



Item 1 - Cover Page

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dba Echelon Asset Management

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This Brochure provides information about the qualifications and business practices of Echelon Capital Strategies, LLC dba Echelon Asset Management (“Echelon”, “us”, “we”, “our”). If you have any questions about the contents of this brochure, please contact us at (415) 279-3321. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority. Echelon’s IARD firm number is 169484.

We are a registered investment adviser. Our registration as an investment adviser does not imply any level of skill or training. Additional information about Echelon is also available on the SEC’s website at www.adviserinfo.sec.gov (click on the link, select “investment adviser firm” and type in our firm name). The results will provide you with access to both Parts 1 and 2 of our Form ADV.

Item 2 - Material Changes

The only material changes to report to our Form ADV Part 2, or “Disclosure Brochure,” since the last annual filing dated March 2018 is the change of Chief Compliance Officer and address change.

In future filings, this section of the Disclosure Brochure will address only those “material changes” that have been incorporated since our last delivery or posting of this Brochure on the SEC’s public disclosure website (IAPD) at www.adviserinfo.sec.gov.

When an update is made to this Disclosure Brochure we will send you a copy including a summary of material changes, or a summary of material changes that includes an offer to send you a copy [either by electronic means (email) or in hard copy form]. You may contact our Chief Compliance Officer, Charles P. Jones at the telephone number listed on the cover page of this Disclosure Brochure or via email at chuck.jones@echelonfundlp.com.

Item 3 - Table of Contents

Item 1 - Cover Page	
Item 2 - Material Changes	ii
Item 3 - Table of Contents	iii
Item 4 - Advisory Business	4
Item 5 - Fees and Compensation	8
Item 6 - Performance-Based Fees and Side-By-Side Management.....	12
Item 7 - Types of Clients	14
Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss	15
Item 9 - Disciplinary Information	17
Item 10 - Other Financial Industry Activities and Affiliations	18
Item 11 - Code of Ethics, Participation or Interest in Client Transactions and Personal Trading	21
Item 12 - Brokerage Practices	24
Item 13 - Review of Accounts	25
Item 14 - Client Referrals and Other Compensation	26
Item 15 - Custody	27
Item 16 - Investment Discretion	28
Item 17 - Voting Client Securities (i.e., Proxy Voting)	29
Item 18 - Financial Information	30
Item 19 - Requirements for State-Registered Advisers	31

Item 4 - Advisory Business

Our Firm & Ownership

Echelon is a limited liability company organized under the laws of the State of Delaware on April 11, 2013 and is owned by William J. Trenchard, Charles P. Moldow, Scott A. Ryles, and Andrew T. Rudd. Echelon has previously relied on the “private fund adviser” exemptions from registration as an investment adviser. We were an exempt reporting adviser from November 5, 2013, until our effective date with the SEC and from February 12, 2014, until we became a notice filer with the State of California.

Advisory Services Offered

Echelon serves as the investment manager to several investment funds (each referred to herein as a “Fund” and collectively as the “Funds”) and manages separately managed accounts on discretionary basis. We have sole authority to invest and reinvest the Funds’ assets, as well as to make all other decisions regarding the Funds’ operations, including distribution policies, valuing assets, incurring expenses, incurring indebtedness, admitting limited partners or members, and engaging service providers.

Investment Funds

We manage, are the general partner or the manager of, and intends to offer for sale to investors limited partnership interests in the following pooled investment vehicles, each organized as a Delaware limited partnership: (i) Echelon Capital Fund, L.P. (“Echelon Capital Fund”); (ii) Echelon Diversified Fund, L.P. (“Echelon Diversified Fund”); (iii) Echelon Insurance Dedicated Fund, L.P. (“Echelon Insurance Dedicated Fund”); and (iv) Echelon Special Opportunities Fund, L.P., Echelon Special Opportunities Offshore, L.P. (together “Echelon Special Opportunities Fund” – a master-feeder structure) (together, the “Funds”).

Echelon provides investment advisory services to pooled investment vehicles (other than investment companies), and private investment funds that meet the exclusion from the definition of an investment company under Section 3(c)(7) of the Investment Company Act of 1940 (“Investment Company Act”).

We are responsible for all management decisions of the Funds. The Funds are offered (“Offering”) only to persons who are “accredited investors” (as that term is defined in Rule 501(a) of Regulation D under the Securities Act of 1933, as amended – (“Securities Act”) and “qualified purchaser” (as that term is defined in Section 2(a)(51) of the Investment Company Act). The interests offered will not be registered with the Securities and Exchange Commission under the Securities Act, in reliance on the exemption from

registration in Section 4(a)(2) of the Securities Act and/or Regulation D and Rule 506, promulgated thereunder.

The Funds' investment objective is to generate consistent, high current returns. The Funds expects to invest in consumer and small business loans with terms ranging from several months to 60 months. These loans will be acquired from non-bank lenders. The Funds also expect to invest in structured notes collateralized by or based on consumer and small business loans and other consumer contracts.

The Funds will invest a significant portion of its assets in loans originated on so-called "peer-to-peer" or "person-to-person" ("P2P") lending platforms. Two leading sponsors of those platforms, Prosper Marketplace, Inc. and LendingClub Corporation ("LendingClub"), offer their loans pursuant to registration statements filed with SEC. The Fund expects to acquire loans from direct lenders and/or to invest in structured credit instruments based on loans originated from direct lenders or on other consumer payment streams in addition to participating in P2P loans.

Typically, investors must first subscribe for membership interests, which in the course of a month, are exchanged as of the first day of the subsequent month for Interests in a Fund.

The General Partner may (but will have no obligation to) appoint an "Advisory Committee" to provide advice and/or to act on the Fund's behalf to approve or consent to any transaction or arrangement (e.g., transactions or arrangements in which the General Partner has an interest) as to which the General Partner seeks each Fund's consent. Any consent, determination, or approval an Advisory Committee makes as to a transaction or action the General Partner presents to it (including transactions in which the General Partner or its affiliates are involved) will be considered an act of and binding on the Fund and its limited partners. An Advisory Committee generally may consist of any combination of one or more of any of the following: one or more Limited Partners that are not affiliates of the General Partner; designees of such Limited Partners or; an independent service provider to the Fund, including an appraiser. The General Partner may disband one Advisory Committee and later appoint a new one.

This Disclosure Brochure provides only summaries of the items listed in the disclosure documents for the Funds. Investors should refer to the relevant Fund's Disclosure Memorandum, Subscription Application and Limited Partnership Agreement or Operating Agreement (the "Offering Documents") for definitive and more detailed information regarding a specific investment concept and the matters described in this Disclosure Brochure.

Each Fund's "Subscription Agreement" will describe the terms and conditions related to the specific purchase and sale of each investor's interest in the Fund as well as disclosures related to the risks of investing in the Fund, among other things.

Fund Investor Guidelines and Restrictions

Echelon's advice with respect to the Funds is, and will be, made in accordance with the investment objectives and guidelines as set forth in the respective Fund's Offering Documents. Fund Investors may not impose restrictions (with the exception of agreements or "side letters" described below) on investing in certain securities or certain types of securities. However, Echelon has the right to enter into agreements, such as side letters, with certain underlying investors of the Fund that may, in each case, provide for terms of investment that are more favorable than the terms provided to other underlying investors of the Fund.

Separately Managed Accounts

In addition to serving as general partner or manager of the Funds, we may manage separately managed accounts for a fee. If we provide such services, we will manage and direct the investment of the separately managed accounts on a fully discretionary basis in accordance with the written investment objectives and restrictions you provide. We will make sales, exchanges, commitments, contracts, investments or reinvestments, or take any action which we deem necessary or desirable in connection with the assets held in your account, in accordance with our own judgment and discretion. Specifically, we will have the authority to purchase, sell, sell short, transfer, deal in or otherwise invest in short-term high yield instruments, such as consumer loans and corporate receivables originated through various "alternative" lending platforms located within or outside of the U.S. We may also manage the investment of any income or proceeds derived from each of your accounts.

The portfolio may be tailored to meet specific investor needs. Investors may have the opportunity to place reasonable restrictions on investing in certain securities or the types of securities to be held in the portfolio. Investors may have the responsibility to advise us in writing of the investment objectives of the account and any specific investment restrictions applicable to the account. Such restrictions may affect the composition and performance of the account. For this reason, performance of the account may not be identical with our average client or Fund account.

Wrap Accounts

Echelon does not participate in wrap fee programs.

Assets Under Management

As of December 31, 2017, we had total discretionary assets under management of approximately \$276,000,000.

This Disclosure Brochure provides you with information regarding our qualifications, business practices, and the nature of advisory services that should be considered before investing in one of our Funds. Please contact Charles P. Jones, Chief Compliance Officer, if you have any questions about this Brochure.

Item 5 - Fees and Compensation

Compensation

Management Fee

The Funds pay the General Partner an investment management fee ranging from 1% to 2% per annum depending on various factors including, but not limited to, the size of the investment, an agreement by an Investor to maintain such investment for a significant period of time or other similar commitment by an Investor, or the type of Fund. The “Management Fee” is equal to the quarterly equivalent of a “Management Fee Rate” applied to the net value of each Limited Partner’s (other than General Partner affiliates’) Interest as of the beginning of each calendar quarter. The net value of an Interest is measured by the balance in the relevant Limited Partner’s “Participation Account” (the account established when the Funds accept an investor) and “Quarterly Distribution Account,” (the account set aside to keep track of the share of net interest and dividend income) before giving effect to distributions for the relevant quarter (as described in the Disclosure Memorandum). The Management Fee Rate will generally be 2.0% per annum. The General Partner may agree to vary the Management Fee paid as to particular Limited Partners by separate agreement and may in its discretion, reduce or waive any Management Fees at any time.

These fees are separate from and in addition to the distribution of profits through the Performance Fee and reimbursement of expenses to which Echelon (and/or affiliates of ours and/or the Funds) is entitled, which are described more fully in each Fund’s disclosure documents.

Performance Fee

The Funds pay or allocate to the General Partner performance-based compensation. The performance-based compensation is calculated based on a percentage of the net profits of each Fund at the end of each fiscal quarter and ranges from 10% to 20% depending on various factors including, but not limited to, the size of the investment, an agreement by an Investor to maintain such investment for a significant period of time or other similar commitment by an Investor, or the type of Fund, and is subject to a loss carryforward.

This will be effected through “Incentive Allocations” to the General Partner in its role as a Partner in the Funds. If made, Incentive Allocations will generally be charged against the relevant Limited Partners’ Quarterly Distribution Accounts, and distributions of interest income from those accounts will be reduced by any Incentive Allocations made.

Incentive Allocations will generally be based on each calendar quarter’s performance and made at the end of the relevant calendar quarter. However, if the General Partner were

to allow a Limited Partner to withdraw capital other than as of a quarter-end, the Funds would make an Incentive Allocation based on quarter-to-date performance, in proportion to the reduction in the Limited Partner's relevant Participation Account balance caused by the withdrawal. That Incentive Allocation would reduce the withdrawal proceeds payable to the withdrawing Limited Partner.

As noted above, for each Limited Partner, the Incentive Allocation will generally equal the stated percentage of any "new Profit" tentatively allocated to that Limited Partner in each quarter. "New Profit" will generally exclude profits that restore previous losses (as adjusted for withdrawals). In addition (and as described in more detail below), new Profit will generally exclude unrealized gains attributable to loans or similar instruments in the Funds' portfolio that are not readily traded.

In order to calculate new Profit and Incentive Allocations, the Fund will maintain a "Carryforward and Calculation Account" for each Limited Partner with an initial balance of \$0. For each quarter, the Fund will calculate the change in the Fund's Net Asset Value (determined as described below) for that quarter, to arrive at the "Profit" or "Loss" for that quarter. The Fund will then adjust each Carryforward and Calculation Account to reflect the relevant Limited Partner's share of the Profit or Loss so calculated. If, after making these adjustments, the resulting Carryforward and Calculation Account balance is positive, the General Partner will receive an Incentive Allocation, and the Carryforward and Calculation Account's balance will be reset to \$0 at the beginning of the next quarter. If, on the other hand, the resulting Carryforward and Calculation Account balance is negative, that negative amount will remain in the account as a "loss carryforward," and the General Partner may receive an Incentive Allocation as to a Limited Partner only if and to the extent subsequent net positive adjustments in the Limited Partner's Carryforward and Calculation Account exceed the Limited Partner's loss carryforward. The use of a loss carryforward is a variation on what is sometimes called a "high water mark" procedure. If a Limited Partner withdraws capital while there is a loss carryforward, that loss carryforward will be reduced in proportion to the reduction in the Limited Partner's Participation Account caused by the withdrawal.

Once made, an Incentive Allocation will not be reduced by losses incurred in later periods, and the General Partner will not be required to return any Incentive Allocations. Please refer to each Fund's respective offering documents for more detailed information on each Fund's particular performance fee percentage and calculation, as applicable.

Valuation

Refer to the Funds' Offering Documents for details on methods used to determine the value of the Funds' assets and liabilities.

Separately Managed Accounts

Management Fee

We may manage private accounts for individuals, businesses, trusts, estates, and charitable organizations (collectively "Clients") for a management fee payable at the end of each calendar month in an amount equal to 2% annually (or higher in certain instance) of the monthly equity accepted, as defined, of the equity invested in your account as of the first of the month, provided that such fee may be reduced or waived entirely in certain circumstances at our discretion.

Performance Fee

Under the Advisory Agreement, Clients will pay a quarterly advisory fee based on the Clients' account performance (the "Performance Fee"). The Performance Fee is a quarterly fee equal to 20% of net profits after the Clients' account assets are marked to market at the end of such quarter, subject to loss carry forward provisions and a high water mark. The Performance Fee will be payable in arrears at the end of each calendar quarter, and upon a withdrawal of account assets during the year. The Performance Fee has been structured to reward the Investment Manager for profits earned by the clients' account. Net profits for a particular quarter will be calculated so that income and gains are not double-counted due to intervening losses. In this regard, new net profits will occur only when cumulative losses in the customer's account from prior periods have been offset by gains achieved in subsequent periods. The Performance Fee may create an incentive for the Investment Manager to cause the customer's account to make investments that are riskier or more speculative than would be the case if this fee were not made.

Payment of Fees

Fees and compensation paid or allocated to Echelon by the Fund are generally deducted from the assets of such Funds at the times and in the manner discussed above.

Other Fees or Expenses

Each Fund and/or Client account will bear all of its operating costs. These will include, among other things: bookkeeping, accounting, tax preparing and reporting, audit, and other professional fees and expenses; legal fees (including fees paid to the General Partner's counsel for services for the Fund's benefit); governmental fees; custodial fees; costs of reporting to Limited Partners; costs of the Fund's governance activities; costs of compliance with regulatory or reporting requirements to which the Fund, the General Partner, or their affiliates are or become subject that relate to the Fund (including costs of preparing and submitting regulatory required reports regarding the Fund); costs directly

related to research regarding investments and potential investments, including costs of third party investigative and analytical services and costs of data and technology (software and hardware) used to analyze investments and potential investments; certain travel costs; fees and expenses paid or reimbursed to a third-party administrator; and all other reasonable expenses related to the Fund's operations or the purchase, sale or transmittal of assets, all in the General Partner's discretion. The Fund will also bear the economic effect of all costs incurred in connection with the Fund's borrowing of capital, including all costs, fees and financing charges payable under the Loan Funding Credit Facility, if any, which may be significant. If the Fund and one or more other investment funds or clients or accounts the General Partner or its affiliates manage, may be responsible for some or all of a particular cost, the General Partner may allocate the cost among all those entities, clients, and accounts in its discretion.

Each Fund and/ or Client account will bear, either directly or by reimbursing the General Partner, all costs in connection with its organization as well as all the costs in connection with the ongoing offer and sale of Interests, including costs of preparing, revising, reproducing and disseminating offering materials and supplemental materials.

The General Partner will provide personnel, office space, utilities, and other basic "overhead" facilities and services necessary to provide investment management and general partner services to the Funds. To the extent those facilities and services comprise part of the General Partner's own operating, general administrative and overhead costs, the Funds will not reimburse the General Partner directly for the costs of providing them.

The forgoing list is not all inclusive and only highlights primary Fund expenses, Fund Investors are directed to the applicable disclosure in the Offering Documents for a complete listing and description of the fees and expenses related to each specific Fund.

Redemptions

Refer to the Funds' Offering Documents for details on redemption time frames, charges, or limitations, as each Fund may differ.

As a Limited Partner, you may not assign or transfer your Limited Partnership Interest without the consent of Echelon, which consent may be given or withheld, in our sole discretion, and will be based on suitability, administrative and compliance approval. Transfers of Limited Partnership Interests are subject to other restrictions set forth in the Offering Documents.

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

Investment Funds

As noted in Item 5, Echelon receives performance-based compensation from each Fund. Fund Investors should be aware that performance-based compensation may be deemed to create a conflict of interest for Echelon, as there can be an incentive for Echelon to make investments that are riskier or more speculative than would be the case in the absence of performance compensation. In addition, in situations where certain Funds pay smaller performance compensation (due to the existence of a loss carryforward, a higher preferred return, different compensation rates and structures or otherwise), there can be an incentive for Echelon to favor those Funds that pay higher performance compensation. However, for Funds that invest in only a single portfolio company these risks are reduced due to the fact that such Funds are not competing for the same investment and the risk of aggressive investment strategies is limited. In addition, to seek to mitigate this inherent conflict of interest even further for all Funds, Echelon will implement allocation policies and procedures (when necessary) that seek to ensure that strategy appropriate investments are allocated among the Funds on an equitable basis.

Separately Managed Accounts

In compliance with the Investment Advisers Act of 1940 regarding its performance fee arrangement, please note the following:

1. The fee arrangement may create an incentive for Echelon to make investments that are riskier or more speculative than would be the case in the absence of a performance fee.
2. We may receive increased compensation with regard to unrealized appreciation as well as realized gains in the account.
3. The period which will be used to measure investment performance throughout the agreement is a calendar quarter basis. If, at quarter end, the Clients' account have declined in market value from the previous high water mark (excluding any contributions or withdrawals), the Clients will not be charged the performance-based fee.
4. We do not utilize any index as a comparative measure of investment performance to calculate its performance fee. As disclosed in Item 5, we receive an allocation of twenty percent (20%) of the net profits of after the Clients' account assets are marked to market at the end of such quarter, subject to loss carry forward provisions and a high water mark, specifically described in the Fund's Offering Documents.

We may manage, at the same time, accounts that are charged a performance-based fee and accounts that are charged a fee only based on assets under management (referred to as “side-by-side” management). As a result, we have an incentive to favor accounts for which we receive a performance-based fee because such accounts could generate higher compensation.

As part of our duties to you, we endeavor at all times to treat you fairly without advantaging any Fund Investor or client over another or benefiting ourselves to the detriment of advisory clients.

Item 7 - Types of Clients

Investment Funds

As described in Item 4, Echelon provides investment advice to private investment funds that meet the exclusion from the definition of an investment company under Section 3(c)(7) of the Investment Company Act.

In addition, the Offering Documents for each Fund will set minimum amounts for investment by prospective investors (each, a "Fund Investor"). We may modify or waive such minimum investment requirements from time to time; however, investors in any Fund must: be (i) "accredited investors"; (ii) "qualified purchasers" or eligible "knowledgeable employees" and (iii) meet other suitability requirements.

The Funds' minimum initial capital contribution is \$500,000, but can be changed at the manager's discretion.

Separately Managed Accounts

We may manage separately managed accounts for individuals, businesses, trusts, estates, and charitable organizations.

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

Methods of Analysis and Investment Strategy

We analyze historical performance data on a large population (hundreds of thousands) of loans and use multiple predictive factors to evaluate the likelihood of default for a given loan. The resulting models are used to set loan selection criteria for loans on different platforms. In addition, we maximize returns net of expected losses subject to a limit on downside losses and to flow constraints. This sets a buy box by asset type and loan grade. The Manager cannot override the overall asset allocation and loan selection criteria, but has discretion within the buy box.

The Funds' Offering Documents contain a complete description of the Funds' investment strategy.

Description of Principal Risks

An investment in one or more of the Funds, or in small business and consumer loans directly, is speculative and involves significant risks not associated with other investment vehicles and is suitable only for persons of adequate financial means who have no need for liquidity in this investment and can afford to lose the entirety of their investments. There can be no assurances or guarantees that (i) a Fund's investment objectives will prove successful, (ii) investors will not lose any portion or all of their investment in a Fund, or (iii) investors who invest directly in small business and consumer loans will not lose any portion or all of their investment.

You should consider the Funds, or investments in small business and consumer loans directly, as a supplement to an overall investment program and should only invest if you are willing to undertake the risks involved. In addition, investors who are subject to income tax should be aware that an investment in a Fund is likely (if the Fund is successful) to create taxable income or tax liabilities in excess of cash distributions to pay such liabilities. You should therefore bear in mind the risk factors before purchasing an interest in any Fund, or in small business and consumer loans directly. Any or all of such risks could materially and adversely affect investment performance, the value of any such investment or any security held in such investment, and could cause investors to lose substantial amounts of money.

There are general risks (i.e., General Economic and Market Conditions), Operating Risks (i.e., Dependence upon the General Partner or Manager's management team), Regulatory Risks (i.e., Changes in regulations that could impact the investment). There are also risks associated with forward-looking statements, risks related to foreign investors, and risks related to Echelon. All of these and other important risks are described in great detail in the Offering Documents for each Fund.

The foregoing list of risk factors does not purport to be a complete explanation of the risks involved in this offering. Potential investors should read the Offering Documents carefully and in its entirety, and to consult their own legal, tax and investment advisers before deciding whether to invest in any Fund.

Item 9 - Disciplinary Information

We are obligated to disclose any legal or disciplinary events that would materially impact a Fund Investor's or the Clients' evaluation of Echelon or the integrity of our management. No such events have occurred at Echelon.

Item 10 - Other Financial Industry Activities and Affiliations

Neither Echelon, nor any of our management persons (except as disclosed below), are registered, or have an application pending to register as a broker-dealer, futures commission merchant, commodity pool operator, commodity trading advisor or as an associated person of the foregoing entities.

In addition, neither Echelon, nor any of our management persons, have any relationship or arrangement that is material to our advisory business, or to our Funds, with any related person that is, under common control and ownership, a:

- Broker-dealer, municipal securities dealer, or government securities dealer or broker,
- investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or “hedge fund,” and offshore fund),
- Other investment adviser or financial planner,
- Futures commission merchant (or commodity pool operator or commodity trading advisor),
- banking or thrift institution
- Accountant or accounting firm,
- lawyer or law firm,
- Insurance company or agency,
- Pension consultant,
- real estate broker or dealer, and
- Sponsor or syndicator of limited partnerships.

Described in detail in Item 4 above, we manage ownership interests in limited partnerships and limited liability company in pooled investment vehicles to Fund Investors. We serve as the General Partner or Manager to the Funds, and each Limited Partner or Member of a Fund may be deemed a limited partner or member of the affiliated Fund.

In addition, Echelon has created a compliance program to monitor our investment activities for the Funds to help mitigate any such conflicts from meeting our fiduciary responsibilities.

Conflicts of Interest

There are conflicts of interest associated with acting as the General Partner or Manager of the Funds as described below.

Echelon's Role Under the Loan Funding Credit Facility

Echelon Capital Fund intends to use leverage. Leverage may enhance returns on certain loans, but it also increases the risk of loss. The General Partner has secured, on behalf of the Fund, a revolving credit facility in order to finance the acquisition of certain eligible unsecured consumer loans. Echelon Capital Fund has formed Echelon Capital Loan Funding LLC ("Echelon SPV"), a Delaware limited liability company and a bankruptcy-remote special purpose entity, to act as borrower under the Loan Funding Credit Facility. The Loan Funding Credit Facility appoints Echelon as the "Master Servicer", ultimately responsible for the administration and allocation of collections on all loans held by Echelon SPV. For serving as such, Echelon is paid a "servicing fee" equal to 0.65% per annum of the aggregate outstanding principal balance of the loans owned by Echelon SPV. Echelon has entered into a Loan Servicing Agreement with LendingClub, pursuant to which it has engaged LendingClub as a sub-servicer of the loans. Echelon pays 0.60% per annum of the aggregate outstanding principal balance of the loans owned by Echelon SPV to LendingClub as compensation for performing the role of sub-servicer of the loans, and utilizes the remaining portion of the servicing fee received from Echelon SPV under the Loan Funding Credit Facility to pay all other expenses incurred by it in connection with its servicing activities under the Loan Funding Credit Facility, including, without limitation, fees and disbursements of accountants, payments of taxes and expenses incurred in connection with the production of reports required in connection with the Loan Funding Credit Facility and all other expenses arising under the Loan Funding Credit Facility or the Loan Servicing Agreement in connection with the servicing of the loans. In the event that LendingClub defaults on its obligations under the Loan Servicing Agreement, Echelon will engage a replacement sub-servicer and use any servicing fees received from Echelon SPV following LendingClub's default to pay such replacement sub-servicer for servicing the loans held by Echelon SPV. The servicing fees paid by Echelon SPV may be higher than fees that other servicing entities charge for similar services.

Echelon SPV bears the ongoing costs, fees and financing charges due under the Loan Funding Credit Facility.

The Fund has executed a performance guaranty that supports Echelon's performance obligations as Master Servicer for the benefit of the lenders under the Loan Funding Credit Facility.

Echelon's Other Investment Activities

The Fund's governing agreements obligate the General Partner to devote only as much time and resources to the Fund as the General Partner considers necessary and appropriate to achieve the Fund's investment objective. The General Partner may manage other investment funds and may act as investment advisor to other accounts, some of which may have investment objectives similar but not identical to the Fund's and others of which may have different objectives. Echelon and/or its personnel may invest capital in those other investment funds or accounts. Other investment funds and clients, particularly those whose objectives are similar to the Fund's, may invest in many of the same assets as the Fund, but sometimes in different amounts, in different proportions, and at different times. Any such differences will be based on a variety of factors, including differences in objectives, including risk tolerances, and in cash availability.

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

Code of Ethics

Our firm has adopted a written Code of Ethics in compliance with federal and state regulations. All employees of Echelon are subject to this Code of Ethics. In carrying on its daily affairs, Echelon and all of our associated persons shall act in a fair, lawful and ethical manner, in accordance with the rules and regulations imposed by our governing regulatory authority. The Code of Ethics sets forth standards of conduct and requires compliance with federal and state securities laws. Our Code of Ethics also addresses personal trading and requires our personnel to report their personal securities holdings and transactions to the Chief Compliance Officer of Echelon.

We have created a Code of Ethics which establishes standards and procedures for the detection and prevention of certain conflicts of interest including activities by which persons having knowledge of the investments and investment intentions of Echelon might take advantage of that knowledge for their own benefit. We have in place Ethics Rules (the “Rules”), which are comprised of the Code of Ethics and Insider Trading policies and procedures. The Rules are designed to ensure that our personnel (i) observe applicable legal (including compliance with applicable state and federal securities laws) and ethical standards in the performance of their duties; (ii) at all times place your interests first; (iii) disclose all actual or potential conflicts; (iv) adhere to the highest standards of loyalty, candor and care in all matters relating to the Funds and Funds’ Investors; (v) conduct all personal trading consistent with the Rules and in such a manner as to avoid any actual or potential conflict of interest or any abuse of their position of trust and responsibility; and (vi) not use any material non-public information in securities trading. The Rules also establish policies regarding other matters such as outside employment, the giving or receiving of gifts, and safeguarding portfolio holdings information.

Under the general prohibitions of the Rules, our personnel may not: 1) effect securities transactions while in the possession of material, non-public information; 2) disclose such information to others; 3) participate in fraudulent conduct involving securities held or to be acquired by the Funds; and 4) engage in frequent trading activities that create or may create a conflict of interest, limit their ability to perform their job duties, or violate any provision of the Rules.

The Ethics Rules are available to you and prospective Investors from upon request. In the event that you request a copy of our Code of Ethics, we will furnish to you a copy within a reasonable period of time at your current address of record.

Personal Trading

Our personnel are required to conduct their personal investment activities in a manner that we believe is not detrimental to the Funds or its Funds' Investors. Our personnel are not permitted to transact in securities except under circumstances specified in the Code of Ethics. The policy requires all personnel to report all personal transactions in securities not otherwise exempt under the policy. Access persons must provide Echelon's Chief Compliance Officer with a list of their personal accounts and an initial holdings report within 10 days of becoming an access person. We also require our access persons to report their securities transactions on a quarterly basis thereafter and disclose their securities holdings on an annual basis. All access persons are provided with a copy of the Code of Ethics and are required to acknowledge receipt and understanding of the Code of Ethics on at least an annual basis. All reportable transactions are reviewed for compliance with the Code of Ethics.

Participation or Interest in Client Transactions

As explained in this Disclosure Brochure, we serve as the Investment Manager to each of the Funds. Related persons of Echelon and the Members have financial ownership interests in the Funds and receive a performance-based compensation for their services. Echelon and our principals, employees and affiliates, and their respective family members, may invest directly in the Funds, which investments generally are not subject to management fees or performance-based compensation. Investments by these persons are subject to the same liquidity terms as all other Investors. We recognize the potential conflicts of interest that arise when its related persons invest in a Fund. We address these potential conflicts through our Code of Ethics, which sets forth a fiduciary standard that requires access persons to act in the best interests of the Funds and to place the interests of Funds ahead of their own interests and those of Echelon's access persons.

We address all potential conflicts through regular monitoring of the Funds' portfolios for consistency with the Funds' objectives, strategies and target capacity. We also subject principals, employees and affiliates, and their respective family members who invest in a Fund to the same liquidity constraints as other Investors.

Echelon and our related persons do not invest in the same securities as recommended to the Funds other than through their investments in a Fund.

We may act as principal in a securities transaction with a client. However, we will not act as principal in a transaction without providing written disclosure to the client, as specified in Section 206(3) of the Advisers Act, in which we are acting before completion of the transaction, and obtaining client consent to each transaction. Client is deemed to have granted consent if notification of each transaction is made and client fails to notify us of client's denial of consent before the completion of the transaction. We will do so only to

the extent consistent with its duty to obtain best execution for the client and with appropriate client consent. Client may revoke consent to engage in such transactions at any time by notifying us in writing.

There may be potential conflicts of interest or regulatory issues relating to these transactions which could limit our decision to engage in these transactions for accounts. Principal transactions create the potential for advisers to engage in self-dealing. We have developed policies and procedures which address such conflicts of interest and any principal transaction will be effected in accordance with fiduciary requirements, applicable law, and internal policy.

We do not effect any agency cross securities transactions for the Funds.

Item 12 - Brokerage Practices

The Funds invest in consumer and small business loans. These loans will be acquired from non-bank lenders. The Fund also expects to invest in structured notes collateralized by or based on consumer and small business loans and other consumer contracts. Research and brokerage arrangements typical to securities exchange transactions do not apply to these types of investments. In particular, we do not engage broker-dealers to purchase or sell securities.

We do not pay or receive soft dollars benefits.

We do not use any broker-dealers or other third parties to direct Fund transactions to a particular broker-dealer in return for Fund Investor referrals.

We do not have directed brokerage arrangements. We only advise the Funds in consumer and small business loans and therefore we do not aggregate orders.

Item 13 - Review of Accounts

Investment Funds

Each Fund's respective portfolio is regularly reviewed by our Investment Committee, headed by our Chief Investment Officer, Aamir Sheikh. For Funds that invest in a single portfolio investment, our ongoing reviews relate to the proper administration of the Fund and not ongoing portfolio management. For Funds that invest in a specific consumer and small business loans, the Investment Committee will meet formally at least monthly to review the investment and with regard to each respective Fund's investment policy, the suitability of the investments used to meet policy objectives and the investment objectives of the Fund. These portfolios are also reviewed to evaluate and assess, among other things, investment performance, sensitivity to market changes and whether the Fund continue to meet certain established investment criteria.

Investors will receive monthly updates about the progress of the Fund within 15 days following month-end.

Echelon will distribute to each Limited Partner or Member as soon as practicable following the end of the Fiscal Year in which the Initial Closing (as defined below) occurs and each Fiscal Year thereafter an annual financial statement. Echelon will also have prepared and filed all Federal, state and local income, franchise, gross receipts, payroll and other tax returns that the Company is obligated to file. Copies of all Company tax returns, information returns or reports shall be available to all Limited Partners or Members as soon as possible after the close of the Company Fiscal Year at the offices of the Company. Copies of Schedule K-1 of the Company Tax Return (Form 1065) shall be distributed to all Limited Partners or Members by April 15 of the following year.

You are encouraged to review all reports from us and compare them against your Subscription Agreement and the Limited Partnership or Operating Agreement for the Funds you are invested in. You should immediately inform us of any discrepancy noted between these documents and the K-1 you receive from us.

Separately Managed Accounts

Reporting for separately managed accounts will occur on a monthly basis, within 30 days following month-end. The reporting will include a Monthly Investor Letter which details the material investment decisions made by the Manager, and an account statement detailing Income, Fund Expenses, Management Fees, and Performance Fees, both for the current month and year-to-date.

Item 14 - Client Referrals and Other Compensation

We do not receive an economic benefit for providing investment advice or other advisory services, other than through accounts we manage, the Funds we manage and their respective Fund Investors. We do not have any arrangement under which we, or a related person, directly or indirectly, receive compensation from another for Fund Investor referrals.

Item 15 - Custody

Investment Funds

As general partner or manager of the Funds, we are deemed to have custody of Fund assets. In order to protect Fund assets, a qualified custodian sends account statements at least quarterly verifying the accounts. In addition, an independent public accountant will annually audit the pooled investment vehicle(s) that we manage. Audited financial statements are distributed to the investors.

Each Limited Partner or Member of the Funds will receive a Schedule K-1 for any given calendar year by April 15 of the following year.

Separately Managed Accounts

We do not have custody of client funds or securities; however, clients may grant us authority, upon written consent, to deduct the advisory fees directly from their accounts. The custodian will send each client, at least quarterly, an account statement identifying the amount of funds and each security in the account at the end of period and setting forth all transactions in the account during that period including the amount of advisory fees paid directly to us. Clients should carefully review the statements sent by the broker-dealer, bank or other qualified custodian.

Upon request, we will provide to clients a written summary review regarding the clients' portfolio. Clients are encouraged to review these summary reviews and compare them against reports received from the independent custodian that services your account. Client should immediately inform us of any discrepancy noted between the custodian records and the summary reviews received from us.

Item 16 - Investment Discretion

Investment Funds

Echelon manages a Fund's investments in consumer and small business loans and shall have the power and authority to determine in respect of, the purchase, retention and disposition of investments and to execute agreements relating thereto, in accordance with each Fund's investment objectives, policies and restrictions as stated in each Fund's Offering Documents.

Please note that for Funds that invest in a single portfolio investment, our discretion is more limited and relates to the ongoing administration of the Fund and not ongoing portfolio management. For Funds that invest in a specific consumer and small business loans concept, we retain discretion to identify, purchase, sell and otherwise manage the consumer and small business loans pursuant to the investment objectives, policies and restrictions as stated in each Fund's Offering Documents.

Item 8 above describes the Funds' investment strategies and further detail is found in each Fund's Offering Documents. Prospective Fund Investors are provided with Offering Documents prior to their investment and are encouraged to carefully review these documents, and to be sure that the proposed investment is consistent with their investment goals and tolerance for risk. Prior to making any investment, prospective Investors should also consult with their legal, tax or other advisors. Prospective Investors must also execute a subscription agreement, in which they make various representations, including representations regarding their suitability to invest in a high-risk investment pool. Further, prospective Investors must execute the Limited Partnership or Operating Agreement for the applicable Fund.

Separately Managed Accounts

We have the discretionary authority to actively manage your assets and assist you in implementing your investment strategy. This authority is disclosed in the advisory agreement entered into between you and us. This authority grants us the discretion to determine the types and the total amount of securities to be bought or sold, the brokers, dealers, or alternative trading platforms through whom securities are to be bought or sold, and the commission rates to be paid for a client's securities transactions. You will have the right to place reasonable restrictions on such authority. Any restrictions must be submitted in writing to us.

You shall have the responsibility to advise us in writing of the investment objectives of your account and any specific investment restrictions applicable to your account. Such restrictions may affect the composition and performance of your account. For this reason, performance of the account may not be identical with our average client.

Item 17 - Voting Client Securities (i.e., Proxy Voting)

The types of securities we provide advice on do not have proxy votes. Therefore, we do not accept or have the authority to vote Fund securities.

Item 18 - Financial Information

We do not require or solicit prepayment of fees in excess of \$1,000 per Fund or Fund Investor and six months or more in advance. In addition, we are not currently, nor at any time in the past ten years have we been the subject of a bankruptcy petition. However, we do have custody of Fund assets, and any misappropriation of these funds or securities could impair our ability to meet contractual obligations to the Funds or the Fund Investors. We have established policies and procedures designed to protect Fund assets, including those described in Item 15 above.

Item 19 - Requirements for State-Registered Advisers

We are an SEC registered investment adviser so this section is not applicable.