

FORM ADV PART 2A: BROCHURE



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CRD #297582

Confidential

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This brochure (the “Brochure”) provides information about the qualifications and business practices of Forum Capital Advisors LLC (“FCA” or the “Firm”). If you have any questions about the contents of this Brochure, please contact us at 303-501-8860. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority. Registration with the SEC or with any state securities authority does not imply a certain level of skill or training.

Additional information about FCA is also available on the SEC’s website at www.adviserinfo.sec.gov. You can search the SEC’s site using a unique identifying number, known as a CRD number. The CRD number for Forum Capital Advisors LLC is #297582.

ITEM 2: MATERIAL CHANGES

This is the initial Form ADV Part 2A Brochure for Forum Capital Advisors LLC (“FCA” or the “Firm”) which has been prepared as part of the Firm’s application to become registered as an investment adviser with the United States Securities and Exchange Commission (the “SEC”).

Going forward, FCA will provide clients with a summary of any material changes to this Brochure within 120 days of the close of the Firm’s fiscal year end. FCA may provide additional interim disclosure about material changes, if warranted, in compliance with regulatory guidance. For a current copy of the Firm’s Brochure, please contact Shelby Noble, Chief Compliance Officer, at 303-501-8860 or snoble@forumcapadvisors.com.

IMPORTANT NOTE ABOUT THIS BROCHURE

This Brochure is not:

- ◆ ***An offer or agreement to provide advisory services to any person;***
- ◆ ***An offer to sell interests (or a solicitation of an offer to buy interests) in any Fund advised by Forum Capital Advisors LLC, or its affiliates; or***
- ◆ ***A complete discussion of the features, risks or conflicts associated with any Fund advised by Forum Capital Advisors LLC, or its affiliates.***

In accordance with the Investment Advisers Act of 1940, as amended (“Advisers Act”), Forum Capital Advisors LLC provides this Brochure to current and prospective clients. Forum Capital Advisors LLC may also, in its discretion, provide this Brochure to current or prospective investors in certain Funds, together with other relevant offering materials, such as the Fund’s private placement memorandum, prior to, or in connection with, such persons’ investment in such Funds.

Although this Brochure describes the investment advisory services of Forum Capital Advisors LLC, persons who receive this Brochure (whether or not from Forum Capital Advisors LLC) should be aware that it is designed solely to provide information about Forum Capital Advisors LLC as necessary to respond to certain disclosure obligations under the Advisers Act. As such, the information in this Brochure may differ from information provided in relevant offering materials.

More complete information about each Fund advised by Forum Capital Advisors LLC and its affiliates is included in relevant offering materials which may be provided to current and eligible prospective investors only by Forum Capital Advisors LLC, its affiliates, or its authorized agents. If there is any conflict between information conveyed in this disclosure document and that conveyed in any offering materials, the information contained in the relevant offering materials shall be deemed to govern and control.

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ITEM 4: ADVISORY BUSINESS

A. Describe your advisory firm, including how long you have been in business. Identify your principal owner(s).

Forum Capital Advisors LLC is a limited liability company established in June 2018, with its principal place of business in Glendale, Colorado, to provide discretionary investment management services to private funds (“Funds”) and institutional clients through Separate Accounts (together, referred to as “Clients”). Forum Capital Advisors LLC is an affiliate of Forum Real Estate Group, a full-service real estate investment firm with a focus on multifamily development and acquisitions, and opportunistic commercial acquisition and development.

Forum Capital Advisors LLC is applying to the SEC as an investment adviser relying upon Rule 203A-2(c) under the Investment Advisers Act of 1940, as amended (“Advisers Act”) and expects to be eligible for SEC registration within 120 days after the date its registration with the SEC becomes effective.

Throughout this Brochure, Forum Capital Advisors LLC, together with certain affiliate entities, including general partner and limited partner entities, are referred to as “FCA”, the “Firm”, “we”, “us”, and “our.”

B. Describe the types of advisory services you offer. If you hold yourself out as specializing in a particular type of advisory service, such as financial planning, quantitative analysis, or market timing, explain the nature of that service in greater detail. If you provide investment advice only with respect to limited types of investments, explain the type of investment advice you offer, and disclose that your advice is limited to those types of investments.

Investment Objective and Strategy

Client portfolios are formed with a short-term investment period and limited investment term, as specified in Client agreements (investment management agreements for Separate Accounts and offering documents for Funds). FCA offers an integrated income investment strategy which primarily seeks current income with a focus on capital preservation. FCA offers the ability to invest across the entire capital stack through the full real estate cycle. Through FCA’s affiliate, Forum Real Estate Group, FCA has the ability to operate real estate assets when impairments occur. Client portfolios will not be forced to sell an asset at a loss to distressed investors, as FCA is equipped to takeover, stabilize, and operate an asset to potentially continue yield/cash flow.

FCA seeks to invest in commercial real estate mortgage debt allowing for consistent periodic cash flow (i.e. monthly or quarterly) while focusing on an area of the capital structure that provides a higher priority of payment than the equity position. Furthermore, many property cash flows are supported by medium to longer term lease contracts, which can provide a more reliable cash flow stream to support the debt on a given asset. Quarterly distributions to investors are expected, although such distributions are at the sole discretion of FCA.

The typical hold period for Client portfolio investments is two to ten years for floating rate subordinate debt and up to 10 years for fixed rate single asset/single borrower and/or Risk-

Retention bonds. It is expected that there will be limited active market-making or exchange for most investments, thereby making most of them illiquid for the holding period. Return on invested capital will occur via loan maturities and refinances, resulting in balloon paydowns remitted to Clients.

Security Types

To achieve investment objectives, FCA invests Client assets primarily in a portfolio of real estate debt instruments including, but not limited to, subordinate mortgages, mezzanine loans, senior mortgages, and commercial mortgage-backed securities (“CMBS”). It is expected that the majority of any CMBS investments will be subordinate bonds collateralized by multifamily mortgage associated with Freddie Mac sponsored securitizations.

The investment strategy will incorporate the purchase of Freddie Mac K-Program securitizations. Client portfolio investments will primarily focus on the B-Piece which is the junior portion of the securitization collateralized by pools of multifamily mortgages. These subordinate certificates, generally totaling 7.5% of the structure, are usually sold to specialized investors with experience owning or lending on multifamily assets. Investments may also be made in subordinate debt. These are notes or participation interest in first mortgage loans secured by underlying property. They are secured by pledge of 100% ownership interests and payment priority, with lender rights subordinated to those of any senior note holder.

FCA’s investment strategy also incorporates the purchase of risk-retention bonds off single asset/single borrower CMBS securitizations. These bonds are typically horizontal pari passu interests in the most subordinate tranches of CMBS transactions. Based on regulatory requirements, these risk-retention bonds must be held for a minimum of five years and cannot be leveraged. In addition, transfer requirements restrict the ability to sell these investments after the minimum five-year hold period to only approved transferees under federal risk-retention rules.

FCA will also seek to take advantage of market dislocations by opportunistically purchasing discounted loans and securities in the secondary market. Although FCA seeks to achieve its investment objective by investing primarily in fixed income securities, Client portfolios may also invest in equity securities, preferred securities, loan and equity participations, and direct real estate.

Investment Committee

FCA and an unaffiliated Subadvisor engaged by FCA have each designated personnel to participate in a joint Investment Committee with respect to the Separate Accounts and Funds. The Subadvisor provides investment opportunities for the review and approval of the Investment Committee, subject to the overall supervision and control of FCA.

FCA does not engage in business activities other than investment management services, nor does FCA provide financial planning or similar services (other than the general financial advice that investment advisers customarily provide in connection with their investment management services).

Subadvisor Arrangements

FCA is responsible for implementing the investment objectives and strategies of Client portfolios. To assist in fulfilling these responsibilities, FCA has contracted with a Subadvisor to provide day-to-day portfolio management services to Clients. The Managing Partners of FCA identify and recommend the initial hiring of the Subadvisor and monitor its activities on an ongoing basis. The Subadvisor is an institutional investment management firm that is registered under the Advisers Act. FCA is responsible for strategic investment decisions such as determining the Client account investment style and asset allocation targets as well as structural issues such as whether to operate the vehicle as a Fund or Separate Account. The Subadvisor is responsible to select securities for approval by the Investment Committee and for day-to-day portfolio management activities.

FCA closely monitors the Subadvisor's performance and has the authority to hire and fire the Subadvisor. FCA provides each client with the Subadvisor's Form ADV Part 2A-2B, which clients should review in addition to this Brochure. Clients should direct any questions they have about the Subadvisor to FCA.

Investment Management Agreements

FCA enters into a written investment management agreement with each Client. With respect to any Fund, this Brochure is qualified in its entirety by the Fund's offering memorandum, operating or limited partnership agreement, or similar disclosure and governing documents (collectively, the "offering documents").

Investment management agreements include provisions related to management fees, investment strategy, investment guidelines, termination rights, proxy voting and sub-advisory arrangements, as applicable. When FCA enters into sub-advisory arrangements, the Subadvisor generally is responsible for the day-to-day management of the Client's investment portfolio, trade execution, and other related activities.

Separate Accounts and the Funds will continue for a term specified in governing agreements.

- C. Explain whether (and, if so, how) you tailor your advisory services to the individual needs of clients. Explain whether clients may impose restrictions on investing in certain securities or types of securities.**

In a Separate Account structure, Clients may impose reasonable restrictions on investing in certain securities or types of securities. Those restrictions are normally outlined in writing within the investment management agreement.

In a Fund structure, clients may not impose restrictions on investing, although FCA may negotiate side letters on a case-by-case basis.

- D. If you participate in wrap fee programs by providing portfolio management services, (1) describe the differences, if any, between how you manage wrap fee accounts and how you manage other accounts, and (2) explain that you receive a portion of the wrap fee for your services.**

FCA does not participate in wrap fee programs.

- E. If you manage client assets, disclose the amount of client assets you manage on a discretionary basis and the amount of client assets you manage on a non-discretionary basis. Disclose the date “as of” which you calculated the amounts.**

As of the date of this filing, FCA has no Regulatory Assets under Management.

ITEM 5: FEES AND COMPENSATION

- A. Describe how you are compensated for your advisory services. Provide your fee schedule. Disclose whether the fees are negotiable.**

Fees charged to Client accounts are based on a percentage of the net asset value. FCA’s fee schedule varies by strategy:

- ◆ Management fee: up to 1.25%
- ◆ Performance fee: negotiable and may be subject to a preferred return.

Fee Negotiation

FCA’s fees are based on the net asset value of each Separate Account or Fund, which are subject to change and may be negotiated. When FCA engages a Subadvisor, FCA pays the Subadvisor a portion of the management fee that clients pay to FCA; Clients do not pay any fees, commissions, or expenses directly to Subadvisors. FCA may, in its sole discretion, charge lower management fees or waive account minimums based on certain criteria, including vehicle type, investment strategy, Client type, Client domicile, services provided, the Client’s historical relationship with FCA, account size, current and anticipated future assets under management, marketplace considerations, Client’s operational or investment limitations or restrictions, level of Client servicing required and other factors FCA deems relevant. To the extent fees are negotiable, certain Clients may pay more or less than other Clients for the same or similar investment management services.

- B. Describe whether you deduct fees from clients’ assets or bill clients for fees incurred. If clients may select either method, disclose this fact. Explain how often you bill clients or deduct your fees.**

FCA does not have authority to deduct fees from Separate Accounts. Asset management fees for Separate Accounts are generally billed quarterly in arrears as specified in the Client’s investment management agreement and calculated based on the net asset value of the account on the last trading day of the calendar quarter. FCA invoices Separate Account Clients for fees incurred. In any partial calendar quarter, fees are pro-rated based on the number of days in which the account is open during the quarter.

FCA or its affiliate deducts fees directly from the Funds. The Funds will pay to FCA an asset management fee that accrues monthly and is payable quarterly in arrears. The asset management fee is prorated for partial periods.

- C. Describe any other types of fees or expenses clients may pay in connection with your advisory services, such as custodian fees or mutual fund expenses. Disclose that clients will incur brokerage and other transaction costs, and direct clients to the section(s) of your brochure that discuss brokerage.**

Separate Account Fees and Expenses

All fees paid to FCA for investment management services are separate and distinct from the fees and expenses charged by the Client's custodian. Separate Account Clients choose their own custodians and negotiate custodial arrangements separately. In addition to FCA's investment management and performance fees (where applicable), Clients may incur operating and transaction fees, costs and expenses associated with maintaining their accounts imposed by custodians, brokers, futures commission merchants, prime brokers, and other third-parties. Examples of these charges include but are not limited to custodial fees, margin, deferred sales charges, "mark-ups" and "mark-downs" on trades, odd-lot differentials, transfer taxes, handling charges, exchange fees, wire transfer fees, electronic fund fees, conversion fees for American Depository Receipts ("ADRs") and other fees and taxes on brokerage accounts and securities transactions. FCA does not receive any portion of these commissions, fees, or costs. See, Item 12 – Brokerage Practices for more information about expenses associated with Client transactions.

Private Fund Fees and Expenses

Investors in the Funds pay expenses in addition to investment management and performance fees, where applicable. These expenses generally include Fund administration, organizational, research and investment expenses, such as brokerage commissions, legal, line of credit, director, accounting, audit and other professional fees and expenses. These expenses are typically allocated based on an investor's pro-rata portion of the Fund. For additional detail on these fees and expenses, please refer to the applicable Fund's offering documents.

- D. If your clients either may or must pay your fees in advance, disclose this fact. Explain how a client may obtain a refund of a pre-paid fee if the advisory contract is terminated before the end of the billing period. Explain how you will determine the amount of the refund.**

Separate Account Clients are generally invoiced for investment management fees quarterly in arrears. Upon termination, the investment management fee will be pro-rated to cover only the period in which FCA's services were utilized by the Client. See investment management agreements for performance fee arrangements.

Management fees for the Funds are paid quarterly in arrears based on the value of each investor's capital account after the close of business on the last day of the preceding quarter, adjusted for distributions and contributions. See Fund offering documents for performance fee arrangements.

Account Termination

Due to the nature of the investment strategy, the investment period negotiated with Clients is measured in years. Termination provisions are specified in Separate Account investment management agreements and Fund offering documents.

- E. If you or any of your supervised persons accepts compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds, disclose this fact.**

FCA and its employees do not accept compensation, including sales charges or service fees, for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds.

ITEM 6: PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

If you or any of your supervised persons accepts performance-based fees – that is, fees based on a share of capital gains on or capital appreciation of the assets of a client (such as a Client that is a hedge fund or other pooled investment vehicle) disclose this fact. If you or any of your supervised persons manage both accounts that are charged a performance-based fee and accounts that are charged another type of fee, such as an hourly or flat fee or an asset-based fee, disclose this fact. Explain the conflicts of interest that you or your supervised persons face by managing these accounts at the same time, including that you or your supervised persons have an incentive to favor accounts for which you or your supervised persons receive a performance-based fee, and describe generally how you address these conflicts.

FCA charges performance-based fees for Separate Accounts and Funds. When an FCA affiliate serves as general partner to a Fund and FCA is the investment manager, the relevant general partner accepts the performance-based fee from the Fund.

Performance-based fees are structured to comply with Rule 205-3 under the Advisers Act and, for Employee Retirement Income Security Act (“ERISA”) accounts, relevant Department of Labor advisory opinions regarding the circumstances in which an investment manager may receive performance-based compensation. Accordingly, performance-based fees are charged only to “qualified clients” as that term is defined under Rule 205-3 of the Advisers Act.

A substantial portion of the economic benefit that FCA expects to derive from Client portfolios is dependent upon the achievement of certain cash return requirements. This compensation structure may create an incentive for FCA to make investments on behalf of Client portfolios with greater income or gain potential, but which also are riskier or more speculative than investments that FCA might otherwise recommend if the compensation did not include a “carried interest” component. Riskier or more speculative investments may have an adverse impact on the financial condition and results of operations of Client portfolios, which may consequently reduce the value of Client’s portfolios.

FCA manages all accounts in the same manner, using the same systems and staffed with the same investment and support personnel. FCA believes that it has reasonable controls in place to mitigate potential conflicts of interest inherent in managing multiple Separate Accounts and Funds. These controls include trade allocation procedures that govern allocation of securities, including limited offerings, average pricing of aggregated trades, and analysis of performance achieved by accounts managed in a similar strategy. The performance of a Client’s account will vary, based upon factors

such as inception date, investment restrictions, differences in cash flows and account sizes, and similar factors.

See Item 12 – Brokerage Practices for additional information about potential conflicts of interest related to brokerage practices.

ITEM 7: TYPES OF CLIENTS

Describe the types of clients to whom you generally provide investment advice, such as individuals, trusts, investment companies, or pension plans. If you have any requirements for opening or maintaining an account, such as a minimum account size, disclose the requirements.

As noted in Item 4 above, FCA provides discretionary investment management services to Separate Accounts and Funds. Separate Account Clients may include profit-sharing and Taft-Hartley plans, foundations, charitable organizations, endowments, U.S. and non-U.S. federal, state or local government entities, sovereign-wealth funds, and other U.S. and non-U.S. institutions.

Fund investors may include individuals, banks or thrift institutions, other investment entities, university endowments, sovereign wealth funds, family offices, pension and profit-sharing plans, trusts, estates or charitable organizations or other corporations or business entities and may include, directly or indirectly, principals or other employees of the Firm and its affiliates and members of their families.

For new Clients, FCA generally requires \$150 million to establish a Separate Account, and \$2 million to invest in a Fund. Investment minimums are set forth in Fund offering documents. FCA may waive or reduce minimum investment requirements in its discretion, including based upon certain criteria as described in Item 5 above, and reserves the right to decline any account or investor in its sole discretion.

ERISA Accounts

FCA is deemed to be a fiduciary to Clients that are employee benefit plans pursuant to ERISA, and regulations under the Internal Revenue Code of 1986, respectively. As such, our Firm is subject to specific duties and obligations under ERISA and the Internal Revenue Code that include among other things, restrictions concerning certain forms of compensation. To avoid engaging in prohibited transactions, FCA is permitted to only charge fees for investment advice about products for which our Firm and/or our related persons do not receive commissions. ERISA Rule 408(b)(2) requires full disclosure of our services and compensation for Separate Accounts and should be read in conjunction with this Form ADV Part 2A and the investment management agreement, where applicable.

Co-investments

If FCA determines that an investment by a Client portfolio will require additional equity capital, it may, at its discretion, offer co-investment opportunities to Fund limited partners outside the Fund structure. If it elects to provide such a co-investment opportunity, FCA will provide the limited partners with written notice of the amount of the co-investment opportunity and a copy of the investment memorandum provided to, and other material information used by, the Investment

Committee in evaluating such investment. FCA will at all times have the right to solicit third party investors regarding the co-investment opportunity.

FCA will be entitled to charge an asset management fee and or other fees on equity capital invested and committed to be invested by any outside third-party investors in an investment, to be calculated separately based on the capital invested by such third party investors, but the percentage fee charged will not exceed the asset management fee due under a Fund partnership agreement.

ITEM 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

A. Describe the methods of analysis and investment strategies you use in formulating investment advice or managing assets. Explain that investing in securities involves risk of loss that clients should be prepared to bear.

FCA utilizes the services of an unaffiliated investment Subadvisor to provide day-to-day portfolio management services. The Investment Committee and Subadvisor may use a variety of methods of analysis in connection with its investment decisions, including fundamental, quantitative, qualitative, technical, cyclical, factor-based, credit and macro-economic analysis.

The four basic components of the investment process are (a) sourcing of potential investments via a weekly pipeline meeting, (b) Investment Committee presentation and approval of investments, (c) periodic surveillance meetings on existing portfolio investments, and (d) Workout meetings to the extent needed on any portfolio investments in various stages of distress or foreclosure.

Sourcing of Investments

On a periodic basis, the Subadvisor will present to the Investment Committee any potential eligible Fund investments then available in either the primary or secondary market. The Subadvisor will provide basic investment parameters of each, including but not limited to, investment type, leverage, sponsorship, estimated pricing, and timing of potential close. The Investment Committee will vote on which investments, if any, would be appropriate to move to full underwriting. If a majority of Investment Committee members vote to move forward to underwriting, a presentation by the Subadvisor will be required on a date to be determined at which point a final vote on the investment will be taken.

Investment Approval Process

Once the Investment Committee has voted to move a potential investment to full presentation, the Subadvisor will present both a written recommendation along with an oral presentation for final approval. The presentation may include but not be limited to, a review of each of any underlying real estate assets and associated financing of each, a scenario analysis showing potential outcomes across a variety of market and sub-market stresses, a structural analysis showing the impact on both the asset and bond capital structure of these stress scenarios, a review of comparable investments and commensurate pricing levels, and a cost estimate associated with a Workout in the event of exercised rights and remedies in a downside scenario. The Investment Committee will vote to approve or deny the investment as well as determine the appropriate sizing of the investment for Client portfolios. An investment is approved only if at least four members of the Investment Committee provide their approval.

Surveillance of Investments

The Investment Committee will meet periodically to discuss the performance of all outstanding portfolio investments. Performance metrics to be reviewed shall include, but not be limited to, debt service coverage levels, upcoming lease rollover, relevant market data associated with underlying real estate collateral, and any other such data associated with investment performance that is deemed pertinent. At this meeting, the Subadvisor will review the performance of each investment and compare such performance to the assumptions that led to the initial investment to determine if the investment is outperforming or underperforming expectations. The Subadvisor will also highlight any potential problems as part of a Watchlist. Any Watchlist items shall be further scrutinized to determine if there is potential for a delinquency or default event. If it is deemed that a delinquency or default event is probable, FCA will begin dual tracking the investment for both performance as expected as well as a potential move to a Workout. Relevant members of FCA's Workout Team will be active participants in the surveillance of Watchlist assets and will provide business and contingency plans in the event a Watchlist asset moves to Workout.

Workout

If an asset moves into Workout, FCA's Workout Team will work with all related parties including the borrower and senior lender to determine a plan of action. If the Workout Team decides the asset will be operated by Forum Real Estate Group, the Team will underwrite the asset as if it were a new purchase into the portfolio. This will include reviewing third party due diligence reports, trailing 12-month financial statements, current rent roll and tax analysis. Additionally, the Team will analyze debt scenarios, payroll and exit scenarios. Upon takeover, Forum Real Estate Group will assume an asset management role of the asset and depending on the status of the asset and whether additional capital is required, Forum Real Estate Group may raise outside equity capital to adequately capitalize the asset. The intent would be for the asset to make quarterly distributions once it is stabilized. Combined, Forum Real Estate Group and FCA will determine an appropriate exit strategy for the asset, if a long-term hold is not applicable.

- B. For each significant investment strategy or method of analysis you use, explain the material risks involved. If the method of analysis or strategy involves significant or unusual risks, discuss these risks in detail. If your primary strategy involves frequent trading of securities, explain how frequent trading can affect investment performance, particularly through increased brokerage and other transaction costs and taxes.**

General Risks

This Brochure does not include every potential risk. Other detailed risk-related information can be found in the Form ADV brochure of the Subadvisor upon which FCA relies for investment advice, as well as in the Funds' offering documents.

Clients and Fund investors should be aware that an investment in Separate Account or Fund involves a high degree of risk and, therefore, should be undertaken only by those capable of evaluating the risks and bearing the risks it represents. There can be no assurance that a Client's investment objectives will be achieved, or that a Separate Account Client or Fund investor will receive a return of capital, and therefore, a Separate Account Client or Fund investor should only

invest if able to withstand a total loss of investment. In addition, there will be occasions when FCA may encounter potential conflicts of interest in connection with Separate Account Clients or Funds. The following considerations, among others, should be carefully evaluated before investing.

Difficulty of Locating Suitable Investments. There can be no assurance that there will be a sufficient number of suitable investment opportunities to enable a Client portfolio to invest all of its capital in opportunities to satisfy stated investment objectives or that such investment opportunities will lead to completed investments. The activity of identifying, completing, and realizing an attractive investment opportunity is highly competitive and involves a high degree of uncertainty. FCA will compete for investments with many other investors, some of which will have greater resources than FCA. Further, over the past several years, an ever-increasing number of private investment funds have been formed (and many existing funds have grown in size). Additional funds with similar investment objectives may be formed in the future by other unrelated parties. In addition, the availability of investment opportunities generally will be subject to market conditions as well as, in some cases, to the prevailing regulatory or political climate. Therefore, identification of attractive investment opportunities is difficult and involves a high degree of uncertainty, and competition for such opportunities may become more intense. Separate Accounts and Funds will participate in a limited number of investments and, as a consequence, the aggregate return may be substantially adversely affected by the unfavorable performance of even a single investment.

General Economic Conditions. The success of FCA's investment activities will be affected by general economic and market conditions, such as interest rates, availability of credit, credit defaults, inflation rates, economic uncertainty, changes in laws (including tax laws), trade barriers, currency exchange controls, and national and international political circumstances (including wars, terrorist acts or security operations). The U.S. stock and credit markets have experienced price volatility, dislocations, and liquidity disruptions in the past. Any future disruptions in the capital and credit markets will adversely affect FCA's ability to identify suitable investments, obtain financing and exit investments at the desired times and on terms favorable to Clients, which in turn may adversely affect the results of operations, cash flow and ability to make distributions.

Difficulties in Retaining Employees. There can be no assurance that FCA will be able to retain its management team, or that any or all of the benefits of such retention will be realized on a timely basis or at all. The ability to retain such personnel or to attract suitable replacements upon departure is dependent on the competitive nature of the employment market. The failure to retain employees or a limitation on their availability could result in higher operating expenses and disrupt the management or operation of assets and could have a material adverse effect on a Client portfolio's financial condition, results of operations, cash flow and ability to make distributions.

Electronic Disclosure. FCA and its affiliates may provide to Clients and investors statements, reports, and notices required under governing documents or side letters in electronic form, such as e-mail or posting on a web-based reporting site or other Internet service, in lieu of or in addition to sending such communications as hard copies via fax or mail. There are certain costs (e.g., on-line time) and possible risks (e.g., slow downloading time and system outages) associated with electronic delivery. Moreover, FCA cannot provide any assurance that these communication methods are secure and will not be responsible for any computer viruses, problems or malfunctions

resulting from any computer viruses or related problems that may be associated with the use of an Internet-based system. E-mail messages are not secure and may contain computer viruses or other defects, may not be accurately replicated on other systems, or may be intercepted, deleted, or interfered with without the knowledge of the sender or the intended recipient. FCA and its affiliates make no assurances, representations, or warranties in relation to these matters.

Privacy and Information Security. FCA's business requires it to use and store client/investor and employee personal identifying information including names, addresses, phone numbers, email addresses, contact preferences, tax identification numbers, and payment account information. The collection and use of personal identifying information is governed by federal and state laws and regulations. Privacy and information security laws continue to evolve and may be inconsistent from one jurisdiction to another. Compliance with all such laws and regulations may increase the portfolio's operating costs and adversely impact the portfolio's ability to market portfolio properties and services and otherwise harm investment performance.

FCA's transmission and storage of data may be compromised as a result of third-party security breaches, employee error, malfeasance, faulty password management, or other irregularity, and result in persons obtaining unauthorized access to company data or accounts. As cyber threats continue to evolve, FCA may be required to expend additional resources to continue to enhance the portfolio's information security measures and/or to investigate and remediate any information security vulnerabilities. Regardless, FCA may experience a breach and may be unable to protect sensitive data. Moreover, if a computer security breach affects FCA's systems or results in the unauthorized release of personal identifying information, FCA's reputation and brand could be materially damaged and materially adversely affect FCA's business. Clients may also be exposed to a risk of loss or litigation and possible liability, all of which may adversely affect the Client portfolio's financial condition, results of operations, cash flow and ability to make distributions.

Risk of Errors. Another risk involves the identification and remediation of errors. FCA has policies and procedures to address identification and remediation of errors. Errors occasionally may occur in connection with our management of funds and client accounts. Investment decisions, portfolio construction and related activities, including trading and trade reconciliation, are inherently complex processes that pose inherent risks. These risks may from time to time result in an error. An incident is any occurrence or event that interrupts normal investment-related activities or that may deviate from applicable law, the terms of an investment management agreement, or applicable internal or external policies or procedures. Incidents can occur at FCA or at one of our Subadvisors or service providers.

Whether or not an incident rises to the level of an error will be based on the facts and circumstances of each incident. Errors may include investment decision-making that violates a client's investment guidelines, purchases made with unavailable cash, and sales made with unavailable securities, etc., and/or an administrative error made prior to or during a trade's execution (e.g., trader executes the wrong security, or for an incorrect number of shares or units, etc.). FCA will address and resolve errors on a case by case basis, in its sole discretion, based on each error's facts and circumstances, including regulatory requirements, contractual obligations and business practices. FCA is not obligated to follow any single method of resolving errors.

Strategy Risks

No Operating History; Dependency Upon FCA and Affiliates. Although FCA's affiliate company and Subadvisor and their respective management teams have substantial experience in real-estate related investments, FCA itself has no operating history. Clients will be dependent upon the experience and expertise of FCA, its affiliates, and management in managing its investments and administering its day to day operations. There can be no assurance that FCA and its affiliates will be able to successfully implement its investment strategies or that its management team will remain affiliated with FCA throughout the lifecycle of a portfolio.

Subadvisor Risk. FCA is responsible for implementing the investment objectives and strategies of Client accounts. To assist in fulfilling these responsibilities, FCA has contracted with a Subadvisor to provide day-to-day portfolio management services. In seeking to achieve a portfolio's investment objectives, the Subadvisor employs its own methods of analysis and investment strategies and such methods and strategies are subject to risk of loss and other significant risks. The investment objectives, principal investments and investment strategies used in managing Client accounts, and the associated investment risks, are described in the designated Subadvisor's brochure and a Fund's offering documents.

In accordance with the terms of the applicable investment management agreement for a Separate Account or offering document of a Fund, FCA engages the Subadvisor for the purpose of participating in particular market opportunities and executing particular strategies that FCA believes can be effectively accessed and/or managed by the Subadvisor. In general, the methods of analysis and investment strategies undertaken on behalf of a Client will be subject to the same material risks whether performed by FCA or the Subadvisor.

To the extent that FCA utilizes a Subadvisor to effectuate the investment objectives of a Client, the Subadvisor, subject to oversight by FCA, will control the day-to-day management of Client portfolios, and Client portfolios will be subject to the possible defaults or misconduct of the Subadvisor. Conversely, in some circumstances, regulatory restrictions, conflicts of interest or other considerations may cause FCA, in its oversight role, to intervene with respect to the Subadvisor's day-to-day management of a Client portfolio and require certain alterations to the Subadvisor's proposed investment activities with respect to such Client portfolio.

The success of FCA's investment strategy depends upon, among other things, the ability of the Subadvisor to develop and successfully implement trading strategies that achieve their investment objectives. While FCA selects and monitors the Subadvisor, FCA relies to a great extent on information provided by the Subadvisor and may have limited access to other information regarding the Subadvisor's portfolios and operations. There is a risk that the Subadvisor may knowingly, negligently, or otherwise withhold or misrepresent information, including the presence or effects of any fraudulent or similar activities. FCA's proper performance of its monitoring functions would generally not give FCA the opportunity to discover such situations prior to the time the Subadvisor discloses (or there is public disclosure of) the presence or effects of any fraudulent or similar activities.

FCA generally has the right to terminate the Subadvisor. Therefore, FCA may terminate the Subadvisor even when a Client may not wish it to do so. In addition, in certain cases FCA may

have an economic or other relationship with the Subadvisor which may create a disincentive for FCA to terminate or recommend the termination of the Subadvisor.

FCA Has Not Identified Specific Investments. FCA has not identified specific investments for the investment of capital commitments of Clients or Fund investors, which has a number of consequences. Clients and investors will not have an opportunity to review proposed investments before deciding whether to invest with FCA. No assurance can be given that FCA will be successful in identifying or consummating economically attractive investments. It may take considerable time for FCA to find and consummate appropriate investment opportunities. If FCA has not identified investment opportunities for Client or Fund capital, FCA may invest such proceeds in readily marketable, interest-bearing, rated investments in the meantime. Such short-term investments ordinarily provide a significantly lower net return than the return a portfolio seeks to achieve from its intended real-estate related investments.

Investment and Due Diligence. Before making investments, FCA will conduct due diligence that it considers reasonable and appropriate based on the facts and circumstances applicable to each investment. When conducting due diligence, FCA will exercise its professional judgment in evaluating important and complex business, financial, tax, accounting and legal issues and will rely on the resources reasonably available to it. Such resources, whether or not known to FCA at the time, may not be sufficient, accurate, complete, or reliable. Due diligence may not reveal or identify matters that could have a material effect on the value of an investment. Moreover, even if due diligence reveals certain factors that prove to have a material effect on the value of an investment, there is no guarantee that FCA will accurately predict at the time of conducting due diligence those factors that ultimately prove to have such a material effect.

Inability to Achieve Targeted Rate of Return. Client accounts will make investments based on FCA's estimates or projections of internal rates of return and current returns, which in turn are based on, among other considerations, assumptions regarding the amount and terms of available financing and the manner and timing of dispositions, including possible asset recovery and remediation strategies, all of which are subject to significant uncertainty. In addition, events or conditions that have not been anticipated may occur and may have a significant effect on the actual rate of return achieved. Moreover, each Client account's ability to achieve its targeted returns may be adversely impacted by increased competition from other investors, which may lead to more competitive pricing for certain types of investments.

Diversification of Risk. Client investments in real estate debt are expected to be secured by real estate assets. A portfolio's concentration in the real estate sector may increase the volatility of its returns and may also expose the portfolio to the risk of economic downturns in this sector to a greater extent than if its portfolio also included investments in other sectors. Although there may be limits on the amounts of capital that may be invested in any single investment, diversification is not generally an investment objective. Client portfolios may include a small number of large investments. While this portfolio concentration may enhance total returns to the investors, if any large position sustains a material loss, the returns to the investors may be lower than if the portfolio had invested in a more diversified portfolio.

Client accounts are expected to make direct investments in real property. There is no limit regarding the amount of portfolio assets that may be invested in any single geographic area within

the United States. To the extent a portfolio concentrates its investments in a limited number of properties or geographic areas, the portfolio will be subject to certain risks relating to concentrated investments. The portfolio's revenue from, and the value of, its properties located in any single concentrated region may be affected disproportionately by a number of factors, including local real estate conditions (such as oversupply of or reduced demand for such properties) and the local economic climate. Business layoffs, downsizing, industry slowdowns, changing demographics, and other factors may adversely impact the local economic climate. A downturn in either the local economy or in general real estate conditions for any market in which the portfolio's investments are concentrated could adversely affect the portfolio's financial condition, results of operations, cash flow and ability to make distributions.

Availability of Indebtedness and Leverage. Client accounts will incur indebtedness with respect to ongoing investment activities. Although each portfolio expects to incur and maintain indebtedness within its target leverage ratio, there can be no guarantee that such leverage can be obtained or obtained at the amount anticipated or on attractive terms and pricing. As a result, Clients should recognize that investments in real estate-related assets may not be leveraged or may be leveraged to a lesser extent than expected. Should the intended amount of leverage not be obtained or used by the portfolio to make all of its investments, the total returns for the portfolio may be lower than they would have been had additional leverage been used.

Leverage Increases Exposure to Loss. Client accounts expect to use leverage in connection with investments, subject to stated overall portfolio debt and financing limits. The utilization of leverage can be beneficial to investors but leverage also creates risks. Leverage will increase the exposure of a portfolio to adverse economic factors, such as significantly rising interest rates, severe economic downturns, or deterioration in the condition of the investment or its corresponding market. For example, if the interest expense on indebtedness exceeds the return on the assets financed by such indebtedness, a leveraged capital structure will result in lower net income than if the investment were not so leveraged. There can be no assurance that a portfolio will be able to meet its debt service obligations and, to the extent that it cannot, returns to the investors will be reduced and capital could be lost.

Distributions. There can be no assurance that a portfolio's investment activities will be profitable, that the portfolio will be able to avoid losses, or that cash from its investments will be available for distribution. Client accounts will have no source of funds from which to make other than income and gains received on its investments and the return of capital. In addition, it is possible that a portfolio's investments may generate taxable income and that there will not be funds available from which to make distributions to pay associated taxes.

Currency and Exchange Rates. The functional currency of Client accounts is the U.S. dollar. Accordingly, non-U.S. investors are subject to the risks associated with fluctuations in currency exchange rates between the U.S. dollar and their national currencies.

Separate Agreements with Limited Partners. The general partner may on behalf of a Fund, in its sole discretion and subject to applicable law, enter into agreements that alter or supplement a particular investor's economic, legal, or other rights or obligations with respect to such investor's investment in the Fund (such agreements commonly referred to as "side letters"). Entering into

side letters may result in increased costs and ongoing legal and administrative expenses, while certain investors may participate in a Fund on more beneficial terms than others.

Inability to Make Follow-On Investments. A Client account may be called upon to provide follow-up funding for its investments or have an opportunity or an obligation to increase its investment in a co-investment entity. There can be no assurance that a Client account will have sufficient funds to do so. Any inability of the account to make follow-on investments may have a substantial negative impact on its return on such investment or may diminish its subsequent ability to influence such investment.

Lack of Liquidity. An investment in a Client account should be considered only as a long-term investment, and it is unlikely there will be near-term cash flow available to investors. Additionally, a Client account may acquire securities of portfolio companies that cannot be sold except pursuant to a registration statement filed under the Securities Act, or an exemption from the registration requirements of the Securities Act; therefore, such investments by a Client account would also be illiquid.

C. If you recommend primarily a particular type of security, explain the material risks involved. If the type of security involves significant or unusual risks, discuss these risks in detail.

General Risks Relating to Real Estate-Related Debt and Preferred Equity Investments. Client accounts intend to invest in a variety of real estate-related debt and preferred equity investments. In addition to the risks of borrower default (including loss of principal and nonpayment of interest) and the risks associated with real property investments, portfolios will be subject to a variety of risks in connection with such debt investments, including the risks of illiquidity, lack of control, mismanagement or decline in value of collateral, defects in legal documents relating to loans or interest in collateral, contested foreclosures, bankruptcy of the debtor, claims for lender liability, violations of usury laws and the imposition of common law or statutory restrictions on a portfolio's exercise of contractual remedies for defaults of such investments. Any deterioration of real estate fundamentals generally, and in the United States in particular, could negatively impact a portfolio's performance by making it more difficult for entities in which it invests to satisfy their debt payment obligations, increasing the default risk applicable to such borrowers and/or making it relatively more difficult for a portfolio to generate attractive risk-adjusted returns. It is impossible to predict the degree to which economic conditions generally, and the conditions for real estate debt investing in particular, will improve or will deteriorate. Declines in the performance of the U.S. and global economies, the commercial real estate markets or in the commercial real estate debt markets could have a material adverse effect on a portfolio's investment strategy and performance.

Risks Relating to Commercial Real Estate Debt Instruments. Commercial real estate debt instruments (e.g., mortgages, mezzanine loans and preferred equity) that are secured by commercial property are subject to risks of delinquency and foreclosure and risks of loss that are greater than similar risks associated with loans made on the security of single-family residential properties. The ability of a borrower to repay a loan secured by an income-producing property typically is dependent primarily upon the successful operation of the property rather than upon the existence of independent income or assets of the borrower. If the net operating income of the

property is reduced, the borrower's ability to repay the loan may be impaired. The net operating income of an income-producing property can be affected by many uncontrollable factors. In addition, Client portfolios may be exposed to the risk of judicial proceedings with borrowers and entities in which they invest, including bankruptcy or other litigation, as a strategy to avoid foreclosure or enforcement of other rights by the portfolio as a lender or investor. In the event that any of the properties or entities underlying or collateralizing the portfolio's loans or investments experiences any of the foregoing events or occurrences, the value of, and return on, such investments could be materially and adversely affected.

Risks Relating to Subordinate Debt Investments. To the extent that a Client portfolio makes or acquires subordinated or "mezzanine" debt investments, the portfolio does not anticipate having absolute control over the underlying collateral as the portfolio will be dependent on third-party borrowers and agents and will have rights that are subordinate to those of senior lenders. A portfolio's subordinated or mezzanine debt interests may be in real estate companies and real estate-related companies and properties whose capital structures may have significant leverage ranking ahead of the portfolio's investment. While FCA anticipates that a portfolio's investments will usually benefit from the same or similar financial and other covenants as those enjoyed by the leverage ranking ahead of the portfolio and will usually benefit from cross default provisions, some or all of such terms may not be part of particular investments. FCA anticipates that a portfolio's usual security for these types of investments will be pledges of ownership interests, directly and/or indirectly, in a property-owning entity, and in many cases a portfolio may not have a mortgage or other direct security interest in the underlying real estate assets. Moreover, it is likely that a portfolio will be restricted in the exercise of its rights in respect of these types of investments by the terms of subordination agreements between it and the leverage ranking ahead of a portfolio's capital. Accordingly, a portfolio may not be able to take the steps necessary to protect its investments in a timely manner or at all and there can be no assurance that the rate of return objectives of a portfolio or any particular investment will be achieved. To protect its original investment and to gain greater control over the underlying assets, a portfolio may need to elect to purchase the interest of a senior creditor or take an equity interest in the underlying assets, which may require additional investment by a portfolio.

Risks Relating to Mezzanine Loans. The mezzanine loans in which a Client portfolio may invest may include loans secured by one or more direct or indirect ownership interests in a company, partnership or other entity owning, operating, or controlling, directly or through subsidiaries or affiliates, one or more commercial properties. Although not secured by the underlying real estate, mezzanine loans share certain of the characteristics of subordinate loan interests described herein. It is expected that the commercial properties owned by such entities are or will be subject to existing mortgage loans and other indebtedness. As with subordinate commercial mortgage loans, repayment of a mezzanine loan is dependent on the successful operation of the underlying commercial properties and, therefore, is subject to similar considerations and risks, including certain of the considerations and risks described herein. Mezzanine loans may also be affected by the successful operation of other properties, the interests in which are not pledged to secure the mezzanine loan. The entity ownership interests securing the mezzanine loans may represent only partial interests in the related real estate company and may not control either the related real estate company or the underlying commercial property. As a result, the effective realization on the collateral securing a mezzanine loan in the event of default may be limited. Mezzanine loans may also involve certain additional considerations and risks. For example, the terms of mezzanine loans

may restrict transfer of the interests securing such loans (including an involuntary transfer upon foreclosure) or may require the consent of the senior lender or other members or partners of or equity holders in the related real estate company or may otherwise prohibit a change of control of the related real estate company. These and other limitations on realization on the collateral securing a mezzanine loan or the practical limitations on the availability and effectiveness of such a remedy may affect the likelihood of repayment in the event of a default.

Risks Relating to Commercial Mortgage Loans. Commercial mortgage loans have certain distinct risk characteristics. Mortgage loans on commercial properties generally lack standardized terms, which may complicate their structure and increase due diligence costs. Commercial mortgage loans also tend to have shorter maturities than residential mortgage loans and are generally not fully amortizing, which means that they may have a significant principal balance or “balloon” payment due on maturity. Mortgage loans with a balloon payment involve a greater risk to a lender than fully amortizing loans because the ability of a borrower to make a balloon payment typically will depend upon its ability either to fully refinance the loan or to sell the property securing the loan at a price sufficient to permit the borrower to make the balloon payment. The ability of a borrower to effect a refinancing or sale will be affected by a number of factors, including the value of the property, the level of available mortgage rates at the time of sale or refinancing, the borrower’s equity in the property, the financial condition and operating history of the property and the borrower, tax laws, prevailing economic conditions and the availability of credit for loans secured by the specific type of property. Commercial mortgage loans generally are non-recourse to borrowers. In the event of foreclosure on a commercial mortgage loan, the value at that time of the collateral securing the mortgage loan may be less than the principal amount outstanding on the mortgage loan and the accrued but unpaid interest thereon.

Risks Relating to Embedded Leverage. Client accounts expect to invest in subordinate debt and securities, which may contain “embedded” leverage arising in classes of securities or financial structures that carry junior priorities with respect to payments generated by a collateral asset or pool of assets. In such cases, subordinated tranches effectively obtain leverage, and derive enhanced returns, from the senior tranches—at the cost of an elevated exposure to the performance of an underlying collateral asset or asset pool and compounding a portfolio’s exposure to loss.

Risks Relating to Interest Rates. Changes in interest rates may adversely affect a Client account’s investments. Changes in the level of interest rates can affect a portfolio’s income by affecting the spread between the income on its assets and the expense of its interest-bearing liabilities, as well as the value of a portfolio’s interest-earning assets and its ability to realize gains from the sale of assets. Interest rates are highly sensitive to factors such as governmental, monetary and tax policies, domestic and international economic and political considerations, fiscal deficits, trade surpluses or deficits, regulatory requirements, and other factors beyond the control of FCA. A portfolio may finance its activities with both fixed and variable rate debt. With respect to its variable rate debt, a portfolio’s performance may be affected adversely if it does not or is unable to limit the effects of changes in interest rates on its operations by employing an effective hedging strategy, including engaging in interest rate swaps, caps, floors, or other interest rate contracts, or buying and selling interest rate futures or options on such futures. Should a portfolio so elect (and it will be under no obligation to do so), the use of hedging instruments to hedge a portfolio carries certain risks, including the risk that losses on a hedge position will reduce a portfolio’s earnings and funds available for distribution to the investors and that such losses may exceed the amount

invested in such instruments. There is no perfect hedge for any investment, and a hedge may not perform its intended purpose of offsetting losses on an investment and, in certain circumstances, could increase such losses. A portfolio may also be exposed to the risk that the counterparties with which it trades may cease making markets and quoting prices in such instruments, which may render the portfolio unable to enter into an offsetting transaction with respect to an open position, or the risk that a counterparty may default on its obligations.

Credit Ratings. Credit ratings of borrowers or debt securities represent the rating agencies' opinions regarding their credit quality and are not a guarantee of quality. Rating agencies attempt to evaluate the safety of principal and interest payments and do not evaluate the risks of fluctuations in market value; therefore, they may not fully reflect the true risks of an investment. Also, rating agencies may fail to make timely changes in credit ratings in response to subsequent events, so that an issuer's current financial condition may be better or worse than a rating indicates. In addition, many of a portfolio's investments are not expected to be assigned public ratings by the rating agencies.

Prepayments. Senior mortgage loans, junior notes and mezzanine loans may be subject to prepayment, which is affected by a number of factors. If prevailing rates for similar loans fall below the interest rates on such loans, prepayment rates would generally be expected to increase. Conversely, if prevailing rates for similar loans rise above the interest rates on such loans, prepayment rates would generally be expected to decrease. Certain loans may have lockout periods and/or defeasance periods during which prepayment is prohibited or require prepayment penalties or premiums or defeasance features to be paid upon a prepayment. Prepayments on the loans may also be affected by the value of the related collateral asset, the borrower's equity in such asset, the financial circumstances of the borrower, fluctuations in the business operated by the borrower on the collateral asset, competition, general economic conditions, and other factors. However, there can be no assurance that the loans will be prepaid at any particular rate.

Risks Relating to Non-Performing Loans. Client accounts may originate or acquire direct or indirect interests in real estate loans that at the time of their acquisition or thereafter may be non-performing for a wide variety of reasons. Such non-performing real estate loans may require a substantial amount of workout negotiations and/or restructuring, which may entail, among other things, a substantial reduction in the interest rate and a substantial write down of the principal of such loan and/or purchasing senior loans. However, even if a restructuring were successfully accomplished, a risk exists that, upon maturity of such real estate loan, replacement "takeout" financing will not be available. Purchases of participations in real estate loans raise many of the same risks as investments in real estate loans and also carry risks of illiquidity and lack of control. It is possible that FCA may find it necessary or desirable to foreclose on collateral securing one or more real estate loans purchased by a portfolio. The foreclosure process will vary from jurisdiction to jurisdiction and can be lengthy and expensive. Borrowers often resist foreclosure actions by asserting numerous claims, counterclaims, and defenses against the holder of a real estate loan, including, without limitation, lender liability claims and defenses, even when such assertions may have no basis in fact, in an effort to prolong the foreclosure action. During the foreclosure proceedings, a borrower may have the ability to file for bankruptcy or its equivalent, potentially staying the foreclosure action and further delaying the foreclosure process. Foreclosure litigation tends to create a negative public image of the collateral property and may result in disrupting ongoing leasing and management of the property.

Uninsured Losses. FCA will attempt to require borrowers' properties to be covered by customary insurance against liability to third parties and property damage. However, there can be no assurance that insurance will be available or sufficient to cover any such risks. In addition, there can be no assurance that the particular risks which are currently insurable will continue to be insurable on an economic basis.

Counterparty Risk. It is expected that some of a Client portfolio's investments will be transacted in private markets. These transactions may include swaps and financing trades including reverse repos, repos, bonds borrowed, and bonds loaned. Differing market standards for counterparty credit evaluation may expose a portfolio to the risk that a counterparty will not complete or settle a transaction in accordance with its terms and conditions because of a dispute over the terms of the contract (irrespective of whether bona fide), counterparty default, or inability to perform, causing a portfolio to suffer a loss. Such "counterparty" risk is accentuated for contracts with longer maturities or where FCA has concentrated a portfolio's transactions with a particular counterparty or group of counterparties.

Lender Liability Considerations & Equitable Subordination. Over the years, a number of judicial decisions in the United States have upheld the right of borrowers to sue lenders or bondholders on the basis of various evolving legal theories (collectively, termed "lender liability"). Generally, lender liability is founded upon the premise that an institutional lender or bondholder has violated a duty (whether implied or contractual) of good faith and fair dealing owed to the borrower or issuer or has assumed a degree of control over the borrower or issuer resulting in the creation of a fiduciary duty owed to the borrower or issuer or its other creditors or shareholders.

In addition, under common law principles that in some cases form the basis for lender liability claims, if a lender or bondholder (a) intentionally takes an action that results in the undercapitalization of a borrower to the detriment of other creditors of such borrower, (b) engages in other inequitable conduct to the detriment of such other creditors, (c) engages in fraud with respect to, or makes misrepresentations to, such other creditors or (d) uses its influence as a stockholder to dominate or control a borrower to the detriment of other creditors of such borrower, a court may elect to subordinate the claim of the offending lender or bondholder to the claims of the disadvantaged creditor or creditors, a remedy called "equitable subordination."

Limitations on Remedies. Although a Client account will have certain contractual remedies upon the default by borrowers under certain investments, such as foreclosing in the underlying real estate or collecting rents generated therefrom or acquiring equity interests in the borrower or property-owning entity, certain legal requirements may limit the ability of a Client account to effectively exercise such remedies. Furthermore, the right of a mortgage lender to convert its loan position into an equity interest may be limited by certain common law or statutory prohibitions, which may operate to prevent a lender from exercising conversion rights from debt to equity interests. In this connection, the laws with respect to the rights of creditors and other investors in certain jurisdictions in which a portfolio may invest may not be comprehensive or well developed, and the procedures for the judicial or other enforcement of such rights may be of limited effectiveness.

Consumer Protection Laws. The loans underlying certain of a Client account's investments and/or the originators of such loans may be subject to special rules, disclosure and licensing

requirements and other provisions of federal and state consumer protection laws, including, among others, the federal Truth-in-Lending Act, Regulation Z, the Real Estate Settlement Procedures Act, the Equal Credit Opportunity Act, the Fair Credit Billing Act, the Fair Credit Reporting Act, and related statutes. Failure to comply with these federal or state consumer protection laws and related statutes could subject lenders to specific statutory liabilities. In some cases, this liability may affect the subsequent assignees of such obligations, including the issuer of such securities. In particular, a lender's failure to comply with the federal Truth-in-Lending Act could subject such lender and its assignees to monetary penalties and could result in rescission. Numerous class action lawsuits have been filed in multiple states alleging violations of these statutes and seeking damages, rescission, and other remedies. These suits have named the originators and current and former holders. If any issuer of a loan were to be named as a defendant in a class action lawsuit, the costs of defending or settling such lawsuit or a judgment could reduce the amount available for distribution on the related securities and could negatively impact the returns to the investors.

Risks Relating to Direct Investments in Real Estate Generally. Client accounts intend to invest in equity ownership interests in real estate as part of its investment strategy. The yields available from equity investments in real estate depend on the amount of income earned and capital appreciation generated by a portfolio's properties, as well as the expenses incurred in connection therewith. Accordingly, the performance of these investments is subject to the risks affecting cash flow, expenses, capital appreciation, and, to the extent the investments are leveraged, the risks incident to borrowing funds, including risks associated with changes in the general economic climate, changes in the overall real estate market, local real estate conditions, the financial condition of tenants, buyers and sellers of properties, supply of or demand for competing properties in an area, technological innovations that dramatically alter space and demand requirements, the availability of financing, changes in interest rates and mortgage availability, inflation, inventory availability and demand, taxes, competition based on rental rates, energy and supply shortages, various uninsured and uninsurable risks, government regulations, environmental laws and regulations, zoning laws, environmental claims arising in respect of real estate acquired with undisclosed or unknown environmental problems or as to which inadequate reserves had been established, changes in the relative popularity of property types and locations, risks due to dependence on cash flow and risks and operating problems arising out of the presence of certain construction materials, force majeure, acts of war (declared and undeclared), terrorist acts, strikes and other factors which are beyond the control of a portfolio. In addition, rising interest rates could make alternative interest bearing and other investments more attractive and, therefore, potentially lower the relative value of our existing real estate investments. Furthermore, there can be no assurance that there will be tenants for a portfolio's properties.

Insufficient Cash Flow. Certain significant expenditures associated with an investment in real estate (such as mortgage payments, real estate taxes and maintenance costs) generally do not decline when circumstances cause a reduction in income from the property. In the event that a Client account does not have sufficient cash available to it through its operations to continue operating its business as usual, the Client account may need to find alternative ways to increase its liquidity. Such alternatives may include, without limitation: divesting itself of properties, whether or not they otherwise meet a portfolio's strategic objectives to keep in the long-term, at less than optimal terms; incurring debt; entering into leases with its tenants at lower rental rates or less than optimal terms; or entering into lease renewals with its existing tenants without an increase in, and

with possibly lower, rental rates. There can be no assurance, however, that such alternative ways to increase a portfolio's liquidity will be available to the portfolio. Additionally, taking such measures to increase a portfolio's liquidity will adversely affect its business, results of operations and financial condition.

Controlling Person Liability. A Client account may indirectly control the entities that own the properties in which the account may invest. The exercise of control over an entity can impose additional risks of liability for environmental damage, failure to supervise management, violation of government regulations or other types of liability in which the limited liability characteristic of business ownership may be ignored.

Inflation or Deflation. Increases in the costs of owning and operating a portfolio's properties due to inflation could reduce a portfolio's net operating income to the extent such increases are not paid or reimbursed by a portfolio's tenants. Increased inflation could have an adverse impact on floating rate mortgages, interest rates and general and administrative expenses, as these costs could increase at a rate higher than a portfolio's rental and other revenue. Inflation could also have an adverse effect on consumer spending which could impact a portfolio's tenants' businesses. Conversely, deflation could lead to downward pressure on rents and other sources of income.

Illiquidity of the Fund's Investments. Because real property investments are relatively illiquid, the ability of a Client account to vary or dispose of its property investments in response to changes in economic and other conditions will be limited. No assurances can be given that the fair market value of any real property acquired by a portfolio will not decrease in the future or that a portfolio will recognize full value for any property that the portfolio is required to sell for liquidity reasons or that any other terms offered by a potential purchaser would be acceptable to the portfolio. A portfolio also cannot predict the length of time needed to find a willing and suitable purchaser. A portfolio may not be able to dispose of properties on timeframes with respect to which it desires to do so, or at all.

In acquiring a property, a portfolio may agree to limitations that materially restrict it from selling that property for a period of time or impose other restrictions. In addition, in connection with certain financings, a portfolio may be limited in the amount of debt that can be placed or repaid and sales may be further limited or affected by associated prepayment premiums or penalties. Furthermore, a portfolio may be required to expend money to correct defects or make improvements before a property can be sold. FCA cannot assure any investor that a portfolio will have the requisite cash available to correct such defects or make such improvements.

Dependence on Tenants; Financial Condition of Tenants. A Client account's revenues from property investments will depend on the creditworthiness of its tenants and would be adversely affected by the loss of or default by significant lessees. Much of a portfolio's tenant base is expected to be comprised of non-rated and non-investment grade tenants. In addition, certain of a portfolio's properties may be occupied by a single tenant, and as a result, the success of those properties depends on the financial stability of that tenant. Lease payment defaults by tenants could cause the portfolio to reduce the amount of distributions to investors and could force the portfolio to find an alternative source of funding to pay any mortgage loan interest or principal, taxes, or other obligations relating to the property. In the event of a tenant default, the portfolio may also

experience delays in enforcing the portfolio's rights as landlord and may incur substantial costs in protecting its investment and re-leasing the property. If a lease is terminated, the value of the property may be immediately and negatively affected, and the portfolio may be unable to lease the property for the rent previously received or at all or sell the property without incurring a loss.

A tenant of one or more of the portfolio's properties or subsequently acquired properties may experience, from time to time, a downturn in its business which may weaken its financial condition and result in its failure to make rental payments when due. At any time, a tenant may seek the protection of bankruptcy or insolvency laws, which could result in the rejection and termination of such tenant's lease and thereby cause a reduction in the distributable cash flow of the portfolio. No assurance can be given that tenants will not file for bankruptcy protection in the future or, if any tenants file, that they will affirm their leases and continue to make rental payments in a timely manner. If a tenant's lease is not affirmed following bankruptcy or if a tenant's financial condition weakens, the portfolio's cash flow may be adversely affected.

Environmental Matters. Real property is subject to U.S. federal and state environmental laws, regulations, and administrative rulings which, among other things, establish standards for the treatment, storage, and disposal of solid and hazardous waste. Real property owners are subject to U.S. federal and state environmental laws which impose joint and several liability on past and present owners and users of real property for hazardous substance remediation and removal costs. Therefore, there may be exposure to substantial risk of loss from environmental claims arising in respect of any property with undisclosed or unknown environmental problems or as to which inadequate reserves have been established. These laws often impose such liability without regard to whether the owner knew of, or was responsible for, the presence of such hazardous or toxic substances. In addition, a Client account's liability as to any property is generally not limited under such laws and regulations and could exceed the value of the property and/or the aggregate assets of the portfolio. The presence of such substances, or the failure to remediate such substances properly, may also adversely affect the portfolio's ability to sell or lease the property or to borrow using the property as collateral. A Client account also may be liable for environmental contamination of properties that are sold or for the release of hazardous or toxic substances from such properties. Some laws and regulations impose liability for the release of certain materials into the air or water from a property, including asbestos, and such release can form the basis for liability to third persons for personal injury or other damages. Other laws and regulations can limit the development of and impose liability for the disturbance of wetlands or the habitats of threatened or endangered species.

It is possible that future environmental laws, ordinances or regulations or new interpretations of existing environmental laws, ordinances or regulations will impose material environmental liabilities on the portfolio. The environmental conditions of portfolio properties could be affected adversely by hazardous substances associated with other nearby properties or the actions of third parties unrelated to the portfolio. Tenants may engage in activities prohibited by their leases or otherwise expose the portfolio to liability under applicable environmental laws, ordinances, or regulations. In addition, some environmental laws create a lien on the contaminated site in favor of the government for damages and costs it incurs in connection with the contamination. The costs of defending any future environmental claims, performing any future environmental remediation, management, or removal, satisfying any such environmental liabilities, or responding to any

changed environmental conditions could materially adversely affect the portfolio's financial condition, results of operations, cash flow and the ability to make distributions.

A Client account may engage environmental experts to conduct such on-site studies and studies of the history and current usage of properties as it deems appropriate, and the Client account plans to consider the cost of remediating or managing any identified contamination or other environmental concern in determining whether to make an investment. However, environmental studies cannot guarantee that the portfolio will be aware of all contamination at the properties it acquires and the costs of removal, management, or remediation, either because such conditions were latent, more significant than expected or because of changes in laws and regulations.

Harmful Mold and Other Air Quality Issues. When excessive moisture accumulates in buildings or on building materials, mold may grow, particularly if the moisture problem remains undiscovered or is not addressed over a period of time. Some molds may produce airborne toxins or irritants. Indoor air quality issues can also stem from inadequate ventilation, chemical contamination from indoor or outdoor sources and other biological contaminants such as pollen, viruses, and bacteria. Indoor exposure to airborne toxins or irritants above certain levels can be alleged to cause a variety of adverse health effects and symptoms, including allergic or other reactions. As a result, the presence of significant mold or other airborne contaminants at any of a Client account's properties could require the account to undertake a costly remediation program to contain or remove the mold or other airborne contaminants from the affected property, increase indoor ventilation, necessitate the temporary relocation of some or all of the property's tenants, or require extensive rehabilitation of the affected property. In addition, the presence of significant mold or other airborne contaminants could expose the Client account to liability from its tenants and others if property damage or health concerns arise. No assurances can be made that the Client account will have full coverage under its existing policies for property damage or liabilities to third parties arising as a result of exposure to mold or a claim of exposure to mold at a particular property.

Americans with Disabilities Act and Similar Laws. Under the Americans with Disabilities Act of 1990 (the "ADA"), all public accommodations must meet federal requirements related to access and use by disabled persons. If one or more of the properties in a Client portfolio does not comply with the ADA, then the portfolio may be required to incur costs to bring the property into compliance, which may or may not have been foreseen at the time of redevelopment or acquisition. A number of additional U.S. federal, state, and local laws exist that impact the portfolio's properties with respect to access thereto by disabled persons. Future changes to federal, state, and local laws also may require modifications to the portfolio's properties or restrict the portfolio's ability to renovate its properties. The ultimate cost of compliance with the ADA or other legislation is unpredictable. If the Client account incurs substantial costs to comply with the ADA and any other similar legislation, its financial condition, results of operations, cash flow and the ability to make distributions could be materially adversely affected.

Insurance May Not Cover All Losses. A Client account will seek to maintain insurance coverage against liability to third parties and property damage as is customary for similar businesses. However, uninsured, and underinsured losses could harm the Client account's financial condition, results of operations, cash flow and ability to make distributions. Various types of catastrophic

losses, such as losses due to wars, riots, nuclear reaction, terrorist acts, earthquakes, floods, hurricanes, pollution, or environmental matters, generally are either uninsurable or not economically insurable, or may be subject to insurance coverage limitations, such as large deductibles or co-payments. In the event of a catastrophic loss, the Client account's insurance coverage may not be sufficient to cover the full current market value or replacement cost of its lost investment. Should an uninsured loss or a loss in excess of insured limits occur, the Client account could lose all or a portion of the capital it has invested in an investment, as well as the anticipated future revenue from the investment and, in the case of debt which is with recourse to the Client account, it would remain obligated for any mortgage debt or other financial obligations related to such properties. Inflation, changes in building codes and ordinances, environmental considerations, provisions in loan documents encumbering the portfolio's properties pledged as collateral for loans and other factors might also keep the portfolio from using insurance proceeds to replace or renovate an investment after it has been damaged or destroyed. Under those or other adverse circumstances, the insurance proceeds the portfolio receives might be inadequate to restore the portfolio's economic position on the damaged or destroyed investment. In addition, there can be no assurance that the particular risks which are currently insurable will continue to be insurable on an economically viable basis. Because the portfolio is a pooled investment fund, all fund assets may be at risk in the event of an uninsured liability to third parties.

Partial Ownership Interests. Client accounts may in the future hold properties indirectly by holding investments in joint ventures, limited liability companies or partnerships with other third-party co-investors. Such investments may involve risks not present in investments where a third party is not involved, including the possibility that: (i) the co-venturer or partner may have control or governance rights over some or all aspects of an investment that are greater than those of the Client account; (ii) the Client account and a co-venturer or partner may reach an impasse on a major decision that requires the approval of both parties; (iii) a co-venturer or partner may at any time have economic or business interests or goals that are inconsistent with those of the Client account (including those that may be inconsistent with the qualification as a REIT of an entity through which the Client account invests); (iv) a co-venturer or partner may encounter liquidity or insolvency issues or may become bankrupt; (v) a co-venturer or partner may be in a position to take action contrary to the Client account's investment objective; (vi) a co-venturer or partner may take actions that subject the investment to liabilities in excess of, or other than, those contemplated; or (vii) in certain circumstances, the Client account may be liable for actions of its co-venturers or partners, each of which may subject the Client account's investments to liabilities in excess of or other than those contemplated by FCA. In addition, the Client account may rely upon the abilities and management expertise of a co-venturer or partner.

In connection with entering into joint venture agreements, Client accounts expect to be subject to various restrictions with respect to asset disposition. Joint venture agreements typically include provisions setting forth rules and restrictions regarding buy-sell procedures, forced sale procedures and other liquidity transactions. It may also be more difficult for the Client account to sell its interest in any joint venture, partnership, or entity with other owners than to sell its interest in other types of investments as a result of these restrictions. Moreover, Client accounts may not have the liquidity to execute on a sale in connection with the exercise by a joint venture partner of its buy-sell right and, as a result, a Client account may be forced to sell to the joint venture partner on disadvantageous terms.

In addition, Client accounts may grant co-venturers or partners joint approval rights with respect to major decisions concerning the management, financing, and disposition of investments, which would increase the risk of deadlocks. A deadlock could delay the execution of the business plan for an applicable investment or require the Client account to engage in a buy-sell of the venture with a co-venturer or partner or conduct the forced sale of the applicable investment. As a result of these risks, the Client account may be unable to fully realize its target return on any such investment.

Reliance on Third Party Managers or Joint Venture Partners. Although FCA will monitor the performance of each of its direct real estate investments, FCA may engage third party managers or joint venture partners to operate certain investments on a day-to-day basis. There can be no assurance that such managers or joint venture partners will be able to operate the real estate investments successfully.

Other Considerations. Fund investors should refer to governing documents for disclosures related to tax and other regulatory risks.

ITEM 9: DISCIPLINARY INFORMATION

If there are legal or disciplinary events that are material to a client's or prospective client's evaluation of your advisory business or the integrity of your management, disclose all material facts regarding those events.

Like other registered investment advisers, FCA is required to disclose all material facts regarding any legal or disciplinary events that would materially impact a Client's or potential Client's evaluation of FCA or the integrity of its management. FCA is not aware of any legal or disciplinary events that would be material to a Client's or a prospective Client's evaluation of FCA or the integrity of its management.

ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

A. If you or any of your management persons are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer, disclose this fact.

Neither FCA nor any of its management persons are registered as a representative of a broker-dealer or have an application pending to register as a broker-dealer or registered representative of a broker-dealer.

B. If you or any of your management persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading adviser, or an associated person of the foregoing entities, disclose this fact.

Neither FCA 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. Describe any relationship or arrangement that is material to your advisory business or to your clients that you or any of your management persons have with defined related persons. Identify the related person and if the relationship or arrangement creates a material conflict of interest with clients, describe the nature of the conflict and how you address it.

FCA is an affiliate of Forum Real Estate Group, a full-service real estate investment firm with a focus on multifamily development and acquisitions, and opportunistic commercial acquisition and development. As noted above in Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss, FCA may engage Forum Real Estate Group, via a services agreement, to manage client portfolio assets that move into Workout.

Employees of Forum Real Estate Group will provide services to Client portfolios but are unlikely to work exclusively on Client portfolio business. Forum Real Estate Group and its affiliates provide investment services to other funds and other entities sponsored by Forum Real Estate Group and its affiliates and, therefore, may have conflicts of interest in allocating the time and services of their employees.

The Funds will not consummate any transaction in which the counterparty is an affiliate of the general partner, FCA or its Principals (except any subsidiary of the Fund) without the approval of the majority of the Advisory Committee members, subject to certain thresholds outlined in the offering documents.

As governed by agreements between FCA and its affiliated general partner, FCA will serve as investment adviser to one or more private Funds offered solely to “accredited investors” under Regulation D of the Securities Act of 1933 or “qualified purchasers” under the Investment Company Act of 1940.

D. If you recommend or select other investment advisers for your clients and you receive compensation directly or indirectly from those advisers that creates a material conflict of interest, or if you have other business relationships with those advisers that create a material conflict of interest, describe these practices, and discuss the material conflicts of interest these practices create and how you address them.

FCA engages an unaffiliated Subadvisor to manage Client portfolios. FCA does not receive compensation, directly or indirectly, from the Subadvisor, but rather FCA pays the Subadvisor for their investment management services in accordance with the terms of a governing sub-advisory agreement. FCA has no other business relationship with the Subadvisor that is known to create a material conflict of interest.

Employees of the Subadvisor will provide services to Client portfolios but are unlikely to work exclusively on Client portfolio business. The Subadvisor and affiliates provide investment services to other funds and other entities sponsored by the Subadvisor and its affiliates and, therefore, may have conflicts of interest in allocating the time and services of their employees.

The Subadvisor engages in other financial industry activities, and maintains certain registrations and affiliations, as described more fully in its Form ADV brochure which is made available to Clients.

ITEM 11: CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

- A. If you are an SEC-registered adviser, briefly describe your Code of Ethics adopted pursuant to SEC rule 204A-1 or similar state rules. Explain that you will provide a copy of your Code of Ethics to any client or prospective client upon request.**

FCA values Client trust and places its fiduciary responsibilities to each Client first and foremost in all aspects of its business. In accordance with Rule 204A-1 under the Advisers Act, FCA has adopted a code of ethics (the “Code of Ethics”). The Code of Ethics outlines a high standard of business conduct and reinforces each employee’s role in discharging the fiduciary duty to Clients. The Code of Ethics sets forth standards of conduct expected of employees and addresses conflicts that arise from personal trading, gifts and entertainment, political contributions, and outside business activities. FCA’s employees must submit certain Code of Ethics reports to the Chief Compliance Officer, including specified personal securities transactions, holdings, and pre-approval requests. FCA is committed to maintaining the confidentiality, integrity, and security of current and prospective Clients’ nonpublic personal information and adheres to high standards to safeguard such information.

A copy of FCA’s Code of Ethics is available to any current or prospective Client by contacting Shelby Noble, Chief Compliance Officer, at 303-501-8860 or snoble@forumcapadvisors.com.

- B. If you or a related person recommends to clients, or buys or sells for client accounts, securities in which you or a related person has a material financial interest, describe your practice, and discuss the conflicts of interest it presents. Describe generally how you address conflicts that arise.**

FCA does not expect to buy or sell for Client accounts, securities in which it or a related person has a material financial interest. FCA may not in the future exercise investment discretion for securities in which FCA or a related person has a material financial interest unless FCA obtains the Client's prior specific and informed written consent. FCA will amend this disclosure in the future were FCA to advise Clients, or exercise discretion on their behalf with respect to securities issued by FCA, a related issuer or, during the security’s distribution, by a connected issuer. In these situations, FCA will disclose the nature and extent of the relationship or connection between FCA and the issuer of the securities.

- C. If you or a related person invests in the same securities (or related securities, e.g., warrants, options, or futures) that you or a related person recommends to clients, describe your practice, and discuss the conflicts of interest this presents and generally how you address the conflicts that arise in connection with personal trading.**

See Item 11D. below.

- D. If you or a related person recommends securities to clients, or buys or sells securities for client accounts, at or about the same time that you or a related person buys or sells the same securities for your own (or the related person's own) account, describe your practice and discuss the conflicts of interest it presents. Describe generally how you address conflicts that arise.**

Outside of a Fund's general partner structure, FCA and/or a related person may not purchase or sell securities that the Firm recommends to or transacts on behalf of Clients. The FCA Code of Ethics sets forth the basic policies of ethical conduct for all employees. In addition, the Code of Ethics governs personal trading by each employee deemed to be an Access Person¹ and requires that securities transactions effected by Access Persons of FCA are conducted in a manner that avoids any actual or potential conflict of interest between such persons and the Clients of FCA.

Access Persons are required to obtain pre-approval from FCA's Chief Compliance Officer prior to personal account transactions in certain designated financial instruments. This policy applies to financial instruments in which the Access Person has any direct or indirect beneficial ownership. An Access Person is deemed to have beneficial ownership if the Access Person, directly or indirectly, has or shares a direct or indirect opportunity to profit or share in any profit derived from the financial instrument.

FCA collects and maintains records of securities holdings and securities transactions effected by Access Persons and related persons as detailed above. These records are reviewed to identify and resolve potential conflicts of interest.

From time-to-time, a financial instrument may be detailed on a 'restricted list' that is maintained by FCA, for example, where FCA has inside information on an issuer. In such circumstances, personal account transactions in the financial instrument are strictly prohibited. In addition, Access Persons may not disclose confidential or inside information to a third party where it can be reasonably ascertained that the third party will transact in financial instruments on the provision of this information.

ITEM 12: BROKERAGE PRACTICES

- A. Describe the factors that you consider in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation (e.g., commissions).**

For Client account investments, the Subadvisor determines the broker, dealer, or counterparty to be used and the commission rates paid. Such brokerage costs, along with execution quality, are reviewed by FCA in the normal course of its Subadvisor oversight, at the Investment Committee and compliance level. The transaction costs associated with buying and selling fixed income and

¹ An Access Person of an investment adviser is any supervised person who has access to nonpublic information regarding any clients' purchase or sale of securities, or nonpublic information regarding the portfolio holdings of any reportable fund; or who is involved in making securities recommendations to clients, or who has access to such recommendations that are nonpublic.

certain other security types (e.g. mark-ups, mark-downs, and/or “spread”) are generally reflected in the price of the security.

The factors considered by the Subadvisor in selecting broker-dealers and determining the reasonableness of commissions are described in the Form ADV Part 2A of the Subadvisor. The Subadvisor’s broker selection practices and commission schedules are reviewed by FCA in the normal course of its Subadvisor oversight.

- 1. Research and Other Soft Dollar Benefits. If you receive research or other products or services other than execution from a broker-dealer or a third party in connection with client securities transactions (“soft dollar benefits”), disclose your practices and discuss the conflicts of interest they create.**

For Client investments, the Subadvisor determines the research and other services utilized and has discretion to undertake “soft dollar” arrangements using FCA client commissions. Soft dollars are the benefits provided to an asset manager by a broker-dealer as a result of commissions generated from financial transactions executed by the broker-dealer for client accounts or funds managed by the asset manager. Information related to research products and services utilized, and soft dollar arrangements undertaken, by the Subadvisor, are described in the Subadvisor’s Form ADV Part 2A. The Subadvisor’s research and soft dollar practices are reviewed by FCA in the normal course of its Subadvisor oversight.

- 2. Brokerage for Client Referrals. If you consider, in selecting or recommending broker-dealers, whether you or a related person receives client referrals from a broker-dealer or third party, disclose this practice and discuss the conflicts of interest it creates.**

For Client investments, the Subadvisor determines the broker, dealer, or counterparty to be used. The factors considered by the Subadvisor in selecting broker-dealers, including whether or how client referrals impact the selection process, are described in the Form ADV Part 2A of the Subadvisor. The Subadvisor’s broker-dealer selection practices are reviewed by FCA in the normal course of its Subadvisor oversight.

- 3. Directed Brokerage. If you routinely recommend, request, or require that a client direct you to execute transactions through a specified broker-dealer, describe your practice or policy. If you permit a client to direct brokerage, describe your practice.**

Neither FCA nor the Subadvisor accept directed brokerage instructions from the Separate Accounts or Funds.

- B. Discuss whether and under what conditions you aggregate the purchase or sale of securities for various client accounts. If you do not aggregate orders when you have the opportunity to do so, explain your practice and describe the costs to clients of not aggregating.**

For Client investments, the Subadvisor is authorized to aggregate FCA transactions with other transactions undertaken for other Subadvisor clients. The Subadvisor follows written trade

aggregation policies and procedures, which are disclosed in its Form ADV Part 2A. The Subadvisor's trade aggregation practices are reviewed by FCA in the normal course of its Subadvisor oversight.

ITEM 13: REVIEW OF ACCOUNTS

A. Indicate whether you periodically review client accounts or financial plans. If you do, describe the frequency and nature of the review, and the titles of the supervised persons who conduct the review.

The Investment Committee conducts periodic reviews of each FCA Separate Account and Fund for adherence to the investment strategy and to confirm that investment performance is consistent with applicable investment guidelines. Members of the Investment Committee and the Subadvisor monitor markets, world and economic events, and portfolio holdings on a continuous basis. The Chief Compliance Officer reviews each Separate Account and Fund periodically to ensure comportment with applicable investment guidelines.

Limited Partner Advisory Committee

From time to time, a limited partner Advisory Committee for a Fund may participate in the Fund review process. The Advisory Committee is comprised of representatives of the limited partners who are appointed by FCA to engage in certain activities as specified in the offering documents of each Fund. Pursuant to the terms of a Fund's offering documents, all limited partners are bound by the determinations of the Advisory Committee, regardless of whether a limited partner is represented by a member of the Committee. FCA retains ultimate responsibility for all decisions relating to the operation and management of the applicable Fund.

A Fund's Advisory Committee members may not have the same interests as all limited partners. No Advisory Committee member owes any fiduciary duties to the Fund or any other partner. Members of the Advisory Committee may have various business and other relationships with FCA and its members, partners, managers, directors, officers, employees, and affiliates. These relationships may influence their decisions as members of the Advisory Committee. If a limited partner is not represented by a member of the Advisory Committee, such limited partner will have no influence over matters submitted to the Advisory Committee for review or approval. Furthermore, the Fund's Advisory Committee members cannot be expected to be expert in investing, and certain of its determinations may, in fact, adversely affect the performance of the Fund. A Fund will also indemnify members of its Advisory Committee for any losses or damages incurred in connection with serving on the Advisory Committee so long as such losses or damages did not result from such member's fraud.

B. If you review client accounts on other than a periodic basis, describe the factors that trigger a review.

Certain factors would trigger additional review of a Separate Account or Fund. The frequency, interval, and scope of these reviews depend upon many factors, including but not limited to:

- ◆ Changes in market conditions;
- ◆ Re-balancing of assets to maintain proper asset allocation;

- ◆ Contributions or withdrawals of cash;
- ◆ Change in the investment restrictions, investment objectives, or investment policy; and/or
- ◆ Requirements that could be imposed by court order or by regulators (e.g., SEC, Department of Labor, etc.)

Separate Account Clients should contact FCA if any changes occur in their investment objectives which may affect the investment management services provided by FCA.

C. Describe the content and indicate the frequency of regular reports you provide to clients regarding their accounts. State whether these reports are written.

Private Funds

Investors in the Funds receive annual audited financial statements within 120 days after the fiscal year end, and quarterly unaudited portfolio statements. Investors in the Funds also receive periodic electronic reports pursuant to the terms of the relevant offering documents, such as tax documents. FCA will from time-to-time, in its sole discretion, provide additional information relating to a Fund to one or more investors in such Fund as it deems appropriate.

Separate Accounts

A written investment report is prepared by FCA and distributed to each Separate Account Client quarterly. Such reports may indicate portfolio holdings, transactions during the period, annual income on holding, yield, tax basis (where applicable), current price and current market value. Separate Account Clients also receive statements and confirmations directly from their independent custodian. Clients should carefully review the custodian statements and compare these statements to any account information provided by FCA. FCA reports may vary from custodial statements based on differences between accounting procedures, reporting dates, or valuation methods for certain securities. Clients with any questions about the information provided by the custodian or FCA should contact us.

ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION

- A. If someone who is not a client provides an economic benefit to you for providing investment advice or other advisory services to your clients, generally describe the arrangement, explain the conflicts of interest, and describe how you address the conflicts of interest. For purposes of this Item, economic benefits include any sales awards or other prizes.**

FCA does not receive an economic benefit from any party who is not a Client, for providing investment advice or other advisory services to its Clients.

- B. If you or a related person directly or indirectly compensates any person who is not your supervised person for client referrals, describe the arrangement and the compensation.**

FCA may enter into a written agreement with one or more unaffiliated third parties to provide client relations and marketing services, including the introduction of prospective advisory Clients to the Firm or investors to a Fund. Such arrangements will be governed by a written agreement

between parties. FCA expects to follow a standard fee schedule and will offset any placement fees charged to a Fund by a reduction in management fees.

At the time of solicitation, Separate Account Clients will be informed of FCA's arrangement with the third party and will receive a copy of this Form ADV Brochure, FCA's Brochure Supplement, and a written disclosure explaining the terms of arrangement, to be signed and returned to FCA. FCA will undertake due diligence to verify the third party's qualifications, regulatory standing, disciplinary history, and registration status.

ITEM 15: CUSTODY

If you have custody of client funds or securities and a qualified custodian sends quarterly, or more frequent, account statements directly to your clients, explain that clients will receive account statements from the broker-dealer, bank or other qualified custodian and that clients should carefully review those statements. If your clients also receive account statements from you, your explanation must include a statement urging clients to compare the account statements they receive from the qualified custodian with those they receive from you.

Custody occurs when an adviser or related person directly or indirectly holds client funds or securities or has the ability to gain possession of them. FCA does not have direct custody over Client funds or securities. Custody is maintained by a custodian selected by the Client in the case of a Separate Account, and the general partner in the case of a Fund. Separate Account Clients receive account statements directly from their custodian. FCA Separate Account and Fund records are reconciled to those of the custodian while unexplained discrepancies are highlighted and resolved.

FCA will ensure that each Fund is audited at least annually in accordance with Generally Accepted Accounting Principles ("GAAP") by an independent public accountant that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board. Each Fund will distribute its audited financial statements on an annual basis to all investors no later than 120 days after the end of the applicable Fund's fiscal year end, or sooner if so specified in the Fund's offering documents. Upon the final liquidation of a Fund, FCA will obtain a final audit and distribute audited financial statements prepared in accordance with GAAP to all investors promptly after completion of the audit.

ITEM 16: INVESTMENT DISCRETION

If you accept discretionary authority to manage securities accounts on behalf of clients, disclose this fact and describe any limitations clients may (or customarily do) place on this authority. Describe the procedures you follow before you assume this authority (e.g., execution of a power of attorney).

FCA provides discretionary investment portfolio management services to its Clients. FCA is responsible for strategic investment decisions such as determining the Separate Account's and Fund's investment strategy and broad asset allocation targets. The FCA Investment Committee, which is comprised of members of FCA, Forum Real Estate Group, and the Subadvisor, retains

the authority to determine which securities are to be bought or sold and the amounts of the securities to be bought or sold. The Subadvisor provides day-to-day portfolio management and trade execution services, which includes the discretion to select broker-dealers through whom securities are bought and sold, negotiation of commission rates paid for securities transactions, and final prices at which securities are bought and sold (which generally include broker-dealer transaction costs).

Separate Accounts

Separate Account Clients may impose certain limitations or restrictions on FCA's exercise of its discretionary authority. However, FCA reserves the right not to enter into an agreement with a prospective Client, or to terminate an agreement with an existing Client, if the proposed limitation or restriction is likely in FCA's opinion to impair its fiduciary duty to the Client or is otherwise believed by FCA to be administratively or practically not feasible. All such requests for limitations or restrictions must be provided by the Client to FCA, in writing, and will not be effective or implemented until formally accepted by FCA.

Discretionary authority will only be authorized upon full disclosure and consent by the Separate Account Client. The granting of such authority will be conveyed to FCA by the Client's execution of an investment management agreement containing all applicable limitations to such authority.

Private Funds

FCA will provide investment management services on a discretionary basis to one or more Funds. FCA's advice with respect to a Fund is provided in accordance with the investment objectives, limitations, and guidelines as set forth in the applicable offering documents. Prior to assuming discretion in managing a Fund's assets, FCA enters into an investment management agreement or other agreement that sets out the scope of FCA's discretion. The limitations on FCA's investment discretion are established through negotiations with the investors in each Fund and/or its general partner. These limitations are incorporated into a Fund's offering documents. In the case of Funds whose investment periods have closed, FCA's investment discretion will be limited to certain follow-on investments and the liquidation of existing portfolio holdings.

ITEM 17: VOTING CLIENT SECURITIES

- A. If you have, or will accept, authority to vote client securities, briefly describe your voting policies and procedures, including those adopted pursuant to SEC Rule 206(4)-6. Describe whether (and, if so, how) your clients can direct your vote in a particular solicitation. Describe how you address conflicts of interest between you and your clients with respect to voting their securities. Describe how clients may obtain information from you about how you voted their securities. Explain to clients that they may obtain a copy of your proxy voting policies and procedures upon request.**

In upholding its fiduciary obligation to Clients, FCA strives to keep votes free from inappropriate influences. FCA exercises its voting responsibilities in a manner most likely to increase the value of the securities within the portfolio to benefit Clients. FCA has adopted policies and procedures ("Procedures") that are used to vote proxies relating to portfolio securities. The Procedures are designed to ensure that proxies are voted in the best interests of Clients, without regard to any relationship that any affiliated person of FCA could have with the issuer of the security. The

responsibility for voting proxies relating to Client portfolio securities has been delegated to the Investment Committee. In accordance with the Procedures, the Committee exercises its voting responsibility with the goal of maximizing value to shareholders consistent with governing laws and the investment policies of a Fund or Separate Account.

The Investment Committee may consult the Subadvisor on a specific proxy voting issue as it deems appropriate or if the Subadvisor makes a recommendation regarding a proxy voting issue. The Investment Committee is permitted to exercise a discretionary vote if it determines that a case-by-case review of a particular matter is warranted. As a general matter, proxies are voted consistently in the same manner across multiple Client accounts holding subject securities.

In most cases, any potential conflict of interest regarding a proxy is avoided through the strict and objective application of the Procedures. However, when the Investment Committee is aware of a material conflict of interest regarding proxy matter, the Investment Committee will address the material conflict by using any number of specified conflict management methods. While FCA uses best efforts to vote proxies, in certain circumstances, it may be impractical or impossible for FCA to vote proxies (e.g., limited value or unjustifiable costs). In such circumstances, FCA must balance the benefits to the Clients of voting proxies against the potentially serious portfolio management consequences of a reduced flexibility to sell the underlying shares at the most advantageous time. As a result, FCA will generally not vote those proxies in the absence of an unusual, significant vote or compelling economic situation.

Clients may obtain a copy of FCA's voting policies and procedures as well as information on how proxies were voted for their account(s) by contacting Shelby Noble, Chief Compliance Officer, at 303-501-8860 or snoble@forumcapadvisors.com.

B. If you do not have authority to vote client securities, disclose this fact. Explain whether clients will receive their proxies or other solicitations directly from their custodian or a transfer agent or from you, and discuss whether (and, if so, how) clients can contact you with questions about a particular solicitation.

With respect to those Client portfolios for which FCA is not authorized to vote proxies or to give consents in connection with corporate actions, such Clients should arrange to receive proxy solicitation materials directly from their custodian. If Clients have questions with respect to a particular proxy solicitation, please contact Shelby Noble, Chief Compliance Officer at 303-501-8860 or snoble@forumcapadvisors.com.

Unless otherwise arranged pursuant to an agreement with a Client, FCA is not obligated to, and typically does not, file claims or make decisions on a Client's behalf in legal proceedings (including bankruptcies and class actions) relating to securities held or formerly held in a Client's account. If FCA receives a class action notification or proof-of-claim form, it will forward such materials to the Client if FCA has been instructed to do so by the Client. If a Client instructs FCA to forward such materials to the Client's custodian, the Client should (a) ensure that the custodian is capable of filing, and has the proper authorization to file, proofs of claim on the Client's behalf, and (b) determine whether and how to file a request for exclusion from a specific class action settlement.

ITEM 18: FINANCIAL INFORMATION

- A. If you require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance, include a balance sheet for your most recent fiscal year.**

FCA does not require or solicit prepayment of advisory fees six months or more in advance.

- B. If you have discretionary authority or custody of client funds or securities, or you require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance, disclose any financial condition that is reasonably likely to impair your ability to meet contractual commitments to clients.**

FCA has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to Clients.

- C. If you have been the subject of a bankruptcy petition at any time during the past ten years, disclose this fact, the date the petition was first brought, and the current status.**

FCA has not been the subject of a bankruptcy or insolvency proceeding.

ITEM 19: REQUIREMENTS FOR STATE-REGISTERED ADVISERS

N/A