

Vida Capital Management, LLC

Part 2A of Form ADV

The Brochure

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This brochure provides information about the qualifications and business practices of Vida Capital Management, LLC (“VCM”). If you have any questions about the contents of this brochure, please contact us at 512-961-8265. 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 VCM is also available on the SEC’s website at: www.adviserinfo.sec.gov.

Material Changes

This brochure contains information about VCM and there have been material changes since its last update in March 2011. Effective December 31, 2011 the Vida Longevity Fund II, LP transferred all of the limited partnership interests to the Vida Longevity Fund, LP and closed the partnership. Effective March 1, 2012 the Vida Longevity Fund, LP modified its fund exemption from a 3(c)(1) fund under the Investment Company Act of 1940 to a non-securities partnership under the Securities Exchange Act of 1934.

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Advisory Business

VCM is a Delaware limited liability company formed in August 2010. VCM is wholly owned by its parent company Vida Capital, LLC, which is owned by Austin Ventures X LP and JD Equity LP. VCM serves as the investment manager to the Vida Longevity Fund, LP a Delaware limited partnership (the “VCM Fund”) formed to primarily invest in Life Settlements and Life Settlement Assets (as defined in the Methods of Analysis, Investment Strategies, and Risk of Loss section below). Vida Management I, LLC a Delaware limited liability company and wholly owned subsidiaries of VCM, serve as the general partner (collectively, the “VCM General Partner”) to the VCM Fund, respectively. In providing advisory services to the VCM Fund, VCM formulates their investment objectives, directs and manages the investment and reinvestment of the VCM Funds’ assets, and provides reports to investors. Investment advice is provided directly to the VCM Funds and not individually to the investors.

VCM’s owner JD Equity LP owns an interest in FGMS, LLC, (“FGMS”) which is a Texas limited liability company that serves as the investment manager and General Partner to FGMS Fund III, LP, FGMS IV, LP, and FGMS Fund V, LP (the “FGMS Funds”) (the VCM Fund and FGMS Funds are herein collectively referred to as the “Funds”). The FGMS Funds are a combination of Delaware and Texas limited partnerships formed to primarily invest in Texas Property Tax Loans

(as defined in the Methods of Analysis, Investment Strategies, and Risk of Loss section below). In providing advisory services to the FGMS Funds, FGMS formulates their investment objectives, directs and manages the investment and reinvestment of the FGMS Funds' assets, and provides reports to investors. Investment advice is provided directly to the FGMS Funds and not individually to the investors

As of January 31, 2012, VCM (including FGMS Funds) had Regulatory Assets Under Management of approximately \$28.7 million on a discretionary basis on behalf of the Funds. Assets Under Management (including VCM Fund and FGMS Funds) of approximately \$101.1 million on a discretionary basis on behalf of the Funds.

Fees and Compensation

Compensation received by VCM is generally comprised of fees based on a percentage of assets under management, carried interest and performance fees.

Management Fee

The General Partner to the VCM Fund is entitled to receive a quarterly management fee calculated at an annual rate of 2.0% of each investor's capital account (the "VCM Management Fee"). The VCM Management Fee is paid quarterly in arrears, based on the net asset value of each investor's capital account, as of the first business day of each calendar quarter. The VCM Management Fee is deducted directly from the VCM Funds' accounts. The VCM Management Fee will be prorated for any period that is less than a full quarter and will be adjusted for contributions made during the quarter.

The General Partner to the FGMS Funds are entitled to receive a quarterly management fee calculated at an annual rate of 1.0% for FGMS Fund IV LP and 2.0% for FGMS Fund III LP and FGMS Fund V LP of each investor's capital account (the "FGMS Management Fee"). The FGMS Management Fee is paid quarterly in advance, based on the net asset value of each investor's capital account, as of the first business day of each calendar quarter. The FGMS Management Fee is deducted directly from the FGMS Funds' accounts. The FGMS Management Fee will be prorated for any period that is less than a full quarter and will be adjusted for contributions made during the quarter.

Performance Fees and Carried Interest

With respect to Vida Longevity Fund, LP, a carried interest of 5% of the proceeds from the maturity or sale of Life Settlements will be payable to an affiliate of the General Partner. The carried interest is realized only when death benefits and/or sale proceeds are received by the Fund.

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With respect to FGMS Fund IV, LP, a performance fee of 30% of profits will be payable to the General Partner after an 8% preferential return is paid. The performance fee is realized only after the preferential return is paid.

With respect to FGMS Fund III, LP, a performance fee of 50% of profits will be payable to the General Partner after an 8% preferential return is paid. The performance fee is realized only after the preferential return is paid.

With respect to FGMS Fund V, LP, there is no performance fee or carried interest.

Redemptions

Subject to a two year “Lock-Up Period”, investors may generally make requests to redeem VCM Fund interests on the last day of each calendar quarter (“Redemption Date”) upon 180 days prior written notice. Redemptions will be limited to 10% of any outstanding VCM Fund interests as of any single Redemption Date during the first four years following the inception of the VCM Fund. Thereafter, redemptions of up to 20% will be permitted.

The FGMS Funds are closed-end funds and thus generally do not permit redemptions. Investors’ capital is locked up for the life of the FGMS Funds, which typically ranges from five to seven years.

Organizational Expenses

The VCM Fund will pay or reimburse the General Partner over a three year period for all expenses incurred in connection with the organization of the Funds. These expenses include, without limitation, legal fees, accounting fees, printing costs and other out-of-pocket expenses incurred by the General Partner in connection with the offering up to 1% of the proceeds of the offering or \$250,000, whichever is less.

The FGMS Funds will pay or reimburse the General Partner for its organizational costs and expenses up to an amount not to exceed \$100,000. Organization expenses incurred in excess of that amount will be borne by the General Partner.

Operating Expenses

In addition to VCM’s and FGMS’s fees, investors bear indirectly the fees and expenses charged to the Funds. Those fees vary, but typically include but are not limited to: legal/compliance; audit and accounting fees; and administrative fees and custodial and transaction costs paid to custodians, brokers and other third parties. Investors should review all fees charged by VCM and FGMS, custodians and brokers and other third parties to fully understand the total amount of fees to be paid by the Funds.

See the Brokerage Practices section below for additional information regarding transaction costs.

Performance Based Fees and Side-by-Side Management

With respect to the Vida Longevity Fund, LP, FGMS Fund III, LP, and FGMS Fund IV, LP, FGMS Fund V LP, VCM and FGMS charges an incentive-based fee in the form of a carried interest or performance fee, which is based on the proceeds from the maturity or sale of Life Settlements or Property Tax Loans. The fact that the VCM and FGMS are compensated based on

such profits may create an incentive for VCM and FGMS to make investments on behalf of the Funds that are riskier or more speculative than would be the case in the absence of such compensation. Incentive-based fees may create an incentive for VCM and FGMS to favor Funds that pay an incentive-based fee over other Funds that do not pay an incentive-based fee.

VCM and FGMS seek to ensure that investment opportunities are allocated to the Funds on a fair and equitable basis over time. For each investment that may be appropriate for more than one Fund, VCM as well as FGMS may use, at their sole discretion, a number of metrics, including, but not limited to, free capital, investment strategy, and Fund objectives, in determining which Fund shall receive the investment. In the event that such analysis is not able to preclude all but one suitable Fund, the VCM or FGMS shall adequately document their allocation rationale. VCM as well as FGMS will seek to establish an allocation determination that is fair in light of each Fund's cash availability, investment objectives, diversification criteria, and any other factors that are relevant at the time. If applicable, each order memorandum should also document any deviations from the initial allocation determination made after execution.

Types of Clients

As discussed in the Advisory Business section above, VCM and FGMS provide investment supervisory services to the Funds. Investment advice is provided directly to the Funds, subject to the direction and control of VCM and FGMS, and not individually to the Funds' investors.

Details concerning applicable investor suitability criteria are set forth in the Funds' offering documents and subscription materials. Although VCM and FGMS have the authority to accept subscriptions for lesser amounts, the minimum investments are generally \$150,000 for the VCM Funds and \$100,000 for the FGMS Funds. Each investor is required to meet certain suitability qualifications, such as being an "accredited investor" under Rule 501 of Regulation D of the Securities Act of 1933, as amended..

Methods of Analysis, Investment Strategies and Risk of Loss

The principal objective of the VCM Fund is to preserve the capital of the investors in the VCM Fund and seek a long-term appreciation in the value of the VCM Funds' assets. VCM will attempt to achieve these objectives by investing in "Life Settlement Assets". A "Life Settlement" is the sale to a third party of an existing life insurance policy for more than its cash surrender value but less than its death benefit. These policies are generally made up of elderly individuals or businesses that own policies they no longer want or need because the insured for which the policy was originally designed to protect no longer exists.

The VCM Fund will also consider purchasing other "Life Settlement Assets", such as existing portfolios of Life Settlements, fractions of Life Settlements, synthetic instruments and derivative instruments related to Life Settlements, Life Settlement-backed notes, annuities tied to Life Settlements, and opportunistic investments in mortality and/or longevity-related instruments.

Additionally, VCM may to invest up to 40% of the VCM Funds' assets directly in funds managed by "hedge fund" and/or private managers that invest in Life Settlement Assets.

All investing involves a risk of loss. The following represents some of the unique risks associated with investing in the VCM Fund. Investors should consider an investment in a VCM Fund as involving a high degree of financial risk and should therefore carefully consider all risk factors set forth in the relevant VCM Fund's offering and/or operational documents. Each prospective investor should carefully review offering and/or operational documents, as applicable, before deciding to make an investment in a VCM Fund.

Uncertainty of Life Settlements Market The value of a policy in the Life Settlements or secondary market depends significantly on the health and medical condition and life expectancy of the insured, life expectancy tables then in use by the life settlement industry, and any changes in general economic conditions, including interest rates, inflation rates, government regulations, overall industry conditions, competition, political conditions, volatility in the financial markets, and legislation at the time the VCM Fund may seek to sell the policy. The demand for the purchase, and the liquidity, of in-force policies is uncertain. Therefore, policies acquired by the VCM Fund may be over-priced by the General Partners and/or may not be readily saleable in the Life Settlements or secondary life insurance market if the need should arise for the liquidation of any of the policies.

Uncertainty of Life Expectancy The cost in the Life Settlements market of the policies that may be obtained by the VCM Fund depends, in large measure, upon the life expectancy of the Insured under the policy. The return to the VCM Fund on such purchases is almost entirely dependent upon how accurate the expectancy was as compared to expected life expectancy. Life expectancies are estimates of the expected longevity or mortality of an insured and are inherently uncertain. There can be no assurance that any life expectancy obtained on an insured for a policy will be predictive of the future longevity or mortality of the insured.

Insurable Interest Risk All states require that the initial purchaser of a new life insurance policy insuring the life of an individual has an insurable interest in such individual's life at the time of original issuance of the policy. Whether an insurable interest exists in the context of the purchase of a life insurance policy is critical because, in the absence of a valid insurable interest, life insurance policies are unenforceable under most states' laws. Where a life insurance policy has been issued to a policy holder without an insurable interest in the life of the individual who is insured, the life insurance company is generally not required to pay the death benefit under the policy, but must repay to the owner of the policy all premium payments, usually without interest. Generally there are two forms of insurable interests in the life of an individual, familial and financial. Additionally, an individual is deemed to have an insurable interest in his or her own life. Insurable interest is determined at the inception of the policy. Any determination that a policy purchased by the VCM Fund was issued without insurable interest is therefore void.

Premium Increases For any policies that may be obtained by the VCM Fund, the VCM Fund will be responsible for maintaining the policies, including paying insurance premiums. If a life insurance company is able to increase the cost of insurance charged for any of the policies, the amounts required to be paid for insurance premiums due for these policies may increase, requiring the VCM Fund to incur additional costs for the policies which may adversely affect returns on such policy and consequently reduce the secondary market sale value of such policies.

NAIC Viatical Settlements Model Act Industry groups, including the National Association of Insurance Commissioners (“**NAIC**”) and the North American Securities Administrators Association (“**NASAA**”), perceived there to be an industry regulatory void and passed the NAIC Viatical Settlements Model Act and subsequent Guidelines Regarding Viatical Investments to protect Seniors from over-reaching by less than scrupulous and forthcoming life settlement brokers and providers. In addition to the states which adopt the NASAA guidelines, other states which license insurance purchases follow many of the provisions of the NAIC Viatical Settlements Model Act. Most states regulate life settlements through their insurance departments and/or securities administrators.

Compliance with State Insurance Laws Approximately forty states have adopted viatical and life settlement laws that require licensure of entities that buy or sell life settlement and viatical settlement contracts. The General Partners and the VCM Fund may be required to be licensed as a viatical or life settlement provider in a state that has adopted such laws before it can be permitted to effect the purchase of policies in a life settlement or viatical settlement transaction in that state. However, the General Partners and the VCM Fund may not be able to comply with every state’s laws, or to renew or prevent revocation of a previously issued license or approval. The General Partners and the VCM Fund may be precluded from doing business in any state in which either is unable to obtain or otherwise maintain a required license or otherwise comply with the insurance or securities laws of that state. In the event the General Partner or the VCM Fund is not licensed or approved to do business, or has its license suspended, revoked or non-renewed, in any state, the General Partner and the VCM Fund may not be able to acquire and then resell policies in such states. The inability to purchase policies from the “regulated states” may significantly diminish the number of policies available for purchase by the VCM Fund.

Changes in U.S. Insurance Regulation Changes in state and federal statutes, laws and regulations might make it more difficult for the VCM Fund to purchase and sell policies, thereby hindering the implementation of the VCM Funds’ strategies for acquiring, reselling, holding, or securitizing the policies.

The principal objective of the FGMS Funds are to provide investors with ownership in a portfolio of loans with strong collateral positions contributing to principal preservation, five year investment duration, and monthly cash distributions.

The loans are made to Texas property owners to enable such borrowers to pay their property taxes, plus any accrued penalties, interest and fees (each, a “Property Tax Loan”). The Property Tax Loans are made by lenders (the “Originators”) regulated by the Texas Office of Consumer Credit Commissioner (“OCCC”). Property Tax Loan terms, including fee structure and interest rate, are generally prescribed by statute. When a Property Tax Loan is made, the applicable taxing authority is paid directly from Loan proceeds and the tax lien is transferred from the taxing authority to the Originator. The Funds identify Property Tax Loans that meet its investment criteria and purchases beneficial ownership interests in qualifying Loans from Originators. Once a Fund purchases a beneficial ownership interest a Property Tax Loan, the Originator will collect all principal, interest, fees and penalties paid on that Property Tax Loan and distribute the proceeds to the Fund.

The Funds intend to make monthly distributions of all available cash proceeds in respect of their beneficial ownership interest in the Loans, net of withholdings for expenses and payments of the Management Fee. Historically, the average Property Tax Loan is outstanding for 36 months and produces annual returns of 9-10%.

All investing involves a risk of loss. The following represents some of the unique risks associated with investing in the FGMS Funds. Investors should consider an investment in a FGMS Fund as involving a high degree of financial risk and should therefore carefully consider all risk factors set forth in the relevant FGMS Fund's offering and/or operational documents. Each prospective investor should carefully review offering and/or operational documents, as applicable, before deciding to make an investment in a FGMS Fund.

Some of the risks associated with the FGMS Funds' investment strategies include:

Defaults on Property Tax Loans will reduce income and the distributions payable to investors. Since the assets of the FGMS Funds are beneficial ownership interests in Property Tax Loans, failure of a borrower to pay interest or repay a Property Tax Loan will have adverse consequences to the income.

Geographical concentration of tax liens may result in additional delinquencies. Texas real estate will secure the Property Tax Loans in which the FGMS Funds will hold a beneficial ownership interest, and it may be that the real property securing these Property Tax Loans may be primarily concentrated in certain counties of Texas. These concentrations, by state and by county, may increase the risk of delinquencies on the Property Tax Loans when the real estate or economic conditions of one or more those areas are weaker than elsewhere, for reasons such as:

Intense competition in the FGMS Funds' business affects availability of suitable Property Tax Loans. The recent economic downturn has created economic hardship for many homeowners, and it appears that the demand for tax lien lending may be increasing as a result of the increased number of homeowners unable to pay their property taxes. The FGMS Funds may face competition from numerous established entities, some of which may have more financial resources and experience in the tax lien lending business. Property Tax Loan originators are subject to the same competitive pressures, and may lower the interest rates on Property Tax Loans as a competitive measure. As a result, the FGMS Funds may not be able to purchase Property Tax Loans with interest rates at the level necessary to result in the FGMS Funds' anticipated internal rates of return. In addition, some local taxing authorities notify delinquent tax payers of alternatives to Property Tax Loans (including taxing authority-sponsored payment plans) and other municipalities may begin to undertake such notifications as well. To the extent delinquent tax payers take advantage of alternatives offered by taxing authorities, the demand for Property Tax Loans may decrease.

Some losses incurred by borrowers may not be insured and may result in defaults. Property Tax Loan investment criteria require that borrowers carry adequate insurance for the benefit of the FGMS Funds. Some events, however, are either uninsurable or insurance coverage is not economically practicable. Losses for tornados, hurricanes or floods, for example, may be uninsured and cause losses to the Funds on entire Property Tax Loans.

Application of Servicemembers Civil Relief Act may affect Property Tax Loan terms.

Generally, under the terms of the Servicemembers Civil Relief Act (the “Relief Act”), a borrower who enters military service after the origination of the borrower’s Property Tax Loan (including a borrower who is a member of the national guard or is in reserve status at the time of the origination of the Property Tax Loan and is later called to active duty) may not be charged interest above an annual rate of 6% during the period of the borrower’s active duty status, unless a court orders otherwise upon application of the lender. It is possible that the interest rate limitation could have an effect, for an indeterminate period of time, on the ability of the Originator to collect full amounts of interest on certain of the Property Tax Loans. Any shortfall in interest collections resulting from the application of the Relief Act could result in diminished monthly distributions. The Relief Act also imposes limitations which would impair the ability of the Funds to foreclose on an affected Property Tax Loan during the borrower’s period of active duty status. Moreover, the Relief Act permits the extension of a Property Tax Loan’s maturity and the re-adjustment of its payment schedule beyond the completion of military service. Thus, in the event that the Property Tax Loan goes into default, there may be delays and losses occasioned by the inability to realize upon the property in a timely fashion.

Regulation of the tax lien lending industry imposes additional costs and risk on the operation of the FGMS Funds.

Disciplinary Information

VCM (including FGMS) and its employees have not been involved in any legal or disciplinary events in the past 10 years that would be material to an investor’s evaluation of the company or its personnel.

Other Financial Industry Activities and Affiliations

The VCM Fund will invest only in Life Settlement Assets where there is a clear expectation of payment upon policy maturity. VCM believes that the key to ensuring such payment is a rigorous due diligence process on the part of licensed and regulated companies that facilitate the sale of policies to investors by identifying, examining, and acquiring the policies as agent for the purchasers (each an “Originator”). Magna Life Settlements, Inc., an affiliate of VCM, is a licensed Originator that employs a detailed quality assurance program when evaluating policies. By working with an affiliated Originator, VCM can verify that the policies it purchases for the VCM Fund are originated in strict adherence with state and federal laws and compliant with internal due diligence and quality assurance processes. Magna will receive origination fees for Life Settlement Assets it facilitates for the VCM Fund. Notwithstanding the foregoing, the VCM Fund will also engage additional, non-affiliated Originators.

As discussed in the Advisory Business section above, VCM is affiliated with FGMS, which also provides investment management services; however, FGMS is not separately registered as an investment adviser with the SEC. VCM or FGMS (or a General Partner) will be responsible for all decisions regarding portfolio transactions for the Funds and will have full discretion over the management of the Funds’ investment activities. While FGMS is not separately registered as an investment adviser, all of its investment advisory activities are subject to the Investment Advisers Act of 1940 and the rules thereunder. In addition, employees and persons acting on behalf of the FGMS are subject to the supervision and control of VCM. Thus, FGMS, its employees, and the

persons acting on its behalf, would be "persons associated with" VCM and are subject to VCM's compliance policies and procedures.

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

To avoid any potential conflicts of interest involving personal trades, VCM has adopted written trading policies and procedures ("Code") for its employees (as well as FGMS) which include a formal code of ethics and insider trading policies and procedures. Procedures have been adopted to ensure compliance with the provisions of the Code, including pre-approval of certain personal securities transactions, annual affirmations of compliance, and regular reviews of holdings and transactions. VCM, FGMS, and/or its officers or employees are generally not permitted to trade in the same securities that have been purchased for the Funds.

A copy of VCM's (and FGMS's) Code of Ethics shall be provided to any investor or prospective investor upon request.

VCM, FGMS, their employees, or a related entity will have an investment in the Funds. For example, the General Partners for the Funds are 100% owned by VCM or FGMS. In addition, VCM, FGMS, and the General Partners will participate in the Funds; investment programs by agreeing to commit a certain percentage of the Funds' total capital commitments or a certain amount as defined in the Fund's governing documents. Therefore, VCM, FGMS, its employees, or a related entity participate in transactions effected for the Funds.

Brokerage Practices

The VCM Fund is focused on making investments in Life Settlement Assets. As discussed in the Fees and Compensation section above, this entails a due diligence process on the part of licensed and regulated companies that facilitate the sale of policies to investors by identifying, examining, and acquiring the policies as agent for the purchasers, called Originators. To the limited extent VCM transacts in public securities it intends to select brokers based upon the broker's ability to provide best execution for the Funds. VCM is generally authorized to make the following determinations, subject to the Fund's investment objectives and restrictions, without obtaining prior consent from the relevant Funds or any of their investors: (1) which securities or other instruments to buy or sell; (2) the total amount of securities or other instruments to buy or sell; (3) the executing broker or dealer for any transaction; and (4) the commission rates or commission equivalents charged for transactions.

The FGMS Funds focuses on making Property Tax Loans to Texas property owners. As discussed in the Fees and Compensation section above, this entails a due diligence process on the part of licensed and regulated companies that facilitate the sale of Property Tax Loans to investors by identifying, examining, and acquiring the Property Tax Loans, called Originators. To the limited extent FGMS transacts in public securities it intends to select brokers based upon the broker's ability to provide best execution for the FGMS Funds. FGMS is generally authorized to make the following determinations, subject to a Fund's investment objectives and restrictions, without obtaining prior consent from the relevant Funds or any of their investors: (1) which

securities or other instruments to buy or sell; (2) the total amount of securities or other instruments to buy or sell; (3) the executing broker or dealer for any transaction; and (4) the commission rates or commission equivalents charged for transactions.

Review of Accounts

VCM focuses on investments in Life Settlement Assets. A “buy-and-hold” approach is taken with respect to the investments purchased for the Funds. The Funds’ progress is carefully reviewed and monitored on a monthly basis by VCM.

FGMS focuses on Property Tax Loans to Texas property owners. A “buy-and-hold” approach is taken with respect to the investments purchased for the Funds. The Funds’ progress is carefully reviewed and monitored on a monthly basis by FGMS.

Fund investors are provided with a quarterly Fund report and account statements in writing. This quarterly package also includes detailed Fund financial statements as well as a comprehensive investment memorandum describing the major events that occurred during the quarter and an overview of general market conditions. Both VCM and FGMS also provide audited Fund financial statements in writing on an annual basis.

Client Referrals and Other Compensation

VCM and FGMS may make payments to third parties for introducing potential investors to the Funds. They do not receive any other economic benefits from non-investors in connection with the provision of investment advice to the Funds. Fund investors who subscribe through an authorized dealer, placement agent, or other third party may be subject to a sales charge in accordance with a prior written disclosure provided to such investors. All or a portion of any such subscription charge may be paid to authorized dealers, placement agents, or independent third parties, other than VCM or FGMS, for services provided in connection with the solicitation of subscriptions. Any applicable subscription charge is deducted from the investor’s capital contribution.

Custody

Fund assets are held in custody by JP Morgan, Wells Fargo Bank and/or other unaffiliated qualified custodians. However VCM and FGMS have access to Fund assets since an affiliate serves as the General Partners of the Funds. Investors will not receive statements directly from the custodians. Instead the Funds are subject to an annual audit and the audited financial statements are distributed to each investor. The audited financial statements will be prepared in accordance with generally accepted accounting principles and distributed within 120 days of the Funds’ fiscal year ends.

Investment Discretion

As discussed previously, VCM and FGMS generally have discretionary authority to determine, without obtaining specific consent from the Funds or their investors, the securities and amount to be bought or sold. Any limitations on authority are discussed in the Funds’ private placement memoranda and other governing documents.

Voting Client Securities

Due to the nature of VCM's and FGMS's investment programs and the types of investments made on behalf of the Funds, VCM and FGMS are rarely requested to vote the proxies of traditional operating companies. Given the fact that the VCM Fund primarily invests in Life Settlements policies and other Life Settlements Assets as well as the fact that the FGMS Funds primarily invest in Texas Property Tax Loans, it is more common for VCM and FGMS to receive requests related to amendments, consents, and/or resolutions as a result of investments in Life Settlement Assets and Texas Property Tax Loans.

VCM and FGMS will vote proxies in a manner that they believe maximizes the value of the Funds' investments. In so doing, VCM and FGMS may take into consideration recommendations made by third-parties, such as attorneys and independent actuaries.

VCM and FGMS will not neglect its proxy voting responsibilities, but VCM and FGMS may abstain from voting if it deems that abstinence is in the Funds' best interests. The Chief Compliance Officer will ensure that documentation, such as meeting minutes or a separate memorandum, is maintained that describes the rationale for any instance in which VCM or FGMS does not vote a Fund's proxy.

If VCM determines that it is faced with a material conflict of interest in voting proxies, an Advisory Committee (the "Committee") will be convened and will determine the appropriate vote. Decisions of the Committee are nonbinding. If a unanimous decision cannot be reached by the Committee, a competent third party will be engaged, at VCM's expense, who will determine the vote that will maximize the applicable Fund's value. As an added protection, the third party's decision is binding.

Our complete proxy voting policy and procedures are memorialized in writing and are available for review by investors and prospective investors. In addition, VCM's and FGMS's complete proxy voting record is available to Fund investors, and only to Fund investors. Please contact VCM if you have any questions or if you would like to review either of these documents.

Financial Information

VCM and FGMS have never filed for bankruptcy and are not aware of any financial condition that is expected to affect its ability to manage client accounts.