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MAINLINE WEST FUND MANAGER LLC

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**This brochure provides information about the qualifications and business practices of Mainline West Fund Manager LLC. If you have any questions about the contents of this brochure, please contact us at (720) 536-3380 and/or [www.mainlinewest.net](http://www.mainlinewest.net). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.**

**Additional information about Mainline West Fund Manager LLC also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

The term "Registered Investment Adviser" does not imply a certain level of skill or understanding.

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## ***Our Advisory Business***

Mainline West Fund Manager LLC is a Delaware Limited Liability Company formed in 2008. We provide investment advisory services both to individual managed account clients with a focus on investment opportunities in municipal securities, as well as to pooled investment vehicles like the Mainline West Tax Advantaged Opportunity Fund III LLC, the Mainline West Tax Advantaged Opportunity Fund IV LLC, the Mainline West Tax Advantaged Opportunity Fund V LLC, the Mainline West Private Client Trust I LLC and the Mainline West Private Client Trust II LLC. In this brochure, we refer to these pooled investment vehicles as the “Funds.”

We are a wholly-owned subsidiary of Mainline West LLC. The sole owner of Mainline West LLC is Mainline Capital LLC. Paul Dannenhauer and Michael Maciolek hold profit sharing interest in Mainline West LLC.

We provide investment advisory services to the Funds. Each of the Funds is a closed-end private investment fund that primarily invests in residual interests in tender option bond trusts that hold various tax-exempt bonds (we refer to these residual interests as “Residual Certificates”), direct investments in tax-exempt bonds and swaps, options, fixed income futures and other derivative securities acquired for the purpose of hedging or mitigating the risk of losses associated with investments in Residual Certificates and tax exempt bonds or with changes in interest rates generally. In general, Residual Certificates are interests in a pool of tax-exempt bonds that are held by a trust that entitle the holder to all principal and interest payments generated by the tax-exempt bonds in the pool that remain after the trust has paid amounts owed to a senior class of certificates issued by the trust and all expenses associated with the trust. As advisor to the Funds, we make all decisions to acquire, hold and dispose of the Fund’s investments.

Investors in the Funds are a limited number of institutional investors and other persons who are “Qualified Investors” as that term is defined under Section 2(a)(51) of the Investment Company Act of 1940 (the “Investment Company Act”). Each Fund is exempt from registration under the Investment Company Act.

We also provide investment advisory services to our individual managed account clients, with a focus on investing in municipal bonds. We work with you to create a customized portfolio and to execute strategies that attempt to provide high tax-exempt income while minimizing risk.

The types of investments the Funds are authorized to make are specified in the Operating Agreement of each Fund. Investment decisions we make for the Funds must comply with the Fund’s investment purposes and the authority granted to us under the Operating Agreement.

With respect to our managed account clients, we customize a portfolio to meet client objectives and specifications. We believe diversification and credit analysis are the key to long-term stability of principal and income. In executing client individualized strategy, we follow the following investment parameters:

- *In house credit quality review.* Generally speaking, we like bonds backed by essential service providers, first lien on revenues, located in demographically solid communities that have financial flexibility.
- *Diversify holdings* by the following:
  - Issuer;
  - Use of proceeds;

- Reinvestment Risk. Expected repayment date and potential final maturity date;
- Geographic location of issuer. If you are in a high income tax state, a larger portion of holdings in client portfolios could be from issuers within the state. The percent allocation depends on the tax equivalent yield of alternative “out of state” bonds. We do not advocate over 80% of client investment portfolios being invested in any one state. The need for potential liquidity in the face of an event risk is always a requirement.
- *Patient and ladder investment timing*. We believe in rolling out client portfolio over time. The length of time depends on the time of year, issuance volume, and client portfolio investment size and objective.
- We review deals each week from over 50 municipal underwriters and look for bond value that fits with the client investment plan. We are able to set up a cash management plan during this investment ramping-up time range.
- Maximization of after tax returns.

We do not operate any wrap fee programs.

As of December 31, 2018, the combined assets of the Funds totaled approximately \$705.5 million. All of these assets are managed by us on a discretionary basis since we have the sole authority to make investment decisions in our capacity as advisor to the Funds.

As of December 31, 2018, the combined assets of our managed account clients totaled approximately \$370.8 million. All of these assets are managed by us on a discretionary basis.

### ***Our Fees and Other Compensation***

Under the terms of each Fund’s Operating Agreement, we earn a management fee equal to 1.00% per annum from Class B Investors, and 0.75% per annum from Class A investors. We calculate the fees based off of the greater of: (i) the investor’s basic capital commitment to the Fund and (ii) the net capital contributions of the investors. The fee is calculated and paid on a quarterly basis in arrears.

In addition, as advisor to the Funds, we participate in the distributions of such Funds’ net cash. This participation right entitles us to 20% of net cash distributed to the members of a Fund after the investor members in the Funds have received distributions equal to a return on their time-weighted net capital contributions through the applicable distribution date of 2.5% per annum.

With respect to our managed account clients, we earn a management fee equal to 15 basis points per annum of the aggregate amount of the assets we manage for you. The fee is calculated and paid on a semi-annual basis in arrears.

For our managed account clients, our management fees can be deducted directly from client account or paid separately. For the Funds, our management fees are deducted from Fund assets. Our management fee is calculated and paid on a quarterly basis in arrears.

Each Fund and managed account client pays all of its own operating expenses, including all fees paid to third party providers of services. This includes commissions and other transaction costs associated with buying and selling securities on client behalf.

Our Fund management fees are paid in arrears on a quarterly basis. The individually managed accounts are paid in arrears on a semi-annual basis. There is no provision for a partial rebate.

We do not sell securities or other investment products. Mr. Kreidle is a registered representative with Mainline West Municipal Securities LLC and actively involved in the operations of this broker-dealer. Mainline West Municipal Securities LLC provides clients with institutional level access to the municipal bond market, making available bonds not often accessible through traditional retail investment channels.

We can purchase or sell investment products we recommend on our client's behalf, which may or may not be through Mainline West Municipal Securities LLC, but you always have the option of purchasing investment products through other broker-dealers or agents that are not affiliated with us.

As our client's advisor, we do not receive additional revenue from commissions and other compensation for the sale of investments products we recommend. We do not receive revenue from commissions or markups. Our only fees are the advisory fees discussed in our *Advisory Business*.

We do not charge performance-based fees to our managed account clients. As described in more detail in our *Advisory Business*, we earn management fees for our investment advisory services and for serving as advisor to the Funds.

### ***Types of Clients***

Our clients are the Funds, individual managed account clients, trusts, retirement plans, and other accounts that may hold securities. Our minimum account size is \$1,000,000.

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

Each Fund utilizes an investment strategy of acquiring leveraged investments in partnerships that own tax-exempt bonds. The investment strategies of the Funds and the risks associated with these investment strategies are set forth in detail in the private placement memorandum prepared by the Funds and delivered to persons that become investor members of the Fund.

With respect to our managed account clients, as described in more detail in our *Advisory Business*, we customize a portfolio to meet client objectives and specifications, focusing on investment opportunities in municipal securities. While we attempt to minimize risk to client portfolio, investing in any type of securities, including municipal bonds, involves risk of loss that you should be prepared to bear.

The investment strategies of the Funds and the risks associated with these investment strategies are set forth in detail in the private placement memorandum prepared by the Funds and delivered to persons that become investor members of the Fund.

With respect to our managed account clients, the material risks involved with investing in municipal securities include reinvestment risk, credit quality risk, and geographic risk. Our primary strategy does not focus on frequent trading of securities, and, generally, municipal bonds are considered a lower risk investment.

There are material risks associated with the investment strategies of the Funds. These investment risks are set forth in detail in the private placement memorandum prepared by the Funds and delivered to persons that become investor members of the Fund.

With respect to our managed account clients, we focus on investments in municipal bonds. Risks involved with investing in municipal securities include reinvestment risk, credit quality risk, and geographic risk. However, there are no unusual risks involved in this type of security.

### ***Disciplinary Action***

Neither our firm nor a management person has been the subject of or involved in any criminal, civil, private civil, regulatory or arbitration proceeding of any kind, involving investments or otherwise.

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

Our affiliate, Mainline West Municipal Securities LLC, is a registered broker dealer. The owner of Mainline West Municipal Securities LLC is also the owner of our parent company, Mainline West LLC. Two of our officers, Michael Maciolek and Paul Dannenhauer, hold nonvoting profits interests in Mainline West Municipal Securities LLC and Mainline West, LLC. Neither we nor any of our management persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor.

The owner of Mainline West Municipal Securities LLC is also the owner of our parent company, Mainline West, LLC. Two of our officers, Michael Maciolek and Paul Dannenhauer, hold nonvoting profit interests in Mainline West Municipal Securities LLC. This presents a potential conflict of interest because we may recommend you hold client investments with or place trades through Mainline West Municipal Securities LLC. We address this potential conflict through disclosure to you and by avoiding favoring Mainline West Municipal Securities LLC for broker-dealer services.

We do not have any relationship or arrangement that is material to our advisory business or to you with any other investment adviser, financial planner, futures commission merchant, commodity pool operator, commodity trading advisor, any banking or thrift institution, any accountant or accounting firm, lawyer or law firm, insurance company or agency, any pension consultant, or real estate broker or dealer.

The Funds we advise are private investment partnerships organized as limited liability companies. We do not recommend or select other investment advisers for you in which we receive compensation directly or indirectly from those advisers or have other business relationships with those advisers. Such a relationship might or could present a material conflict of interest.

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

We have adopted and maintain a Code of Ethics in which we establish the rules and policies we follow to operate in a manner consistent with the law and our fiduciary duty to you, to maintain the confidentiality of client information, to avoid any actual or even perceived conflicts of interests in any transactions with you or other clients, and to establish duties on our personnel to report violations of law or the code of ethics. We will gladly provide a copy of our Code of Ethics to you upon request.

We do not recommend to the Funds or our managed account clients, or buy or sell for the Funds' or our managed account clients' accounts, securities in which we or any of our related persons have a material financial interest. We may invest in the same securities that we recommend to you, but our clients' interests always come first in any such transactions. Neither we nor any related persons invest in the same securities as those acquired by the Funds. With respect to our managed account clients, we may recommend certain securities to you or buy or sell certain securities on client behalf that we also buy or sell at or about the same time. Again, our clients' interests always come first.

### ***Brokerage Practices***

The Funds acquire and dispose of securities in negotiated transactions directly with the other party to the trade without the use of a separate broker-dealer. With respect to our managed account clients, we may recommend or select a particular broker-dealer. Our choice as to which broker-dealer to recommend or select is based on a number of factors, including cost and transaction speed, with the goal of obtaining the most favorable execution of the transactions.

We do not receive research or other products or services other than execution from a broker-dealer or third party in connection with client securities transactions (“soft dollars”). We do not routinely recommend, request or require that you direct us to execute transactions through a specified broker-dealer.

### ***Review of Accounts***

We manage the day-to-day operations of the Funds and are solely responsible for the execution of the Fund’s investment plans. Our two principal investment officers, Bradley Kreidle and Michael Maciolek, are primarily responsible for performing these functions on behalf of the Funds.

With respect to our managed account clients, we review client accounts or financial plans on a semi-annual basis, to determine whether the investments in client portfolio continue to best fit client investment objectives in light of the current investment climate. The titles of the supervised persons who conduct these reviews are President and Senior Vice President. We also review accounts more frequently as circumstances require.

We do not provide reports to the Funds other than the books and records we maintain for the Funds in our role as their adviser. The Funds each provide quarterly and annual financial statements to the members of the Funds in accordance with the terms of each Fund’s operating agreement. These financial statements are prepared in accordance with generally accepted accounting principles and include a balance sheet, income statement, statement of cash flow, and statement of members’ equity.

With respect to our managed account clients, we have developed a customized reporting process that allows you to see client portfolio as we do, both on line and in writing. These reports are prepared semi-annually, and give you updates and information on:

- changes in credit quality;
- review of market prices;
- diversification and risk graphs/charts that highlight reinvestment risk, credit quality risk, geographic risk, and concentration on the use of proceeds;
- investment strategy review; and
- in some cases, portfolios you may have held among several different managed accounts are consolidated to show you an overall picture of client “family’s” portfolio.

### ***Client Referrals and Other Compensation***

We do not receive an economic benefit for providing investment advice or other advisory services to you from someone who is not a client. We have a solicitor relationship with one established solicitor, but the compensation for referral is drawn from our fees, and does not increase the fees you pay us.

### ***Custody***

We do not have custody of any of client funds or securities. Client securities and Fund securities and cash are held at independent third party custodian broker-dealers. Each custodian provides regular statements with respect to client assets maintained by such custodian. Our Funds receive audited financial statements on an annual basis.

### ***Investment Discretion***

The Funds have granted the adviser full and sole authority to make investment decisions on their behalf within the investment parameters set forth in their respective Operating Agreements and described in their private placement memoranda. With respect to our managed account clients, we exercise authority to make investment decisions on client behalf with the investment parameters determined to be the best fit for you, and subject to any restrictions you may provide. We assume this authority by having you sign a limited power of attorney.

### ***Voting Client Securities***

Given that our business involves municipal securities exclusively, the issue of proxies for voting on corporate matters does not come up in our business. However, should the accounts we manage include corporate securities in the future, it would be our intention to pass proxies on to our clients. We would not vote proxies on client behalf

### **Financial information**

We do not require or solicit prepayment of fees. We are not aware of any financial condition that is likely to impair our ability to meet our contractual commitments to you. We have not been the subject of a bankruptcy petition at any time during the past ten years.