

LL Funds, LLC  
Ultra Capital, LLC  
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Part 2A of Form ADV: Firm Brochure

October 10, 2019

**This brochure provides information about the qualifications and business practices of LL Funds, LLC and Ultra Capital, LLC. If you have any questions about the contents of this brochure, please contact us at 267-298-5493. 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.**

**Additional information about LL Funds, LLC and Ultra Capital, LLC also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

Registration with the SEC does not imply a certain level of skill or training.

**Item 2:           Material Changes**

No material changes have been made to our firm brochure since the last annual update of our firm brochure, which occurred on March 31, 2019. On October 10, 2019, Ultra Capital, LLC became a relying adviser as part of our umbrella registration with the SEC. This firm brochure has been updated to include additional information about Ultra Capital, LLC.

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**Item 4: Advisory Business**

**A. General Description of Advisory Firm**

LL Funds, LLC (the “Firm” or “we”) was formed on March 16, 2009. The Firm primarily provides advisory services on a discretionary basis to private investment funds. We also provide discretionary investment advice on a separate account basis. The controlling owner of the Firm is Roberto M. Sella.

In November 2018, we acquired a substantial interest in Ultra Capital, LLC (“Ultra Capital”). The Firm and Ultra Capital Management Partners, LLC are Ultra Capital’s principal owners. Ultra Capital is a Delaware limited liability company founded in December 2014. Ultra Capital primarily provides advisory services on a discretionary basis to private investment funds. On October 10, 2019, Ultra Capital became a relying adviser on our umbrella registration with the SEC.

**B. Description of Advisory Services**

We provide investment advice with respect to fixed income securities and mortgage-backed securities, such as collateralized mortgage obligations. Certain of our Firm-sponsored private investment funds (our “Funds”) make investments in other asset-backed loans, mortgage-related instruments, equities and equity-linked securities of loan originators, servicers and other operating companies involved in the business of lending, or finance special situation loan portfolios originated by high quality portfolio companies. Our Funds may purchase loans or hold securities whose returns are derived from loans.

The Funds to which we provide advisory services are:

- Permit Capital Mortgage Fund, L.P. (“PCMF”),
- LL Capital Partners I, L.P. (“LLCP I”),
- LL Capital Partners II, L.P. (“LLCP II”),
- LL Capital Partners II Parallel, L.P. (“LLCP II Parallel”),
- LL Mortgage Fund, L.P. (“LLMF”),
- LL Private Lending Fund, L.P. (“LLPLF”),
- LL Private Lending II, L.P. (“LLPLF II”),
- LLC I Co-Invest (Dividend Finance), LLC (“DF Co-Invest”)

PCMF is a Delaware series limited partnership and each series of PCMF (each, a “PCMF Series”) has its own investment strategy and group of investors and owns its own portfolio of securities. Currently, all PCMF Series have been wound up other than Series B, J, K, L and M. LLCP I, LLCP II, LLCP II Parallel, LLMF, LLPLF, LLPLF II and DF Co-Invest are Delaware limited partnerships.

We also manage two segregated portfolio companies, each organized in the Cayman Islands, which are limited partners in certain of our Funds. These are LL Funds Offshore SPC, Ltd (“LLF Offshore Fund”) and LL Funds Offshore SPC II, Ltd (“LLF Offshore II Fund”). Each segregated portfolio of LLF

Offshore Fund and LLF Offshore II Fund (each, a “Segregated Portfolio”) has its own investment strategy, group of investors and has an interest in a separate portfolio of securities. Each segregated portfolio of LLF Offshore Fund invests substantially all of its assets in a specific PCMF Series or LLC P I (i.e., in a master/feeder arrangement). LLF Offshore II Fund was formed to hold an interest in LLMF but is inactive and has no assets.

From time to time, we may provide investment advice to newly formed private investment funds, and newly formed segregated portfolios of LLF Offshore Fund and LLF Offshore II Fund. In this brochure, we sometimes use the term “Fund Client” to refer to any private investment fund or a series or segregated portfolio of a private investment fund, including any PCMF Series. We and Ultra Capital manage the assets of our and their respective Clients in accordance with the investment strategies and restrictions (if any) of the Clients as set forth in their respective governing documents and confidential private placement memoranda. All investment decisions for a Client are the responsibility of the general partner or directors of the Client and not of the investors therein except as expressly noted in this Brochure. Investment decisions are not made for any specific investors in a Client.

In addition, from time to time, the Firm may manage assets of institutional investors such as pooled investment vehicles on a separate account basis (each, a “Separate Account Client”). In this Brochure, the term “Client” refers to any Fund Client or Separate Account Client. We manage the assets of Separate Account Clients in accordance with the investment strategies and restrictions (if any) of the Separate Account Clients as set forth in their governing documents and/or investment advisory agreements with the Firm. Our Separate Account Clients may invest in a Fund Client or may invest side by side with a Fund Client in the same investment assets as those in which the Fund Client invests, and may own additional investment assets as well. In certain cases where our Separate Account Clients are invested in our Fund Clients, we are required to pass through voting and other rights and take action with respect to such passed-through matters as directed by the investor in such Separate Account Clients.

Neither the Firm nor Ultra Capital provides investment advice to individuals. Ultra Capital provides management and advisory services to real asset vehicles.

Our acquisition of a substantial interest in Ultra Capital gave us access to an additional number of investment professionals focused on investments into the real estate finance sectors, in particular investments in sustainable infrastructure projects. Our Firm’s personnel comprise a majority of the Board of Managers of Ultra Capital and, through two seats on Ultra Capital’s investment committee, we provide investment advice with respect to Ultra Capital Sustainable Infrastructure Fund II, LP, a Delaware limited partnership, and its related feeder funds (“RAV II”), and Ultra Capital RAV I 2016, LLC, a Delaware limited liability company, and its related feeder fund company (“RAV I”). We share in the management fees and performance based fees (i.e., carry) earned from RAV II and in the management fees earned from RAV I.

RAV II is the “master fund” in a master-feeder fund structure. RAV II accepts direct investments by U.S. taxable investors and serves as the master fund to two feeder funds for U.S. tax-exempt investors. Ultra Capital Sustainable Infrastructure TE Feeder Fund II, L.P. is a Delaware limited partnership that serves as a pooling vehicle for U.S. tax-exempt investors and generally will invest all of its investable capital in Ultra Capital Sustainable Infrastructure TE Intermediate Fund II, L.P., a Delaware limited partnership that will in turn invest all of its investable capital in a limited partner interest in RAV II as part of a “master-feeder” structure. An affiliate of Ultra Capital serves as the general partner of each of the foregoing entities (the “Ultra Capital Governing Entities”).

Ultra Capital does not provide any investment management services to the Firm's Clients. However, certain investors in the Firm's Clients may be invested directly or indirectly in RAV II. See Item 10 (*Other Financial Industry Activities and Affiliations*) at page 17 for additional information.

References in this Brochure to "the Firm's Clients" or "our Clients" means Clients which are managed by Firm personnel, and references to "Ultra Capital's Clients" refers to Clients managed by Ultra Capital personnel. The Firm and Ultra Capital operate an integrated advisory business under a single compliance program and Code of Ethics.

### **C. *Assets Under Management***

The Firm currently manages Fund Clients which have approximately \$1,576,000,000 on a discretionary basis. The Firm does not manage any accounts on a non-discretionary basis. The Firm manages one Separate Account Client on a basis which is partially discretionary (such amount is included in the foregoing managed amount).

Ultra Capital currently manages Fund Clients which have approximately \$227,000,000 on a discretionary basis. Ultra Capital does not manage any accounts on a non-discretionary basis and does not provide advice to any Separate Account Clients.

## **Item 5: Fees and Compensation**

### **A. *Advisory Fees and Compensation***

#### **1. *Fund Clients***

As compensation for our investment advisory services, the Firm is paid a management fee from its Fund Clients. With respect to the management fees payable by the Fund Clients listed below, an invoice for the management fees payable by such Fund Client is calculated and prepared by a third party administrator. The management fee due is then deducted from the respective custody account of the Fund Client.

Below is a summary of the management fees payable to the Firm by our Fund Clients as of the date of this Brochure. No PCMF Series charges management fees any longer. The management fee payable by our Fund Clients is not negotiable. However, the general partner, in its sole discretion, may waive the management fee with respect to any of our Fund Clients or with respect to any investor in a Fund Client, in whole or in part. To the extent they are invested in any of the Firm's Fund Clients, the Firm's principals pay no management fees in LLC I, DF Co-Invest, LLC II, LLC II Parallel and Mr. Sella does not pay any management fees in LLPLF II.

<b>Fund</b>	<b>Management Fee</b>
LLMF	<ul style="list-style-type: none"> <li>• 0.0625% (0.75% annualized) of LLMF's net asset value up to and including \$250 million as of the last day of each month.</li> <li>• Plus 0.05% (0.60% annualized) of LLMF's net asset value in excess of \$250 million and up to and including \$500 million.</li> <li>• Plus 0.0417% (0.50% annualized) of LLMF's net asset value in excess of \$500 million.</li> <li>• All management fees are payable monthly in arrears.</li> </ul>

<b>Fund</b>	<b>Management Fee</b>
LLCP I	<ul style="list-style-type: none"> <li>• 0.0834% (1.00% annualized) of each limited partner's called capital in respect of its investment in LLCP I.</li> <li>• The management fee will be charged until the earlier of (i) fifth anniversary of the date the capital was called, and (ii) the date on which the LLCP I starts to distribute its "Carried Interest".</li> <li>• All management fees are payable monthly in arrears.</li> </ul>
LLCP II	<ul style="list-style-type: none"> <li>• 0.0834% (1.00% annualized) of each limited partner's called capital in respect of its investment in LLCP II.</li> <li>• The management fee will be charged until the earlier of (i) fifth anniversary of the date the capital was called, and (ii) the date on which the LLCP II starts to distribute its "Carried Interest".</li> <li>• All management fees are payable monthly in arrears.</li> </ul>
LLCP II Parallel	<ul style="list-style-type: none"> <li>• 0.0834% (1.00% annualized) of each limited partner's called capital in respect of its investment in LLCP II.</li> <li>• The management fee will be charged until the earlier of (i) fifth anniversary of the date the capital was called, and (ii) the date on which the LLCP II starts to distribute its "Carried Interest".</li> <li>• All management fees are payable monthly in arrears.</li> </ul>
LLPLF	<ul style="list-style-type: none"> <li>• 0.0625% (0.75% annualized) of LLPLF's net asset value up to and including \$250 million as of the last day of each month.</li> <li>• Plus 0.05% (0.60% annualized) of LLPLF's net asset value in excess of \$250 million and up to and including \$500 million.</li> <li>• Plus 0.0417% (0.50% annualized) of LLPLF's net asset value in excess of \$500 million.</li> <li>• All management fees are payable monthly in arrears.</li> </ul>
LLPLF II	<ul style="list-style-type: none"> <li>• 0.1250% (1.50% annualized) of LLPLF II's net asset value.</li> <li>• All management fees are payable monthly in arrears.</li> </ul>
DF Co-Invest	<ul style="list-style-type: none"> <li>• 0.0834% (1.00% annualized) of each investors capital contributions to DF Co-Invest.</li> <li>• The management fee will be charged until the earliest of (i) fifth anniversary of the date the initial capital was contributed, (ii) the date on which all capital and preferred return has been distributed to investors, and (iii) such time as DF Co-Invest is wound up.</li> <li>• All management fees are payable monthly in arrears.</li> </ul>

Each Segregated Portfolio is invested only in a specific Fund or PCMF Series. LLF Offshore Fund Segregated Portfolios E, G and H are invested in PCMF Series J, L, and M respectively. LLF Offshore Fund Segregated Portfolio K is invested in LLCP I. LLF Offshore II Fund Segregated Portfolio LLMF SP-1 invests in LLMF. No Segregated Portfolio invested in a PCMF Series bears any management fee as we do not charge management fees any longer for any PCMF Series. Each Segregated Portfolio invested in a Fund other than PCMF is charged a management fee at the Fund level and no management fee is charged to investors at the Segregated Portfolio level. Accordingly, investors in a Segregated Portfolio will bear, on a pro rata basis, the management fee charged by the Fund in which such Segregated Portfolio is invested. See the chart above for the management fees borne, indirectly, by investors in these Segregated Portfolios with respect to their investments in the applicable Fund.

As compensation for its investment advisory services, Ultra Capital is paid a management fee. The management fee payable by Ultra Capital's Fund Clients is not negotiable. However, the general partner, in its sole discretion, may waive the management fee with respect to any of Ultra Capital's Fund Clients or with respect to any investor in an Ultra Capital Fund Client, in whole or in part. With respect to the management fees payable by Fund Clients managed by Ultra Capital, an invoice for the management fees payable by such fund is calculated and prepared by a third party administrator. The management fee due is then deducted from the respective custody account of the Fund. Only RAV I and RAV II pay management fees. The feeder fund and intermediate feeder fund entities investing into RAV I and RAV II do not pay any additional management fees.

Fund	Management Fee
RAV I	<ul style="list-style-type: none"> <li>• 1.5% of the aggregate commitments during the first two years; thereafter, 1.5% of the aggregate capital contributions made for investments other than those written down (to the extent written down), or permanently written off or disposed of.</li> <li>• All management fees are payable quarterly in advance. Any management fees payable for a period that is less than a full calendar quarter will be prorated based upon the number of days in such period and the calendar quarter containing it.</li> <li>• If Ultra Capital ceases to provide services to RAV I, the unearned portion of the management fee (computed on the basis of the number of days elapsed) will be refunded to the RAV I.</li> </ul>
RAV II	<ul style="list-style-type: none"> <li>• 2.0% of aggregate commitments during RAV II's commitment period. The commitment period is 4 year period which commences on RAV II's first closing date, which commitment period may be extended by one additional one year period with approval of RAV II's Limited Partner Advisory Committee. After the expiration of the commitment period, the management fee is 0%.</li> <li>• All management fees are payable quarterly in advance. Any management fees payable for a period that is less than a full calendar quarter will be prorated based upon the number of days in such period and the calendar quarter containing it.</li> <li>• If Ultra Capital ceases to provide services to RAV II, the unearned portion of the management fee (computed on the basis of the number of days elapsed) will be refunded to the RAV II.</li> </ul>

## 2. *Separate Account Clients*

As compensation for the Firm's investment advisory services to Separate Account Clients, the Firm is paid a management fee which is negotiated with the particular investor. Generally, these management fees are payable in arrears on a monthly or quarterly basis. We generally charge a management fee that is a percentage of contributed capital or net asset value of the Separate Account Client that is under the Firm's management. Currently, we have one Separate Account Client. We do not have a set fee schedule for Separate Account Clients generally. Where a Separate Account Client is invested in a Fund Client, the Separate Account Client does not bear management fees at other than the Fund Client level unless it is expressly agreed by the investor in the Separate Account Client.



## **B. Additional Fees and Expenses**

### **1. Fund Clients**

Generally, each Fund Client bears all of its operating expenses (including, but not limited to, fees and expenses relating to organization of the Fund Client, offering of interests in the Fund Client, and the Fund Client's operations, investments, fund administration, custody, audit, tax return preparation and legal counsel). Investors in each Fund Client are allocated their pro rata share of such Fund expenses. Each Fund Client may also incur brokerage and other transaction costs. See Item 12 below (*Brokerage Practices*) on page 27 for additional information about these costs. The Firm and Ultra Capital pay the salaries, benefits, and costs of office space and facilities for their respective personnel.

Each Segregated Portfolio incurs two levels of expenses. A Segregated Portfolio will incur expenses at the Segregated Portfolio level as well as any expenses that the Fund or PCMF Series may pass through to that Segregated Portfolio with respect to its investment in such Fund or PCMF Series. A Segregated Portfolio will bear management fees, performance fees and other fees and expenses relating to the operation of the Fund or PCMF Series like any other investor in the Fund or PCMF Series. See Item 6 (*Performance-Based Fees and Side-By-Side Management*) on page 7 for a summary of the performance-based fees charged directly to investors in the Fund or PCMF Series and indirectly to investors in the Segregated Portfolios. The feeder funds in RAV I and RAV II bear certain direct expenses including administration fees, audit fees and tax fees. All other expenses borne by such feeder funds are passed through by RAV I or RAV II.

Neither the Firm nor any of our supervised persons, including Ultra Capital personnel, accepts compensation for the sale of securities (whether it is the sale of an interest in Fund Clients or the sale of a security held by a Fund Client).

### **2. Separate Account Clients**

Generally, a Separate Account Client bears all of its expenses (including, but not limited to, fees and expenses relating to organization of the Separate Account Client, operation and administration of the entity comprising the separate account, administration, custody, audit, tax return preparation and legal counsel). It does not bear any Firm expenses (salaries, benefits, and costs of office space and facilities). The Firm sometimes agrees to bear all or a portion of the formation or other expenses of a Separate Account Client. A Separate Account Client that is invested in a Fund will bear its pro rata share of Fund expenses (other than management fees and performance incentives, each of which are charged at negotiated rates at the Separate Account Client level).

A Separate Account Client may also incur brokerage and other transaction costs. See Item 12 below (*Brokerage Practices*) on page 27 for additional information about these costs.

Neither the Firm nor any of our supervised persons accepts compensation for originating a Separate Account Client or for the sale of securities held by a Separate Account Client.

### **3. Portfolio Investment Entities**

We may charge advisory fees to portfolio companies of certain of our Fund Clients. Any such fees received by LLC I, LLC II, LLC II Parallel or DF Co-Invest result in a dollar for dollar reduction in the Management Fee paid by LLC I, LLC II, LLC II Parallel or DF Co-Invest to the Firm. None of our other Fund Clients charges fees to any entities in which it invests.

#### **4. Asset Management Fees**

Upon the substantial completion date of a real asset project of RAV II (which is generally expected to occur within two years from the date of RAV II's investment in such real asset project) though the date on which RAV II disposes of its investment in such real asset project, Ultra capital will charge the real asset project an annual asset management fee equal to the lower of (a) 1% of the total investment amount with respect to such real asset project, and (b) 5% of such real asset project's cash flow (the "Asset Management Fee"). The Asset Management Fee payable by a real asset project during the "fee period" of RAV II will offset the management fees dollar for dollar during the fee period. After the fee period, any Asset Management Fee payable by a real asset project will not offset the management fee payable to Ultra Capital.

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

##### **A. Performance-Based Fees**

The Firm charges performance based fees in PCMF, LLC I, LLC II, LLC II Parallel and DF Co-Invest, as well as to certain Separate Account Clients. LLMF, LLPLF and LLPLF II do not charge performance based fees.

Ultra Capital charges a performance based fee in RAV I and RAV II

##### **1. PCMF, LLC I, LLC II and LLC II Parallel and DF Co-invest**

With respect to each PCMF Series, LLC I, LLC II, and LLC II Parallel, as well as for DF Co-Invest, the performance-based fee charged to investors in such Fund Clients is 20% of any cash distributed to investors of each such Fund Client after they have received both a return of their capital contributions they made to such Fund Client and an 8.00% annualized return on such capital contributions. We refer to these performance-based fees as the "Carried Interest". The Carried Interest charged to each PCMF Series is distributed to PCMF's general partner, Permit Capital GP, L.P. The Carried Interest charged to LLC I and DF Co-Invest is distributed to LLC I's special limited partner, LLC I SLP, L.P. ("LLC I SLP"). The Carried Interest charged to LLC II and LLC II Parallel is distributed to their special limited partner, LLC II SLP, LLC ("LLC II SLP"). Permit Capital GP, L.P. is the general partner of each PCMF Series and is an affiliate of Permit Capital, LLC, the former investment manager and original sponsor of PCMF. Permit Capital GP, L.P., LLC I SLP, L.P., and LLC II SLP, LLC, in their sole discretion, may waive the Carried Interest with respect to any PCMF Series, LLC I or LLC II or DF Co-Invest investor (respectively), in whole or in part. Principals of the Firm generally do not bear the Carried Interest on monies they invest in such Fund Clients. LLC I investors that invest in DF Co-Invest do not bear the DF Co-Invest Carried Interest. Distributions of any Fund Client's Carried Interest are made only in accordance with the distribution provisions of the applicable Fund Client and will depend on the amount of cash available for distribution.

Principals and employees of the Firm, and LL Funds GP, an affiliate of the Firm (collectively with the principals and employees of the Firm, "Related Firm Members"), are entitled to a portion of the Carried Interest paid to Permit Capital GP, L.P. With respect to PCMF Series B, the Related Firm Members are entitled to 90.93% of the Carried Interest distributed by such PCMF Series. With respect to PCMF Series J, K, L and M, the Related Firm Members are entitled to 100% of the Carried Interest distributed by such PCMF Series. With respect to LLC I, LLC II, LLC II Parallel and DF Co-Invest, the

Related Firm Members are entitled to 100% of the Carried Interest distributed by each of LLC I LLC II, LLC II Parallel and DF Co-Invest.

Since each LLF Offshore Fund Segregated Portfolio is charged a Carried Interest at the PCMF or the LLC I or LLC II fund level, the Segregated Portfolios' distribution waterfalls do not provide for any performance-based fee. Instead, investors of a Segregated Portfolio will bear, on a pro rata basis, the Carried Interest due from investors in each PCMF Series or LLC I and LLC II in which such Segregated Portfolio is invested.

## **2. *RAV I and RAV II***

With respect to RAV II, the performance-based fee charged to investors in RAV II is 20% of any cash distributed to investors in RAV II after they have received both a return of their capital contributions they made to RAV II and an 8.00% annualized return on such capital contributions. The Carried Interest charged to RAV II is distributed to RAV II's general partner, Ultra Capital Sustainable Infrastructure Fund II GP, LLC ("RAV II GP"). The feeder funds of RAV I and RAV II do not bear a Carried Interest. RAV I charges a performance fee structured in the same manner as RAV II except the rate is 15% (or 10% in the case of investors of RAV I who participated in the initial closing of RAV I). The applicable Ultra Capital Governing Entity, in its sole discretion, may waive the performance fee with respect to any investor in RAV I, RAV II or their respective feeder funds, in whole or in part. The applicable Ultra Capital Governing Entity, in its sole discretion, may waive the Carried Interest with respect to any RAV I or RAV II investor, in whole or in part. Principals of Ultra Capital generally do not bear the Carried Interest (or bear a reduced Carried Interest) on monies they invest in such Fund Clients. Distributions of any such Carried Interest are made only in accordance with the distribution provisions of the applicable Fund Client and will depend on the amount of cash available for distribution.

## **3. *Separate Account Clients***

The Related Firm Members may be entitled to a performance-based fee with respect to Separate Account Clients. The method of calculating performance-based fees is negotiated with the investor to which the separate account relates. Different Separate Account Clients may bear different performance fees. Generally, the performance-based fee for a Separate Account Client will be calculated as a percentage of any cash distributed to the Separate Account Client after that Separate Account Client has received a return of its capital contribution, plus, in certain circumstances, a certain negotiated level of return on its capital contributions.

### ***B. Potential Conflicts of Interest with Performance-Based Fees and Side-By-Side Management***

The performance-based fees described above may create an incentive for the Firm's investment professionals to recommend or approve more speculative investments on behalf of clients than would be the case in the absence of this arrangement. In addition, the performance-based fee, if made, could result in amounts distributed as Carried Interest which are greater than fees normally paid to other investment managers for similar services.

Generally, if two or more Fund Clients have substantially the same investment strategy, such Fund Clients will all charge the same performance fee or no performance fee at all. We believe this avoids any potential conflict of interest in having one Fund Client perform more favorably than another Fund Client based on performance fee considerations.

Some Clients may have investment objectives which are similar to the investment objectives of other Clients as similar investment strategies may be pursued for multiple Clients at the same time. In addition, we or Ultra Capital may give advice or take action with respect to one Client's account that differs from the advice given with respect to another Client. As a result of the foregoing, we and/or Ultra Capital may have conflicts of interest in allocating investments among Clients and in effecting transactions for Clients.

We ensure at all times that there is a fair allocation of investment opportunities among Clients. To the extent a particular investment is suitable for more than one Client, such investment will be allocated among Clients for which such investment is suitable on a pro rata basis based on their respective amounts of capital available for investment ("Investable Capital") or in some other manner which we determine is fair and equitable under the circumstances to all Clients.

For purposes of allocating investment opportunities on a pro rata basis based on Investable Capital, the Investable Capital of a Client which is a Fund Client means the aggregate amount of contributed capital and, if applicable, capital commitments that such Fund Client may call, for investment in new securities in accordance with its governance agreement. No PCMF Series has any Investable Capital any longer. DF Co-Invest does not have capital that may be invested outside of its single portfolio company. In making the determination of Investable Capital, capital which is reserved for investment in pre-existing investments or reserved for current or future obligations of a Fund Client will be excluded. To the extent that a Fund Client has called all of its capital commitments, the portion of the capital contributions which has not been invested and is not otherwise committed to another investment will be such Fund Client's Investable Capital, provided that such Fund Client's investment period has not expired. For any Separate Account Client, Investable Capital means the amount of liquid assets of such Client that is available for investment on a discretionary basis.

In the event of any potential conflicts of interest due to any other investment, we and/or Ultra Capital will act in the manner believed in good faith to be in the best interests of all Clients.

## **Item 7:           Types of Clients**

### **A.       LL Funds**

LL Funds provides investment advice to pooled investment vehicles and other institutional investors. LL Funds may provide investment advice to these clients as the primary investment adviser or as a sub-adviser. With respect to any Fund Client, LL Funds does not require any minimum account size in order for it to provide investment advice to them.

No PCMF Series is accepting new investments. Series B had a \$1,000,000 minimum and Series J, K, L and M had a \$5,000,000 minimum. When they were taking in investments, Permit Capital GP, L.P. could, in its sole discretion, waive the minimum investment amount for any investor with respect to any PCMF Series and any Segregated Portfolio invested therein.

All of LL Funds' Fund Clients other than PCMF and DF Co-Invest have a \$5,000,000 minimum investment. LLC I, LLC II and LLC II Parallel are no longer accepting new capital commitments. Each general partner or managing member of a Fund Client may in its sole discretion waive the minimum investment amount for its Fund Client.

The minimum investment amount for each Segregated Portfolio will be the same as the minimum investment for the Fund Client or PCMF Series in which the Segregated Portfolio invests.

Prospective investors of each Fund Client of LL Funds (including investors therein investing through a Segregated Portfolio) must meet certain qualification requirements that are set forth in the offering materials and subscription agreements for the applicable Fund and the Segregated Portfolio investing therein, if applicable. These qualifications include income and net worth minimums along with prior investment experience and financial sophistication.

Currently, LL Funds has no minimum amount for assets which we will manage on a Separate Account Client basis. LL Funds may establish a universal minimum amount in the future or may determine a minimum on a case by case basis as negotiated with the applicable investor.

***B. Ultra Capital***

Ultra Capital provides investment advice to pooled investment vehicles. With respect to any Fund Client, Ultra Capital does not require any minimum account size in order for it to provide investment advice to them.

Prospective investors of each Fund Client of Ultra Capital must meet certain qualification requirements that are set forth in the offering materials and subscription agreements for the applicable Fund Client. These qualifications include income and net worth minimums along with prior investment experience and financial sophistication.

RAV I is not accepting new investments. RAV II is accepting new investments and it has a \$5,000,000 minimum commitment amount. Such minimum commitment amount may be waived in the sole discretion of RAV II's general partner.

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

***A. Methods of Analysis and Investment Strategies***

***1. LL Funds***

The primary investment strategy of PCMF and LLMF and the Segregated Portfolios invested therein, is to seek investments in fixed income markets, with particular emphasis on mortgage-backed securities to generate attractive, risk-adjusted, absolute returns. In furtherance of this strategy, we have pursued investments in mortgage-backed securities that are issued by both government sponsored agencies and non-agency issuers, such as collateralized mortgage obligations.

The primary strategy of LLPLF I, LLPLF II, LLCP I, LLCP II and LLCP II Parallel (and the Segregated Portfolios investing in LLCP I), and of Separate Account Clients co-investing with them or in them, is to provide equity or debt capital, including warehouse loan facilities and project finance, to private operating companies which originate asset-backed consumer or small business loans to large and diversified pools of underlying borrowers. The strategy of DF Co-Invest is to invest in convertible debt of an LLCP I portfolio company. In furtherance of this strategy, we may pursue investments in financial businesses with a primary focus on originating loans collateralized by real estate or real estate related instruments.

The Firm does not establish or follows fixed guidelines regarding diversification of investments. Given the Firm's investment strategy focus, Clients of the Firm generally will have a concentrated portfolio of securities.

## **2. Ultra Capital**

The primary investment strategy of RAV I and RAV II is to invest in sustainable infrastructure projects that, in Ultra Capital's opinion, present a compelling opportunity for substantial positive asymmetric returns and where risks are misunderstood or mispriced.

Ultra Capital does not establish or follows fixed guidelines regarding diversification of investments, except in the case of RAV II. RAV II's total investment amount in any one real asset project may not exceed 20% of RAV II's aggregate commitments as of the final close. In addition the total investment amount (which includes borrowings) in any single real asset project may not exceed 66-2/3% of aggregate commitments of RAV II as of the final close. Given Ultra Capital's investment strategy focus, Clients of Ultra Capital generally will have a concentrated portfolio of securities.

Neither we nor Ultra Capital attempts to set or meet any specific portfolio turnover rate. We and Ultra Capital do not intend to turn over investment portfolios frequently. Instead, we and Ultra Capital typically expect to hold most investments until we or Ultra Capital, as applicable, determine, in our sole discretion, that such investment no longer meets the investment criteria or profile for a Client. Equity and debt investments are generally expected to be longer term in nature than investments in fixed income securities.

## **B. Material Risks**

Below is a summary of the material risks involved with the investment strategies described above. The risks highlighted below is not an exhaustive list of all material risks that may affect a client. The risks are generally divided into those that are believed applicable to an investment in all Clients, those believed applicable to an investment in the Firm's Client and those believed applicable to an investment in Ultra Capital's Clients. However, the risks believed applicable to the Firm's Clients and Ultra Capital's Clients may also be applicable to the other's Clients.

An investment in securities (including the interests offered by the Funds, Series and the Segregated Portfolios) involves a high degree of risks, including a risk of loss of investment.

### **1. Material Risks Applicable to All Clients**

Return s May Be Inadequate. There can be no assurance that the return earned by our Clients' investments will be commensurate with the risk of investment therein.

General Economic and Market Conditions Can Affect Investments Adversely. The success of a Client's investment activities will be affected by general economic and market conditions, as well as by changes in laws, currency exchange controls, and national and international political, environmental and socioeconomic circumstances. Furthermore, a sustained downturn in the global economy (or any particular segment thereof) could adversely affect a Client's profitability, impede the ability of a Client's Investments to perform under or refinance its existing obligations, and impair the Fund's ability to effectively exit Investments on favorable terms. Any of the foregoing events could result in substantial or total losses to the Client.

Each Client's Lack of Diversification, Limited Investments and Concentration of Investments Makes Investment in that Client Risky. Generally, Clients are not subject to any diversification requirements. As a result, a Client's portfolio may be concentrated in a limited number of investments and may be concentrated. Consequently, a decline in the value of a single security or asset held by a Client may have a greater impact on the net asset value of that Client's portfolio than on the net asset value of a diversified portfolio. A Client will be highly sensitive to changes in the market price of its portfolio securities because it invests more of its assets in a smaller number of industries or issuers than a diversified fund and the gains or losses on a single security will have a greater impact on the Client. Generally, the volatility of a Client's portfolio will increase as its diversification decreases. In addition, to the extent a Client concentrates investments in a particular sector or geographic region, its investments will become more susceptible to fluctuations in value resulting from adverse economic and business conditions with respect thereto.

Investments Are Illiquid. We anticipate that a substantial portion or all of each Client's investments will consist of securities for which there is no public market and/or that are subject to restrictions on resale because they were acquired from the issuer in "private placement" transactions or because such restrictions were imposed as a condition of such Client's purchase. Limitations on resale of these investments could prevent a successful sale thereof, delay sales at times that may be the most opportune or reduce the amount of proceeds that might otherwise be realizable.

Real Asset Markets Are Not Without Fluctuations. The returns on real asset investments generally enjoy lower volatility than, for example, those on equities. However, this does not belie the fact that imbalances or speculative bubbles can occur in some markets. In the past, this has been particularly true of the real estate markets. The subprime crisis in the U.S. and the property bubbles in some European countries are the most recent examples. The bubbles had spectacular consequences for the global economy, and future such bubbles may impact an investment in real assets. In addition, depending on the region in which such an investment is made, currency and country risks as well as differing tax regulations may affect the performance of such investment.

Conflicts of Interest May Arise that Affect our Clients. Certain Client may co-invest with other Clients or may make investments in or with respect to the private operating companies in which certain other of such Clients have a prior investment or anticipate making an investment. Fund Clients with credit strategies may lend funds to other Fund Clients or the portfolio companies of other Fund Clients. We may also experience conflicts of interest in connection with the management of the business of a Client. Each Client is dependent on the Firm or Ultra Capital and its principals for day-to-day management of such Client and does not have any officers or other employees independent of those from the Firm and Ultra Capital.

Equity Securities are Subject to Significant Price Declines. From time to time, Clients may be invested in equity securities. Equity securities may decline significantly in price over short or extended periods of time. Price changes may occur in the market as a whole, or they may occur in only a particular country, company, industry, or sector of the market. In addition, the types of securities in which a Client may potentially invest, such as value stocks, growth stocks, large-capitalization stocks, mid-capitalization stocks, small-capitalization stocks and/or microcapitalization stocks, may underperform the market as a whole.

Debt Securities are Subject to Various Risks. A Client's investment in debt securities subject the Client to various risks including the following:

*Issuer Risk.* The value of debt securities may decline for a number of reasons which directly relate to the issuer, such as management performance, leverage and reduced demand for the issuer's goods and services. Changes in an issuer's credit rating or the market's perception of an issuer's creditworthiness may also affect the value of the Client's investment in that issuer.

*Interest Rate Risk.* Interest rate risk is the risk that debt securities will decline in value because of changes in market interest rates. When market interest rates rise, the market value of fixed rate securities generally will fall. Currently, interest rates are at or near historical lows and, as a result, they are likely to rise over time. Market value generally falls further for fixed rate securities with longer duration. During periods of rising interest rates, the average life of certain types of securities may be extended because of slower than expected prepayments. This may lock in a below-market yield, increase the security's duration and further reduce the value of the security.

*Liquidity Risk.* Certain debt securities may be substantially less liquid than many other securities, such as common stocks traded on an exchange. Illiquid securities involve the risk that the securities will not be able to be sold at the time desired by the Client or at prices approximating the value at which the Client is carrying the securities on its books.

*Prepayment Risk.* During periods of declining interest rates, the issuer of a security may exercise its option to prepay principal earlier than scheduled, forcing the Client to reinvest the proceeds from such prepayment in lower yielding securities, which may result in a decline in the Client's income and distributions to investors. This is known as call or prepayment risk. Debt securities frequently have call features that allow the issuer to redeem the security prior to its stated maturity. An issuer may redeem an obligation if the issuer can refinance the debt at a lower cost due to declining interest rates or an improvement in the credit standing of the issuer. If the Client bought a security at a premium, the premium could be lost in the event of a prepayment.

Preferred Securities are Subject to Special Risks. Certain Clients may invest in preferred securities of businesses. Investing in preferred securities involve special risks including, but not limited to, the following:

*Limited voting rights.* Generally, preferred security holders usually have either no voting rights or voting rights that are substantially limited.

*Issuer redemption rights.* In certain circumstances, an issuer of preferred securities may redeem the securities prior to their stated maturity date. As with call provisions, a redemption by the issuer may negatively impact the return of the security held by the Fund

*Payment deferral.* Generally, issuers of preferred securities are not required to make distributions to the holders of the preferred securities. If a Client owns a preferred security that is deferring its distribution, the Client may be required to report income for tax purposes while it is not receiving any income.

*Subordination.* Preferred securities are structurally subordinated to bonds and other debt instruments in a company's capital structure and therefore are subject to greater credit risk than those debt instruments.



*Liquidity.* Preferred securities may be substantially less liquid than many other securities, such as U.S. government securities or common stock.

*Tax risk.* A Client may invest in preferred securities or other securities the federal income tax treatment of which may not be clear or may be subject to recharacterization by the Internal Revenue Service. It could be more difficult for the Client to comply with the tax requirements if the tax characterization of the Client's investments or the tax treatment of the income from such investments were successfully challenged by the Internal Revenue Service.

**Competitive Market for Investment Opportunities.** The activity of identifying, completing and realizing attractive investments that fall within a Client's investment objective and investment strategies is competitive and involves a high degree of uncertainty and will be subject to market conditions. The Client's will be competing for investments with other investment funds, as well as individuals, companies, financial institutions and other investors. Competition for appropriate investment opportunities may increase, which may potentially require a Client to participate in auctions or other bidding processes more frequently. The outcome of these auctions and bidding processes cannot be guaranteed, thus potentially reducing the number of investment opportunities available to the Client and potentially adversely affecting the terms, including price, upon which investments can be made. There can be no assurance that a Client will be able to locate, complete and exit investments that satisfy its investment objectives, or realize upon their values, or that it will be able to fully invest its committed capital.

**Real Assets Are Associated With Numerous Risks.** Investments in real assets are associated with numerous risks that are attributable, inter alia, to their basic characteristics (e.g., real estate, commodities, ships, aircraft or agricultural operations). In addition, investments in real assets are often coupled with entrepreneurial risks that could suffer a total loss of the capital invested. These risks could impact the Fund Client's credit facilities and investments in real assets.

**Changes In Laws Can Pose Risks.** Government counterparties or agencies may have the discretion to change or increase regulation over a Client's Investments, or implement laws or regulations affecting an investment's operations, separate from any contractual rights the Client may have. An investment also could be materially and adversely affected as a result of statutory or regulatory changes or judicial or administrative interpretations of existing laws and regulations that impose more comprehensive or stringent requirements on an investee entity or project. Governments have considerable discretion in implementing regulations, including, for example, the possible imposition or increase of taxes on income earned by an infrastructure project or gains recognized by a Client's on its investments that could impact the applicable portfolio company's or project's performance and, as a result, the Client's return on its investment in the portfolio company or project. There can be no assurance that a relevant governmental entity will not legislate, impose regulations, change applicable laws or otherwise act contrary to the law in a way that would materially and adversely affect the Fund and its Investments.

**Numerous Other Regulatory Risks May Apply.** As a general matter, project finance investments, including in the real asset and infrastructure sectors, can be subject to comprehensive regulations including siting and permitting requirements imposed by state, county and local authorities. Regulations could increase expenditures, decrease revenues, cause restrictions and delays that could materially and adversely affect a Fund's investments. Regulations applicable to such investments are often revised or reinterpreted; and new laws and regulations can be adopted or become applicable to such investments. There is no assurance such changes will not be harmful to the Funds' investments, or that technology

and equipment selected by the borrowers to comply with current and future regulatory requirements will meet such requirements, all of which could be detrimental to the returns earned from the Funds.

Non-Recourse Loan Structure. Clients may provide financing to real asset, infrastructure and other industrial projects or to operating companies using a nonrecourse or limited recourse financial structure, such Clients may have no or limited claims against the borrower beyond the Client's interest in the project company and the collateral, in the event the project is not completed in accordance with its plans and specifications, or is otherwise not completed or the borrower company is otherwise not able to repay the obligation.

Client's May Borrow Funds to Bridge Capital Calls. A Client may borrow funds as a cash management tool to bridge to receipt of capital contributions. Such debt may be secured by the Client's investors' commitments as well as by the Client's assets. In connection with any Client-level borrowing, the Client may require its investors to provide additional information and/or documentation that may be required by a lender to facilitate such borrowing by the Client. Under the terms of any such borrowing, the Client may be subject to restrictive financial and operating covenants, including, but not limited to, restrictions on the aggregate amount of borrowing by the Client and restrictions on the issuance of guarantees by the Client.

Investors are Dependent on the Principals' Management. All investment management decisions for the Clients are made by the principals of the Firm or Ultra Capital. A Client's performance depends significantly upon the skill, judgment and expertise of such principals. Such principals generally have considerable discretion in investment selection for the Client, and in the types of securities in which the Client will invest. The principals rely in large part upon their own assessments and projections of the target company's or project's performance in making investment decisions. Such assessments and projections are inherently subject to uncertainty and to certain factors beyond the control of the principals and the Clients. Accordingly, no prospective investor should invest in a Client unless such investor is willing to entrust all aspects of the management of the Client to the Firm's or Ultra Capital's principals.

Tax Reform. Tax reform legislation was enacted at the end of 2017, affecting tax years beginning after 2017. The legislation changed tax rates, permits current expensing of most capital expenditures for a period of time and restricts deduction of interest. There were also changes which limit or eliminate the deductibility of management fee expense for individual investors. Additionally, the 2017 law included significant changes in how international operations of domestic businesses are taxed and imposed withholding taxes on transfers of partnership interests by non-U.S. investors. Certain of the changes will sunset at a point within a ten-year period, adding further uncertainty to economic and tax planning. There is still substantial uncertainty in how the newly enacted tax legislation would affect a Client's investments over the long term. The impact on the companies and projects in which we and Ultra Capital invest Client assets could be adverse and substantial.

Control Person Liability. A Client may have a controlling interest in its investments. The exercise of control over a company or project may impose additional risks of liability for environmental damage, defects, failure to supervise management, violation of laws and governmental regulations (including securities laws) and other types of liability for which the limited liability characteristic of business ownership may be ignored. If these liabilities were to arise, the Client may suffer significant losses. The exercise of control over a company or project could expose the Client's assets to claims by the security holders and/or creditors of such company or project. While Clients are intended to be managed in a

manner designed to minimize exposure to these risks, the possibility of successful claims cannot be precluded.

Non-Controlling Investments. A Client may hold a non-controlling interest in a company or project and, therefore, may have a limited ability to protect its investment in such company or project. In circumstances where the Client holds a non-controlling interest in a company or project, the Client will typically be significantly reliant on the existing management team and it is possible that such management team will not have any ability to influence the management of the company or project.

## **2. *Additional Risks Particularly Applicable to LL Funds Advised Clients***

Asset-Backed Securities Involve Risks Not Present in Other Investments. Asset-backed securities often involve risks that are different from or more acute than risks associated with other types of debt instruments. For instance, asset-backed securities may be particularly sensitive to changes in prevailing interest rates. In addition, the underlying assets may be subject to prepayments that shorten the securities' weighted average maturity and may lower their return. Asset-backed securities are also subject to risks associated with their structure and the nature of the assets underlying the security and the servicing of those assets. Payment of interest and repayment of principal on asset-backed securities is largely dependent upon the cash flows generated by the assets backing the securities and, in certain cases, supported by letters of credit, surety bonds or other credit enhancements. The values of asset-backed securities may be substantially dependent on the servicing of the underlying asset pools, and are therefore subject to risks associated with the negligence by, or defalcation of, their servicers. Furthermore, debtors may be entitled to the protection of a number of state and federal consumer credit laws with respect to the assets underlying these securities, which may give the debtor the right to avoid or reduce payment. In addition, due to their often complicated structures, various asset-backed securities may be difficult to value.

Some Real Asset Markets Have Relatively Low Fungibility. Our Fund Clients may invest in or become owners through borrower defaults of real assets (e.g., a commercial property). It is not always possible to sell a direct interest in a real asset at the desired price. Even in the case of homogenous goods, the equity interest might not be saleable at a particular time (low liquidity or illiquidity).

Certain Portfolio Companies are Dependent on Financing for their Origination Platforms. Certain of our Clients invest in debt or equity and equity-linked securities of portfolio companies, the subsidiaries of which may receive senior or mezzanine debt financing from certain other of our Clients in order to fund their loan origination programs and asset acquisitions. If such other Clients are not able to raise enough assets, they will have limited capital with which to build their respective lending portfolios, resulting in smaller and/or fewer extensions of loans to such subsidiaries, which may then reduce the number of financing opportunities for certain of our Clients to implement their own strategies. These borrower platforms may also need to find other sources of debt financing for their loan origination programs and other needs, including asset acquisitions funded in part with proceeds from certain of our Funds' equity investments. The performance of our Clients' investments in these portfolio companies are dependent, among other factors, on the viability of the platform companies and their ability to finance their loan originations and asset acquisitions in whole or in part with investments from certain of our other Clients. There can be no assurance that such Clients will raise sufficient funds (or, possibly, any funds) to achieve their respective investment strategies or that replacement equity or debt financing for the portfolio companies will be sourced elsewhere or be sourced in a timely manner to sustain the operations or performance of these platform companies.

Investments May Be Rated Below Investment Grade or Unrated. Loans acquired for a Client may be rated below investment-grade or unrated but of comparable credit quality. These loans are expected to have greater credit and liquidity risk than more highly rated loans. In addition, many borrowers of these loans are expected to be highly leveraged, which creates increased risks that their operations might not generate sufficient cash flow to service their debt obligations. To the extent that these borrowers are unable to refinance their debt at maturity, or to make scheduled interest payments on their indebtedness, they may be forced to seek bankruptcy protection or may have an involuntary bankruptcy commenced against them, which would reduce the value of the debt of those borrowers held by a Client. Loans that are rated below investment grade or unrated also may have less liquidity and experience greater fluctuations in price than highly rated investments.

Actual Default Rates May Be Higher than Historical or Expected Default Rates. The historical performance of the types of assets that Clients may be invested in is not necessarily indicative of their future performance. Should increases in default rates or decreases in recovery rates occur with respect to the types of assets that a Client owns, the actual default rates with respect to the assets in the Client's portfolio may be significantly greater than, or the actual recovery rates with respect to the assets in the Client's portfolio may be significantly less than, the hypothetical default rates and recovery rates that such Client used in purchasing these assets. If this were to occur, any debt issued by special purpose vehicles or alternative instruments used to finance these assets may be impaired and any subordinated debt and equity interests that the Client's portfolio holds in any such vehicles may not receive distributions.

Credit Ratings of Assets Are Not Guarantees. Credit ratings of assets and securities that a Client may hold represent the rating agencies' opinions regarding the credit quality of those assets and securities and are not a guarantee of future performance. Rating agencies attempt to evaluate the safety of principal and interest payments and do not evaluate the risks of fluctuations in market value; therefore, ratings may not fully reflect the true risks of holding an asset. In addition, 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. The credit ratings of the assets of a Client purchases also may change over time.

To the extent credit market conditions adversely affect other investments in a Client's portfolio, this could result in material asset impairment of, and loss of revenue and cash flow from, these investments.

Maturity of Investments. We expect that investments held in a Client's portfolio may take several years to mature. Accordingly, there can be no assurance as to when or if distributions of the proceeds from an investment will be made. Furthermore, limitations on resale of these investments could prevent a successful sale thereof, delay sales at times that may be the most opportune or reduce the amount of proceeds that might otherwise be realizable.

Mortgage-Backed Securities. Mortgage-backed securities are securities that represent direct or indirect participation in, or are collateralized by and payable from, mortgage loans secured by real property or instruments derived from such loans. Mortgage-backed securities include various types of securities such as government stripped mortgage-backed securities, adjustable rate mortgage-backed securities, and collateralized mortgage obligations. Generally, mortgage-backed securities represent interests in pools of mortgage loans assembled for sale to investors by various governmental agencies and private issuers, such as commercial banks, savings and loan institutions, and mortgage bankers. The average maturity of pass-through pools of mortgage-backed securities in which a Client may invest

varies with the maturities of the underlying mortgage instruments. In addition, a pool's average maturity may be shortened by unscheduled payments on the underlying mortgages. Factors affecting mortgage prepayments include the level of interest rates, general economic and social conditions, the location of the mortgaged property, and the age of the mortgage. Because prepayment rates of individual mortgage pools vary widely, the average life of a particular pool cannot be predicted accurately.

Mortgage-backed securities are often subject to more rapid repayment than their stated maturity date would indicate as a result of the pass-through of prepayments of principal on the underlying loans. Many factors influence prepayment tendencies, including general economic conditions; the level of prevailing interest rates; the availability of alternative financing; the applicability of prepayment charges; homeowner mobility; and due on sale clauses. Prepayments of principal by mortgagors or mortgage foreclosures shorten the term of the mortgage pool underlying the mortgage-backed security. The values of mortgage-backed securities vary with changes in market interest rates generally and the differentials in yields among various kinds of U.S. government securities, mortgage-backed securities, and asset-backed securities. In periods of rising interest rates, the rate of prepayment tends to decrease, thereby lengthening the average life of a pool of mortgages supporting a mortgage-backed security. Conversely, in periods of falling interest rates, the rate of prepayment tends to increase thereby shortening the average life of such a pool. While a Client may benefit from prepayments because the bonds owned by such Client then receive significant cash, the prepayments shorten the life of the pay-outs in respect of interest attributable to the bonds held by such Client and if prepayments are less than taken into account in the pricing of the bonds, the Client's bonds may decline in value.

Delinquency, Foreclosure and Loss. Residential mortgage loans are typically secured by single-family residential property and are subject to risks of delinquency and foreclosure and risks of loss. The ability of a borrower to repay a loan secured by a residential property is dependent upon the income or assets of the borrower. A number of factors, including a general economic downturn, acts of God, terrorism, social unrest and civil disturbances, may impair borrowers' abilities to repay their loans. The ability of a borrower to repay these loans or other financial assets is dependent upon the income or assets of these borrowers. The ability to repay may be adversely affected by the borrower's amount of debt related to value of the asset (e.g. high loan to value ratio may have a greater effect on the delinquency, foreclosure, bankruptcy and loss experience of mortgage loans). No assurances can be given that the values of the related mortgaged properties have remained or will remain at the levels in effect on the dates of origination of the related mortgage loans.

Commercial mortgage loans are secured by multifamily or commercial property and 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 property. The ability of a borrower to repay a loan secured by an income-producing property typically is dependent primarily upon the successful operation of such 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. Net operating income of an income producing property can be affected by, among other things, tenant mix, success of tenant businesses, property management decisions, property location and condition, competition from comparable types of properties, changes in laws that increase operating expense or limit rents that may be charged, any need to address environmental contamination at the property, the occurrence of any uninsured casualty at the property, changes in national, regional or local economic conditions or specific industry segments, declines in regional or local

real estate values, declines in regional or local rental or occupancy rates, increases in interest rates, real estate tax rates and other operating expenses, changes in governmental rules, regulations and fiscal policies, including environmental legislation, acts of God, terrorism, social unrest and civil disturbances.

In the event of any default under a mortgage loan held directly by a Client, the Client will bear a risk of loss of principal to the extent of any deficiency between the value of the collateral and the principal and accrued interest of the mortgage loan. In the event of bankruptcy of a mortgage loan borrower, the mortgage loan to such borrower will be deemed to be secured only to the extent of the value of the underlying collateral at the time of bankruptcy (as determined by the bankruptcy court), and the lien securing the mortgage loan will be subject to the avoidance powers of the bankruptcy trustee or debtor-in-possession to the extent the lien is unenforceable under state law.

Subprime Mortgage Loans. Clients may be invested in mortgage-backed securities backed by collateral pools of subprime residential mortgage loans. “Subprime” mortgage loans refers to mortgage loans that have been originated using underwriting standards that are less restrictive than the underwriting requirements used as standards for other first and junior lien mortgage loan purchase programs, such as the programs of Fannie Mae and Freddie Mac. These lower standards include mortgage loans made to borrowers having imperfect or impaired credit histories (including outstanding judgments or prior bankruptcies), mortgage loans where the amount of the loan at origination is 80% or more of the value of the mortgage property, mortgage loans made to borrowers with low credit scores, mortgage loans made to borrowers who have other debt that represents a large portion of their income and mortgage loans made to borrowers whose income is not required to be disclosed or verified. Due to economic conditions, including increased interest rates and lower home prices, as well as aggressive lending practices, subprime mortgage loans have in recent periods experienced increased rates of delinquency, foreclosure, bankruptcy and loss, and they are likely to continue to experience delinquency, foreclosure, bankruptcy and loss rates that are higher, and that may be substantially higher, than those experienced by mortgage loans underwritten in a more traditional manner. Thus, because of the higher delinquency rates and losses associated with subprime mortgage loans, the performance of mortgage-backed securities backed by subprime mortgage loans in which the Related Pools of the Designated Series may invest could be correspondingly adversely affected, which could adversely impact the Related Pools’ results of operations, financial condition and business.

SME Loans are Subject to Special Risks. The businesses of small and medium enterprise (“SME”) loan borrowers may not have steady earnings growth, may be operated by less experienced individuals, may have limited resources and may be more vulnerable to adverse general market or economic developments, among other concerns, which may adversely affect the ability of such borrowers to make principal and interest payments on the SME loans.

Lending Regulations. Certain of our Clients invest in loans and businesses that make loans. The loan industry is highly regulated and loans, particularly those made through lending platforms, are subject to extensive and complex rules and regulations issued by various federal, state and local government authorities. One or more regulatory authorities may assert that the applicable Client may be acting as a lender and therefore is required to comply with certain laws or regulations which govern the Client’s involvement in the loan industry. If a Client were required to comply with additional laws or regulations, it would likely result in increased costs for the Client and may have an adverse effect on its results or operations or its ability to make investments related to marketplace loans and marketplace lending instruments. In addition, although the Fund is not currently required to hold a license in connection with the acquisition of loans, one or more states could take the position that lenders under

platforms in which the Client invests are required to be licensed. Such a requirement could subject the Client to a greater level of regulatory oversight by state governments as well as result in additional costs for the Client. If required but unable to obtain such licenses, the Client could be forced to cease making investments in loans where the ultimate borrowers are in states which require licensing.

Investors are Dependent on the Principals' Management. Certain of the Firm's principals spend a portion of their time in providing services to Ultra Capital as members of Ultra Capital's investment committee and/or overseeing the Firm's investment in Ultra Capital. As a result, a portion of their business time will not be available to Clients. No prospective investor should invest in a Client unless such investor is willing to trust the judgment of the Firm's principals to devote such time as they deem reasonably appropriate to handle the management of our Clients in accordance with our Clients' governing documents...

Series Partnerships – PCMF and their Segregated Portfolios. PCMF and LLF Offshore Fund are "series-based" investment vehicles. The investment objective of each PCMF Series is to invest in fixed income securities, with particular emphasis on mortgage-backed securities, in order to generate attractive, risk-adjusted, absolute returns. Each PCMF Series owns its own pool of securities and may concentrate its investments in a particular company, industry or sector. Each Segregated Portfolio will invest substantially all of its assets in a specific PCMF Series. Within PCMF Series and within each Segregated Portfolio, each Series or Segregated Portfolio is intended to be insulated from the others but there are no guarantees that such insulation will be respected.

### **3. *Additional Risks Particularly Applicable to Ultra Capital Advised Clients***

Sustainable Infrastructure Policy Risk. Investments in sustainable infrastructure projects, related businesses and assets currently enjoy wide support from national, state and local governments and regulatory agencies designed to finance development thereof, including, but not limited to, U.S. federal investment tax credits, U.S. Department of the Treasury and U.S. Environmental Protection Agency grants, various "socially responsible" portfolio standard requirements enacted by several states, renewable energy credits and state-level utility programs and state water conservation mandates. Similar support, initiatives and arrangements exist in non-U.S. jurisdictions as well, in particular in the European Union. Non-U.S. jurisdictions may have more variable views on policies regarding sustainable infrastructure (and, for example, may be more willing or likely to abandon initiatives regarding sustainable infrastructure in favor of less sustainable energy generation, water management, waste management and/or agricultural processes). The combined effect of these programs is to subsidize in part the development, ownership and operation of sustainable infrastructure projects.

The operation and financial performance of certain projects may be significantly dependent on governmental policies and regulatory frameworks that support the development of sustainable infrastructure. There can be no assurance that such government support exists with respect to projects in which the Client will invest or whether any such current support will continue. The non-existence, or elimination of, or reduction in, such government policies that support sustainable infrastructure could have a material adverse effect on a project's financial condition or results of operation. Reduction in or elimination of these programs will have an adverse effect on the development of sustainable infrastructure. To the extent any favorable tax treatment or other forms of support for sustainable infrastructure are changed, the Client's investments may be negatively impacted.

Siting and Permitting Challenges. Real asset and infrastructure projects may be subject to siting requirements. Siting of projects is also frequently subject to regulation by applicable state, county and

local authorities. For example, proposals to site a project may be challenged by a number of parties, including non-governmental organizations and special interest groups based on alleged security concerns, disturbances to natural habitats for wildlife and adverse aesthetic impacts, including the common “not in my backyard” phenomenon. The failure of any project to receive, renew or maintain any required permits or approvals or any inability to satisfy any requirement of any permits or approvals may result in increased compliance costs, the need for additional capital expenditures or a suspension of project operations.

Reliance on Third-Party Developers. The day-to-day operations of each infrastructure project will be the responsibility of the applicable project developer. Although Ultra Capital will be responsible for monitoring the performance of each such investment and intends to attempt to identify strong project developers, there can be no assurance that the developers will be able to manage the project successfully. Additionally, the developer may need to attract, retain and develop executives and members of their management teams. The market for executive talent can be extremely competitive. There can be no assurance that developers will be able to attract, develop, integrate and retain suitable members of their management teams. As a result, the Client may be adversely affected.

Financial Leverage. Projects and related vehicles may incur debt for the purpose of funding operations or expanding and/or refinancing existing debt. The Client may enter into guarantees under which it would guarantee or would otherwise be responsible for the repayment of the obligations of a project or related vehicle. In addition, (i) the Client, or its general partner, may borrow to fund investments and/or pay Client expenses and other obligations of the Client, and (ii) a project-owning vehicle may borrow money for the purpose of funding investments.

If a project’s capital structure has significant financial leverage, the project may be subject to restrictive financial and operating covenants which may impair the project’s ability to finance its future operations and capital needs. The leveraged capital structure of such an Investment will increase the exposure of the project to adverse economic factors. If a project cannot generate adequate cash flow to meet debt obligations, the Client may suffer a partial or total loss of capital invested in the project. In connection with any loan made to a project, the Client may be required to guarantee such loan and pledge all or a portion of its interest in such project as security for such guarantee. If the project cannot generate adequate cash flow to pay off the underlying debt, the portion of the Client’s interest in the project pledged as security may be at risk of loss.

Additional Capital May be Needed But Not Available. Certain Client investments, especially those in infrastructure projects in a development or “construction” phase, may be expected to require additional financing to satisfy their working capital requirements. The amount of such additional financing needed will depend upon the maturity and objectives of the particular investment and the current state of financing markets. If the funds provided are not sufficient, the project may have to raise additional capital at a price unfavorable to the existing investors, including the Client. In addition, the Client may need to make additional debt and equity investments or exercise warrants, options, or convertible securities that were acquired in the initial investment in such project in order to preserve the Client’s proportionate ownership when a subsequent financing is planned, or to protect the Client’s investment when the project’s performance does not meet expectations. The availability of capital is generally a function of capital market conditions that are beyond the control of the Client or any project. There can be no assurance that the projects will be able to predict accurately the future capital requirements necessary for their success or that additional funds will be available from any source when needed.



Asset Management Fees and Lender Fees. Ultra Capital (or an affiliate of Ultra Capital) will receive Asset Management Fees from each project. If LLPLF provides any loans to an Ultra Capital managed Client (or its projects), it will receive Lender Fees. Investors in the borrower Client will have no benefit from such fees. Management Fee will not be reduced by the amount of any Lender Fees. The Asset Management Fee payable by a real asset project during the “fee period” of RAV II will offset the management fees dollar for dollar during the fee period. After the fee period, any Asset Management Fee payable by a real asset project will not offset the management fee payable to Ultra Capital.

Volatility of Commodity Prices. The performance of certain of a Client’s infrastructure projects may be substantially dependent upon prevailing prices of corn, timber, oil, natural gas, coal and other commodities (such as metals). Commodity prices have been, and are likely to continue to be, volatile and subject to wide fluctuations in response to any of the following factors: (i) relatively minor changes in the supply of and demand for each commodity; (ii) market uncertainty; (iii) political conditions in international commodity producing regions; (iv) the extent of domestic production and importation of each commodity; (v) the foreign supply of each commodity; (vi) the price of foreign imports; (vii) the level of consumer demand; (viii) weather conditions (including the future occurrence of drought); (ix) the competitive position of oil, gas or coal as a source of energy as compared with other energy sources; (x) the industry-wide refining or processing capacity for oil, gas or coal; (xi) the effect of U.S. federal, state, local and non-U.S. regulation on the production, transportation and sale of commodities; (xii) with respect to the price of certain commodities, the actions production organizations, such as the Organization of Petroleum Exporting Countries; (xiii) overall economic conditions; and (xiv) a variety of additional factors that are beyond the control of the Client.

Uncertainty of Estimates Makes Investment In Natural Resource Related Businesses Risky. Estimates of natural resources reserves (e.g., timber or mineral reserves) and of factors such as solar energy intensity and movement of wind and water flow (for solar, wind and hydroelectric power, respectively) by qualified engineers are often key factors in valuing certain infrastructure projects. The process of making these estimates is complex, requiring significant decisions and assumptions in the evaluation of available geological, geophysical, engineering and economic data for each reservoir or reserve. These estimates are subject to wide variances based on changes in commodity prices and certain technical assumptions. Accordingly, it is possible for such estimates to be significantly revised from time to time, creating significant changes in the value of the company owning such reserves.

Environmental Matters Can Particularly Affect Infrastructure Projects. Environmental laws, regulations and regulatory initiatives play a significant role in the sustainable infrastructure and sustainable-related infrastructure sectors and can have a substantial impact on investments in these industries. For example, global initiatives to minimize pollution have played a major role in the increase in demand for natural gas and alternative energy sources, creating numerous new investment opportunities. Conversely, required expenditures for environmental compliance have adversely impacted investment returns in a number of segments of the industry.

The sustainable infrastructure and sustainable-related infrastructure sectors will continue to face considerable oversight from environmental regulatory authorities and significant influence from non-governmental organizations and special interest groups. A Client may make investments that are subject to changing and increasingly stringent environmental and health and safety laws, regulations and permit requirements. New and more stringent environmental and health and safety laws, regulations and permit requirements or stricter interpretations of current laws or regulations could materially impact the Client’s investments.

Natural Disaster and Force Majeure Events; Adequacy and Availability of Insurance. The operations of infrastructure projects are subject to many hazards inherent in the production, transporting, processing, storing, distributing, or marketing of a wide range of commodities, electricity, and natural resources, such as damage to production facilities, transmission lines, substations, storage facilities, port terminaling facilities or related equipment and surrounding properties caused by hurricanes, tornadoes, floods, fires and other natural disasters or by acts of terrorism, inadvertent damage from construction and timber harvest or farm equipment, and forest fires, ice storms, floods and explosions. These risks could result in substantial losses. A Client may invest in projects that may be particularly sensitive to weather and climate conditions. The occurrence of a significant accident or event, or an adverse change in weather or climate conditions, may adversely affect the operations and financial condition of one or more Projects.

While Clients will seek to make investments where insurance and other risk management products (to the extent available on commercially reasonable terms) are utilized to mitigate the potential loss resulting from such events and other risks customarily covered by insurance, this may not always be practicable or feasible. Moreover, it will not be possible to insure against all such events and risks, and any such insurance proceeds may be inadequate to completely or even partially cover a loss of revenues, an increase in operating and maintenance expenses or a replacement or rehabilitation. In addition, certain catastrophic loss events may be either uninsurable or insurable at such high rates as to adversely impact a project's, and hence the Client's, returns. It is unlikely, due to cost and/or availability, that any of the Clients' infrastructure investments will be insured against damages attributable to acts of terrorism. If a major uninsured loss were to occur with respect to a project, the Client owning that project could lose its capital invested in, and anticipated profits related to such project.

Operations and Maintenance Risk. In connection with the development of any infrastructure project and the operation and maintenance of any completed project, a Client's investment may also face development and operations and maintenance risks, technical risks, construction risks and insurance risks.

Power Purchase Agreement Risk. A Client's infrastructure projects may enter into power purchase agreements ("**PPAs**") providing for the purchase of power by third parties from such projects. Payments by power purchasers to such projects pursuant to their respective PPAs may provide the majority of such projects' cash flows. There can be no assurance that any or all of the power purchasers will fulfill their obligations under their PPAs or that a power purchaser will not become bankrupt or that upon any such bankruptcy its obligations under its respective PPA will not be terminated. There are additional risks relating to the PPAs, including the occurrence of events beyond the control of a power purchaser that may excuse it from its obligation to accept and pay for delivery of energy generated by a project. The failure of a power purchaser to fulfill its obligations under any PPA or the termination of any PPA may have a material adverse effect on a project.

In addition, there is no assurance that regulatory authorities in jurisdictions in which one or more projects are located will not take steps to unilaterally reduce or terminate the term of any PPAs, mandate a reduction in the price of power to be supplied by a project under a PPA or take such other action to adversely impact a project under a PPA.

In certain circumstances, the Client (or a project in which it holds an interest) may be required to provide a guarantee, a letter of credit, or other form of performance assurance to backstop the seller's "supply or pay" obligations under a PPA. If the seller (or project that makes such pledge) is

unable to meet its obligations under such supply agreement, the Client (or project that makes such pledge of performance assurance) could suffer losses that may have a material impact on the performance of the Client.

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We urge investors in Clients to rely on their own examination of each Client and its investment strategies and offering terms, including the merits and risks involved. The risks described in this brochure are not meant to be an exhaustive listing of all potential risks associated with our investment strategies, an investment in any Client or of the securities held by them. We encourage all investors in a Client to review the offering materials of the respective Client carefully and consult with their professional advisers before deciding whether or not to invest in the Client.

### **C. Recommendation of Particular Securities**

With respect to PCMF and LLMF, and the Segregated Portfolios invested therein, we provide investment advice primarily with respect to fixed income securities and mortgage-backed securities, such as collateralized mortgage obligations. With respect to LLPLF I, LLPLF II, LLCP I, LLCP II and LLCP II Parallel (and the Segregated Portfolios investing in LLCP I), and Separate Account Clients co-investing with them or in them, we provide investment advice primarily with respect to debt or equity and equity-linked securities of portfolio companies which originate asset-backed consumer or small business loans to large and diversified pools of underlying borrowers. For DF Co-Invest, we provide advice with respect to DF Co-Invest's ownership of convertible debt in an LLCP I portfolio company. For Ultra Capital's Clients, Ultra Capital provides advice about the acquisition, development, management and disposition of sustainable infrastructure projects or securities issued by companies investing in such projects. As a result, it may be viewed that, with respect to any such Clients, we recommend a particular type of security. See Item 8 (*Methods of Analysis, Investment Strategies and Risk of Loss*) for additional information on the material risks of investments in such securities we target for our Clients.

### **Item 9: Disciplinary Information**

Neither the Firm nor Ultra Capital, nor any of our or its management personnel, has been the subject of any legal or disciplinary action to be reported under this Item 9.

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

The sole business of the Firm is to provide investment management services to PCMF, LLCP I, LLCP II, LL CP II Parallel, DF Co-Invest, LLMF, LLPLF, LLPLF II, LLF Offshore Fund, LLF Offshore II Fund and Separate Account Clients. The sole business of Ultra Capital is to provide investment management services to RAV I and RAV II and their respective feeder funds. LLF Offshore Fund, LLF Offshore II Fund, LL Funds GP, LP, LLCP I GP, LLC, LLCP II GP, LLC and LLPLF II GP, LLC, the feeder funds of RAV I and RAV II and the Ultra Capital Governing entities are related persons of the Firm.

The Firm's personnel comprise a majority of the Board of Managers of Ultra Capital and, through two members on Ultra Capital's investment committee, provide investment advice with respect to RAV I and RAV II. The time spent by our Firm personnel with respect to Ultra Capital matters may present a potential conflict of interest. See the disclosure under "Investors are Dependent on the Principals' Management" in Item 8 (*Material Risks*) at page 15 for additional information.

Ultra Capital personnel do not provide any investment management services to the Firm's Clients. However, certain investors in the Firm's Clients are invested in RAV II. Any such investment decision is made by such investor and not the Firm. We do not receive any placement or referral fees for any investor's investment in RAV II. We receive a portion of the performance-based fees (i.e., Carries Interest) from RAV II. The performance-based fees may create an incentive for the Firm's investment professionals and other members of Ultra Capital's investment committee to recommend or approve more speculative investments on behalf of RAV II than would be the case in the absence of this arrangement. We believe such potential conflicts of interest are mitigated by the fact that Ultra Capital's investment activity with respect to RAV II is governed by Ultra Capital's full investment committee.

Neither the Firm nor Ultra Capital recommends or selects other investment advisers for Clients for which it receives compensation.

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

We have adopted a Code of Ethics ("Code") that is applicable to both the Firm and Ultra Capital. It emphasizes the responsibility of each employee of the Firm and Ultra Capital to conduct himself or herself with high ethical standards and to conduct the Firm's and Ultra Capital's business with integrity, honesty, openness and trust. All employees are to place the interest of Clients first and foremost. Compliance with the Code is a condition of employment. Serious violation of the Code or related policies may result in dismissal.

Generally, when a Client has an open investment period and is actively making investments, employees of the Firm are not permitted to trade in the same securities for their own accounts that are being acquired for such Client. The same prohibition applies to publicly traded securities of companies that have business dealings with Client portfolio companies. The Firm's founder holds securities (the "Grandfathered Securities") that are similar to the securities held by certain PCMF Series. The Grandfathered Securities were acquired by the Firm's founder prior to the Firm's appointment as the sub-adviser to PCMF. We will allow the founder to dispose of the Grandfathered Securities at any time. A conflict could arise if market or other conditions or events trigger the founder's need to trade a Grandfathered Security which may be concurrent with our desire to dispose of or hold the same security for our Clients.

The Code contains policies and procedures designed to prevent and detect such conflicts of interest. Our policy is that Client transactions generally will be executed first. In some instances, we may determine that it is in the best interests of our Clients that dispositions of their securities are aggregated with the disposition of Grandfathered Securities.

All employees must obtain pre-clearance for their personal security transactions and must provide duplicate copies of their statements to our Chief Compliance Officer. Trading requests will generally be denied if we are trading the same or related security or if an open order for that security exists.

We and Ultra Capital do not recommend to Clients, or buy or sell for Client accounts, securities in which our and their personnel or affiliates have a material financial interest. We note, however, that our and Ultra Capital's personnel have interests in the Carried Interest distributable by our and their Clients, respectively.

See Item 6 (*Performance-Based Fees and Side-By-Side Management*) on page 7 for additional information regarding potential conflicts of interests relating to the Firm and LL Funds GP, LLCP I SLP and LLCP II SLP.

**Item 12: Brokerage Practices**

**A. *Research and Soft Dollar Benefits***

We are authorized to determine the broker or dealer to be used for each securities transaction for our Clients. In selecting brokers or dealers to execute transactions, we do not need to solicit competitive bids and we do not have an obligation to seek the lowest available commission cost. It is not our practice to negotiate “execution only” commission rates, thus we may be deemed to be paying for research, brokerage or other services provided by the broker which are included in the commission rate.

Section 28(e) of the Securities Exchange Act of 1934, as amended, is a “safe harbor” that permits investment managers such as the Firm to use commissions or “soft dollars” to obtain research and brokerage services that provide lawful and appropriate assistance in the investment decision-making process. Except for services that would be an expense to our Clients or as otherwise described below, we will use our best efforts, but are not obligated, to limit the use of “soft dollars” to obtain research and brokerage services to services which constitute research and brokerage within the meaning of Section 28(e). Currently, we use “soft dollars” to obtain research reports (including market research), financial newsletters and data services (including services providing market data, company financial data and economic data) from brokerage firms with whom we place trades. In addition, we may receive (but currently do not receive) from such firms services and software related to the execution, clearing and settlement of securities transactions and functions incidental thereto (i.e., connectivity services between an investment manager and a broker-dealer and other relevant parties such as custodians), and services required by the SEC or a self-regulatory organization such as comparison services, electronic confirms or trade affirmations. These research and brokerage services are within the Section 28(e) safe harbor.

In some instances, we may receive a product or service that may be used only partially for functions within Section 28(e) (e.g. an order management system). In such instances, we will allocate, in good faith, the relative proportion of a product or service used to assist us in carrying out our investment decision making responsibilities and the relative proportion used for administrative or other purposes outside of Section 28(e). The proportion of the product or service attributable to assisting the Firm in carrying out our investment decision-making responsibilities will be paid through brokerage commissions generated by Client transactions and the proportion attributable to administrative or other purposes outside of Section 28(e) will be paid for by from our own resources.

Research and brokerage services obtained by the use of commissions arising from the portfolio transactions of a Client may be used by us in our other investment activities and thus, a specific Client may not necessarily, in any particular instance, be the direct or indirect beneficiary of the research or brokerage services provided.

Although we will make a good faith determination that the amount of commissions paid is reasonable in light of the products or services provided by a broker, commission rates are generally negotiable and thus, selecting brokers on the basis of considerations that are not limited to the applicable commission rates may result in higher transaction costs than would otherwise be obtainable.

Our receipt of such products or services and the determination of the appropriate allocation in the case of “mixed use” products or services create a potential conflict of interest between us and our Clients.

In selecting brokers and negotiating commission rates, we will take into account the financial stability and reputation of brokerage firms, and the research, brokerage or other services provided by such brokers.

***B. Brokerage for Client Referrals and Directed Brokerage***

We do not select or recommend broker-dealers on the basis of whether they provide us or any of our related persons with referrals. We may hire separate independent trading firms in order to obtain better prices and/or execution, and such trading firms will be paid through additional commissions to be borne by the Clients for whom such arrangements were made. We do not recommend, request or require that a Client direct us to execute transactions through a specific broker-dealer.

***C. Aggregation of Purchase and Sales of Securities***

We may, but are not required to, aggregate Client orders to achieve more efficient execution or to provide for equitable treatment among accounts managed by us. Clients participating in aggregated trades will be allocated securities on a pro rata basis based on their relative Investable Capital. See Item 6.B. (*Performance-Based Fees and Side-by-Side Management*) on page 7 for additional information on allocation of investment opportunities.

***D. Ultra Capital***

Given Ultra Capital’s investment strategy, Ultra Capital does not trade in securities. Accordingly, Ultra Capital does not utilize brokers or dealers for securities transactions, does not refer or recommend broker-dealers to its Clients and does not aggregate sales of securities.

**Item 13: Review of Accounts**

Our and Ultra Capital’s portfolio managers continuously review their Clients’ portfolios. Clients’ investors receive quarterly account statements from the applicable fund administrator. All investors also receive a monthly or quarterly review letters from the Firm or Ultra Capital.

With respect to Separate Account Clients, we provide financial reports and arrange for meetings with our portfolio managers as requested by the Separate Account Clients.

**Item 14: Client Referrals and Other Compensation**

Currently, neither we nor Ultra Capital compensates, directly or indirectly, any person for client referrals.

**Item 15: Custody**

As the manager of LLF Offshore Fund and LLF Offshore II, LL Funds GP is deemed to have custody of the assets of the LLF Offshore Fund and LLF Offshore Fund II.

As general partner of LLMF and LLPLF, LL Funds GP is deemed to have custody of the assets of LLMF and LLPLF.

As general partner of LLC I and DF Co-Invest, LLC I GP, LLC is deemed to have custody of the assets of LLC I and DF Co-Invest.

As general partner of LLC II and LLC II Parallel, LLC II GP, LLC is deemed to have custody of the assets of LLC II and LLC II Parallel.

As general partner of LLPLF II, LLPLF II GP, LLC is deemed to have custody of the assets of LLPLF II.

LL Funds GP, LLC I GP, LLC, LLC II GP, LLC and LLPLF II GP, LLC are related persons of the Firm and, since they are deemed to have custody of the assets of LLF Offshore Fund, LLF Offshore Fund II, LLMF, LLPLF, LLC I, DF Co-Invest, LLC II and LLPLF II (as applicable), the Firm also is deemed to have custody of the assets in those Funds. Nevertheless, the assets of LLF Offshore Fund, LLF Offshore Fund II, LLMF, LLC I, DF Co-Invest, LLC II, LLC II Parallel, LLPLF and LLPLF II are held by a qualified custodian as described below.

As the general partner of PCMF, Permit Capital GP, L.P. is deemed to have custody of the assets of PCMF. All of the assets of PCMF are also held by a qualified custodian as described below.

Ultra Capital's Governing Entities are deemed to have custody of the assets of RAV I, RAV II and each of their respective feeder funds.

*Qualified Custodians.* The Bank of New York Mellon maintains the assets held by PCMF, LLF Offshore Fund, LLF Offshore Fund II, LLMF, LLC I, DF Co-Invest, LLC II, LLC II Parallel, LLPLF and LLPLF II in segregated custodial accounts. The Bank of New York is a qualified custodian. First Republic Bank, a qualified custodian, maintains the assets held by Ultra Capital Clients.

*Audited Financial Statements and Audit by PCAOB Accounting Firm.* The financial statements of each of our and Ultra Capital's Fund Clients is prepared in accordance with U.S. generally accepted accounting principles ("GAAP") and are audited by Grant Thornton, LLP ("GT"). GT is an independent public accountant registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board.

Upon liquidation, each of our and Ultra Capital's Fund Clients will undertake a final audit in accordance with GAAP and distribute its audited financial statements to all of its investors promptly after the completion of such audit.

*Delivery of Audited Financial Statements.* Investors of each of our and Ultra Capital's Fund Clients are sent audited financial statements of the applicable Fund Client within 120 days after their fiscal year end.

#### **Item 16: Investment Discretion**

We and Ultra Capital have discretionary authority to manage assets of our respective Clients, subject to the investment strategies and restrictions (if any) that are detailed in the applicable limited partnership or limited liability company agreements (or other similar governing document) and confidential private placement memoranda.

We have discretionary authority to manage the assets of Separate Account Clients, subject to the investment strategies and restrictions (if any) that are detailed in the documents governing such Separate Account Clients.

The discretionary authority to manage Client assets is derived from sub-advisory or investment advisory agreements with the Client.

**Item 17: Voting Client Securities**

We and Ultra Capital generally have discretion to vote the proxies of our and Ultra Capital's Clients, respectively, and will vote those proxies in the best interest of such Client and in accordance with any written policies and procedures that are communicated to us or Ultra Capital, respectively. We have one Separate Account Client for which we are required to vote interests held for the benefit of the Separate Account Client as directed by the Separate Account Client.

- Generally, we and Ultra Capital will vote in favor of routine corporate housekeeping proposals, including election of directors (where no corporate governance issues are implicated), selection of auditors, and increases in or reclassification of common stock.
- Generally, we and Ultra Capital will vote against proposals that make it more difficult to replace members of the issuer's board of directors, including proposals to stagger the board, cause management to be overrepresented on the board, introduce cumulative voting, introduce unequal voting rights, and create supermajority voting.
- For other proposals, we and Ultra Capital will vote for proposals that we or Ultra Capital as applicable, believe are in the best interests of the applicable Client, and against those that we or Ultra Capital do not believe are in the best interests of the applicable Client.

Potential conflicts of interest between the interests of the Firm and/or Ultra Capital and our Clients are examined by our Chief Compliance Officer. This examination will include a review of the relationship of the Firm and/or Ultra Capital and its or their affiliates with the issuer of each security and any of the issuer's affiliates to determine if the issuer is a Client or an affiliate of the Firm or Ultra Capital or has some other relationship with the Firm or Ultra Capital.

If a material conflict exists, we or Ultra Capital, as applicable, will determine whether voting in accordance with the voting guidelines and factors described above is in the best interests of the applicable Client. We will also determine whether it is appropriate to disclose the conflict to the affected Client and give the Client's investors the opportunity to vote their proxies themselves.

Clients may receive a copy of the applicable Proxy Voting Policy and or receive information on how proxies have been voted by contacting the Firm's and Ultra Capital's Chief Compliance Officer, Paul A. Frick, at 267-298-5493 or [Paul.Frick@LLFunds.com](mailto:Paul.Frick@LLFunds.com).

**Item 18: Financial Information**

The Firm does not require or solicit advance payment of fees. The Firm is not subject to any financial condition that is reasonably likely to impair its ability to meet our contractual commitments to our Clients. The Firm has never been the subject of any bankruptcy petition.



Ultra Capital is entitled to fees in advance, any of which would be returned to the applicable Client if ultimately not earned. Ultra Capital is not subject to any financial condition that is reasonably likely to impair its ability to meet its contractual commitments to its Clients. It has never been the subject of any bankruptcy petition.