

Form ADV, Part 2A: Firm Brochure
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Premium Point Investments, LLC

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This brochure provides information about the qualifications and business practices of Premium Point Investments, LLC (the “Firm” or “PPI”). If you have any questions about the contents of this brochure, please contact us at: 212-991-2000 or email us at info@premiumpt.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission, or by any state securities authority.

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

Item 2
Material Changes

Since the last filing, one of PPI's principals, Anilesh Ahuja, is a defendant in a lawsuit and has settled a second lawsuit brought by private parties, each of which allege that Mr. Ahuja, while employed with Deutsche Bank, was affiliated with certain issuers whose offering documents failed to disclose certain material risks relating to the mortgage-backed securities they issued and the mortgage loans underlying the mortgage-backed securities.

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Item 4
Advisory Business

- (A) Premium Point Investments, LLC, a Delaware limited liability company, founded in June 2008 by Anilesh Ahuja, Patrick Downes and Hyung Peak provides investment advisory services. Anilesh Ahuja and Patrick Downes are the managing members of the Investment Manager. Messrs. Ahuja, Downes and Peak have combined residential debt experience of over 60 years and have worked together on and off for over 13 years. They are joined by a team of professionals who possess significant multi-sector residential real estate expertise and most of whom have worked together on and off for over 10 years.

PPI has adopted written compliance policies and procedures and designated a Chief Compliance Officer who is responsible for administering the Firm's compliance policies and procedures.

- (B) PPI provides investment advisory services. We do not hold ourselves out as specializing in a particular type of advisory service such as financial planning, quantitative analysis or market timing. We do, however, specialize in real estate debt investments.

From time to time, PPI advertises its advisory services and enters into third party referral arrangements. Such referral arrangements are further described in Item 14 of this Brochure document.

- (C) Clients may not impose restrictions on investing in certain securities or types of securities other than as outlined in the governing documents.

- (D) PPI does not participate in wrap fee programs.

- (E) PPI manages hedge fund, private equity, and ERISA compliant vehicles. The Funds achieve returns primarily through return of principal attained by investing in residential mortgage securities and loans, as well as through interest income and price appreciation. As of December 31, 2011 PPI managed \$565,130,134 (NAV) on a discretionary basis and \$253,761,343 (NAV) on a nondiscretionary basis.

Item 5
Fees and Compensation

- (A) PPI is compensated for advisory services as a percentage of assets under management or committed capital at a rate of approximately 1.5% (management fee). In addition, PPI receives performance based compensation generally between 10-20% of the net appreciation

of assets. Compensation is described further in the governing documents. In connection with investments by certain investors, we have entered into and may enter into side letters which may vary fees as they relate to that investor.

- (B) In general, the fees are deducted from the clients' assets quarterly in advance.
- (C) In general, the client pays the following expenses as appropriate: prime broker, fund administrator, audit, Directors' fees, legal fees, organizational expenses, trade association fees, market data services and insurance. All related expenses are detailed in the governing documents for each fund or account.
- (D) Clients generally pay management fees in advance. If an advisory contract is terminated before the end of the billing period PPI will refund the proportionate amount of the pre-paid fee. All fees and expenses are described in the governing documents.
- (E) PPI and its supervised persons do not receive compensation for the sale of securities or other investment products or service fees such as from the sale of mutual funds.

Item 6

Performance-Based Fees and Side-By-Side Management

As described in Item 5, PPI accepts performance-based fees and asset-based fees. Conflicts of interest that PPI or PPI's supervised persons face by managing different accounts with different fees are as follows: differing lock-up periods for performance-based fees across funds/accounts and some funds/accounts have hurdles or preferred returns while others do not. PPI addresses these conflicts through its allocation policy which is as follows: Premium Point will allocate trades between various comingled funds and separate accounts largely on a pro rata basis. The allocation amounts will be determined based on the capital commitment that remains to be invested for each fund, adjusted by the Target Investment Horizon for the account as determined at the discretion of PPI's Investment Committee. Target Investment Horizon is defined as the number of months that remain until the fund is fully invested in the strategy.

Item 7

Types of Clients

Currently, PPI provides investment advice to pensions and profit sharing plans, charitable organizations and pooled investment vehicles. PPI generally offers managed accounts for investments over \$100 million. Generally, PPI requires a minimum account size of \$5 million for investors in funds it manages.

Either PPI or its third-party administrative service provider will verify the identity of prospective and current clients and investors as part of its anti-money laundering (AML)/OFAC screening program.

Item 8

Methods of Analysis, Investment Strategies and Risk of Loss

(A) PPI's investment strategy is to opportunistically identify intrinsic value or trading opportunities in any **"Residential Asset"** both publicly and privately issued. PPI seeks to maximize long-term capital appreciation of the investments, earn interest income, and maximize the cash flows of voluntary as well as involuntary repayment of principal. PPI may invest in any Residential Asset exposure, both long and short, depending upon market opportunities.

Collectively, a **"Residential Asset"** may include, but is not limited to:

- **"Private label"** or **"non-agency"** residential mortgage-backed securities (**"RMBS"**) - securities secured by or representing indirect beneficial interests in pools of residential mortgage loans that are not guaranteed by the U.S. government in any manner whatsoever.
- **"Agency RMBS"** - residential mortgage-backed securities that are backed by Government-Sponsored Entities, such as Fannie Mae and Freddie Mac, or by Ginnie Mae, a wholly-owned government corporation of the Department of Housing and Urban Development.
- **"Collateralized debt obligations"** and **"Collateralized loan obligations"** (collectively **"CDO's/CLO's"**) - asset-backed securities backed by receivables on loans, bonds or other debt secured by residential property.
- **"Credit Default Swaps"** (**"CDS"**) - A counterparty agreement which allows the transfer of third party credit risk from one party to the other, where the underlying credits are secured directly or indirectly by residential properties.
- **"Other Synthetic Securities"** - securities (other than CDS) that are created artificially by simulating another instrument with the combined features of a collection of other assets representing beneficial interests in residential properties or credits secured by residential properties.

Investing in any security involves the risk of loss. Investors should be prepared to bear this risk before investing.

(B) Material risks associated with PPI's investment strategy generally include the following:

- a. ***Low or High Interest-Rate Environment.*** If the interest-rate environment changes substantially during the life of the strategy, the profitability of certain fixed income strategies may be materially diminished.

- b. **Leverage.** Clients may leverage their capital when we believe that the use of leverage may enable the clients to capitalize on opportunities to achieve a higher rate of return as well as to meet redemptions which would otherwise result in the premature liquidation of investments. While such borrowing will increase the investment opportunities available to the clients, it will also increase the risk of loss on such investments.
- c. **Political, Economic and Other Conditions.** Clients' investments may be adversely affected by changes in economic conditions or political events that are beyond its control.
- d. **Adverse Market Conditions for Residential Assets.** The adverse changes in market conditions for Residential Assets may reduce the cash flow the client receives from the Residential Assets that it holds.
- e. **Counterparty Risk.** Clients will be subject to the risk of the inability of counterparties to perform with respect to transactions, whether due to insolvency, bankruptcy or other causes, which could subject clients to substantial losses.
- f. **Credit and Market Risks.** Clients will be subject to credit and market risks. Investments in fixed-rate and floating rate mortgage-backed securities will entail normal credit risks (such as the risk of non-payment of principal and interest on the security) and market risks (such as the risk that interest rates and other factors will cause the value of a security to decline). Additionally, major economic downturns and financial market changes have negatively affected, and could in the future negatively affect, the ability of some of the issuers of such instruments to repay principal and pay interest thereon and may increase the incidence of default for such instruments.
- g. **Volatility Risk.** The prices of Residential Assets that PPI plans to invest in have been subject to periods of excessive volatility in the past, and such periods can be expected to reoccur. Price movements are influenced by many unpredictable factors, such as market sentiment, inflation rates, interest rate movements and general economic and political conditions. While volatility can create profit opportunities for clients, it can also create unusual risks.
- h. **Possible Changes to Applicable Laws.** No assurance can be given that federal or state legislative, administrative or judicial changes will not occur which will alter, either prospectively or retroactively, the tax considerations or risk factors for clients. In particular, the regulatory environment for hedge funds is evolving, and changes in the regulation of hedge funds may adversely affect the value of investments held by clients and the ability of PPI to obtain the leverage it might otherwise obtain or to pursue its trading strategy. Each prospective investor should seek, and must rely on, the advice of its own accounting, investment, legal, tax and other advisers with respect to the possible impact on its investment of any future proposed legislation or administrative or judicial action.

(C) Material risks associated with residential assets generally include the following:

- a. ***Recent Developments in Residential Mortgage Lending.*** To date, the clients have invested in private label RMBS secured only by cash flows of the underlying mortgages. However, the clients may invest in other types of Residential Assets, including, without limitation, agency RMBS, whole loans, CDO's/CLO's and hard assets. Investing in Residential Assets involve a high degree of risk.
- b. ***Originators and Servicers of Mortgage Loans May Experience Financial Difficulties.*** Residential Assets acquired by the clients may be affected by originators and servicers of mortgage loans experiencing serious financial difficulties and, in some cases, entering bankruptcy proceedings.
- c. ***Risk of collateral underlying RMBS.*** The collateral underlying the RMBS assets purchased for the client's portfolio may be distressed and not performing as anticipated when the loans were originated.
- d. ***Prepayment Risks.*** Because of distress in the mortgage market, many of the target Residential Assets trade at a deep discount price, and, as a result, prepayments would have a positive effect on performance. Under normal conditions, a borrower is more likely to prepay a loan which bears a relatively high rate of interest. This means that in times of declining interest rates, some higher yielding securities might be converted to cash, and the PPI may be forced to purchase instruments with lower interest rates when the cash is used to purchase additional securities. The increased likelihood of prepayment when interest rates decline also limits market price appreciation of some Residential Assets at a time when the prices of most fixed-income securities rise. In the case of Interest Only (IO) securities prepayments in excess of levels anticipated by the market may lead to losses. Bonds with differing underlying average prepayment rates can and will have different sensitivities to interest rate changes on their prepayment response.

Item 9

Disciplinary Information

One of PPI's principals, Anilesh Ahuja, is a defendant in a lawsuit and has settled a second lawsuit brought by private parties, each of which allege that Mr. Ahuja, while employed with Deutsche Bank, was affiliated with certain issuers whose offering documents failed to disclose certain material risks relating to the mortgage-backed securities they issued and the mortgage loans underlying the mortgage-backed securities¹. Mr. Ahuja was named due to being an officer or director of the defendants and/or a signatory to the relevant registration statement. The claims are subject to indemnification, including the advancement of defense costs, by Deutsche Bank and/or directors and officers insurance.

¹ The cases are Schichting Penioenfonds ABP v. ACE Securities Corp. et al., 11-652460 filed with the New York State Supreme Court; Massachusetts Bricklayers and Masons Trust Funds, et al. v. Deutsche Alt-A Securities, Inc., et al., 08-CV-3178 (LDW)(ARL) filed with United States District Court for the Eastern District of New York.

Item 10

Other Financial Industry Activities and Affiliations

- (A) Some members of PPI's management are registered representatives of Brant Point Capital, LLC, an affiliated broker dealer.
- (B) PPI and PPI's management persons are not registered nor do they have an application pending to register as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of PPI's client accounts.
- (C) PPI and Brant Point Capital, LLC, a broker dealer, are affiliated due to their mutual ownership by PPIH, LLC. Brant Point Capital's only business will be to restructure real estate mortgage investment conduit trades (also known as Re-REMICs). To date, Brant Point Capital has had no transactions. Conflicts of interest may arise; however, the broker dealer and the investment adviser are dedicated to acting in accordance with the best interests of their clients at all times and under all circumstances. The broker dealer and the investment adviser both have written policies and procedures in place designed to ensure compliance with the rules of each firm's specific regulatory authority. PPI also addresses these conflicts by all supervised persons signing and following the firm's Code of Ethics and by having an Investment Committee that meets formally monthly. In addition there are checks and balances amongst the Principals and no one Principal acts independently.
- (D) PPI does not recommend or select other investment advisers for its clients.

Item 11

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

- (A) PPI maintains a Code of Ethics that requires the highest standard of ethical conduct on the part of supervised persons and requires compliance with securities laws. A copy of the firm's Code of Ethics is available upon request. PPI also requires reporting and preclearance as appropriate under the Code of Ethics or employee trading policy for all supervised persons.
- (B) As governed by the Code of Ethics or the employee trading policy, neither PPI nor a related person recommends to clients, or buys or sells for client accounts, securities in which PPI or a related person has a material financial interest.
- (C) PPI's related persons may, from time to time, invest in the same securities in which PPI's clients invest. PPI requires its related persons follow the policies and procedures set forth in its Code of Ethics and employee trading policy that require PPI's related persons to pre-clear

trading in any mortgage-backed security or in loans secured through mortgages in addition to purchases of any security obtained through an initial public offering or a private placement.

- (D) As governed in the Code of Ethics or employee trading policy, neither PPI nor a related person recommends securities to clients, or buys or sells securities for client accounts, at or about the same time that PPI or a related person buys or sells the same securities for PPI or a related person's own account.

Item 12

Brokerage Practices

- (A) PPI considers the following factors in selecting broker-dealers for client transactions and determining the reasonableness of their compensation: best execution, responsiveness of the broker, clearance and settlement capabilities of the broker, the nature of the security being purchased, the size of the transaction, the desired timing of the trade, the activity existing and expected in the market for the particular security, confidentiality, the broker's financial stability and the commission rates available at the time of the trade.

- (1) PPI does not receive research or other products or services other than execution from a broker-dealer or a third party in connection with client securities transactions ("soft dollar benefits").

- (2) PPI does not consider client referrals in the selection of broker-dealers.

(3)

- (a) Clients do not request PPI to execute transactions through a specified broker-dealer.
- (b) PPI does not permit a client to direct brokerage.

- (B) PPI, when possible for efficiency and to minimize costs, will aggregate the purchase or sale of securities for various client accounts. Premium Point will allocate trades between various accounts largely on a pro rata basis. The allocation amounts will be determined based on the capital commitment that remains to be invested for each fund, adjusted by the Target Investment Horizon (the number of months that remain until the fund is fully invested in the strategy) for the account as determined at the discretion of PPI's Investment Committee.

Item 13

Review of Accounts

(A), (B) PPI reviews client accounts on a daily basis. PPI's Investment Committee, which is composed of the firm's CEO & CIO, President, Senior Portfolio Manager and Chief Risk Officer, reviews the investment strategy daily.

(C) Monthly, written account statements are sent to each investor by the Fund's administrator. PPI also sends investors estimated and final performance monthly, written risk reports monthly and written newsletters quarterly.

Item 14

Client Referrals and Other Compensation

(A) PPI or related persons do not have any oral or written arrangements to receive an economic benefit from a non-client in connection with providing investment advice or other advisory services for clients.

(B) PPI may compensate third persons for referrals including, but not limited to, Eaton Partners, Chatsworth Securities, Greenstone Equity Partners and Silver Q Partners. Such referral arrangements are generally governed by a written agreement between PPI and the particular third party that (i) complies with the SEC's "cash solicitation" rule (Rule 206 (4)-3); (ii) requires that clients be provided with copies of PPI's Form ADV Part 2A (also known as the brochure), separate disclosure of the nature of the referral arrangement (including compensation features) applicable to the client being referred, and any other document required to be provided under the applicable state law. In exchange for each referral, PPI generally pays the solicitor an agreed upon percentage of NAV and the client does not pay additional compensation.

Item 15

Custody

PPI has custody over its fund clients through signing authority over some of the accounts that they serve as Investment Manager, however, PPI has no physical custody of these assets. Each fund has a prime broker (JP Morgan) who is the actual custodian of the clients' assets. In addition, there is a third-party administrator on all funds and an audit is done annually for the funds. Monthly statements, which include each investor's capital balance and transaction activity (i.e. contributions and redemptions), are sent to each investor by the administrator. Monthly statements are also sent to each client by the administrator and the prime broker. PPI advises clients to carefully review the statements received from the administrator against the statements received from the prime broker.

Item 16
Investment Discretion

PPI accepts discretionary authority to manage securities accounts on behalf of clients. PPI requests from clients that this discretionary authority be documented in written form. This documentation may be found in a Limited Partner Agreement, Private Placement Memorandum or other governing documents as applicable.

Item 17
Voting Client Securities

(A), (B) PPI typically does not hold equity securities of the type that solicit proxies for meetings. We are, however, requested from time to time to vote in connection with consent solicitations for certain notes that we hold. In determining whether to vote in favor of these amendment requests, we consider, among other things:

- the effect of the amendment on the potential return on the bond and over what period
- the period for which we intend to hold the loan
- the effect on the immediate fair value of the bond
- the effect on the client's preference in a reorganization proceeding and
- the effect of the amendment on the likelihood of repayment

PPI has voting authority over its funds clients only. To the extent that PPI has voting authority, clients cannot direct PPI's voting decisions. PPI believes that its interests are aligned with its funds clients with respect to its voting of client securities. In the event that PPI's interests diverge from its clients in voting securities, it will vote the securities in line with what it determines to be the fund client's best interests.

Item 18
Financial Information

(A) PPI does not require nor solicit prepayment of more than \$1,200 in fees per client, six months or more in advance. However, if in the future PPI requires or solicits prepayment of more than \$1,200 in fees per client, six months or more in advance then it will follow the procedures found in the PPI compliance Manual.

(B) PPI does not have any financial condition that is likely to impair its ability to meet contractual commitments to clients.

(C) PPI has not been the subject of a bankruptcy petition at any time during the past ten years.