

## **Eaglewood Capital Management LLC**

**Form ADV Part 2A Brochure---November 30, 2015**

### **Item 1 Cover Page**

This Brochure provides information about the qualifications and business practices of Eaglewood Capital Management LLC (the “Adviser”), an investment adviser registered with the United States Securities and Exchange Commission (“SEC”). Registration with the SEC does not imply that the Adviser or its employees possess a certain level of skill or training.

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. If you have any questions about the contents of this brochure, please contact us at 350 Park Avenue, 18<sup>th</sup> Floor, New York, New York 10022, or by calling (212) 729-4688. Additional information about the Adviser also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC’s web site also provides information about any persons affiliated with the Adviser who are registered, or are required to be registered, as investment adviser representatives of the Adviser.

The oral and written communications of an investment adviser provide you with information which may be used to determine whether to hire or retain an investment adviser. This brochure does not constitute an offer to purchase any securities of any entities described herein. Any such offer or solicitation will be made solely to qualified investors by means of a private placement memorandum and related subscription materials.

**EAGLEWOOD CAPITAL MANAGEMENT LLC**  
**350 Park Avenue, 18<sup>th</sup> Floor • New York,**  
**NY • 10022 Phone: (212) 729-4688**  
**[www.mweaglewood.com](http://www.mweaglewood.com)**

## **Item 2     Material Changes**

For purposes of this Brochure, Item 2 discloses material changes since the last Brochure update, dated June 11, 2015 as follows:

### **Item 4 – Advisory Business**

The Adviser's regulatory assets under management have increased to \$1,975,569,000 as of September 30, 2015. Assets under management (excluding liabilities) increased to \$1,443,547,000 as of the same date.

On November 2, 2015, KKR & Co. L.P. acquired an indirect 24.9% non-controlling interest in Marshall Wace Group, which indirectly owns Eaglewood Capital Management LLC. The share capital was acquired pro rata from the Marshall Wace partners who hold equity interest in the firm through MW Group LP, a Cayman limited partnership.

Pursuant to SEC Rules, we will ensure that our clients receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business' fiscal year. We may further provide other ongoing disclosure about material changes as necessary. Our Brochure may be requested by contacting our Chief Compliance Officer in writing at 350 Park Avenue, 18<sup>th</sup> Floor, New York, New York 10022.

**Item 3 Table of Contents**

Item 1	Cover Page .....	i
Item 2	Material Changes .....	ii
Item 3	Table of Contents .....	iii
Item 4	Advisory Business .....	4
Item 5	Fees and Compensation .....	6
Item 6	Performance-Based Fees and Side-By-Side Management .....	9
Item 7	Types of Clients .....	10
Item 8	Methods of Analysis, Investment Strategies and Risk of Loss.....	11
Item 9	Disciplinary Information.....	23
Item 10	Other Financial Industry Activities and Affiliations .....	24
Item 11	Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.....	25
Item 12	Brokerage Practices .....	27
Item 13	Review of Accounts .....	30
Item 14	Client Referrals and Other Compensation .....	31
Item 15	Custody .....	32
Item 16	Investment Discretion .....	33
Item 17	Voting Client Securities .....	34
Item 18	Financial Information.....	35

#### **Item 4      Advisory Business**

- A.      The Adviser is a Delaware limited liability company and has its principal place of business in New York, New York. The Adviser provides investment advisory services to private investment funds for sophisticated, qualified investors, including high net worth individuals, funds of funds, family offices, endowments and other institutions (the “Funds”); and separate accounts on behalf of high net worth individuals, certain retirement plans, trusts, partnerships, corporations, or other institutional clients and businesses (the “Separate Accounts”). The Adviser also serves as sub-manager to an affiliated investment adviser with respect to an investment company listed on the London Stock Exchange (the “Sub-Managed Account” and together with the Funds and the Separate Accounts, the “Clients”). The Adviser may also provide consulting services to third parties.

The Adviser was formed in 2011. In April 2014, Eaglewood US Holdings LLC acquired 90% of the interests in the Adviser. Eaglewood US Holdings LLC is controlled by MW Eaglewood Management Limited. MW Eaglewood Management Limited is substantially held by MW Group LP, a Cayman limited partnership. On November 2, 2015, KKR & Co. L.P. acquired an indirect 24.9% non-controlling interest in Marshall Wace Group, which indirectly owns Eaglewood Capital Management LLC. The share capital was acquired pro rata from the Marshall Wace partners who hold equity interest in the firm through MW Group LP, a Cayman limited partnership. The Adviser is managed as a separate business entity. Please refer to Schedules A and B of the Adviser’s Form ADV for further information regarding its direct owners and indirect owners, respectively.

- B.      The Adviser generally seeks to manage investments in (i) secured and unsecured consumer loans (including, in the case of Separate Accounts, securities evidencing interests in fractional interests therein); (ii) secured and unsecured non-consumer loans, interests in such loans, and/or loans to originators of such loans (including loans originated by an affiliate of the Adviser); and, in the case of each of the foregoing by employing or retaining the option to employ leverage to enhance returns; (iii) preferred stock and equity securities (including warrants), as well as profit and/or revenue sharing arrangements received or purchased in connection with loans; (iv) swaps and derivative transactions for hedging purposes; and (v) advances against corporate trade receivables and/or purchases of corporate trade receivables.
- C.      While each of its Clients will follow one of the general strategies stated above, the Adviser may tailor the specific advisory services with respect to each Client based on the particular investment objectives and strategies described in the applicable Client’s confidential offering memorandum, prospectus, limited partnership agreement, investment advisory agreement and/or sub-management agreement (as applicable) (referred to collectively as “Client Documents”).

**All discussion of the Clients in this Brochure, including but not limited to their investments, the strategies used in managing the Clients, and conflicts of interest faced by the Adviser in connection with the management of the Clients are qualified in their entirety by reference to each Client’s respective Client Documents.**

- D. The Adviser does not participate in wrap fee programs.
- E. As of September 30, 2015, the Adviser had regulatory assets under management of approximately \$1,975,569,000 in discretionary assets (inclusive of undrawn capital commitments and assets leveraged from credit facilities) and \$0 in non-discretionary assets. Assets under management (excluding liabilities) were \$1,443,547,000 as of September 30, 2015.

## Item 5 Fees and Compensation

- A. Below is a discussion of how the Adviser is compensated in connection with providing advisory services to its Clients. The Adviser may enter into different fee arrangements on a Client by Client, or Fund investor by investor, basis pursuant to side letters or otherwise.

### Funds

#### 1. *Eaglewood Income Fund I, LP (“Fund I”)*

*Management Fees.* For its services to Fund I, the Adviser is entitled to a management fee at the following annual rates: (i) 1.0% of the capital account balance of each investor holding a Founders Class interest and (ii) 1.5% of the capital account balance of each investor holding a Regular Class interest. The management fee is calculated and paid at the beginning of each month in advance. Capital contributions accepted after the commencement of a calendar month will be subject to the management fee as if such contributions had been received on the first day of such month.

*Performance Allocation.* The general partner of Fund I, which is an affiliate of the Adviser, is entitled to a performance-based profit allocation at the end of each calendar year equal to (i) 10% (subject to a 5% “hurdle rate”) of the net profits attributable to Founders Class interests and (ii) 15% (subject to a 5% “hurdle rate”) of the net profits attributable to Regular Class interests, but, in each case, only to the extent that such profits exceed the balance in such investor’s loss carry forward account. Net profit includes unrealized appreciation or depreciation of marketable and non-marketable investments.

*Withdrawals.* Subject to certain withdrawal restrictions, Fund investors are permitted to make withdrawals at the end of each calendar quarter on 90 days’ prior written notice; provided that (i) no investor is entitled to make any withdrawal of its contribution to its capital account during the first year following such investor’s contribution to such capital account, (ii) an early withdrawal amount equal to 3% of the withdrawn amount will apply after year one through year two and (iii) an early withdrawal amount equal to 1% of the withdrawn amount will apply after year two through year three. Early withdrawal fees are not charged on the withdrawal of amounts from Founders Class interests.

Withdrawal requests may be subject to reserves for contingencies, suspension restrictions, liquidity restrictions, and hold-back pending audit as discussed further in Fund I’s Client Documents.

The General Partner may, in its sole discretion, waive all or a portion of the Management Fee, Performance Allocation, withdrawal fees and notice requirements in respect of withdrawals with respect to other investors in Fund I.

#### 2. *Eaglewood Small Business Fund LP (“Fund II”)*

*Management Fees.* Fund II is a multi-series limited partnership. For each series of Fund II, the capital accounts of such series’ investors, other than affiliates of Fund II’s general

partner, the Adviser as investment manager of Fund II, or their respective officers or employees, are charged a quarterly management fee in advance, to be paid by such series to the Adviser, at a per annum rate of 2% of gross assets under management (including remaining uncalled capital commitments and leverage and without netting of liabilities related to indebtedness for borrowed money) with respect to each series of Fund II.

*Preferred Return / GP “Catch Up”/ Carried Interest.* Distributions, when made pursuant to the term of the Client Documents, are generally made first to Fund II’s limited partners until they receive aggregate distributions with respect to realized investments equal to their contributed capital with respect to such realized investments plus a preferred return thereon in an amount equal to 8% per annum, and then to Fund II’s general partner, according to “catch up” formula so that it receives an amount equal to 20% of the aggregate preferred return and catch up distributions, and then 80% to the limited partners pro rata in accordance with their contributed capital and 20% to the general partner.

*Withdrawals.* Subject to certain withdrawal limited exceptions, Fund investors are not permitted to make withdrawals from Fund II, but rather receive distributions according to the parameters set forth in Fund II’s Client Documents.

#### Separate Accounts

The fees and expenses associated with each Separate Accounts will be negotiated with each Separate Account and are described in detail in the each Separate Account’s investment management agreement.

*Management Fees.* The management fee is generally calculated and paid each month in advance. The annual management fees may range to up to 2% of a Separate Account’s assets.

Management fees are generally deducted in advance with respect to each period for which they are due from each Separate Account directly upon invoice to the custodian.

#### Sub-Managed Account

The fees associated with the Sub-Managed Account are waived by the Adviser. The primary investment manager, an affiliate of the Adviser, is entitled to the fees as set forth in the Client’s offering prospectus. To avoid fee layering, no fee is charged by the Adviser to the Sub-Managed Account for any separate account it manages on its behalf. Compensation in lieu of fees and reimbursement of expenses associated with the Sub-Managed Account may be paid by the Adviser’s affiliate, as agreed upon between them from time to time.

- B. Management fees and performance allocations, as applicable, are paid as indicated in Item 5.A. For most, but not all, Separate Accounts, the Adviser deducts fees from Client assets rather than billing Clients for fees incurred.

- C. Each Client generally bears its own expenses, including legal, accounting, brokerage, custody, administration and other expenses, which expenses are set forth in detail in the Client Documents.

Although the Adviser generally does not execute transactions with broker-dealers in connection with the implementation of its investment strategy, to the extent that any Client transactions are executed through a broker-dealer, the Client will incur brokerage and other transaction costs. Please refer to Item 12, Brokerage Practices, for more information.

- D. As stated above, any management fees are payable in advance with respect to each period for which such management fees are due. Since Fund I investors are generally only permitted to withdraw investment in a Fund on a quarterly basis, refunds of management fees are generally not available to Fund I investors. Since Fund II investors are generally not permitted to withdraw, no refunds of management fees are available. In the event that the advisory agreement is terminated with respect to a Separate Account during a month in which the management fee has been paid in advance, the Adviser will return the pro rata portion of the fee to the Separate Account for the period remaining in such month.
- E. The Adviser may from time to time package loans in a special purpose vehicle for purposes of securitizing such loans and may receive management fees directly from such vehicle. In addition, the Adviser and certain of its affiliates or associated persons may receive warrants, equity securities or other compensation in connection with providing consulting services, or as reimbursement for its expenses, in connection with transactions entered into or to be entered into by Fund II.



## **Item 6      Performance-Based Fees and Side-By-Side Management**

As stated in Item 5 above, the Adviser or its affiliates receive performance-based fees or allocations from certain Clients. These payments are subject to Section 205(a)(1) of the Investment Advisers Act of 1940, as amended (the “Advisers Act”), in accordance with the available exemptions thereunder, including the exemption set forth in Rule 205-3.

Performance-based fees, in general, may create an incentive for an adviser or its supervised persons to make investments that are riskier and more speculative than would be the case in the absence of a performance-based fee.

The Adviser manages multiple Clients with similar investment strategies on a side-by side basis. As a result, the Adviser, its principal(s), and/or affiliate(s) may have conflicts of interest in: (i) allocating their time and activity among the multiple Clients; (ii) allocating investments among the multiple Clients; and (iii) effecting transactions among the multiple Clients, including ones in which the Adviser, its principal(s), and/or affiliate(s) may have a greater financial interest. These conflicts of interest may create an incentive for the Adviser to favor a Client in which the Adviser, its principal(s), and/or affiliate(s) have a greater financial interest with respect to allocation of time and activity, limited investment opportunities, or investments that the Adviser regards as more attractive or better performing investments.

To address these conflicts of interest, the Adviser has implemented policies and procedures to ensure that all Clients receive equitable and fair treatment over time with respect to the allocation of investment opportunities. These policies and procedures require the Adviser to at all times allocate investments among the Clients in a manner which it believes to be fair and equitable and prohibit the Adviser from basing an allocation decision on any of the following, or similar, reasons: (i) to generate higher fees paid by one Client over another, or to produce greater fees to the Adviser or any of its affiliates; (ii) to develop a relationship with an existing or potential investor in a Client; (iii) to compensate an investor in a Client for past services or benefits rendered to the Adviser or any employee of the Adviser; or (iv) to induce future services or benefits to be rendered to the Adviser or any employee of the Adviser.

## **Item 7     Types of Clients**

As mentioned in Item 4, the Adviser provides investment advisory services to (i) private funds for sophisticated, qualified investors, including high net worth individuals, funds of funds, family offices, endowments and other institutions, (ii) separate accounts including high net worth individuals, certain retirement plans, trusts, partnerships, corporations, or other institutional clients and businesses and (iii) a sub-managed account with respect an investment company listed on the London Stock Exchange.

The Client Documents for each Client may include certain stated minimum investment amounts, although the Adviser may accept investments in a lesser amount at its sole discretion.

## **Item 8      Methods of Analysis, Investment Strategies and Risk of Loss**

### **Investment Strategies and Methods of Analysis**

The Adviser generally seeks to manage investments in (i) secured and unsecured consumer loans (including, in the case of Separate Accounts, securities evidencing interests in fractional interests therein); (ii) secured and unsecured non-consumer loans, interests in such loans, and/or loans to originators of such loans (including loans originated by an affiliate of the Adviser); and, in the case of each of the foregoing by employing or retaining the option to employ leverage to enhance returns; (iii) preferred stock and equity securities (including warrants), as well as profit and/or revenue sharing arrangements received or purchased in connection with loans; (iv) swaps and derivative transactions for hedging purposes; and (v) advances against corporate trade receivables and/or purchases of corporate trade receivables. The Adviser may seek to securitize all or part of a Client's portfolio and may establish one or more special purpose vehicles (SPVs) in connection with any such securitization or in connection with obtaining leverage against Client assets. The Adviser may also invest in the equity of platforms. The Adviser's investment strategies involve a high degree of business and financial risk, including the risk that the entire amount invested may be lost. Accordingly, the Adviser's investment strategies are only suitable for investors prepared to bear such risk. The Adviser may invest Client assets in debt instruments and engage in transactions using strategies and financial techniques with significant risk characteristics. No guarantee is made that the investment objectives of the Adviser will be realized.

The Client Documents for each Client contain further information on their respective investment strategies and process.

### ***LendingClub Loans***

In the peer-to-peer (P2P) lending industry, borrowers (also commonly referred to as "borrower members") and investors (also commonly referred to as "lender members") are matched via platforms to originate credit transactions, resulting in the disintermediation of more traditional financial institutions. The Adviser primarily purchases consumer loans for Clients that are originated by LendingClub Corporation, a Delaware corporation ("LendingClub"), that offer a combination of attractive yield, strong credit quality, and relatively short duration while minimizing volatility of returns and correlation to other asset classes.

The Adviser has created a proprietary loan selection model (the "model") that attempts to screen out loans that it believes have a higher likelihood of default given their existing risk grade from LendingClub. The model predicts a loan's propensity to default based on economic principles of risk and behavior and incorporates statistical methods. Data for the model is provided by LendingClub and external providers. The Adviser believes using the model will lead to better risk-adjusted returns over time.

The Adviser does not rely exclusively on statistical methods for the creation and implementation of variables and themes in the model, believing that judgment and experience will allow the Adviser greater flexibility to respond to events and trends that may not have appeared in historical data. The Adviser may periodically update its loan selection model.

Clients may invest in whole loans or, in the case of most Separate Accounts, fractions of such loans (“Notes”). Investors purchase Notes in \$25 increments and each Note entitles the investor to a portion of the borrower’s loan repayments of principal and interest.

### ***Consumer Loans***

The current market in which the Adviser participates is competitive and rapidly changing. The Adviser has entered into agreements with a number of platforms in relation to the deployment of Clients’ capital. However, there can be no guarantee that the Adviser will be able to secure terms in relation to the deployment of its capital through any other platforms. The Adviser intends to continue to build relationships with and enter into agreements with additional platforms.

### ***Small Business Loans***

The Adviser seeks to achieve risk-adjusted returns that are superior to traditional fixed-income investments by purchasing and originating loans to small businesses. The Adviser purchases and originates a large portion of these loans through online lending platforms that employ technology to automate the sourcing, underwriting, origination and servicing of investments. A small business generally means as any for-profit business with annual revenue of \$35 million or less. The size of loans to small businesses is generally between \$50,000 and \$250,000. The Adviser intends to achieve its objective by purchasing (and in the case of I. a., b. and c. below, originating) the following investments:

#### **I Debt Investments**

- a. advances, receivables purchases or factoring arrangements with small businesses;
- b. loans made to small businesses or the originators of such loans and loan participations issued in connection with such loans;
- c. secured and unsecured debt instruments (including convertible debt) issued by small businesses or by originators of loans to small businesses; and
- d. securitized debt instruments, or securities or other interests, secured by, backed by or representing interests in, pools of primarily any of the foregoing.

#### **II. Equity Investments**

- a. preferred stock and equity securities (including warrants but excluding securitized equity instruments), as well as profit and/or revenue sharing arrangements received or purchased in connection with loans made to small businesses or the originators of such loans, in each case in the United States.

The Adviser intends to select debt investments with relatively short durations that offer attractive yields in relation to their credit quality, while seeking to minimize volatility and correlation of returns to other asset classes, with the potential for additional upside via equity investments

received or purchased in connection with debt investments. The Adviser believes that many small businesses are underserved by traditional financial institutions because small businesses are less visible, or have achieved neither the size nor the scale to attract lending from such institutions. Few banks and finance companies focus on lending to small businesses and as a result, the Adviser believes it can receive terms on loans to small businesses that possess risk-adjusted return profiles that are superior to loans made to larger, more well-known companies. Such favorable terms may include higher yields, lower leverage ratios, stronger credit enhancements and/or greater equity grants than typical transactions involving larger, more established companies.

The Adviser may seek to further enhance returns by employing leverage, either through warehouse lines of credit, securitization markets, or other forms of borrowing.

### ***Corporate Trade Receivables and Other Debt Facilities***

Invoice financing has emerged as a lending asset class whereby a platform advances funds against invoice receivables. This form of financing allows businesses seeking working capital to get advances on cash due from their customers. From a borrower's perspective, this form of short-term (typically 30 to 180 days) financing provides for a low cost way for the business to receive capital instead of an often more restrictive and/or more expensive banking facility. For some businesses, this form of invoice financing did not previously exist in their jurisdiction or was offered at high rates, irrespective of the collateral or creditworthiness of the debtor.

In many cases, businesses which sell goods or services to blue chip companies can receive advances against their invoices via P2P platforms for an annualized discount factor of 8 to 20 percent of the face value of the invoice.

### ***Equity Investments in Platforms***

The Adviser may also seek to make strategic investments, on behalf of its Clients, in the equity of platforms where it believes there to be significant potential valuation upside. The Adviser will seek to invest in platforms which exhibit the potential to capture significant market share.

### ***Leverage***

The Adviser employs leverage for certain Clients against their loan portfolio as a means of enhancing returns. The Adviser believes that its leverage targets are reasonable in relation to many yield-oriented investments and structured products vehicles. The Adviser believes that consumer loans can be used as collateral to secure leverage on favorable terms given their combination of high yield, short duration and high credit quality. The Adviser believes there is a substantial difference (or spread) between the returns on consumer loans and the cost of credit facilities collateralized by comparable assets in the capital markets. The Adviser will seek to maximize this spread and will seek to continually improve the terms of its Client credit facilities. Additionally, the Adviser may invest certain Client assets in a variety of derivative instruments to protect against possible increases in financing expenses with credit facility providers resulting from changes in interest rates.

### **Material Risks related to the Adviser's Strategies**

Investing in loans and corporate trade receivables involves a substantial degree of risk. Potential risk factors related to investing in the Adviser's strategies are included below. There is no

guarantee that the Adviser will be able to control these risks or that the risks will not aggregate in a manner adverse to the Adviser's Clients. The risks factors below are not intended to be exhaustive.

***Competition and portfolio concentration risks***

The Adviser may face increasing competition for access to suitable investments as the P2P lending industry continues to evolve. The Adviser may face competition from other institutional lenders such as fund vehicles and commercial banks that are substantially larger and have considerably greater financial, technical and marketing resources than the Adviser. These potential competitors may have higher risk tolerances or different risk assessments, which could allow them to consider a wider variety of investments and establish more relationships than the Adviser. There can be no assurance that the competitive pressures the Adviser faces will not erode the Adviser's ability to deploy capital and thus impact the financial condition and results of the Clients.

***Lack of suitable inventory***

There can be no guarantee that the rapid origination growth experienced by platforms in recent periods will continue. Without sufficient number of new qualified loan requests, there can be no assurances that the Adviser will be able to compete effectively for loans with other market participants.

***Arrangements for backup servicing may be limited***

If a servicer fails to maintain operations or becomes the subject of bankruptcy, Clients will experience a delay and increased cost in respect of expected principal and interest payments, and payments with respect to the loans may become subject to claims of creditors of such servicer. Clients may make arrangements for only limited backup servicing. If any such servicer platform were to fail or if such servicers were to become insolvent, the Adviser would attempt to transfer loan servicing obligations to a third party back-up servicer. There can be no assurance that this back-up servicer will be able to adequately perform the servicing of the outstanding loans. If this back-up servicer assumes the servicing of the loans, the back-up servicer will impose additional servicing fees, reducing the amounts available for payments. Additionally, transferring these servicing obligations to the back-up servicer may result in delays in the processing and recovery of information with respect to amounts owed on the loans or, if a servicer platform becomes inoperable, may prevent a servicer from servicing the loans and making principal and interest payments. If the back-up servicer is not able to service the loans effectively, the Client's ability to receive principal and interest payments with respect to the loans may be substantially impaired. In addition, any bankruptcy or insolvency of any servicer will adversely impact a Client's investment and may cause payments with respect to the loans to be subject to the claims of a servicer's or such backup servicer's other creditors.

***Risks Related to LendingClub Platform Investments***

Client assets invested in LendingClub are subject to risks associated with the concentration of their portfolio in LendingClub loans or Notes and their success or failure is highly dependent on the success or failure of LendingClub. In the event LendingClub were not able to conduct its business successfully (including, without limitation, with respect to attracting borrower members, servicing member loans and remaining adequately capitalized) or if LendingClub were to experience a material adverse effect or a complete failure of its business, it would materially and adversely affect the performance of Client accounts primarily invested in LendingClub loans. The success

or failure of Eaglewood Income Fund is also dependent on the continuation of the arrangements which it has in place for the purchase of consumer loans from Lending Club.

*Diversification.* Although the Adviser will diversify investments among the LendingClub member loans, it does not currently make any material investments outside of the LendingClub member loans (other than fixed income securities and investments in swaps and derivatives in connection with hedging strategies) for Fund I and the Separate Accounts, though the Adviser may elect to invest such Clients outside of the LendingClub platform in the future. As a result, this concentration of Client investments will cause Client returns to become more susceptible to fluctuations in value resulting from adverse economic or business conditions affecting LendingClub and/or the consumer loan market in general and there is no guarantee a Client will not become overly concentrated in a single industry or borrower. For the Separate Accounts, investments in Notes that correspond to different borrowers can help diversify a portfolio and reduce the impact of any single loan loss.

*Loan Selection and Valuation Models.* There is no guarantee that the Adviser's loan selection and valuation models will produce satisfactory results or that such models will identify member loans that will perform better than (or as well as) any other member loans originated by LendingClub. The Adviser believes that such models will serve to increase Client returns by successfully filtering out the least attractive member loans, but it is possible that such models will produce less favorable results, which could negatively affect Client performance. While LendingClub has agreed to supply loans for purchase by Clients for a limited period, there can be no assurance that such arrangement will remain in place indefinitely. As a result, in some cases, Clients may not be able to purchase the member loans selected by the Adviser's loan selection model, which could negatively affect Client performance.

***Risks Related to Investments in Consumer Loans outside the LendingClub Platform***

As a general matter, the risk factors identified herein relating to competition, portfolio concentration, lack of suitable inventory, backup servicing and LendingClub will also apply to loans acquired by Clients from non-LendingClub originators. Additionally, each such non-LendingClub originator may have its own specific risks of which Clients, their investors and potential investors should be aware.

***Risks Related to Commercial Loan Selection***

There is no guarantee that loan selection of commercial loans will produce satisfactory results or that the Adviser will be successful in identifying commercial loans that will perform better than (or as well as) any other loans purchased or originated by other financing entities. Fund II's and the Sub-Managed Account's success or failure is highly dependent on the success or failure of the sources of commercial loans. In the event any such sources were not able to conduct its business successfully (including, without limitation, with respect to attracting loans for purchasers and borrowers, servicing commercial loans and remaining adequately capitalized) or if any such source were to experience a material adverse effect or a complete failure of its business, it could materially and adversely affect the performance of the fund due to the inability to generate returns for its investors.

### ***Operational Risk***

The Adviser relies extensively on computer systems and proprietary programs to evaluate and purchase consumer and commercial loans, to monitor Client portfolios and net capital, and to generate reports that are critical to oversight of the Adviser's investment activities. In addition, certain of the Adviser's operations interface with or depend on systems operated by third parties, and the Adviser may not be in a position to verify the risks or reliability of such third-party systems. These programs or systems may be subject to certain defects, failures or interruptions, including, but not limited to, those caused by computer "worms," viruses and power failures. Such failures could cause the evaluation and purchase of loans to fail, lead to inaccurate accounting, recording or processing of transactions relating to loans, and cause inaccurate reports, which may affect the Adviser's ability to monitor Client investment portfolios and its risks. Any such defect or failure could cause the disruption of the Adviser's its business, liability to clients or third parties, regulatory intervention or reputational damage, or financial loss to its Clients.

### ***Regulatory Risk and Tax Risk***

Federal and state regulators could subject the platforms and lenders on a platform to legal and regulatory examination or enforcement action. Non-compliance with laws and regulations may impair a platform's ability to arrange or service loans, which could impact Client's ability to purchase loans or Notes or receive payments on the loans or Notes it has already purchased.

Potential characterization of loan marketers as lenders may have a material adverse effect on the Adviser.

*Not licensed as a lender.* Neither the Adviser nor any of the Clients or related entities are licensed as a lender in any jurisdiction. The platforms have represented and warranted that they will maintain all licenses required for its activities to service, collect, modify and pursue default recovery from the loans. As a result, the Adviser believes that the Clients are either not required to be licensed or otherwise exempt from licensing in each of the jurisdictions in which the obligors of the loans are located. However, if a governmental authority or other regulatory agency in any of these jurisdictions were to assert or determine in the future that the activities of the Adviser or any Client were subject to its licensing requirements, then the Adviser or Clients, as applicable, would likely suffer significant, or even substantial, expenses and losses.

*Significant Modifications of Debt Instruments.* A Client may have phantom income if any of its investments constituting debt for Federal tax purposes are "significantly modified" (i.e., which generally arises when the maturity, interest rate, principal amount, collateral or other economic terms of a debt instrument are modified to a significant degree). A significant modification would cause a deemed taxable exchange of the original debt instrument for the modified instrument. Such deemed sale could trigger market discount to the extent it exists at the time of the deemed sale and/or could cause the a Client to recognize taxable gain if and to the extent the face amount of the modified debt instrument exceeds the Client's adjusted basis in the original debt instrument.

*UBTI.* An Eaglewood Fund might be considered to be engaged in a trade or business in the United States and, if so, a non-US investor or Client would be subject to federal income tax in the United States with respect to its share of the fund's income from such trade or business. In these circumstances, the Eaglewood Fund would be required to withhold and remit certain amounts to



the US Internal Revenue Service and other tax authorities. Such action could have a material adverse effect on a Client's return from its investment in the Eaglewood Funds.

*Market Discount.* Market discount is generally equal to the excess of a debt obligation's stated redemption price at maturity (i.e., generally, the sum of all principal payments due under the debt instrument plus certain types of non-fixed interest payments) over the taxpayer's adjusted basis in such debt instrument, reduced by the amount of any original issue discount associated with such debt instrument. If a debt instrument has market discount, the holder generally must include such market discount in its taxable income (as ordinary income) during the year such debt instrument is sold or the principal payments exceed the taxpayer's basis in such debt instrument. While holders of market discount obligations may elect to accrue such discount on a current basis, it is expected that the Clients or any subsidiary trust will make no such election in order to minimize the mismatch between the amount of taxable income recognized from an investment during a taxable year and the amount of cash actually received from such investment during the taxable year.

*Usury Laws.* Loans purchased by the Adviser for its Clients may be subject to state usury laws. The Adviser intends to use reasonable efforts to cause its Clients to comply with any applicable usury laws. However, in some instances, the Adviser may not be aware that the usury laws of a state are applicable and/or the Adviser may not be successful in causing its Clients to comply with such laws. Failure of a Client to comply with any applicable usury laws could result in such Client incurring a significant loss with respect to the applicable loan.

#### ***Risks associated with Borrowing***

*Credit Facilities.* The credit facilities that the Adviser may obtain for its Clients could possibly mature prior to the Clients' ability to repay such facilities, and a failure to obtain a facility renewal from the applicable lender could cause a payment default under the applicable credit facility in which case such lender could accelerate Client indebtedness and foreclose on the assets securing such indebtedness or impose financial penalties (including, but not limited to, higher interest rates and other fees). Additionally, the Adviser may find it necessary refinance one or more of the credit facilities with a new third-party lender, which refinancing could be subject to highly onerous terms. All of the foregoing would have a material adverse effect on the Clients' financial condition.

Credit facilities may bear interest based upon variable rates, while the loans purchased by Clients will generally be subject to fixed interest rates. In the event the interest rates under a Client's credit facility were to materially increase, it could substantially reduce the Client's returns and have a material adverse effect on the Client's financial condition.

*Financing Arrangements.* As a general matter, the banks and lenders that may provide financing to the Adviser have considerable discretion in setting and changing their interest rates, fees, collateral requirements, financing and collateral valuation policies. Changes by banks and lenders in any of the foregoing policies may result in defaults, loss of financing and forced liquidations of positions at disadvantageous prices.

*Lender Financial Health.* The Adviser is highly dependent on lenders to carry out its leverage strategy. In the event that the financial condition of one or more of the lenders were to become impaired, the Clients could be subjected to higher interest rates or an inability to make further

borrowings under the applicable credit facility, any of which could negatively affect the Clients' overall performance.

*Credit Ratings.* While the Adviser believes that the cost of debt could materially decline as the Adviser grows the asset base of its Clients and achieves the critical mass necessary to obtain an agency credit rating on its credit facilities and access the securitization markets, there is no guarantee that the Adviser will actually be able to obtain such an agency credit rating for its Clients or be able to access such securitization markets, and the failure to do so could impair the Adviser's leverage strategy and negatively affect the overall performance of its Clients.

*Client's financing arrangements.* A Client's existing and future financing arrangements may impose operating and financial restrictions on a Client and its related entities. These restrictions may limit a Client's ability and the ability of its related entities to (i) incur additional indebtedness; (ii) create liens on its assets; (iii) make investments; (iv) make distributions or dividends to its Partners; or (v) make capital expenditures. A Client's failure to comply with the terms of any financing arrangements it enters into could lead to defaults, in which case its lenders could then accelerate a Client's indebtedness and foreclose on the assets securing such indebtedness or impose financial penalties (including, but not limited to, higher interest rates and other fees), all of which would have a material adverse effect on a Client's financial condition.

*Securitization Risk.* In connection with any securitization transaction, a Client may provide support, in the form of a demand note or other feature for the repurchase obligations of one or more securitization vehicle affiliates formed to effectuate such securitization transaction. Such repurchase obligations may be triggered upon the determination that a loan sold by a Client to one or more of such securitization vehicles is in material breach of representations and warranties made with respect to such loan at the time of sale. If the Client is unable to meet its obligations under such repurchase support obligation due to lack of available funds, such Client will be in default on such obligations, and other parties to the securitization may be entitled to pursue remedies, including damages, against such Client. Alternately, if a Client is called upon to provide such support and does so, the available funds used to honor a repurchase support obligation will be unavailable, either temporarily or permanently, to investors in such Client.

*Change in Interest Rates.* Loans originating on consumer loan platforms and most commercial loans bear fixed, not floating, rates of interest. If the prevailing interest rates increase, the interest rates on loans (or Notes) purchased by the Adviser for a Client might be less than the rate of return the Client could earn if the Adviser invested the purchase price for such loans in other investments. While the Client may still receive a return on its purchase price for the loans through the receipt of amounts equal to the interest portion of borrower's payments on the loan, if prevailing interest rates exceed the rate of interest payable on the loan, the payments received by the Client during the term of the loan may not reflect the full opportunity cost to the Client after taking into account factors such as the time value of money. There is no prepayment penalty for borrowers who prepay their loans. If prevailing interest rates on loans decrease, borrowers may choose to prepay their loans with money they borrow from other sources or other resources and a Client may not (i) receive the interest payments on such loans that it is expected to receive or (ii) be able to find an alternative use of funds to realize a similar rate of return at the time at which the loan is repaid.

*Leverage.* The Adviser utilizes leverage in investing assets of some Clients including by borrowing funds and pledging Client assets as collateral. While the use of leverage increases returns if the Client earns a greater return on the incremental investments purchased with leverage than it pays for such leverage, the use of leverage decreases returns if the Client fails to earn as much on such incremental investments as it pays for such funds. The effect of leverage may therefore result in a greater decrease in the net asset value of the Client than if the Client was not so leveraged.

### ***Investments Involving Other Clients***

A Client may, from time to time, make an investment in a platform in which one or more other Client(s) invests in a different part of the capital structure. There may be instances where such platform may become insolvent or bankrupt and where Clients' interests in such platform may conflict. Moreover, there may be situations in which a Client determines to invest in a platform in which another Client managed by the Adviser or its affiliate(s) maintains an investment, so long as the firm or its affiliate(s) determine that the investment made by the Client(s) is appropriate for, and falls within the investment guidelines of, such Client(s). To the extent that a Client holds securities in a platform with rights, preferences and privileges that are different than those held by other Clients in the same platform, the Adviser and its affiliates may be presented with decisions when the interests of a Client and the Adviser's other Clients are in conflict. It is possible that in a bankruptcy proceeding, out-of-court restructuring or other corporate action, a Client's interest may be subordinated or otherwise adversely affected by virtue of the Adviser's other Clients' involvement and actions relating to its investment. As a result, there may be conflicts between Clients with respect to voting the securities of such platforms and other matters relating to various investments.

## **Investment Risk**

### ***Consumer Loan Investment Risk***

*Risk of borrower default.* The ability to earn revenue is completely dependent upon payments being made by the borrower of the loan acquired through a platform. Consumer loans may be unsecured obligations of borrowers. Such loans are not secured by any collateral, not guaranteed or insured by any third party and not backed by any governmental authority in any way. The platforms and their designated third party collection agencies may be limited in their ability to collect on loans. Numerous events could impact a borrower's ability or willingness to repay a loan, including the borrower incurring additional debt, the death of the borrower, divorce or sudden significant expenses, such as uninsured healthcare costs. Borrowers may seek protection under federal bankruptcy law or similar laws or qualify under a US Federal law that provides borrowers on active military service with rights that may delay or impair a platform's ability to collect on a protected consumer loan. Identity fraud may occur and adversely affect a Client's ability to receive the principal and interest payments that it expects to receive on loans.

### ***Risk of default by the Platforms***

If losses due to platform default exceed any guarantees or collateral provided by the Platform and its affiliates, Clients could sustain a loss.

*Loan default rates.* General economic factors and conditions, including the general interest rate environment, unemployment rates, residential home values, the level of consumer confidence, the value of the U.S. dollar, disruptions in the credit markets and other factors may affect the loan default rate as well as borrower willingness to seek loans and investor ability and desire to invest in loans. The default history for loans originated via platforms is limited and actual defaults may be greater than indicated by historical data and the timing of defaults may vary significantly from historical observations.

*Prepayment risk.* Borrowers may decide to prepay all or a portion of the remaining principal amount due under a borrower loan at any time without penalty. In the event of a prepayment of the entire remaining unpaid principal amount of a borrower loan acquired by a Client, the relevant Client will receive such prepayment but further interest will not accrue on such loan after the date of the prepayment. If the borrower prepays a portion of the remaining unpaid principal balance interest will cease to accrue on the prepaid portion, and the Client will not receive all of the interest payments that it expected to receive.

*Limited secondary market and liquidity.* Investors acquiring P2P loans directly through platforms and hoping to recoup their entire principal must generally hold their loans through maturity. There can be no guarantee that the Client will be able to readily access liquidity on demand. There is also currently no formal secondary market operated by any of the platforms through which the Adviser invests in relation to the sale of whole loans. Trade receivables and trade finance loans typically have short durations of 30 to 180 days and the Adviser intends to purchase these assets to hold to maturity. There is currently very limited liquidity in the secondary trading of these investments. P2P loans are not at present listed on any national or international securities exchange.

The sale of Notes is the mechanism pursuant to which the platform sells “fractional loans” to an investor (namely, where the investor holds, through the Notes, only a percentage of a particular loan). The Notes are registered as securities with the US Securities and Exchange Commission (“SEC”). As they are securities registered with the SEC, they may be sold by a holder via a secondary market.

Until an active secondary market develops, the Adviser will primarily adhere to a “lend and hold” strategy and will not necessarily be able to access significant liquidity. In the event of adverse economic conditions in which it would be preferable for a Client to sell certain of its loan assets, the Client may not be able to sell a sufficient proportion of its portfolio as a result of liquidity constraints. In such circumstances, the overall returns to a Client from its investments may be adversely affected.

### ***Commercial Loan Investment Risk***

All investments in commercial loans risk the loss of capital. As a general matter, the risk factors identified herein relating to borrower default, platform default, loan default rates, prepayment risk and limited liquidity also apply to commercial loans. No guarantee or representation is made that the Adviser’s investment program will be successful. The Adviser’s investment program may involve, without limitation, risks associated with limited diversification, leverage, interest rates, volatility, credit deterioration or default risks, systems risks and other risks. Certain investment techniques of the Adviser can, in certain circumstances, magnify the impact of adverse market

moves to which Clients may be subject. In addition, a Client's investment in commercial loans may be materially affected by conditions in the financial markets and overall general economic conditions.

The Adviser's methods of minimizing such risks may not accurately predict future risk exposures. Risk management techniques are based in part on the observation of historical market behavior, which may not predict market divergences that are larger than historical indicators. Also, information used to manage risks may not be accurate, complete or current, and such information may be misinterpreted.

***Risks associated with the Platforms' and the Adviser's credit scoring models***

A prospective borrower is assigned a loan grade by a platform based on a number of factors, including the borrower's credit score and credit history. Credit scores are produced by third-party credit reporting agencies based on a borrower's credit profile, including credit balances, available credit, timeliness of payments, average payments, delinquencies and account duration. This data is furnished to the credit reporting agencies by the creditors. A credit score or loan grade assigned to a borrower by a platform may not reflect that borrower's actual creditworthiness because the credit score may be based on outdated, incomplete or inaccurate reporting data. The platforms seek to verify the majority, but not all, of the information obtained from most of their borrowers.

Additionally, it is possible that, following the date of any credit information received, a borrower may have defaulted on a pre-existing debt obligation, taken on additional debt or sustained other adverse financial or life events.

The Adviser is reliant on the borrower credit information provided to it by the platforms which may be out of date or inaccurate. In addition, the Adviser has no access to consolidated financial statements or other financial information about the borrowers and the information supplied by borrowers may be inaccurate or intentionally false. Unlike traditional lending, Adviser is not able to perform any independent follow-up verification with respect to a borrower on a platform, as the borrower's name, address and other contact details remain confidential.

Because of these factors, the Adviser may make investment decisions based on outdated, inaccurate or incomplete information.

***Risks specific to investments in corporate trade receivables***

The Adviser may invest in trade receivables originated by platforms and will therefore be subject to the platforms' ability to sufficiently source deals that fall within the Clients' investment and risk parameters. Limited origination of suitable trade receivables through the platforms could have a negative impact on the Adviser's ability to deploy capital and therefore impact the Client's expected returns.

The Adviser relies on platforms' ability to monitor and curtail factoring fraud which typically stems from the falsification of invoice documents. False invoices can easily be created online to look like they have been issued by legitimate debtors or are otherwise created by legitimate debtors at inflated values. The Adviser's investment in trade receivables through platforms will therefore

be reliant on the platforms' ability to carry out appropriate due diligence on all parties involved such that no losses occur due to fraudulent activity.

The Adviser will to some extent be reliant on the internal credit ratings by the platform but may seek to carry out independent credit checks, where available, in relation to either the creditor or debtor. In the event of insolvency of any debtor where invoices have been purchased by the Adviser, the relevant Client may only rank as unsecured creditor. Where invoices have been advanced, in the case of insolvency by the creditor, the debtor is made aware that the invoice has been advanced and is obliged to make payment to the relevant Client. However, the relevant Client will be subject to the risk of payment being delayed or not made.

Platforms that lend to corporations conduct due diligence but do not always conduct on-site visits to verify that the business exists and is in good standing. For this reason, the risk of fraud may be greater with corporate trade receivables.

The platforms seek to validate that the debtor has received the goods or services and is willing to pay the creditor before making the receivables available for investment. There can however be no assurance that the debtor will not subsequently dispute the quality or price of the goods or services and elect to withhold payments. Fraud, delays or write-offs associated with such disputes could directly impact the earnings of the Client on its investments in trade receivables.

### ***Risks specific to equity investments in Platforms***

The Adviser may invest in the listed or unlisted equity of any platforms. Investments in unlisted equity, by their nature, involve a higher degree of valuation and performance uncertainties and liquidity risks than investments in listed securities and therefore may be more difficult to realize. In comparison with listed and quoted investments, unlisted companies are subject to further particular risks, including that they:

- may have shorter operating histories and smaller market shares, rendering them more vulnerable to competitors' actions and market conditions, as well as general economic downturns;
- often operate at a financial loss;
- are more likely to depend on the management talents and efforts of a founder or small group of persons and, if any such persons were to cease to be involved in the management or support of such companies, this could have a material adverse impact on their business and prospects and the investment in them; and
- generally have less predictable operating results and may require significant additional capital to support their operations, expansion or competitive position.

Investments which are unlisted at the time of acquisition may remain unlisted and may therefore be difficult to value and/or realize.

Certain of these investments are expected to be in entities which are smaller companies. Smaller companies, in comparison to larger companies, often have a more restricted depth of management and higher risk profiles. Investors should not expect they will necessarily be able to realize, within a period which they would otherwise regard as reasonable, investments in such companies and any such realizations that may be achieved may be at considerably lower yields than expected.

**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 your evaluation of the adviser or the integrity of adviser's management.

There are no legal or disciplinary events that are material to an evaluation of the Adviser's advisory services or the integrity of management.

## **Item 10 Other Financial Industry Activities and Affiliations**

- A. The Adviser is not registered, and does not have an application pending to register, as a broker-dealer or registered representative of a broker-dealer. Currently, no employees of the Adviser are registered representatives of a broker-dealer.
- B. Neither the Adviser nor any of its 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.
- C. Material Relationships

As described in Item 4, the Adviser is ultimately controlled by MW Group LP.

The Adviser shares facilities and receives certain back office support from its affiliate, Marshall Wace North America L.P., an SEC registered investment adviser. The Adviser and its affiliate have implemented policies and procedures with respect to operating in the shared space, including implementing a shared restricted list, protecting confidential information through physical and electronic safeguards and preventing the misuse of material nonpublic information. Additional information about Marshall Wace North America L.P. and a copy of its Form ADV is available at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

The Adviser provides sub-management and separate account management services to an investment company listed on the London Stock Exchange, the primary investment adviser of which is Eaglewood Europe LLP, an affiliate of the Adviser. The Sub-Managed Account is an investor in the Funds and to avoid fee layering any management fee or performance fee customarily charged by such Fund is waived. In addition, no fee is charged by the Adviser to the Sub-Managed Account for any separate account it manages on its behalf.

The Adviser organizes and sponsors the Funds, which are private partnerships. These pooled investment vehicles managed by the Adviser are controlled by affiliated general partner entities. The Adviser is responsible for all decisions regarding portfolio transactions of the Funds and has full discretion over the management of the Funds' investment activities. Employees and persons acting on behalf of the general partners are subject to the supervision and control of the Adviser. Thus, the general partners, all of their employees and the persons acting on their behalf would be "persons associated with" the registered investment adviser so that the SEC could enforce the requirements of the Advisers Act on the general partners.

- D. The Adviser does not receive any compensation for the recommendation of other investment advisers to its Clients.



## **Item 11 Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

- A. The Adviser has adopted a written Code of Ethics (the “Code”) designed to address and avoid potential conflicts of interest as required under Rule 204A-1 of the Advisers Act. The Code sets forth a standard of business conduct and compliance with federal securities laws by all of the Adviser’s employees. The Code contains policies and procedures that ensure that all personal securities trading by employees of the Adviser is conducted in such a manner as to avoid actual or potential conflicts of interest or any abuse of an individual’s position of trust and responsibility. The Adviser prohibits personal trading on certain securities or instruments; requires pre-clearance of purchases of an IPO or a new private placement; requires periodic reporting of employees’ personal securities transactions and holdings; and requires prompt internal reporting of Code violations. As part of its Code, the Adviser has established procedures to prevent the abuse of material, non-public information, which includes procedures for, among other things, the use and maintenance of restricted trading lists.

A copy of the Adviser’s Code of Ethics is available to clients and prospective clients upon written request to: Nancy Lynch, Chief Compliance Officer, Eaglewood Capital Management, LLC, 350 Park Avenue 18th Floor, New York, NY 10022.

- B. Certain Client Documents allow the clients to participate in transactions in which the general partner, the Adviser or any of their affiliates, including other Clients and Fund investors, is directly or indirectly interested. The Adviser, its employees, or a related entity each may have an investment in each Fund. Therefore, the Adviser, its employees or a related entity participate in transactions of the Funds. Certain Separate Account Clients also separately invest in the Funds, in which case fees associated with the managed account assets are not charged on the assets invested in the Funds and fees associated with the Funds are not charged on managed account assets. In addition, with respect to certain securitizations of loans, an affiliate of the Adviser may take equity interests in the vehicle through which such loans are securitized. Employees are generally restricted from trading the individual securities listed on the Adviser’s restricted list. The Code is designed to ensure that the personal securities transactions, activities and interests of the Adviser’s employees will not interfere with making decisions in the best interest of clients and implementing such decisions while, at the same time, allowing employees to invest for their own accounts.
- C. Except with respect to the periodic receipt by the Adviser or its affiliates of warrants or equity securities at the same time as a related investment is made by a Client, generally neither the Adviser nor any related person makes or receives investments for their own account at or about the same time that the Adviser or its related persons buys or sells the same investments for a Client.
- D. With respect to the warrants or equity securities described above, it is possible that the Adviser or its affiliates or related persons could decide to sell any such warrants or equity securities prior to or after the sale by the Client of such warrants or equity securities. Any purchase or sale of securities by the Adviser or any related person at or about the same time

that the Adviser or its related persons buys or sells the same investments for a Client would require pre-clearance by the Chief Compliance Officer.

## Item 12 Brokerage Practices

### A. Selecting or Recommending Broker-Dealers

*Best Execution.* While the Adviser does not expect generally to use brokers, if the Adviser chooses to do so, for certain Clients the Adviser has complete discretion in selecting the broker that it uses for transactions and the commission rates that Clients pay such brokers.

The Adviser's overriding objective in effecting portfolio transactions is to seek to obtain best execution for its Clients' securities transactions. It is not necessary to select the broker offering the lowest commission rate. The Adviser may cause a Client account to pay a broker a commission in excess of that which another broker might have charged for effecting the same transaction in recognition of the value of the brokerage and other services provided by the broker.

*Allocations.* The Adviser will at all times allocate investments among the accounts of its Clients in a manner which it believes to be fair and equitable. Allocations of investment opportunities should not be based on any of the following, or similar, reasons:

- to generate higher fees paid by one account over another, or to produce greater fees to the Adviser;
- to develop a relationship with a Client or prospective Client; or
- to compensate a client for past services or benefits rendered to the Adviser or any employee of the Adviser or to induce future services or benefits to be rendered to the Adviser or any employee of the Adviser.

Consistent with its fiduciary duties, the Adviser allocates investments to its Clients on an equitable basis. In determining how an investment opportunity is allocated, the Adviser may take into account the following considerations:

- The size, nature and type of investment or sale opportunity;
- The investment guidelines and restrictions of the client;
- Regulatory and contractual requirements;
- Pre-determined tactical plan of a Client or Clients and corresponding capital commitments;
- The cash position of the Client;
- Liquidity needs/constraints of the Client;
- Asset/liability management;
- A determination by the portfolio manager that the investment or sale opportunity is inappropriate, in whole or in part, for one or more of the Clients;
- Restrictions under ERISA or other applicable regulations;
- Tax issues;
- The size of a Client's account;
- Client risk tolerance; and
- Such other factors as the portfolio manager deems relevant.

If all investment orders placed for Client accounts cannot be fully executed under prevailing market conditions, then the securities traded should be allocated among Client accounts a manner the Adviser deems to be equitable, taking into account the size of the order placed for each account and any other relevant factors. Client directed, contractual or other restrictions may affect the investment allocation. If a Client directed restriction is placed on a particular security or group of securities the investment will be allocated to the other participating accounts as described above.

For certain Clients investing in LendingClub whole loans, the Adviser allocates investments among suitable Client accounts based on a rotational basis, which may occur on an intraday, daily, weekly or monthly basis or at such other frequency as the Adviser determines. For example, when LendingClub posts a batch of loans for sale the Adviser will randomly assign positions for each account starting with 1, 2, 3, and so on. Account 1 will receive the first allocation, Account 2 the second allocation and so on taking into consideration the amount of purchase power for each account. When LendingClub posts the next batch of loans for sale, loans will be allocated first to Account 2, then to Account 3, and so on. This process will repeat itself until each account in the rotation has been treated equitably and had been allocated loans in a manner commensurate with all other accounts.

*Principal Transactions and Cross Trades.* Section 206(3) of the Advisers Act makes it unlawful for the Adviser acting as principal for its own account, to knowingly sell any security to or purchase any security from a client (principal transaction), or acting as broker for a person other than such client, to knowingly effect any sale or purchase of any security for the account of such Client (agency cross transaction), without disclosing to the Client in writing before the completion of such transaction the capacity in which he is acting and obtaining the consent of the Client for each transaction. For the purposes of this rule, the Adviser treats the Funds and other pooled vehicles in which it has a direct or indirect ownership interest of 25% or more of the outstanding ownership interests (excluding carried profits or similar interests) as principal accounts. Employees of the Adviser may not engage in principal transactions between a personal account (including the account of a family member) and any Client account. An Employee may not cause one Client account to sell a security to another Client account in a cross transaction if any employee or other affiliate of the Adviser will receive any compensation from any source for acting as broker. Prior to the execution of a principal transaction, the written disclosure to the Client of the capacity in which the Adviser is acting, and the written consent of the Client to be party to a principal transaction, will be secured and provided to the Chief Compliance Officer.

The Adviser will only engage in cross transactions (causing one Client account to buy or sell securities from or to another Client account) when the transaction is in the interests of, and consistent with the investment objectives and policies of, both accounts involved in the transaction. If a cross transaction is considered, it is the Adviser's policy to effect all cross transactions in an equitable and fair manner for all Clients involved. Any cross transaction between Client accounts will be effected for cash consideration and the Adviser will execute the transaction at the current market price of the security. If a market price is not available on the day in question, then the cross transaction shall be effected at the mid-market price based upon relevant bid/ask quotes determined on the basis of reasonable inquiry. No brokerage commission, fee (except for customary transfer fees) or other

remuneration shall be paid in connection with any cross transactions between Client accounts.

*1. Research and Other Soft Dollar Benefits*

If the Adviser chooses to use a broker for future transactions, the Adviser may also purchase from a broker or allow a broker to pay for certain investment research and brokerage services. Although it does not presently utilize soft dollars, in the event that the Adviser utilizes soft dollars, it will do so solely to pay for products or services that qualify as “research and brokerage services” within the meaning of Section 28(e) of the Securities Exchange Act of 1934, as amended (the “1934 Act”).

If the Adviser chooses to use a broker for Client transactions in the future, the Adviser’s relationships with any such broker that provides soft dollar services influence the Adviser’s judgment and create conflicts of interest in allocating brokerage business between firms that provide soft dollar services and firms that do not. The Adviser will have an incentive to select or recommend a broker based on the Adviser’s interest in receiving soft dollar services rather than Clients’ interest in receiving the most favorable execution. These conflicts of interest are particularly influential to the extent that the Adviser uses soft dollars to pay expenses it would otherwise be required to pay itself.

The Adviser will address any such conflicts of interest by annually evaluating the trade execution services that the Adviser receives, if any, from the brokers that it uses to execute trades for Clients. Such evaluation will include comparing those services to the services available from other brokers. The Adviser will consider, among other things, alternative market makers and market centers, the quality of execution services, the value of continuing with various soft dollar services and adding or removing brokers, increasing or decreasing targets for each broker and the appropriate level of commission rates.

*2. Brokerage for Client Referrals*

If the Adviser chooses to use a broker for future transactions, the Adviser may direct a certain amount of brokerage to a broker in return for the broker’s referral of prospective Clients or Fund investors. Directing brokerage in exchange for client or investor referrals creates a conflict of interest in that the Adviser has an incentive to refer its Clients’ brokerage business to brokers to which it might not otherwise direct transactions. During its last fiscal year, the Adviser did not direct Client transactions to a particular broker in return for Client referrals. The Adviser has policies and procedures to review its brokerage practices regularly, including its use of brokers from which the Adviser receives Client or Fund investor introductions.

*3. Directed Brokerage*

Not applicable.

**B. Aggregation of Orders**

Not applicable.

### **Item 13    Review of Accounts**

- A.     Steven Lee, the Adviser's Chief Investment Officer, is responsible for reviewing Client investment portfolios. Mr. Lee performs periodic daily, weekly or monthly reviews of Client positions as they deem appropriate. Performance, certain investment positions, exposure levels, and investment opportunities are among some of the matters that may be reviewed.
- B.     See Item 13.A. above.
- C.     Annually, the Adviser assists each Fund in furnishing all investors with (i) audited written financial statements prepared in accordance with generally accepted accounting principles, accompanied by the report of its independent certified public accountants, and (ii) tax information necessary for the completion of tax returns. In addition, the Adviser assists (i) Fund I in distributing unaudited financial information to investors in the form of monthly newsletters which accompany the monthly account statements distributed by Fund I's administrator and (ii) Fund II in distributing quarterly unaudited financial information to investors and updates on the fund's activities. The Adviser will provide Separate Account Clients with such reports that are required by such Separate Account's Client Documents.

**Item 14 Client Referrals and Other Compensation**

- A. The Adviser does not receive any economic benefit, including sales awards or prizes, from any third party for providing advisory services to the Clients.
- B. The Adviser or its related persons do not directly or indirectly compensate any person who is not a supervised person of the Adviser for client referrals.

**Item 15 Custody**

The Adviser may be deemed under Rule 206(4)-2 of the Advisers Act to have custody of the assets of the Funds by virtue of its control of the general partner of each Fund. The Funds are subject to an annual audit by an independent public accountant that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board, and the audited financial statements are distributed to each Fund investor. The audited financial statements will be prepared in accordance with generally accepted accounting principles and distributed within 90 to 120 days of each Fund's fiscal year end. Fund investors are urged to carefully review these financial statements.

For Separate Accounts, the account custodians send statements directly to the Clients on at least a quarterly basis. Clients are urged to carefully review these statements, and should compare these statements to any account information provided by the Adviser.



## **Item 16 Investment Discretion**

The Adviser exercises discretion in managing the investments of each Client, based on the Client's particular investment objectives, policies and strategies disclosed in its Client Documents.

The Adviser contractually assumes discretionary authority over the assets of each Fund under an investment management agreement entered into among the Adviser, the Fund and the Fund's general partner or other controlling entity.

The Adviser contractually assumes discretionary authority with each Separate Account under an investment management agreement with the Client.

The Adviser also contractually assumes discretionary authority with respect to the Sub-Managed Account under the sub-management agreement with the primary investment manager.

## **Item 17    Voting Client Securities**

The Adviser intends to vote proxies or similar corporate actions in accordance with the best interest of the applicable Client(s), taking into account such factors as it deems relevant in its sole discretion. Upon receipt of a proxy request, the Adviser's operations department contacts the senior investment professional responsible for the issuer. The senior investment professional reviews the information, determines what is in the best interest of the Client(s) including whether it is in the best interests of the Client(s) to vote the proxy. The Adviser may choose to abstain from the exercise of voting rights. The Adviser does not permit Clients to direct how it will vote on specific proxies.

The Adviser's proxy voting policy is designed to ensure that if a material conflict of interest is identified with connection with a particular proxy vote, that the vote is not improperly influenced by the conflict. Conflicts of interest may arise from time to time in relation to proxy voting requirements. The Adviser shall monitor all proxies for any potential conflicts. If a material conflict of interest arises, the Adviser will determine what is in the best interests of the Client(s) and may take appropriate steps to eliminate such conflict.

Clients that wish to obtain information about how the Adviser voted their securities or a copy of the Adviser's proxy voting policies and procedures may contact Nancy Lynch, Chief Compliance Officer, Eaglewood Capital Management, LLC, in writing at 350 Park Avenue 18th Floor, New York, NY 10022.

**Item 18 Financial Information**

- A. The Adviser does not require or solicit prepayment of more than \$1,200, six months or more in advance.
- B. The Adviser does not believe it has any financial condition that is reasonably likely to impair its ability to meet its contractual commitments to its Clients.
- C. The Adviser has not been the subject of a bankruptcy petition at any time during the past ten years.