

Firm Brochure

(Part 2A of Form ADV)

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This brochure provides information about the qualifications and business practices of ALBION INVESTORS LLC. If you have any questions about the contents of this brochure, please contact us at: 212-277-7529, or by email at: efouksman@albioninvestors.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 ALBION INVESTORS LLC is available on the SEC's website at www.adviserinfo.sec.gov

March 17, 2015

Material Changes

Annual Update

The Material Changes section of this brochure will be updated annually or when material changes occur since the previous release of the Firm Brochure.

Material Changes since the Last Update

The U.S. Securities and Exchange Commission issued a final rule in July 2010 requiring advisers to provide a Firm Brochure in narrative “plain English” format. The new final rule specifies mandatory sections and organization.

Full Brochure Available

Whenever you would like to receive a complete copy of our Firm Brochure, please contact us by telephone at: 212-277-7529 or by email at: efouksman@albioninvestors.com.

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Firm Description

ALBION INVESTORS LLC was founded in 1996 under the name of Albion Alliance LLC. In 2005 it changed its name to Albion Investors LLC ("ALBION").

ALBION provides private capital to middle market companies and facilitates access to these markets for qualified investors through limited partnership interests to its clients. Its clients are investment professionals of companies such as banks and insurance companies.

ALBION also provides investment advisory service to companies interested in investing in private limited partnerships, other than Albion sponsored partnerships.

ALBION is strictly a fee-only investment management firm. The firm does not sell annuities, insurance, stocks, bonds, mutual funds, or other commissioned products. The firm is not affiliated with entities that sell financial products or securities. No commissions in any form are accepted. No finder's fees are accepted.

Principal Owners

Mark Arnold and Alastair Tedford are managing members, each with 50% ownership of the LLC.

Types of Advisory Services

ALBION provides investment management advice and services to pooled investment vehicles (partnerships whose limited partners are its clients) which invests primarily in private illiquid, domestic and foreign securities, loans and similar financial investments. Investment guidelines and management fees are based on the partnership agreement and the subscription agreement of the partnership for the life of the partnership, usually twelve years. Albion has full investment discretion, the ability to make investment decisions, for the partnership. Once a partnership is closed, no new partners can be admitted.

Albion also provides investment advisory services to clients interested in investing in private equity funds, debt funds and hedge funds not managed by Albion. (Fund of Funds investments), Albion provides due diligence on such investments and, when appropriate, recommends to the clients potential investments. If approved by the clients, Albion administers such investments until matured or sold. These services are non-discretionary and are provided based on an investment advisory agreement, which is automatically renewed each year and may be terminated by either Albion or the client with 180 days written notice.

As of December 31, 2014, ALBION manages approximately \$.9 billion in assets for approximately 24 clients. Approximately \$12 million is managed on a discretionary basis, and \$918 million is managed on a non-discretionary basis.

Fees and Compensation

Description

Albion is compensated on the basis of fees calculated as a percentage of assets under management or, in some cases, on the capital contributions applied to fund portfolio investments. Fees are charged quarterly based upon the assets at the beginning of each quarter. In the event a client terminates its advisory contract during the quarter, the client will be entitled to a pro rata refund of that portion of the quarterly fee for the remaining balance of the quarter. The fees calculated as a percentage are negotiable and range from 32 to 37 basis points per annum.

Other Fees

Transaction fees are typical in private investments including those which Albion targets for private debt in its partnerships. These investments may take the form of a one-time fee payable at the closing of the investment, typically 1% to 2% of the PAR amount of the debt, or it may be a periodic fee for management services to a portfolio company held by the partnership. Albion rebates transaction fees to the limited partners. This rebate takes the form of a reduction in Albion's base fee paid by limited partners. A percentage of the fee not rebated remains with Albion.

Performance-Based Fees

Description

For limited partnerships Albion may be compensated under performance based fee arrangements (incentive fee), which are outlined in the partnership agreement. Annually a calculation is made of the return to limited partners during the year. If the return is greater than the rate stipulated in the agreement, Albion may be entitled to a percentage of the return. If it is less, shortfalls are carried forward to subsequent years' calculations.

Types of Clients

Description

ALBION generally provides investment advice to partnerships, banks or thrift institutions, investment companies and business entities.

Account Minimums

Albion does not enforce a minimum on account balances.

Methods of Analysis, Investment Strategies and Risk of Loss

Methods of Analysis

Security analysis methods may include charting, fundamental analysis, technical analysis, and cyclical analysis.

The main sources of information include company prepared private placement memoranda, financial newspapers and magazines, inspections of corporate activities, research materials prepared by others, corporate rating services, timing services, annual reports, prospectuses, filings with the Securities and Exchange Commission, and company press releases.

Investment Strategies

For limited partnerships, investment strategies are implemented primarily through investments in various forms of enhanced yield return securities and related investments in private structured investments.

The investment strategy for non-discretionary clients is based upon the objectives stated by the client during consultations. The client may change these objectives at any time.

Other strategies may include long-term purchases and short-term purchases.

Risk of Loss

All investment programs have certain risks that are borne by the investor. Our investment approach constantly keeps the risk of loss in mind. Investors face the following investment risks:

- **Interest-rate Risk:** Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- **Market Risk:** The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.
- **Inflation Risk:** When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.
- **Currency Risk:** Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- **Reinvestment Risk:** This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.

- **Business Risk:** These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.
- **Liquidity Risk:** Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.
- **Financial Risk:** Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

Disciplinary Information

Legal and Disciplinary

The firm and its employees have not been involved in legal or disciplinary events related to past or present investment clients.

Other Financial Industry Activities and Affiliations

Financial Industry Activities

ALBION is a registered investment advisor and is not a securities broker dealer, futures merchant, commodity pool operator or commodity trader, nor are any applications pending for such entities.

Affiliations

ALBION does not have any arrangements that are material to its clients with a related person who is a broker-dealer, investment company, other investment advisor, financial planning firm, commodity pool operator, commodity trading adviser or futures commission merchant, banking or thrift institution, accounting firm, law firm, insurance company or agency, pension consultant, real estate broker or dealer, or an entity that creates or packages limited partnerships.

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

Code of Ethics

The employees of ALBION have committed to a Code of Ethics that is available for review by clients and prospective clients upon request. The firm will provide a copy of the Code of Ethics to any client or prospective client upon request.

Participation or Interest in Client Transactions

ALBION and its employees may buy or sell securities that are also held by clients. Employees may not trade their own securities ahead of client trades. Employees comply with the provisions of the ALBION *Compliance Manual*.

Personal Trading

The Chief Compliance Officer of ALBION is Eugene Fouksman. He reviews any employee trades each quarter. His trades, if any, are reviewed by Mark Arnold, Managing Member of Albion. The personal trading reviews ensure that the personal trading of employees does not affect the markets, and that clients of the firm receive preferential treatment. Since most employee trades are small mutual fund trades or exchange-traded fund trades, the trades do not affect the securities markets.

Brokerage Practices

Selecting Brokerage Firms

In general, ALBION does not use brokerage firms since all securities of the partnership are private securities which are held by an independent custodian in the name of the partnership. For non-discretionary clients, the client chooses a custodian for custody under its own name. If a private security becomes public or a public security is received as a distribution from an investment, an account with a broker will be opened in the client's name.

Best Execution

ALBION reviews the execution of trades with the custodian each quarter. The review is documented in the ALBION *Compliance Manual*. Any Trading fees charged by the custodians are also reviewed on a quarterly basis. ALBION does not receive any portion of the trading fees.

Soft Dollars

ALBION does not have any soft dollar arrangements with any Broker dealers.

Review of Accounts

Periodic Reviews

Albion reviews and evaluates accounts to insure compliance with client objectives, policies and restrictions as investments are purchased and sold. For partnerships, these policies and restrictions are defined in the partnership agreements and reviewed whenever an investment is approved by the investment committee. For non-discretionary clients, the client makes the investment decisions within its own restrictions.

Review Triggers

Other conditions that may trigger a review are changes in the tax laws, new investment information, and changes in a client's own situation.

Regular Reports

Albion provides quarterly financial statements to limited partners. These include a balance sheet, income statement, cash flow statement, listing of investments held and a limited partners' schedule of capital account balances. At the end of the year, the report is audited by one of the top auditing firms and contains descriptive information on each investment in the Fund. For non-discretionary clients reports are provided as requested or needed by the client.

Client Referrals and Other Compensation

Incoming Referrals

For partnerships, ALBION has used a solicitor to introduce a potential investor of a partnership vehicle managed by Albion. Albion has had an agreement with the solicitor that compensates the solicitor with a portion of the management fees earned by Albion from the partnership if the investor becomes a limited partner.

Referrals Out

ALBION does not accept referral fees or any form of remuneration from other professionals when a prospect or client is referred to them.

Other Compensation

Albion does not receive any other compensation except as described in the Fees and Compensation section.

Custody

Account Statements

For partnerships, all assets are held by a custodian, which means the custodians provide account statements directly to Albion for reconciliation with the accounting records of the partnership, at least quarterly. For non-discretionary accounts, clients maintain their own assets in a custodian account of their choosing.

Performance Reports

For partnerships, Albion provides reports as defined in the partnership agreement. For nondiscretionary clients, reports as provided as requested.

Net Worth Statements

For partnerships, all quarterly reports contain a capital balance by limited partner which is the market value of each limited partner. For nondiscretionary clients, reports as provided as requested.

Investment Discretion

Discretionary Authority for Trading

For partnerships, ALBION provides discretionary investment services and makes investment decisions without consultation with the limited partners. Limited partners are notified prior to making an investment and in some cases, per the partnership agreement; they may opt out of the investment.

Power of Attorney

A power of attorney is signed by all limited partners.

Voting Client Securities

Proxy Votes

Since Albion invests in private securities, proxies are not generally issued by companies in which we invest.

ALBION votes proxies for securities over which it maintains discretionary authority consistent with its proxy voting policy

Financial Information

Financial Condition

ALBION does not have any financial impairment that will preclude the firm from meeting contractual commitments to clients.

Business Continuity Plan

General

ALBION has a Business Continuity Plan in place that provides detailed steps to mitigate and recover from the loss of office space, communications, services or key people.

Disasters

The Business Continuity Plan covers natural disasters such as snow storms, hurricanes, tornados, and flooding. The Plan covers man-made disasters such as loss of electrical power, loss of water pressure, fire, bomb threat, nuclear emergency, chemical event, biological event, T-1 communications line outage, Internet outage, railway accident and aircraft accident. Electronic files are backed up daily and archived offsite.

Alternate Offices

No alternate office is contemplated; however, employees can work from home with access to our computer systems until the disaster is abated.

Loss of Key Personnel

ALBION does not have a Business Continuation Agreement with another financial advisory firm to support ALBION in the event of the owners' serious disability or death.

Information Security Program

Information Security

ALBION does not maintain personal information of its clients in computer format to reduce the risk that your personal and confidential information may be breached.

Privacy Notice

ALBION is committed to maintaining the confidentiality, integrity and security of the personal information that is entrusted to us.

The categories of nonpublic information that we collect from you is minimal and does not include information about your personal finances, information about your health , information about transactions between you and third parties, and information from consumer reporting agencies, e.g., credit reports.

We disclose limited information to attorneys and accountants.

We maintain a secure office to ensure that your information is not placed at unreasonable risk. We employ a firewall barrier, secure data encryption techniques and authentication procedures in our computer environment.

We do not provide your personal information to mailing list vendors or solicitors. We require strict confidentiality in our agreements with unaffiliated third parties that require access to your personal information, including financial service companies, consultants, and auditors. Federal and state securities regulators may review our records and your personal records as permitted by law.

Personally identifiable information about you will be maintained while you are a client, and for the required period thereafter that records are required to be maintained by federal and state securities laws. After that time, information may be destroyed.

We will notify you in advance if our privacy policy is expected to change. We are required by law to deliver this *Privacy Notice* to you annually, in writing.

Brochure Supplement (Part 2B of Form ADV)

Education and Business Standards

ALBION requires that advisors in its employ have a bachelor's degree and further coursework demonstrating knowledge of financial planning and tax planning. Examples of acceptable coursework include: an MBA, a CFP®, a CFA, a ChFC, JD, CTFA, EA or CPA. Additionally, advisors must have work experience that demonstrates their aptitude for financial planning and investment management.

Professional Certifications

Mark Arnold, CERTIFICATIONS

Educational Background:

- Date of birth: 1952
- Institutions- University of London, Bachelors of Science with first class honors. Institute of Actuaries, Fellowship

Business Experience:

- Albion Investors LLC, Managing member January 1, 2005 to present.
- Albion Alliance LLC, Co-Chairman & Co-Executive Officer 1996 to December 2004.
- Alliance Corporate Finance Group, Inc., co- Chairman, Co-CEO & Director 1996 to December 2004.

Disciplinary Information: None

Other Business Activities: None

Additional Compensation: None

Alastair Tedford, CERTIFICATIONS

Educational Background:

- Date of birth: 1958
- Institutions-University College, Oxford, England M A Law, Insead, Fontainebleau, France MBA Business.

Business Experience:

- Albion Investors LLC, Managing Member January 1, 2005 to present
- Albion Alliance LLC, Co-Chairman & Co-Executive Officer 1996 to December 2004.
- Alliance Corporate Finance Group, Inc., co- Chairman, Co-CEO & Director 1996 to December 2004.

Disciplinary Information: None
Other Business Activities: None
Additional Compensation: None

Charles Gonzalez, CERTIFICATIONS

Educational Background:

- Date of birth: 1964
- Institutions- University of Illinois, B.S., University of Chicago, MBA finance

Business Experience:

- List here in detail. Albion Investors LLC, Managing Director January 1, 2005 to present
- Albion Alliance LLC, Member & Managing Director, November 2000 to December 2004

Disciplinary Information: None
Other Business Activities: None
Additional Compensation: None

Vassilios Livanos, CERTIFICATIONS

Educational Background:

- Date of birth: 1953
- Institutions –New York University, B.S., New York University, Master of Business Administration.

Business Experience:

- List here in detail-Albion Investors LLC, Managing Director January 1, 2005 to present
- Alliance Corporate Finance Group Incorporated, Managing Director, 1996 to December 2004.

Disciplinary Information: None
Other Business Activities: None
Additional Compensation: None