued by the valuation committee(s) of the Advisory Affiliates.

Allocation of Investment Opportunities Among Clients

Horizons and its affiliates, including the Advisory Affiliates, manage a number of funds (including Funds) and accounts with investment strategies substantially similar to, overlapping, or different from, each other. In addition, Horizons expects that it, its affiliates, and its employees will in the future establish one or more additional investment funds and/or accounts with investment strategies substantially similar to, overlapping, or different from, that of their existing funds (including the Funds) and accounts. Horizons

may give advice or take actions with respect to the investments of a Client that may not be given or taken with respect to other Clients with similar investment programs, objectives, or strategies. As a result, a Client will not hold the same securities or achieve the same performance as other Clients with similar strategies. Allocation of available investment opportunities between a Client and another Client could give rise to conflicts of interest. Further, Horizons and its principals, employees, and affiliates often invest in Funds. Such interests will vary by Client, and the existence of these varying circumstances presents conflicts of interest in determining how much, if any, of certain investment opportunities are offered to such Client. Horizons must determine how to allocate investment opportunities among various Clients and other persons, which may include the following:

- the Funds;
- the Manager-Led Directs;
- the Advisory Clients;
- co-investment vehicles that have been formed to invest side-by-side with one or more Funds in all or particular transactions entered into by such Funds (the investors in such co-investment vehicles may include Adviser Investors and/or individuals and entities that are not investors in any Funds (collectively, “*Third Parties*”));
- Adviser Investors and/or Third Parties, including Adviser Investors and/or Third Parties that wish to make direct investments (*i.e.*, not through an investment vehicle) side-by-side with one or more Funds in particular transactions entered into by such Funds or who are acting as “*co-sponsors*” with Horizons with respect to a particular transaction; and
- Affiliates of Horizons, including the Advisory Affiliates, and their clients.

Horizons’ discretion in providing access to investments could result in a conflict of interest, as Horizons may have an incentive to allocate the most promising investments to Adviser Investors or Third Parties it believes could provide Horizons or its affiliates with some strategic benefit. Horizons believes, however, that this potential conflict will not be of significance because the Client Documentation and internal policy specifies any restrictions and procedures relating to the allocation of investment opportunities, and Horizons will make allocation determinations consistently therewith.

The Clients are generally subject to investment allocation requirements (collectively, “*Investment Allocation Requirements*”), which also apply directly or indirectly to certain co-investment vehicles with investments contractually tied to the Funds. Investment Allocation Requirements are generally set forth in the Client Documentation. To the extent the Investment Allocation Requirements of a Client do not include specific allocation procedures or otherwise allow Horizons discretion in making allocation decisions among the Clients, Horizons will follow the process set forth below.

Horizons must first determine which Clients will participate in an investment opportunity. Horizons assesses whether an investment opportunity is appropriate for a particular Client based on the Client’s investment objectives, strategies, and structure. A Client’s investment objectives, strategies, and structure typically are reflected in the Client Documentation. Prior to making any allocation to a Client of an

investment opportunity, Horizons determines what additional factors may restrict or limit the offering of an investment opportunity to the Client. Possible restrictions and limitations include, but are not limited to:

- Horizons may be required to offer an investment opportunity to one or more Clients, and such a requirement will generally be set forth in the Client Documentation;
- Horizons may offer an investment opportunity related to an investment previously made by a Clients to such Clients to the exclusion of, or resulting in a limited offering to, other Clients;
- Horizons may determine that certain Clients should be excluded from an allocation for portfolio construction purposes, because of capital constraints or to mitigate certain risks, such as risks related to industry, geography, or growth-stage concentration; and
- Horizons may determine that certain Clients or investors in such Clients should be excluded from an allocation due to specific legal, regulatory, or contractual restrictions placed on the participation of such persons in certain types of investment opportunities.

Horizons, at its discretion, determines which Clients will participate in a particular investment and decides how to allocate such investment opportunity among the identified Clients. In allocating such investment opportunity, Horizons may consider some or all of a wide range of factors, which include, but are not necessarily limited to the following:

- each Client's investment objectives and investment focus;
- structural and operational differences between Clients;
- any "*ramp-up*" period;
- transaction sourcing;
- each Client's liquidity and reserves;
- each Client's diversification, including based on the industry, geography, or growth stage of the company;
- amount of capital available for investment by each Client;
- geography and nature of the investment opportunity;
- each Client's ability to scale the investment;
- each Client's targeted rate of return;
- stage of development of the prospective portfolio company or other investment and anticipated holding period of the portfolio company;
- size, liquidity and duration of an investment;
- portfolio construction objectives;

- composition of each Client's portfolio;
- the suitability as a follow-on investment for a current investment of a Client;
- ability to participate in future financings;
- supply or demand of an investment opportunity at a given price level;
- the seniority of an investment and other capital structuring criteria;
- the centrality of an investment to an investment strategy;
- the use of leverage in the proposed capital structure;
- the availability of other suitable investments for each Client;
- risk profile;
- cash flow considerations;
- asset class restrictions;
- industry and other allocation targets;
- minimum and maximum investment size requirements;
- tax considerations;
- legal, contractual, or regulatory constraints
- whether an investment opportunity requires additional consents or authorizations
- qualification for certain programmatic benefits or discounts that are not readily available to other Clients (including the ability to enter into credit arrangements with certain financial or governmental institutions); and
- any other relevant limitations imposed by, or conditions set forth in the Client Documentation.

In other circumstances, during the period that an investment is held in a Client's portfolio, it could acquire other characteristics that would make it a suitable investment for one or more other Clients.

Additionally, investments sourced by an affiliate of Horizons (such as the Advisory Affiliates) that are appropriate for one or more clients advised by such affiliate may first be made available to one or more of such clients. Further, allocations of initial public offerings, follow-on public offerings, and secondary market block trades of public securities are often made to Horizons and its affiliates as a group and not to Horizons or a Client specifically. The current policy of Horizons and its affiliates, including the Advisory Affiliates (which policy is subject to change at their discretion), is to allocate such offerings and trades on a client-by-client basis based on the relative assets under management. Unless stated in the Client Documentation, participation in an initial public offering or other opportunity offered to Horizons and its

Advisory Affiliates as a group is not guaranteed to any Client, including in the event other Clients or investment strategies participate.

Allocation determinations are inherently subjective and give rise to conflicts of interest due to the inherent biases in the process. For example, in allocating an investment opportunity among Clients with differing fee, expense, and compensation structures, Horizons has an incentive to allocate investment opportunities to the Clients from which Horizons or its related persons derive, directly or indirectly, higher fees, compensation, or other benefits, or in which persons related to Horizons have invested their own capital. Notwithstanding the foregoing, Horizons seeks to not systematically disadvantage the Clients, and Horizons will not allocate investment opportunities based, in whole or in part, on (i) the relative fee structure or amount of fees paid by the Clients; (ii) the profitability of the Clients; or (iii) the investors in the Clients. Horizons makes allocation determinations based solely on its expectations at the time such investments are made, however investments and their characteristics may change, and there can be no assurance that an investment may prove to have been more suitable for another Client in hindsight.

Subject to the requirements of the code of ethics, Horizons and its principals, employees, and other affiliates, either directly or through investment vehicles, often invest in certain of the Funds. Such interests will vary Fund by Fund and may create an incentive to allocate particularly attractive investment opportunities to the Funds in which such employees hold a greater interest. The existence of these varying circumstances presents conflicts of interest in determining how much, if any, of certain investment opportunities to offer to a Fund.

Horizons expects to enter from time to time, informal or formal arrangements or strategic relationships (each, a “*Strategic Relationship*”) with investors in certain Funds, third parties, including other asset managers, financial firms, or other businesses or persons, which, among other things, provides for referral, sourcing, or sharing of investment opportunities, or information. Horizons may provide compensation or reimbursement for certain expenses incurred as part of such arrangements, including diligence expenses and administrative, deal sourcing and other related expenses.

A Strategic Relationship often involves an investor agreeing to make a significant capital commitment to one or more Funds or accounts (including co-investment vehicles) and such Strategic Relationship may be a formal or informal arrangement. Investors will not receive a copy of any agreement memorializing a Strategic Relationship program (even if in the form of a side letter) and will be unable to elect any such rights or benefits afforded through a Strategic Relationship. Specific examples of such additional rights and benefits include, among others, (in addition to one or more of the rights listed above) specialized reporting, discounts on or reimbursement of Management Fees, carried interest, and targeted amounts for co-investments alongside Horizons vehicles.

Such additional rights and benefits in certain cases extend to the affiliates of investors that have entered into a Strategic Relationship, which includes investment vehicles or other accounts that such investors sponsor and/or advise. While it is possible that a Client will, along with Horizons itself, benefit from the existence of those arrangements and/or relationships, Horizons, its affiliates and their employees may indirectly receive compensation from Strategic Relationships and be incentivized to allocate investment opportunities away from such Client to, or source investment opportunities, for, Strategic Relationships.

Strategic Relationships may therefore result in fewer investment opportunities (or reduced allocations) being made available to a Client.

Conflicts Related to Investment in Affiliated Products

Horizons may recommend or invest Client assets in investment products or vehicles for which Horizons or its affiliates receive Management Fees or Incentive Fees. This arrangement creates a conflict of interest, as Horizons has a financial incentive to recommend or allocate Client assets to such products over other investments that may not generate similar compensation.

Horizons seeks to mitigate this conflict by adhering to its fiduciary duty to act in the best interest of its Clients and by disclosing this arrangement in advance. Horizons may also implement internal policies and procedures reasonably designed to ensure that investment decisions are based on the Client's investment objectives and not influenced solely by the potential for additional compensation.

Clients are encouraged to review all related offering materials and disclosure and to ask questions to ensure they understand the nature of any fees paid to Horizons or its affiliates.

Conflicts Related to Purchases and Sales

As described in *Item 10 – Other Financial Industry Activities and Affiliations*, the Advisory Affiliates have their own clients. Although the Advisory Affiliates focuses primarily on different investment strategies than Horizons, clients of Horizons and the Advisory Affiliates may invest in the same portfolio companies, including in the same security or in different securities of such a portfolio company. Investment opportunities may, from time to time, be appropriate for Clients and for clients of an affiliate at the same and/or at different or overlapping levels of a portfolio company's capital structure. For instance, in the event the securities issued by a portfolio company in which a Client has invested becomes listed on a national securities exchange, the Advisory Affiliates may invest in such securities for its client accounts. Additionally, to the extent that a security is commonly held by a strategy of the Advisory Affiliates and a Client, such strategy and the Client could trade in opposite directions, a purchase or sale of the security by a strategy of the Advisory Affiliates in large volumes could influence the price of the security held by the Client, or there could be competition between the Advisory Affiliates and the Client for allocation of thinly traded public securities. In such instances, the Advisory Affiliates will generally continue their trading activities without reference to positions held by a Client. Such trading activities may therefore have an adverse effect on the value of the positions held by the Client, or may result in such affiliates having interests adverse to those of the Client.

The Advisory Affiliates (and their clients) are not prohibited from purchasing or selling securities of or otherwise investing in, or financing issuers in which a Client has an interest. Conversely, the Clients managed by Horizons are not prohibited from purchasing or selling securities of, or otherwise investing in, or financing issuers in which clients of the Advisory Affiliates have an interest. Conflicts arise in determining the terms of investments, especially where a Client holds equity senior to the equity held by a client of the Advisory Affiliates or another Client. Additionally, investments by the Client in transactions controlled by another Client or a client of an affiliate may be subject to investment terms, including with

respect to liquidity or governance, that may be more restrictive than those preferable to the Client if it were investing without such other Client or client of an affiliate. As another example, if another Client or client of an affiliate is investing in debt securities, it will have an interest in structuring debt securities that have financial terms (such as interest rates, repayment terms, seniority, covenants, acceleration rights and events of default) that are more restrictive than the Client, as an equity owner, may desire. Equity holders and debt holders have different (and often competing) motives, incentives, liquidity goals, and other interests with respect to a portfolio company. For additional information regarding overlapping investments among the Advisory Affiliates and the Clients, resulting conflicts of interest, and how they are addressed, see *Item 6 – Performance-Based Fees and Side-by-Side Management*.

There can be no assurance that the return of a Client participating in a transaction would be equal to and not less than another fund participating in the same transaction or that it would have been as favorable as it would have been had such conflict not existed.

Further conflicts may arise once the Client has made an investment in a company in which another Client or client of an affiliate (including the Advisory Affiliates) has also invested. For example, questions arise as to whether payment obligations and covenants should be enforced, modified, or waived, or whether debt should be refinanced. Decisions about what action should be taken in a troubled situation, including whether or not to enforce claims, whether or not to advocate or initiate a restructuring or liquidation inside or outside of bankruptcy, and the terms of any work-out or restructuring raise conflicts of interest. Horizons may be incentivized to choose a course of action that benefits one Client to the detriment of another Client.

If additional capital is necessary as a result of financial or other difficulties, or to finance growth or other opportunities, the Client may or may not provide such additional capital, and if provided, the Client will supply such additional capital in such amounts, if any, as determined by Horizons and its affiliates responsible for making such decision at their sole discretion. In the event that one Client is unable to fund its share of additional capital (e.g., in the event such Client does not have sufficient available capital), the other Client or Clients may be obligated to fund more than its share of such amount. In such an event, one Client will gain greater exposure to such investment than may have been intended and the other Client will be diluted in such investment. The returns of each Client may be negatively impacted as a result of the foregoing.

In addition, a conflict will arise in allocating an investment opportunity if the potential investment target could be acquired by either a Client or a portfolio company of another Client. Investments by more than one client of Horizons or its affiliates (including the Advisory Affiliates) in a portfolio company will also raise the risk of using assets of a client of Horizons or its affiliates to support positions taken by other clients of Horizons or its affiliates. Horizons and its affiliates will resolve all such conflicts using their best judgment but at their sole discretion.

A Client may make investments in companies or other entities in which employees of Horizons or its affiliates, including members of the investment team (and members of the investment team of Horizons), have a direct or indirect ownership interest. In addition, employees of Horizons or its affiliates, including members of the investment team, may make a direct or indirect investment in a company in which a Horizons' Client holds an investment. In such cases, there would be an inherent conflict of interest.

Employees and related persons of Horizons and its affiliates have made or may make large capital investments in or alongside certain Clients or clients of Horizons' affiliates, and therefore may have additional conflicting interests in connection with these joint investments.

Horizons will not always be able to cause Clients to make all investments on a *pari passu* basis and in the same security because in some cases this may not be possible, or Horizons may determine that an investment in a junior, senior or different security is more appropriate.

A Client will not be required to divest of investments at the same time or on the same terms as other Clients and it is not anticipated that a Client will generally divest of investments at the same time as the clients of the Advisory Affiliates. Horizons also reserves the right to make independent decisions regarding recommendations of when a Client should purchase and sell investments, and Horizons' affiliates reserve similar rights with respect to the clients that they advise. As a result, the Clients may purchase an investment at a time when another Client is selling the same or similar investment, or vice versa.

Horizons may cause a Client to invest in opportunities that another Client has declined, and likewise, a Client may decline to invest in opportunities in which other Clients or clients of the Advisory Affiliates have invested. A conflict of interest arises because one Client or the Advisory Affiliates will, in such circumstances, benefit from the initial evaluation, investigation, and due diligence undertaken by Horizons on behalf of the original Client or the Advisory Affiliates considering the investment. In such circumstances, the benefitting Client or the Advisory Affiliates will not be required to reimburse the original Client for expenses incurred in connection with researching such investment.

From time to time, Horizons will, at its discretion, enter into transactions with a client of an affiliate (including the Advisory Affiliates), or investors in one or more Clients or in a client of an affiliate, to dispose of or sell down all or a portion of certain investments held by one or more Clients. The sales price for such transactions will be mutually agreed to by Horizons, such purchaser(s), and an affiliate of Horizons, if applicable; however, determinations of sales prices involve a significant degree of judgment by Horizons. Horizons is not obligated to solicit competitive bids for such sales transactions or to seek the highest available price, which means Horizons may not obtain the highest price for the transaction. Furthermore, Horizons may charge (or may decide not to charge) a purchasing party interest costs for the time period between the closing of the applicable investment and the date of the transfer of interests to the applicable purchasing party. There can be no assurance, in light of the performance of the investment following such a transaction, that such transaction will ultimately prove to be the most profitable or advantageous course of action for the applicable Clients. Any such transactions will comply with the Client Documentation of the applicable Clients.

In the event a Client becomes a potential purchaser for a portfolio company (or a portion thereof) held by a client managed by an affiliate, the interests of Horizons' Clients would therefore conflict with the interests of the clients of these affiliates. In general, Horizons and each affiliate of Horizons responsible for making such investment decisions will participate in the resolution of all such matters using their best judgment, considering all factors it deems relevant, but at their sole discretion.

The Clients may also co-invest with third parties through joint ventures or other entities. Such investments may involve risks in connection with such third-party involvement, including the possibility that a third-party co-venturer may have financial, legal, or regulatory difficulties, resulting in a negative impact on such investment, may have economic or business interests or goals that are inconsistent with those of a Client, or may be in a position to take (or block) action in a manner contrary to a Client's investment objectives. In addition, the Clients may in certain circumstances be liable for the actions of its third-party co-venturers. In those circumstances where such third parties involve a management group, such third parties may receive compensation arrangements relating to such investments, including incentive compensation arrangements.

Transactions with Affiliates Rebalancing

Client Documentation may allow a Client to participate in transactions in which Horizons or its affiliates (including its principals and employees) is directly or indirectly interested. In connection with such transactions, the Client, on the one hand, and Horizons and its affiliates (including its principals and employees), on the other hand, may have conflicting interests. Horizons and a Fund general partner may also face conflicts of interest in connection with purchase or sale transactions (involving a Fund Investment) with an affiliate of the Fund (including a Client or a client of the Advisory Affiliates), including with respect to the consideration offered by, and the obligation of, the Fund general partner, Horizons and its affiliates. Although one Client (or client of the Advisory Affiliates) may pursue investment objectives that are similar to another Client, the portfolios of each Client may differ as a result of purchases and sales being made at different times and in different amounts, as well as because of different tax and regulatory considerations. A Client may enter into "*rebalancing*" transactions with other Clients that have the same investment objectives as the Client when purchases or sales to or from either Client change the ratio of the Clients' investments. The purpose of any such rebalancing transactions would be to bring each Client's exposure to a commonly held investment into line with each Client's percentage of total equity under management. A Client could be a purchaser or a seller in such rebalancing transactions. Purchases and sales made through the public market will not be considered rebalancing transactions.

Principal Transactions

Section 206 under the Advisers Act regulates principal transactions among an investment adviser and its affiliates (including the Advisory Affiliates), on the one hand, and the clients thereof, on the other hand. Very generally, if an investment adviser or an affiliate thereof proposes to purchase a security from, or sell a security to, a client (what is commonly referred to as a "*principal transaction*"), the adviser must make certain disclosures to the client of the terms of the proposed transaction and obtain the client's consent to the transaction. Horizons or its affiliates may, from time to time in the future, act as principal for their own accounts in connection with a Client's securities transactions, including selling securities as principal to, and buying securities as principal from, Clients. However, Horizons has established certain policies and procedures to comply with the requirements of the Advisers Act as they relate to principal transactions, including that disclosures required by Section 206 of the Advisers Act be made to the applicable Clients regarding any proposed principal transactions and that any required prior consent to the transaction be received. In addition, the Client Documentation generally contains additional restrictions on the ability of the Clients or Horizons to engage in principal transactions.

Management of the Clients

Horizons manages a number of Clients that have investment objectives similar to or overlapping with each other, as well as Clients that may invest in Portfolio Funds that have investment objectives similar to or overlapping with one or more Clients. Horizons expects that it or its employees will in the future establish one or more additional investment funds with investment objectives substantially similar to, overlapping with, or different from, those of the current Clients and possibly Portfolio Funds. Allocation of available investment opportunities between the Clients and any such investment fund will give rise to conflicts of interest. See “*Allocation of Investment Opportunities Among Clients*.” In addition, it is expected that employees of Horizons responsible for managing a particular Client will have responsibilities with respect to other Clients managed by Horizons, including funds raised in the future or to proprietary investments made by Horizons and/or its principals of the type made by a Client. Conflicts of interest arise in allocating time, services, or functions of these officers and employees.

Follow-on Investments

Investments to finance follow-on acquisitions may present conflicts of interest, including determination of the equity component and other terms of the new financing as well as the allocation of the investment opportunities in the case of follow-on acquisitions by one Client in a portfolio company in which another Client has (or in which Adviser Investors, clients of Advisory Affiliates, or clients of Fry’s Path have) previously invested. In addition, a Client will, from time to time, participate in re-leveraging and recapitalization transactions involving portfolio companies in which another Client has (or in which Adviser Investors, clients of Advisory Affiliates, or clients of Fry’s Path have) already invested or will invest. Conflicts of interest arise, including determinations of whether existing investors are being cashed out at a price that is higher or lower than market value and whether new investors are paying too high or too low a price for the company or purchasing securities with terms that are more or less favorable than the prevailing market terms. Each affiliate of Horizons will resolve all such conflicts using its best judgment, but at its sole discretion.

Conflicts Relating to Affiliates and Horizons

Horizons may, at its discretion, contract with any related person of Horizons (including but not limited to a portfolio company of a Client) or an affiliate, including the Advisory Affiliates, to perform services for Horizons in connection with its provision of services to the Clients. When engaging a related person to provide such services, Horizons has an incentive to recommend the related person even if another person is more qualified to provide the applicable services and/or can provide such services at a lesser cost.

Horizons generally may, at its discretion, recommend to a Client or to a portfolio company thereof (in response to a solicitation for a recommendation or otherwise) that it contract for services with (i) Horizons or an affiliate of Horizons (including but not limited to a portfolio company of a Client or a client of an Advisory Affiliate) or (ii) an entity with which Horizons or its affiliates or a employee has a relationship, or from which Horizons or its affiliates or their employees otherwise derive financial or other benefits. When making such a recommendation, Horizons, because of its financial or other business interest, has an

incentive to recommend the related or other person even if another person is more qualified to provide the applicable services and/or can provide such services at a lesser cost.

Horizons, its affiliates, and members, officers, principals, and employees of Horizons and its affiliates may buy or sell securities or other instruments that Horizons has recommended to Clients. Officers, principals, and employees of Horizons may also buy securities in transactions offered to but rejected by Clients. A conflict of interest may arise because such investing employees will, for some investments, benefit from the evaluation, investigation, and due diligence undertaken by Horizons on behalf of the Client. In circumstances where a Client does not invest, expenses will generally be borne by the investing employees and not the Clients. In addition, officers, employees, and affiliates may also buy securities in other investment vehicles (including private equity funds, hedge funds, real estate funds and other similar investment vehicles) that may include potential competitors of the Clients and/or may invest in similar industries and sectors as a Client. Such officers, employees, and affiliates of Horizons have a conflict of interest with respect to these holdings. There could be situations in which such investment vehicles invest in the same Portfolio Funds or portfolio companies as a Client, and there may be situations in which such investment vehicles purchases securities from, or sells securities to, a Client. The investment policies, fee arrangements, and other circumstances of these investments may vary from those of a Client. Such employees may be incentivized to cause a Client to act in a manner that benefits such other investment vehicles and indirectly, themselves as investors in such investment vehicles. Furthermore, Horizons' related persons may (subject to any restrictions set forth in the Client Documentation or Horizons' code of ethics) invest in opportunities that are not presented to a Client (or its investors). The investment policies, fee arrangements, and other circumstances of these investments may vary from those of the Clients. If officers, principals, and employees of Horizons have made large capital investments in or alongside the Clients, they will have conflicting interests with respect to these investments. While the significant interests of the officers and employees of Horizons generally align the interest of such persons with the Client, such persons may have differing interests from the Client with respect to such investments (for example, with respect to the availability and timing of liquidity).

Because certain expenses are paid for by a Client and/or its portfolio companies or, if incurred by Horizons, are reimbursed by a Client and/or its portfolio companies, Horizons may not necessarily seek out the lowest cost options when incurring (or causing a Client or its portfolio companies to incur) such expenses.

Employees of Horizons have family members that are actively involved in industries and sectors in which the Clients invest and have business, personal, financial, or other relationships with companies in such industries and sectors (including service providers) or other industries, which give rise to conflicts of interest. For example, such family members might be officers, directors, personnel, or owners of companies that are actual or potential investments of a Client or other counterparties of a Client and the portfolio companies. Moreover, in certain instances, a Client or its portfolio companies may purchase or sell companies or assets from or to, or otherwise transact with companies that are owned by such family members or in respect of which such family members have other involvement. In most such circumstances, these conflicts will not preclude Clients from undertaking any of these investment activities or transactions.

Fee Structure

As discussed above in *Item 6 – Performance-Based Fees and Side-by-Side Management*, many Fund or Portfolio Fund general partners are entitled to incentive allocations, pursuant to the terms of the relevant Client Documentation. Certain of such general partners are affiliates of Horizons. The existence of the general partners' incentive allocation creates an incentive for the general partners to cause such Funds or Portfolio Funds to make more speculative investments than they would otherwise make in the absence of performance-based compensation.

Pursuant to the Client Documentation, Portfolio Fund general partners may be required to return excess amounts of incentive allocation as a “*clawback*”. This clawback obligation may create an incentive for such general partner to defer the disposition of one or more investments or delay the liquidation of a Fund if the disposition and/or liquidation would result in a realized loss to the Fund or would otherwise result in a clawback situation for such general partner.

The general partner may cause a Fund or Portfolio Fund to distribute its share of securities resulting from an investment disposition in kind, while disposing of investors' shares of such securities and distributing the net cash proceeds of such sale of securities to the investors. This ability creates conflicts of interest between the general partner and the investors. The general partner is particularly incentivized to receive distributions in-kind of securities that it expects to increase in value, and in cases where the increase occurs, if the investors received cash distributions instead of in-kind distributions, the investors will be denied the benefits of the increase they would have realized had the Fund or Portfolio Fund retained the securities and the general partner will receive more value from the securities than it would have had its incentive allocation been paid in cash. In the event the general partner, or its affiliates, receive such a distribution, the general partner will generally act in its own interest with respect to its share of securities and may determine to sell the distributed securities (which may include selling its securities prior to the time at which an investor sells its distributed securities), or hold on to the distributed securities for such time as the general partner shall determine. The ability of the general partner to act in its own interest with respect to such distributed shares creates a conflict of interest between the general partner or affiliate, as an adviser to the Fund or Portfolio Fund. These conflicts may be exacerbated due to the enhanced knowledge and information the general partner has relative to the investors with respect to such securities.

A Fund's or Portfolio Fund's general partner generally is permitted to receive a distribution in kind from the Fund or Portfolio 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 or Portfolio 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 Horizons deems suitable for the Fund or the Portfolio Fund manager deem suitable for the Portfolio 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 or Portfolio Fund's disposition thereof, neither the relevant Fund or Portfolio Fund, nor any 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 or Portfolio 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 Portfolio Fund or any limited partners.

Discretion of the General Partner

A Fund's Client Documentation generally provide Horizons with wide-ranging authority to make determinations, including those related to investment purchases and dispositions (and their timing), and other matters that in each case have the potential to affect Horizons' compensation. In making such determinations, Horizons is subject to potential conflicts of interest. For example, the potential to earn additional compensation creates an incentive for Horizons or its affiliates to make investments and to hold investments longer than otherwise would be the case in the absence of the relevant Fund's Management Fee and carried interest compensation arrangements. Horizons expects to be incentivized to cause a Fund to make, hold, and/or dispose of investments (and to delay or forego a determination that the investment is fully and permanently written-off) in order to receive greater ongoing Management Fees and, potentially, earlier and/or larger carried interest distributions than would otherwise be the case.

The amount of carried interest owed to the relevant Fund's general partner is dependent in part on the amount and timing of investment dispositions, and the relevant Fund's general partner expects to be subject to related potential conflicts of interest in determining whether and when to dispose of investments, make distributions, and/or determine that an investment is fully and permanently written-off, within the requirements of the relevant Fund's Client Documentation.

Diverse Membership

The Funds are likely to have a diverse range of investors that may have conflicting interests stemming from differences in investment preferences, tax status, and regulatory status. The general partner or investment adviser of the applicable Fund will consider the objectives of the Fund and each of the respective investors as a whole when making decisions with respect to the selection, structuring, and sale of investments. However, it is inevitable that such decisions may be more beneficial for one investor than for another investor.

Additionally, the Funds may have tax-exempt, taxable, non-U.S., and other investors, whereas most members of the general partners are taxable at individual U.S. rates. Potential conflicts exist with respect to various structuring, investment, and other decisions because of divergent tax, economic or other interests, including conflicts among the interests of taxable and tax-exempt investors, conflicts among the interests of U.S. and non-U.S. investors, and conflicts between the interests of investors and management. For these reasons, among others, decisions may be more beneficial for one investor than for another investor, particularly with respect to investors' individual tax situations.

Business with Portfolio Companies and Investors

Given the collaborative nature of Horizons' and the Advisory Affiliates' business and the portfolio companies in which the Clients have invested or clients of the Advisory Affiliates have invested, there are

often situations where Horizons or the Advisory Affiliates are in the position of recommending portfolio company services to other portfolio companies of the Clients or clients managed by the Advisory Affiliates, which generally will involve fees, commissions, servicing payments, and/or discounts to Horizons, an affiliate, or a portfolio company. Horizons will generally have a conflict of interest in making such recommendations in that Horizons has an incentive to maintain goodwill between it and the existing and prospective portfolio companies for the Clients or the clients of the Advisory Affiliates, while the products or services recommended may not necessarily be the best available to the portfolio companies held by the Clients or the clients of the Advisory Affiliates. The benefits received by a portfolio company providing a service may be greater than those received by the Clients and their portfolio companies or the clients of the Advisory Affiliates and their portfolio companies receiving the service.

Current and former officers and executives of portfolio companies may also invest in the Clients or become Clients. While Horizons believes this aligns portfolio company management teams with the best interests of the Clients, Horizons or the Advisory Affiliates may, in certain circumstances, be incentivized to take (or refrain from taking) certain actions with respect to a portfolio company in order to maintain the goodwill with such portfolio company management team investor.

Horizons and its Advisory Affiliates generally have an incentive to recommend the products or services of certain investors in the Clients (or clients of the Advisory Affiliates), certain Third Parties, or their related businesses to the Clients (or clients of the Advisory Affiliates) or their portfolio companies for use or purchase, even though the products or services recommended may not necessarily be the best available to the Clients (or clients of the Advisory Affiliates) or the portfolio companies.

Portfolio companies controlled by a Client or clients of the Advisory Affiliates may provide services to certain Client investors. Horizons has an incentive to cause the portfolio company to favor those investors relative to other portfolio company clients or customers in terms of pricing or otherwise, which could adversely affect the portfolio company's profitability to the Client. Additionally, the portfolio company could recommend to its clients or customers that they invest in a Client or client of an Advisory Affiliate.

Horizons and/or its affiliates (including the Advisory Affiliates) may engage in business opportunities arising from a Client's investment in a portfolio company (for example entering into a joint venture with a portfolio company or making a proprietary investment in a portfolio company). This creates a conflict of interest, as such interests are a benefit arising from the Client's investment and may vary from the applicable Client's interest (*e.g.*, whether to make a follow-on investment and, if so, how much should be allocated to the Client).

In certain instances, a Client's portfolio company may compete with, be a customer of, or a service provider to, another portfolio company or another Client, the portfolio company of a Portfolio Fund, or the portfolio company of a client of the Advisory Affiliates. A conflict of interest may arise in these instances because advice and recommendations provided by Horizons to a portfolio company may have adverse consequences to a competitor portfolio company owned by another Client, Portfolio Fund, or client of the Advisory Affiliates. The performance and operations of a competitor, customer, or service provider that is a portfolio company of a Client could conflict with, and adversely affect the performance and operations of another portfolio company or a portfolio company of another Client, client of the Advisory Affiliates,

or Portfolio Fund, or could adversely affect prices, business opportunities or potential acquisition opportunities. For instance, a portfolio company may seek to expand its market share at the expense of another portfolio company, withdraw business from another portfolio company in favor of another company offering the same product or service at a lower price, increase its own prices, purchase assets from, or sell assets to, another portfolio company, commence litigation against another portfolio company, or prevent one portfolio company from commencing litigation against another portfolio company.

Horizons and/or its affiliates (including the Advisory Affiliates) may engage in business with certain service providers, including for example, investment bankers, outside legal counsel and pension consultants, who are investors in Clients and/or who provide services (including mezzanine and/or lending arrangements) to Horizons, the Clients, Portfolio Funds, the portfolio companies and/or businesses that are competitors of Horizons. Such engagement may be concurrent with an investor's admission to a Client, the Client's admission to a Portfolio Fund, during the term of such investor's investment in the Client, or during the term of such Client's investment in a Portfolio Fund. This creates a conflict of interest, as Horizons or a Portfolio Fund may give such investor preferred economics or other terms with respect to its investment in a Client or Portfolio Fund, or may have an incentive to offer such investor co-investment opportunities that it would not otherwise offer to such investor. Horizons will have a conflict of interest with the Clients in recommending the retention or continuation of a service provider to the Clients or a portfolio company if such recommendation, for example, is motivated by a belief that the service provider will continue to invest in Clients or Portfolio Funds or will provide Horizons or a Portfolio Fund manager information about markets and industries in which Horizons or a Portfolio Fund operates or is interested or will provide other services that are beneficial to Horizons or a Portfolio Fund. There is a possibility that Horizons or a Portfolio Fund manager, because of such belief or for other reasons, may favor such retention or continuation even if a better price and/or quality of service could be obtained from another person.

Certain other service providers to Horizons (or its affiliates), the Client, Portfolio Funds, and/or the portfolio companies, or affiliates of such service providers, also provide goods or services to or have business, personal, financial or other relationships with Horizons, its affiliates, the Portfolio Funds, or their respective portfolio companies. Such service providers (or their employees) may also source investment opportunities, be co-investors or commercial counterparties or entities in which Horizons, a Portfolio Fund, and/or a Client has an investment, and payments by the Client, Portfolio Fund, and/or such portfolio companies may indirectly benefit Horizons.

In certain circumstances, service providers charge varying amounts or may have different fee arrangements for different types of services provided. For instance, fees for various types of work often depend on the complexity of the matter, the expertise required and the time demands of the service provider. As a result, to the extent the services required by Horizons or its affiliates differ from those required by a Client, Portfolio Fund, and/or its portfolio companies, Horizons and its affiliates will pay different rates and fees than those paid by a Client, Portfolio Fund, and/or its portfolio companies.

Positions with Portfolio Companies

Employees of Horizons serve as directors of certain portfolio companies, including portfolio companies held by clients of the Advisory Affiliates. While conflicts of interest may arise in the event that such

employee's fiduciary duties as a director conflict with those of the Client, it is generally expected that the interests will be aligned. In addition, employees of Horizons or its Advisory Affiliates may leave the employment of Horizons or its affiliates, including the Advisory Affiliates, and become an officer or employee of a portfolio company. Employees are prohibited from receiving consulting, management or other fees personally from portfolio companies.

Board Participation

Certain representatives of Horizons may serve as directors of, or observers on boards with respect to, one or more of a Client's portfolio companies, or portfolio companies held by the clients of an Advisory Affiliate or Fry's Path by virtue of governance arrangements negotiated at the time the Client, client of an Advisory Affiliate, or client of Fry's Path makes an investment. While the interests of the Client as a shareholder in a portfolio company generally align with the interests of shareholders more broadly, the Horizons' board member's fiduciary duties to any such portfolio company and its shareholders as a director may conflict with the interests of the Client. For instance, such positions could impair the ability of the Client to sell the securities of an issuer in the event a director receives material, nonpublic information by virtue of his or her role, which would have an adverse effect on the Client. Furthermore, a Horizons' representative serving as a director to a portfolio company owes a fiduciary duty to the portfolio company, on the one hand, and the Client, on the other hand, and such persons may be in a position where they must make a decision that is either not in the best interest of the Client, or is not in the best interest of the portfolio company. Horizons' representatives serving as directors may make decisions for a portfolio company that negatively impact returns received by the Client investing in the portfolio company. In addition, to the extent a Horizons' representative serves as a director on the board of more than one portfolio company, such person's fiduciaries duties among the two portfolio companies may create a conflict of interest.

Decisions made by a director may subject Horizons, its affiliates, including the Advisory Affiliates, or a Client to claims they would not otherwise be subject to as an investor, including claims of breach of duty of loyalty, securities claims and other director-related claims. In general, the Clients will indemnify Horizons and its employees from such claims.

Side Letter Agreements

Horizons anticipates entering into certain side letter arrangements with certain investors in a Fund providing such investors with different or preferential rights or terms, including for example, but not limited, to different fee structures (including Management Fees, none of which generally will be subject to a most-favored nation provision), information rights, specialized reporting, priority co-investment rights or targeted co-investment amounts, rights to serve on a Fund's advisory committee, and liquidity or transfer rights. Except as otherwise agreed with an investor, Horizons (or the applicable general partner) is not required to disclose the terms of side letter arrangements with other investors in the same Fund. Any rights established under a side letter will generally inure solely to the benefit of the parties to such side letter and will not extend to other investors in the relevant Fund. 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 investors 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 investors in a Fund 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 Horizons believes it to be unlikely, excuse rights requested or received by one or more investors in a Fund (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. For certain Funds, it is possible that an investor's inability to participate in an initial public offering due to FINRA rules will create a greater allocation of private interests to such investor. Those private interests may have been acquired by the Fund at a lower cost basis relative to the shares offered in the initial public offering, in which case the private interests could outperform. An investor's voting rights for regulatory or other reasons can be limited in circumstances specified in the Client Documentation, as applicable; conversely, a limitation on one or more investors' voting rights generally will increase the voting rights percentage of other investors in the relevant Fund. Further, investors 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.

Other Advisory Affiliates Conflicts

In certain instances, a Client's portfolio company may compete with the portfolio company of another Client or a client managed by an affiliate of Horizons, including the Advisory Affiliates. A conflict of interest may arise in these instances because advice and recommendations provided by Horizons to a portfolio company may have adverse consequences to a competitor portfolio company owned such affiliate-managed client.

Horizons may share proprietary research and other information with the Advisory Affiliates and vice versa.

Certain Clients, Funds and co-investment vehicle investors are also clients of the Advisory Affiliates. Horizons and the Advisory Affiliates refer clients or investors to each other from time to time. The Advisory Affiliates and their affiliates and their officers and employees may invest in the Funds or on a side-by-side basis through separate investment vehicles, and, subject to the Client Documentation of the Funds, may invest in opportunities that are not presented to the Funds or their investors. In the event the securities issued by a portfolio company in which Horizons' clients, officers, employees or affiliates have

indirectly invested become listed on a national securities exchange, the Advisory Affiliates may invest in such securities for its client accounts.

From time to time, Horizons or an affiliate may possess material, nonpublic information or other information that may limit the ability to buy and sell certain investments. A Client's investment flexibility may be constrained as a consequence of Horizons or its affiliates' inability to use such information for investment purposes.

Other Potential Conflicts

Horizons and the Funds will generally engage common legal counsel and other advisers in connection with a particular offering or investment, including situations in which there may be conflicts of interest. Members of the law firms engaged to represent the Funds may be investors in a Client, and may also represent one or more portfolio companies, Portfolio Funds, or investors in a Client. In the event of a significant dispute or divergence of interest between Clients, Horizons and/or its affiliates, the parties may engage separate counsel in the sole discretion of Horizons and its affiliates, and in litigation and other circumstances separate representation may be required. Additionally, Horizons, the Clients, the Portfolio Funds, and the portfolio companies of the Clients or Portfolio Funds will, from time to time engage other common service providers. In certain circumstances, the service provider may charge varying rates or engage in different arrangements for services provided to Horizons, the Clients, the Portfolio Funds, and/or the portfolio companies. This may result in Horizons receiving a more favorable rate on services provided to it by such common service provider than those payable by the Clients, the Portfolio Funds, and/or the portfolio company, or Horizons receiving a discount on services even though the Clients, Portfolio Funds, and/or the portfolio companies receive a lesser, or no, discount. This creates a conflict of interest between Horizons, on the one hand, and the Clients, Portfolio Funds, and/or portfolio companies, on the other hand, in determining whether to engage such service providers, which may result in Horizons favoring the engagement or continued engagement of such persons if it receives a benefit from such service providers, such as lower fees, that it would not receive absent the engagement of such service provider by the Clients, Portfolio Funds and/or the portfolio companies.

Horizons and its employees may receive certain intangible and/or other benefits and/or perquisites arising or resulting from their activities on behalf of a Client. For example, airline travel or hotel stays incurred as Fund expenses may result in miles or points or credit in loyalty/status programs to Horizons and/or its employees, and such rewards and/or amounts will exclusively benefit Horizons and/or such employees and will not be subject to the offset arrangements described above or otherwise shared with such Client, its investors, the Portfolio Funds, and/or the portfolio companies.

Horizons may, at its discretion, cause certain Clients and/or their portfolio companies to have ongoing business dealings, arrangements or agreements with persons who are former employees or executives of Horizons or its Advisory Affiliates. The Clients and/or their portfolio companies may bear, directly or indirectly, the costs of such dealings, arrangements or agreements. In such circumstances, there may be a conflict of interest between Horizons and the Clients (or their portfolio companies) in determining whether to engage in or to continue such dealings, arrangements or agreements, including the possibility that

Horizons may favor the engagement or continued engagement of such persons even if a better price and/or quality of service could be obtained from another person.

Certain portfolio companies of the Clients are, or have been, counterparties or participants in agreements, transactions or other arrangements with Horizons, its affiliates (including the Advisory Affiliates), or other portfolio companies, which may result in favorable procurement terms, including fees, servicing payments, rebates, discounts or other financial benefits. Horizons may be eligible to receive favorable terms for its procurement due in part to the involvement of its portfolio companies or portfolio companies held by clients of the Advisory Affiliates in such arrangements, and any discounted amounts will not be subject to Management Fee offsets or otherwise shared with the relevant Clients.

The Client Documentation of certain Funds permit each such Fund's general partner to withhold information from certain limited partners or investors in such Fund in certain circumstances. For instance, information will typically be withheld from limited partners that are subject to Freedom of Information Act or similar requirements. The general partner may elect to withhold certain information to such limited partners for reasons relating to the general partner's public reputation or overall business strategy, despite the potential benefits to such limited partners of receiving such information.

The relevant liability standards under insurance coverage procured by Horizons are expected to vary by carrier, and such standards are expected to vary from time to time depending on, for example, coverage features or limitations then-available from the carrier at the time of insurance contract renewal. As a result, insurance coverages from time to time are expected to vary from relevant liability and/or indemnity standards in the relevant Client Documentation. Investors generally will be responsible for insurance premiums, as set forth in the Client Documentation for the particular Fund, regardless of whether the liability and/or indemnity standards in Horizons' insurance coverage are higher or lower than that set forth in the Client Documentation, as applicable.

Please see the discussion above under the sub-heading "*Resolution of Conflicts*" for a description of the means by which Horizons and its related persons may seek to alleviate conflicts of interest among the Clients or other persons.

Item 12 – Brokerage Practices

Horizons anticipates that the Funds and Manager-Led Directs generally will purchase investments in private placement transactions, without the assistance of a broker-dealer and without payment of any brokerage commissions or dealer mark-ups. In certain cases, however, Horizons has the authority and discretion to select broker-dealers to execute securities transactions for Clients. Horizons staff members generally effect transactions for Discretionary Advisory Clients, however, Horizons may also make use of the Advisory Affiliates' shared trading function. Non-Discretionary Advisory Clients will execute their own securities transactions, consistent with the Client Documentation, *provided* that Non-Discretionary Advisory Clients may direct Horizons to complete subscription documents from time to time.

In selecting brokers and dealers, Horizons seeks to obtain the best overall execution available. In assessing the best overall terms available for any transaction, Horizons considers factors that it deems relevant which

may include, but are not limited to, the quality of the broker-dealer, risks associated with the broker-dealer, and potential conflicts of interest between the broker-dealer and Horizons and/or employees of Horizons or its affiliates. Factors used to assess the quality of a broker-dealer may include, but are not limited to, the quality of the research provided, the quality of the trading coverage, the quality of trade operations, and whether the broker-dealer has differentiated technology that may increase Horizons' usability or access to liquidity. Factors used to assess the risks associated with a broker-dealer may include minimum net capital requirements and legal and regulatory matters (including FINRA disclosure events).

In selecting broker-dealers and negotiating commissions for a particular transaction, Horizons considers those factors it considers to be relevant, which may include the price of the security, the quality of execution and liquidity services provided, the ability to obtain a timely execution, and the size and difficulty of the order. Horizons may also consider the reliability, efficiency, accuracy, and the integrity of the broker-dealer's general execution and operational capabilities, the cost to trade away from a directed broker or custodian (where applicable), the quality of the broker-dealer's research products or services and other value-add services, and the broker-dealer's financial condition (but does not consider whether it or a related person receives client referrals from a broker-dealer or third-party).

For Discretionary Advisory Clients who utilize a broker-dealer for custody of their assets, in certain cases, Horizons has discretion to select broker-dealers, other than the broker-dealer who maintains custody of the Discretionary Advisory Client's assets. Horizons is not in a position to negotiate commission rates or other charges with the broker-dealer who maintains custody of a Discretionary Advisory Client's assets. Some Discretionary Advisory Clients are charged additional fees when transactions are executed away from a broker-dealer custodian. Certain Discretionary Advisory Clients may have "all-in" fee arrangements with broker-dealer custodians. Typically in these cases, Horizons will direct trades to that broker-dealer. Horizons believes that best execution generally is achieved for transactions executed through a broker-dealer custodian.

For certain Discretionary Advisory Client accounts, it is at times necessary for Horizons to execute foreign exchange transactions for settlement purposes. These transactions are affected with either the Discretionary Advisory Client's custodian or a third party and, depending upon the Discretionary Advisory Client's custodian, can incur a ticket charge. Foreign exchange transactions are executed on a spot basis, are intended to facilitate efficient settlement of transactions, and, depending on the market, are executed on an incremental basis to account for costs such as, notional dollar amounts, fees, taxes, and commissions.

In evaluating the best overall terms available, and in selecting the broker-dealer to execute a particular transaction, Horizons also considers the eligible brokerage and research products and/or services (within the meaning of Section 28(e) of the U.S. Securities Exchange Act of 1934, as amended "*Section 28(e)*"), *provided*, that Horizons determines in good faith that the amount of commission is reasonable in relation to the value of the brokerage and research products and/or services provided, viewed in terms of either the particular transaction or Horizons' overall responsibilities with respect to the clients as to which it exercises investment discretion.

Horizons may execute securities transactions on an agency or principal basis with a broker-dealer, which may result in a Fund (and thus Fund investors) incurring two transaction costs for a single trade: a commission paid to the executing broker-dealer plus the market maker's markup.

Fund investors are not permitted to direct brokerage with respect to purchases or sales of securities by the Funds.

Soft Dollars

Pursuant to the safe harbor provided in Section 28(e) and to the extent permitted by other applicable law, a broker-dealer who executes a portfolio transaction may receive a commission that is in excess of the amount of commission another broker-dealer would have charged for effecting that transaction if the investment adviser determines in good faith that such compensation was reasonable in relation to the value of the brokerage and research services provided. This determination may be made on the basis of either that particular transaction or on the basis of the overall responsibility which the investment adviser and its affiliates have for accounts over which they exercise investment discretion. The Advisory Affiliates use such excess commission to pay for Section 28(e) eligible research and brokerage services ("soft dollar benefits") that are available to be used by Horizons for the benefit of Horizons and its Clients.

When selecting a broker-dealer to execute certain Client security transactions and to the extent that Horizons also uses soft dollar benefits, Horizons considers the broker-dealer's ability to provide soft dollar benefits. Soft dollar benefits include a variety of research and brokerage services provided by the broker-dealer directly or through third parties that are expected to provide lawful and appropriate assistance to Horizons' investment decision-making responsibilities. To the extent soft dollar benefits are used, these services benefit Clients as well as Horizons and, in some cases, are not obtainable without the payment of commissions to the providing broker-dealer. To the extent soft dollar benefits are used, Horizons has an incentive to select broker-dealers based on the benefits it receives from them, whether or not pursuant to soft dollar arrangements described herein. As a fiduciary, Horizons has an obligation to seek to obtain best execution of Funds' transactions under the circumstances of the particular transaction. Consequently, notwithstanding the safe harbor provided under Section 28(e), no soft dollars may be generated unless best execution of the transaction is reasonably expected to be obtained.

Regardless of the manner in which they are generated and received, Horizons' soft dollar benefits, to the extent they are used, are intended to meet the safe harbor requirements under Section 28(e). A product or service may have multiple uses, some of which are eligible under the Section 28(e) safe harbor, and others of which are not. Horizons can use soft dollars to pay for that portion of the product or service that falls within the safe harbor and will make a reasonable allocation of the cost of the product or service according to its use.

Trade Aggregation and Allocation.

Investment actions by Horizons or its affiliates (including the Advisory Affiliates) may result in multiple Clients seeking to trade the same security at the same time. When more than one Client seeks to acquire the same security at the same time, it may not be possible to acquire a sufficiently large number of shares

or a higher price may be paid. Similarly, when more than one Client seeks to sell a particular security, Clients may not be able to obtain as high a price or as large an execution of the security. Under these circumstances Horizons generally aggregates or “blocks” orders for accounts for which it and its affiliates have investment discretion if it believes that blocking will result in a more favorable overall execution. In such cases, Horizons seeks to aggregate transactions before execution of the order; however, in certain instances, the order may not be blocked prior to entering the order. In that event, Horizons will seek to block the order at the earliest practicable time. Horizons retains the discretion not to block transactions if it believes blocking will not result in more favorable overall execution.

Clients for whom orders are aggregated receive the average price of the transaction, which could be higher or lower than the price that would otherwise be paid by a Client absent aggregation. Any transaction costs incurred are shared *pro rata* based on each Client’s participation in the transaction. In some instances, this procedure could have an adverse effect on a particular Client. In Horizons’ opinion, however, the results of this procedure will, on the whole, be in the best interests of each of the participating Clients.

If an aggregated order is executed in its entirety, it will be allocated in accordance with the allocation established for the trade. If the order is partially filled, Horizons will, to the extent practicable, allocate the order on a *pro rata* basis among participating Clients, which may be subject to rounding to ensure that accounts receive round lots. When *pro rata* allocation is not practicable, Horizons will allocate the order in a fair and equitable manner consistent with the factors identified above.

From time to time, Horizons may not be able to aggregate client orders or aggregation may not be in the clients’ best interest. Factors which may preclude order aggregation include country-specific rules which forbid omnibus trading, ID market trading, size of transaction, client guidelines or restrictions, and prefunding requirements, among others. In cases where order aggregation is appropriate but not possible, Horizons will execute orders on a random basis.

Trading in Public Securities

When trading in publicly listed securities for Clients with which it has discretionary investment authority, Horizons, in coordination with its Advisory Affiliates generally adhere to the sequencing: (i) Clients that do not have any brokerage restrictions or limitations (“*Free Block Accounts*”), (ii) Clients that have directed Horizons to trade with a particular broker-dealer (“*Directed Accounts*”), (iii) Clients custodied at a particular broker-dealer that incur additional costs and/or risks if traded away (“*Trade Away Accounts*”), and (iv) proprietary accounts.

Although the foregoing sequence of trading is the general practice during an investment action involving publicly listed securities, Horizons, at its own discretion will at times aggregate Free Block Account, Directed Account, and/or Trade Away Account trades. Horizons also may not follow the foregoing sequence when Clients and the clients of Horizons’ affiliates are not disadvantaged.

Due to the nature of how trading is sequenced, Directed Accounts, Trade Away Accounts, and Seeded Accounts will experience delays in the execution of investment actions in public securities when compared to Free Block Accounts. Because Directed Accounts, Trade Away Accounts, and Seeded Accounts

generally trade after Free Block Accounts, it is possible they will not receive as favorable prices on securities trades as received by Free Block Accounts or vice versa.

Trading Procedures – Cash Transactions

Cash transactions are defined as trading orders executed for the day-to-day management of contributions to and withdrawals from Discretionary Advisory Client accounts and are not transactions resulting from investment actions. Typical cash transactions include: (1) orders executed for Discretionary Advisory Client account deposits or withdrawals; (2) orders executed for the purpose of adherence to Discretionary Advisory Client account's guidelines; (3) orders executed for tax considerations at the request of a Discretionary Advisory Client account; (4) orders executed to liquidate and close a Discretionary Advisory Client account; and (5) orders executed to open a new Discretionary Advisory Client account.

Orders for cash transactions are generated throughout the day. In general, cash transactions are processed and executed in the order received. To the extent practicable, cash transactions are executed on the same day as the order is received and, to the extent possible or applicable, are aggregated with other cash transactions.

Trade Errors

“Trade errors” are errors in a Client trade by Horizons or its affiliates that are discovered pre- or post-settlement that have had a financial impact to a Client. In this regard, a Trade Error Committee has been established, comprised of experienced staff members representing relevant functional groups within Horizons and its Advisory Affiliates to address the resolution of trade errors that may arise, from time to time. Attempts to resolve trade errors are made as soon as reasonably practicable after discovery so that the affected Clients will not suffer a loss. Trades will be adjusted as needed in order to put the Clients in such a position, as reasonably practical, as if the trade error had never occurred. Clients will retain any profit when the trade is reversed. If the trade error is at a loss, Horizons reimburses the Client for that loss. Horizons will not use one Client’s account to correct a trade error in another Client’s account and will not use future brokerage to compensate a broker either directly or indirectly for absorbing the cost of correcting a trade error in an earlier transaction. When a third party is at fault for a mistake that caused negative financial impact, Horizons may, in its sole discretion, assist to facilitate the reimbursement on behalf of the impacted Client. When a trade error involves more than a single buy or sell, gains/losses owed to a Client from an error will typically be determined on a net basis. Soft dollars are not used to resolve trade errors.

Item 13 – Review of Accounts

Horizons’ investment team monitors the portfolio holdings of each Client on a regular basis. Reviews evaluate portfolio holdings, as applicable, to: (i) Client-specific (or Fund investor-specific) restrictions; (ii) Client investment objectives; (iii) types of securities authorized under Client Documentation; (iv) the investment process; (v) performance; and (vi) other similar matters. Advisory Clients are encouraged to discuss their needs, goals, and objectives with Horizons and to keep Horizons informed of any changes thereto. Horizons shall contact ongoing Advisory Clients at least annually to review its previous services

and/or recommendations and to discuss the impact resulting from any changes in the client's financial situation and/or investment objectives. More frequent reviews may be triggered by material changes in variables such as the client's individual circumstances, the market, political, regulatory, or economic environment.

Advisory Clients will receive reports from Horizons summarizing its analysis and conclusions as requested by the Advisory Client or otherwise agreed to in the Client Documentation.

Horizons will provide investors in the Funds with periodic written status reports on investments then held by a Fund, to the extent permitted or required under the applicable Client Documentation. In addition to the reporting provided to all investors, Horizons expects to provide certain investors with additional or more frequent information that other investors will not receive (e.g., under a Side Letter or in response to diligence or other requests). Horizons will generally provide to Fund investors: (i) annual GAAP audited and quarterly unaudited financial statements, (ii) annual tax information necessary for each limited partner's tax return and (iii) at least annual reports providing a narrative summary of the status of each portfolio company.

Item 14 – Client Referrals and Other Compensation

Neither Horizons nor any related person directly or indirectly compensates any person who is not a supervised person for client referrals. For details regarding economic benefits provided to Horizons by non-Clients, including a description of the related material conflicts of interest and how they are addressed, please see *Item 11 – Code of Ethics, Participation or Interest in Client Transactions, and Personal Trading*. In addition, Horizons and its related persons may, in certain instances, receive discounts on products and services provided by portfolio companies and/or the customers or suppliers of such portfolio companies of Horizons' Clients, or clients of the Advisory Affiliates.

Horizons does not engage or compensate third-party referral agents to solicit Clients. In the event Horizons engages a third-party referral agent to solicit new Clients, any cash payments to solicitors of Clients will be made in accordance with Rule 206(4)-1 of the Advisers Act, which requires, among other things, adviser oversight, disclosure of certain information, and that such arrangements be documented in writing. Horizons will bear any compensation paid to such solicitors.

Horizons may from time to time pay nominal fees to be listed and include information about its investment strategies in consultant registries or databases that describe services provided by investment managers including Horizons.

Item 15 – Custody

Horizons or its affiliates will generally be deemed to have custody of the funds and securities of one or more Funds under Advisers Act Rule 206(4)-2 (the "Custody Rule"), subject to certain exceptions set forth in the Custody Rule and related guidance. In such cases, (a) the funds and securities will be held with a "qualified custodian," as defined in the Custody Rule (generally a bank or broker-dealer) independent of Horizons; and (b) the Funds will be subject to either an annual audit in accordance with generally accepted

accounting principles or actual examination at least once during each calendar year by an independent public accountant. Notwithstanding the foregoing, Funds that are subject to an annual audit may have certain privately offered securities recorded only on the books and records of the issuer (if the security is uncertificated) or held in a safe location on Horizons' premises (if the security is certificated in accordance with applicable SEC guidance). Investors in a Fund that is not subject to an annual audit receive at least quarterly statements from the Fund's qualified custodian and should review such statements carefully. Advisory Clients engage custodians directly to maintain custody of their funds and securities and Horizons does not have custody of such funds or securities. Horizons is neither party to, nor responsible for, the terms of any contract between an Advisory Client and its custodian.

Item 16 – Investment Discretion

Horizons generally provides its investment advisory services to Funds, Discretionary Advisory Clients, and Manager-Led Directs on a discretionary basis, subject, in the case of Funds, to the direction and control of the general partners of the Funds. Such authority, and any policies, restrictions, or limitations relating to such authority, are set forth in the Client Documentation.

For Non-Discretionary Advisory Clients, Horizons does not exercise investment discretion with respect to such Non-Discretionary Advisory Client's securities. A detailed description of Horizons' investment discretion is set forth in the Client Documentation.

Item 17 – Voting Client Securities

For Advisory Clients, and consistent with the Client Documentation, Horizons has a proxy voting policy that generally prohibits voting or accepting authority to vote Advisory Client securities. In such cases, Horizons does not generally have authority to vote Advisory Client proxies. Horizons' Advisory Clients will generally receive their proxies directly from their custodians or transfer agents. Advisory Clients are able to contact Horizons with questions about proxy votes. When consultation on proxy voting is requested by Advisory Clients, Horizons will provide its recommendations to the Advisory Client, however, the proxy voting decision will be that of the Advisory Client, consistent with the Client Documentation. Any conflicts of interest that exist will be disclosed by Horizons to the Advisory Client.

Horizons has adopted policies and procedures with respect to the voting of securities held by the Funds and has authority to vote proxies on behalf of the Funds unless otherwise stated in the Client Documentation. Horizons' policy is to evaluate and vote in a manner consistent with a Fund's best interests. Horizons believes that it acts in the best interests of a Fund when it votes in a manner that maximizes the economic value of the Fund's holdings. Prior to a voting deadline, Horizons determines whether and how to vote on each proposal based on its analysis of the information received. In voting, Horizons is not an automatic supporter of management. Further, there may be times when it determines that refraining from voting is in a Fund's best interest, such as when the cost of voting exceeds the expected benefit to the Fund. Investors in a Fund (and the Fund itself) are not able to direct the vote of Horizons, unless the Client Documentation states otherwise.

If a material conflict exists, Horizons takes steps to ensure that its voting decision is based on the best interests of the relevant Fund and is not a product of the conflict. If the Chief Compliance Officer determines that a material conflict of interest exists, then Horizons may, at its discretion: (a) disclose the conflict of interest to the investors in a Fund (or a committee thereof) and consult with such investors (or committee thereof) or defer to such investors' (or committee's) voting recommendation; (b) defer to the voting recommendation of an independent third-party provider of proxy voting services; or (c) take such other action that Horizons in good faith believes would serve the best interests of the relevant Fund. Depending on the particular circumstances involved, the appropriate resolution of one conflict of interest may differ from the resolution of another conflict of interest, even though the general facts underlying both conflicts may be similar (or identical).

If a Fund participates in a securities lending program, Horizons will not be able to vote the proxy for shares out on loan. Horizons will generally not seek to recall for voting shares on loan. However, under rare circumstances, for voting issues that may have a particularly significant impact on the investment, Horizons may request a Fund to recall securities that are on loan if Horizons determines that the benefit of voting outweighs the costs and lost revenue to the Fund and the administrative burden of retrieving the securities.

Clients may obtain information regarding how Horizons voted proxies relating to securities held by a Fund or request a copy of Horizons' proxy voting policies and procedures, by contacting the Chief Compliance Officer at (703) 562-4000 or writing to 1000 Wilson Blvd., Suite 3000, Arlington, VA 22209.

Item 18 – Financial Information

Horizons does not believe that there are any financial commitments that are reasonably likely to impair the ability of Horizons to meet its contractual commitments to Clients. Further, Horizons has not been the subject of a bankruptcy petition at any time during the past 10 years.