

Brochure of

Theorem Partners LLC

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October 31, 2024

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This brochure provides information about the qualifications and business practices of Theorem Partners LLC (“Theorem”). If you have any questions about the contents of this brochure, please contact us at compliance@theoremlp.com, or telephone (415) 489-0457. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

Additional information about Theorem also is available on the SEC’s website at www.adviserinfo.sec.gov. Registration with the SEC does not imply a certain level of skill or training.

Item 2. Material Changes

This brochure, dated October 31, 2024, updates our brochure dated March 29, 2024. On October 22, 2024, all of the outstanding stock of Theorem Technology, Inc., the parent company of Theorem, was acquired by Pagaya US Holding Company LLC, a wholly-owned subsidiary of Pagaya Technologies Ltd., an Israeli-domiciled, publicly-traded financial technology company. This brochure provides additional information about Pagaya Technologies, its affiliates and their activities.

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Item 4. Advisory Business

Theorem Partners LLC (“Theorem” or the “Firm”) is a Delaware limited liability company that has been in business since October 2013. The Firm serves as the investment adviser and, for certain vehicles, general partner of investment limited partnerships, and manages a single-investor fund and an internal employee investment vehicle, all of which are referred to herein as the “Funds.”

Theorem is wholly-owned by Theorem Technology, Inc. (“Theorem Tech”). As of October 22, 2024, Theorem Tech became wholly-owned by Pagaya US Holding Company LLC which is a wholly-owned subsidiary of Pagaya Technologies Ltd. (“Pagaya Tech”), an Israeli-domiciled, publicly traded financial technology company. See Item 10 for further information regarding the Firm’s other affiliates. As of December 31, 2023, Theorem had total discretionary regulatory assets under management of approximately \$2.02 billion. Theorem only manages assets on a discretionary basis.

Theorem invests principally, but not solely, in trust certificates, notes and other instruments that derive their value from loans made to borrowers through online lending platforms. Theorem also invests in notes and equity securities of securitization structures consisting of similar assets. Theorem is authorized, however, to enter into any type of investment transaction that it deems appropriate under the terms of the client’s partnership or other account agreement.

Investors in the Funds have no opportunity to select or evaluate any Fund investments or strategies. Theorem selects all Fund investments and strategies.

Theorem does not participate in wrap fee programs.

Other Business

In addition to our advisory business, Theorem provides other services to customers or clients.

Theorem integrates with certain platforms through what is referred to as a Custom Loan Integration Partnership (“CLIP”). In a CLIP program, Theorem licenses its underwriting model to the platform and the originator for use in assessing the creditworthiness of the loan and establishing the appropriate interest rate based on the expected risk. The Funds typically purchase loans that conform to the parameters of the CLIP program, but platforms are not required to sell, nor are the Funds required to buy, loans generated through the use of the CLIP model.

Securitization as a Service (“SAS”) is a service offered by Theorem to customers (not advisory clients) where Theorem buys and sells loans with a mark-up to public or private securitization vehicles. Theorem will only buy or sell what is requested by the customer and provides no investment advisory service to SAS customers.

Theorem also assesses and monitors securitizations sponsored by advisory clients.

Item 5. Fees and Compensation

Theorem charges an annual management fee of 1.5%. If the General Partner permits a Limited

Partner to make an initial Capital Contribution to the Funds that is less than the standard minimum amount, the monthly management fee charged by written agreement between the Limited Partner and the General Partner is 1.75%. Theorem has reduced or waived the management fee for certain early “seed” investors and other strategic investors and reserves the right to do so for new investors.

Management fees are generally payable monthly in advance at the beginning of each calendar month based on the net asset value of each investor’s account on the date the fee accrues and becomes payable. Fees are debited directly from investor accounts. No management fee is charged on contributions for the month in which a subscription date occurs.

The disclosure in this Item 5, together with the disclosure in Item 12, allow a plan that is subject to the Employee Retirement Income Security Act of 1974 and that invests in an investment limited partnership of which Theorem is general partner, to use the “alternative reporting option” to report Theorem’s compensation as “eligible indirect compensation” on the Schedule C of the plan’s Form 5500 Annual Return/Report of Employee Benefit Plan.

The Funds bear all costs of their organization and operation, including, without limitation, the costs of carrying out their investment program (*e.g.*, all trading costs and expenses, research and diligence costs, lending platform fees (such as origination, servicing and recovery fees), interest and related costs of borrowings), maintenance costs such as tax preparation, governmental and regulatory filings, custody, administration, insurance and professional fees (*e.g.*, accountants, auditors and attorneys).

Generally, full withdrawals from the Funds can only occur in accordance with the process described in each of the Funds’ offering documents, often requiring at least a 90-day notice (see the offering documents for each Fund for specific requirements). Due to the nature of the withdrawal process, there is no refund of management fees.

Additional Compensation

Theorem may charge a fee to the platform or the originator for loans that are generated via a CLIP program. To the extent Theorem collects a fee with respect to any loans purchased by the Funds via a CLIP program, Theorem will rebate such fees to the Funds; however, to the extent that the platforms retain such loans or sell them to third parties, Theorem will retain the fees.

Theorem will receive a fee for executing transactions in non-bundled loans for SAS customers.

Theorem receives a monitoring and structuring fee for securitizations sponsored by the Funds. To the extent the equity is retained by the Funds, Theorem will rebate the fees to the Funds, but to the extent the equity is sold to third parties, that portion of the fees will be retained by Theorem. The presence of such a fee may adversely affect the price received by the Funds in the event of such an equity sale and could create an incentive for Theorem to sell such equity.

Pagaya Tech and/or its affiliates receive fees from its commercial relationships with banking institutions, consumer lending platforms, point of sale lenders and other intermediaries for access to and rights to use Pagaya Tech’s proprietary technology and other services related to loan originations and other activities, including loans that may be purchased by the Funds. These fees include fees referred to as AI network integration fees, model fees, feature fees or incentive fees,

and currently generally range from 0.05% to 6.0% of the principal amount of loans originated through the use of Pagaya Tech's proprietary technology. Pagaya Tech and its affiliates also receive management, sponsorship, administration and other fees from certain securitizations in which the Funds may invest, including administrative fees (sometimes referred to as accrued receivable purchasing fees and/or receivable monitoring fees) typically equal to approximately 50bps (0.50%) of the assets of the securitization vehicle annually, and in certain circumstances Pagaya Tech and its affiliates also may retain a portion of the servicing fee that is charged to a securitization vehicle (generally ranging from approximately 10bps to 50bps (0.10%-0.50%) of the assets of the securitization vehicle annually). Pagaya Tech and its affiliates may also recognize revenues in connection with securitizations equal to the excess of the net proceeds of a securitization offering over the amounts needed to purchase loans for the securitization, and may earn performance fees when certain securitizations exceed contractual return hurdles. Such fees received by Pagaya Tech and its affiliates will not offset or reduce the management fees payable to Theorem by the Funds.

Other Conflicts

Theorem has, and may in the future have, business relationships, such as the engagement of services providers, with companies who are investors in the Funds. A potential conflict of interest exists in recommending the retention or continuation of a service provider if such recommendation, for example, is motivated by a belief that the service provider will continue to invest in a Theorem fund. To mitigate this risk, Theorem strives to negotiate all such arrangements at an arms-length basis in accordance with its fiduciary duty to the Funds.

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

The Firm typically receives a performance fee from each Fund limited partner equal to 10% or 15% (depending on the Fund) of net profits (including both realized and unrealized gains and losses) otherwise allocable to such limited partner. Performance fees are assessed in arrears on an annual basis and are only applied to the portion of profits that exceed the cumulative losses previously allocated to or incurred by investors. A performance fee is not charged to all investor accounts and has been waived or reduced for certain early "seed" investors and other strategic investors. Theorem reserves the right to waive the fee for other investors. Performance fees may create an incentive for Theorem to make more risky and speculative investments than it would otherwise make.

Theorem has a conflict of interest if, in any time period, one fee structure would cause higher fees to Theorem than the other fee structure, because Theorem would have an incentive to favor the account that would pay the higher fees. To address this conflict, Theorem strives to make investment allocations between the Funds and accounts having overlapping investment strategies for which it has discretionary authority on a pro rata basis based on available capital. The pro rata allocation for both investments and sales may be overridden if Theorem in good faith deems a different allocation method to be prudent or equitable in light of (1) the size, nature and type of investment or sale opportunity, (2) principles of diversification of assets, (3) the investment guidelines and similar limitations as well as compressed ramp-up periods that are characteristic of certain investment vehicles, (4) liquidity considerations of the Funds or accounts, including subscriptions and redemption/withdrawal requests received, the proximity of a Fund or account to the end of any specified term and cash availability (including cash availability or constraints arising directly or indirectly as a result of the use of leverage), (5) volume expectations and

similar relationship considerations with counterparties, (6) the risk profile or the need to resize risk in a Fund or account portfolio (including the potential for the proposed investment to create an imbalance in term, grade, FICO, platform issuer, geography or similar measures of risk in the relevant portfolio), (7) the experimental nature of the model or loan score associated with the investment, (8) a determination by Theorem that the investment or sale opportunity is inappropriate, in whole or in part, for one or more accounts, (9) applicable transfer or assignment provisions, (10) the management of any actual or potential conflicts of interest, (11) the investment focus of the Fund or account (e.g., the duration, return or risk profile), (12) applicable contractual or legal obligations, (13) avoiding a de minimis allocation, and/or (14) such other factors as Theorem may reasonably deem relevant (all of the foregoing factors being hereinafter referred to as the “Investment Allocation Considerations”). In some cases, Theorem’s observation and application of the Investment Allocation Considerations may affect adversely the price paid or received by a Fund or account, the size of the position purchased or sold by a Fund or account, or the returns ultimately realized by a Fund or account.

When two or more Funds or accounts are seeking similar loans through electronic APIs directly with loan originators, a proprietary in-house system is used to randomly assign first rights to bid on a loan to each Fund using an algorithm with a predetermined probability. These probabilities are set separately for a number of risk stratifications. This system ensures that no Fund or account receives a preferential or detrimental allocation due to network latency of each Fund’s server or API.

Item 7. Types of Clients

Theorem provides investment advisory services to the Funds. Investment advice is provided directly to the Funds, subject to the direction and control of the General Partner of such Fund, and not individually to the investors in the Fund. Interests in the Funds are offered pursuant to applicable exemptions from registration under the Securities Act of 1933 (the “Securities Act”) and the Investment Company Act of 1940, as amended. Investors in the Funds include high net worth individuals, financial institutions, corporate pension plans, charitable organizations, university endowments, funds-of-funds, corporations and other investment entities, as well as certain employees of Theorem.

Generally, Theorem requires that each investor in a Fund be (i) an “accredited investor” as defined in Regulation D under the Securities Act, and (ii) a “qualified purchaser” or “knowledgeable employee”, within the meaning of the Investment Company Act of 1940, as amended.

Investors in the Funds are generally required to invest a minimum of \$5,000,000 or \$10,000,000 (depending on the fund), but Theorem may waive this minimum. The Firm may accept or reject subscriptions in whole or in part.

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

Investment Strategy

Theorem’s objective is to provide clients with strong, consistent returns by taking a rigorous and

quantitative approach towards investing in consumer credit.

Theorem's investment team constructs and manages portfolios principally composed of unsecured consumer loans, automobile loans, revolving consumer credit receivables, as well as notes and equity securities of securitization structures consisting of similar assets.

Theorem develops proprietary models that characterize the risk of consumer credit assets as well as asset backed securities ("ABS"). The Firm uses these models to evaluate investment opportunities such as pro-rata and custom whole loan forward flow arrangements with financial institutions, secondary whole loan pool sales, active marketplace lending loans, primary issuance ABS deals, secondary market ABS transactions, and other credit deals based on consumer loans.

Although the consumer lending market represents a significant opportunity for investors, we believe any new market entrant faces substantial risks and a steep learning curve. Estimating the credit risk of individual loans and other portfolio risks requires advanced analytics and domain knowledge that many investors and investment professionals lack. Theorem's team responsible for analyzing individual loans and constructing portfolios has expertise in advanced statistics, physics, computer science, machine learning, and mathematics. Theorem also works with domain experts in the field of credit analytics to understand market microstructure and other qualitative sources of return generation.

Where practicable, Theorem may invest client accounts (both long and short) in securities other than loan-related instruments, primarily to attempt to hedge portfolio risks. Such securities may include, without limitation, interest rate swaps, interest rate swaptions, treasuries, treasury futures, credit default swaps and bank and financial company stocks. Theorem does not currently engage in hedging or invest in those types of securities. Client accounts will hold excess funds in cash, money-market funds, or other cash equivalents pending the identification of suitable investments; such amounts will be held either in clients' bank accounts, or in accounts of online platforms. The investment strategies summarized above represent Theorem's current intentions, are general in nature and are not exhaustive. Please refer to each Fund's offering documents for specific information regarding the investment strategy of each Fund.

Risk Factors

Investing involves risk of loss that clients should be prepared to bear. Below are some of the risks that investors should consider before investing in any account that Theorem manages. Any or all of such risks could materially and adversely affect investment performance, the value of any account or any security held in an account and could cause investors to lose substantial amounts of money. Below is only a brief summary of some of the risks that a client or an investor may encounter. Potential investors in a Fund should review such Fund's offering circular carefully in its entirety and consult with their professional advisers before deciding whether to invest. A potential client should discuss with Theorem's representatives any questions that such person may have before opening an account.

- Client accounts may not achieve their investment objectives. A strategy may not be successful and investors may lose some or all of their investment.
- Decisions with respect to the management of the Funds will be made solely by the Funds' general partner with the advice of Theorem. The success of the Funds will depend on the

ability of Theorem to identify and consummate suitable investments and to dispose of the investments at a profit.

- Client accounts are concentrated in loan instruments purchased on online lending platforms, which involve substantially higher risks than many investments in equities and related securities.
- There are relatively few online lending platforms through which Theorem purchases loan instruments, and the supply of such instruments is limited. Theorem must compete with other, often larger, investors for attractive loans to purchase. Decreases in the supply of loan instruments or increases in Theorem's assets under management may force Theorem to invest in less attractive instruments than it otherwise would.
- Theorem relies on online lending platforms to verify the identity of borrowers and their credit status. The platforms' verification procedures may yield incorrect results and may not be able to prevent fraud by borrowers.
- Consumer loans and related notes, trust certificates and similar instruments generally are not secured by collateral of the underlying borrowers and are not guaranteed or insured by any governmental agency or instrumentality or any third party.
- Theorem utilizes machine learning-based algorithms in identifying investment opportunities which, as with many developing technologies, presents risks and challenges that could affect its further development, adoption, and use, and therefore the Firm's business. Machine learning algorithms and technologies may be flawed. Moreover, state and federal regulators may enact regulation that limits the ability to use machine learning technologies.
- Theorem relies on a proprietary machine learning selection model as well as data and information supplied by third parties that are utilized by such model. If the model or data are incorrect or incomplete, any decisions made in reliance thereon may lead to the inclusion or exclusion of investment opportunities that would have been excluded or included had the model or data been correct and complete.
- Online lending models are relatively new, and federal or state regulators may undertake to regulate them in ways that adversely affect the profitability of investing through them.
- If a borrower fails to make a required payment on a loan within a specific number of days after the due date, the lending platform may pursue collection efforts in respect of that loan. The lending platform or collection agency may be unable to recover some or all of the unpaid balance of a non-performing loan. The Funds must rely on the collection efforts from the applicable lending platform and the designated collection agency.
- Lending platforms have begun to implement programs for borrowers that may have been adversely affected by economic conditions, which may involve periods of forbearance on principal and interest relating to the loans. These plans may adversely affect the value of the loans and may mask or delay the underlying expected default rates that the loans may ultimately experience.

- The Funds may not have a security interest in the whole loans it holds or in the loans that correspond to the notes, trust certificates and other instruments they hold, or in the proceeds of those loans. If a lending platform were to become subject to a bankruptcy or similar proceeding, the Funds' recovery, if any, with respect to those instruments may be substantially delayed and may be substantially lower than the principal and interest on such instruments.
- Online lending platforms have made arrangements for only limited backup servicing. If a platform fails or becomes insolvent, the backup servicer may be unable to adequately service the outstanding consumer loans. The backup servicer may also impose additional servicing fees, which would reduce the amounts available for payments to holders of loans and related instruments from that platform.
- Theorem relies on complex credit analysis tools in evaluating loans and constructing portfolios for client accounts. This technology may malfunction, become obsolete, or infringe the intellectual property rights of others, and third parties may reverse engineer it or otherwise obtain or develop competing technology.
- When buying CLIP loans from platforms, to the extent that the CLIP model underestimates the risk associated with certain loans and therefore assigns a lower rate of interest, it generally results in greater volumes of loan origination and lower expected returns, which may have the effect, if loans are retained by the platform or sold to third parties, of increasing the compensation to Theorem while simultaneously reducing the expected returns to the Fund.
- Theorem licenses the technology it uses to construct and manage loan portfolios from its parent company, Theorem Tech. Because Theorem does not own the technology, it is subject to additional risks relating to Theorem Tech, including Theorem Tech's bankruptcy or other business disruption that could make the technology unavailable to Theorem.
- Investing in fixed income instruments generated by online lending platforms involves special risks, including unfavorable changes in interest rates, unexpected levels of default by borrowers, increased default risk due to deflation, reduced present value of future payments due to inflation, and risk of unfavorable action by governmental bodies and the Federal Reserve in implementing their monetary policies.
- Theorem may not be able to obtain complete or accurate information about any loan and may misinterpret the information that it does receive.
- Theorem may engage in hedging, which may reduce profits, increase expenses and cause losses. Price movement in a hedging instrument and the security hedged do not always correlate, resulting in losses on both the hedged security and the hedging instrument. Theorem is not obligated to hedge a client's portfolio positions, and it currently does not do so.
- The Funds rely on financial, accounting and other data processing systems to evaluate certain investments, to monitor its portfolio and capital, and to generate risk management

and other reports that are critical to oversight of the Funds' activities. Certain of the Funds' activities will depend upon systems operated by third parties, including administrators and other service providers, and Theorem may not be in a position to verify the risks or reliability of such third-party systems. In addition, despite the security measures established by Theorem and third parties to safeguard the information in these systems, such systems may be vulnerable to attacks by hackers or breached due to employee error, malfeasance or other disruptions.

- An account may have higher portfolio turnover and transaction costs than a similar account managed by another investment adviser. These costs reduce investments and potential profit or increase loss.
- Theorem employs leverage, which increases volatility and risk of loss.
- The Funds are exposed to the credit risk of the counterparties with which, or the banks, brokers, dealers and exchanges through which, they deal. The Funds are subject to risk of loss on their assets on deposit with a bank or broker in the event of that bank's or broker's bankruptcy. In the case of any such bankruptcy or customer loss, the Funds might recover, even in respect of property specifically traceable to them, only a pro rata share of all property available for distribution to all of such broker's or dealer's customers.
- Counterparties such as online lending platforms, servicers, custodians and administrators with which Theorem does business on behalf of clients may default on their obligations.
- Cybersecurity incidents and cyber-attacks have been occurring globally at a more frequent and severe level and will likely continue to increase in frequency in the future. Theorem's information and technology systems may be vulnerable to damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches, usage errors by their respective professionals, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes, typhoons, earthquakes, wars, terrorist attacks and other similar events.
- Changes in economic conditions can adversely affect investment performance. At times, economic conditions in the U.S. and elsewhere have deteriorated significantly, resulting in volatile lending markets and large investment losses. Government actions responding to these conditions could lead to inflation and other negative consequences to investors.
- Loans and certain other instruments in which Theorem invests are generally illiquid, and the ability of Theorem's clients and investors to withdraw funds promptly from their accounts is limited.
- Clients' investments will be concentrated in online platform loans and related instruments. Therefore, declines in the lending markets or market-wide increases in loan defaults may cause significant losses.
- The Funds may incur significant transaction costs and expenses in connection with its purchases and sales of loans and related instruments, in addition to fees that platforms or servicers charge for servicing such instruments. These and other expenses of operating the Funds are paid out of the Funds' capital, reducing their investments and potential for

profitability. This risk is higher if the Funds have limited assets.

- With regard to certain of the Funds' investments, it is possible that the general partner and/or the investment manager and/or the Funds may be plaintiffs or defendants in civil proceedings. The expense of prosecuting claims, for which there is no guarantee of success, and/or the expense of defending against claims by third parties and paying any amounts pursuant to settlements or judgments would generally be borne by the Funds and would reduce net assets.
- Theorem values the Funds' assets but does not value each loan or loan-related instrument individually. The valuation of these debt instruments is based on Theorem's policies and procedures, which employ a discounted cash flow methodology developed in consultation with an independent third-party valuation firm. There is no reliable liquid market for the loans, notes, trust certificates or similar instruments the Funds hold, so the valuations of the Funds' portfolios are imprecise and subject to inherent conflicts of interest. Certain other instruments that the Funds may acquire in the future, including various swaps and other derivatives, may also be difficult to value. Theorem's valuation of these assets affects the management fees and performance fees investors pay to the Fund's general partner. If those valuations are inaccurate, any new or withdrawing investor may be adversely affected and the general partner might receive fees that are greater than those to which it otherwise would be entitled.
- Theorem and its affiliates and agents generally are not responsible to any client or investor for losses incurred in an account unless the conduct resulting in such loss breached Theorem's fiduciary duty to the client or investor.
- There is not and will likely not be an active market for interests in the Funds. It may be impossible to transfer any such interests, even in an emergency.
- The Funds may limit or suspend, and have in the past limited, withdrawals of an investor's assets from the Fund. Withdrawals that cannot be paid in cash may be deferred until sufficient cash is available.
- A Fund may establish a reserve for contingencies if Theorem considers it appropriate. Investors may not withdraw or redeem assets covered by that reserve until it is lifted.
- If the assets that Theorem and its affiliates manage grow too large, it may adversely affect performance, because it is more difficult for Theorem to find attractive investments as the amount of assets that it must invest increases.
- Due to the unique characteristics of the timing of defaults for consumer loans (*i.e.*, defaults tend to appear towards the middle of the life of a loan and taper off towards maturity), fresh or "unseasoned" loan pools tend to exhibit stronger returns than more seasoned loan pools. As a result, Fund performance may be adversely affected in the case of reduced subscriptions, increased withdrawals or the uneven distribution of loan vintages over time.
- The attorneys who represent Theorem or its manager do not represent clients or investors.

Clients and investors must hire their own counsel for legal advice and representation.

- A Fund may dissolve or expel any investor at any time, even if such actions adversely affect one or more investors.
- Theorem, a Fund administrator or any government agency may freeze assets that any of them believes a client holds in violation of anti-money laundering laws or rules or on behalf of a suspected terrorist, and may transfer such assets to a government agency. None of Theorem, a Fund or an administrator will be liable for losses related to actions taken in an effort to comply with anti-money laundering regulations.
- The Funds do not intend to make distributions, but intend instead to reinvest substantially all income and gain. Therefore, an investor may have taxable income from a Fund without a cash distribution to pay the related taxes.
- Federal, state and international governments may increase regulation of investment advisers, private investment funds and online lending activities, which may increase the time and resources that Theorem must devote to regulatory compliance, to the detriment of investment activities.
- Theorem's activities could cause adverse tax consequences to clients and investors, including liability for interest and penalties.

The above is only a summary of some of the important risks that a client or an investor in a Fund may encounter. Investors should review the offering documents of the Fund in their entirety before deciding to participate in an investment.

Item 9. Disciplinary Information

Theorem has no reportable disciplinary information.

Item 10. Other Financial Industry Activities and Affiliations

Theorem, its partners, members and employees are not registered, nor do any of the foregoing have any application pending to register, with the SEC as a broker-dealer or a registered representative of a broker-dealer.

Theorem Short Duration Liquidity GP, LLC, which serves as the General Partner to the single-investor fund, is an affiliate of Theorem as Theorem is the sole member of the LLC.

Theorem Opportunities Fund GP, LLC, which serves as the General Partner to Theorem Opportunities Fund, L.P., is an affiliate of Theorem as Theorem is the sole member of the LLC.

Theorem manages an internal employee investment vehicle which invests substantially all of its assets in certain funds managed by Theorem. Eligible employees participating in this internal investment vehicle represent that they are either (a) "qualified purchasers" as such term is defined

in 3(c)(7) of the Investment Company Act of 1940, as amended (the “40 Act”) or (b) meet the “knowledgeable employee” requirements of Rule 3c-5(a) of the 40 Act.

Theorem is currently approved to operate as an exempt commodity pool operator. If Theorem invests in commodity interests, it will act as a commodity pool operator or commodity trading adviser with respect to its clients, but in such cases, it will either ensure it continues to meet the requirements for exemption from registration with the Commodity Futures Trading Commission, or register as required.

Theorem licenses the technology it uses to construct and manage loan portfolios from its parent company, Theorem Tech.

Pagaya Tech and its affiliates engage in a broad range of activities, including the development, use and licensing of technology, financial services, investment advisory services, asset management services, securitizations, research, and sponsoring and managing private investment funds and other client accounts. Affiliates of Pagaya Tech include Pagaya Investments US LLC (“Pagaya US”), an SEC-registered investment adviser which manages investment funds and client accounts engaged in the same or similar investment activities as Theorem and the Funds; and Darwin Homes, Inc., Adoor Property Management LLC and related entities, which engage in real estate brokerage and perform property management and other services with respect to residential properties. These activities may present conflicts of interest, some of which are highlighted below.

Pagaya Investments US LLC is engaged in investment activities that are similar to, and compete with, the activities of Theorem and the Funds. Theorem and the Funds will be competing with Pagaya US and the investment funds, client accounts and securitizations managed by Pagaya US and its affiliates for investment opportunities. Pagaya Tech and its affiliates are not required to offer investment opportunities to Theorem and the Funds, and at times they may give priority to other accounts or vehicles managed by them.

Affiliates of Pagaya Tech sponsor, manage, administer and provide other services to securitizations, including securitizations in which the Fund may invest, and will receive fees for such services from such securitizations as described above, which fees will not offset or reduce the fees payable to Theorem by a Fund that invests in the securitization.

Item 11. Code of Ethics, Participation or Interest In Client Transactions and Personal Trading

Theorem has adopted a Code of Ethics in compliance with Rule 204A-1 under the Investment Advisers Act of 1940, that establishes standards of conduct for Theorem’s supervised persons. The Code of Ethics includes general requirements that Theorem’s supervised persons comply with their fiduciary obligations to clients and applicable securities laws, and specific requirements relating to, among other things, personal trading, insider trading, conflicts of interest and confidentiality of client information. It requires supervised persons to comply with the personal trading restrictions described below and access persons to report their personal securities transactions and holdings to Theorem’s Chief Compliance Officer (the “CCO”) for review. It also requires supervised persons to report any violations of the Code of Ethics promptly to the CCO. Each supervised person of Theorem receives a copy of the Code of Ethics and any amendments to

it and must acknowledge in writing having received those materials. Annually, each supervised person must certify that he or she complied with the Code of Ethics during the preceding year. Clients and prospective clients may obtain a copy of Theorem's Code of Ethics by contacting the CCO at compliance@theorempl.com or (415) 489-0457.

Under Theorem's Code of Ethics, Theorem and its manager, members and employees may not invest in loans or related instruments from online lending platforms. Such persons who already own such loans or instruments when they become employed by Theorem may not purchase additional loans or instruments. Theorem and its manager, members and employees may, however, invest in stocks and other types of securities for their own accounts, unless they appear on Theorem's Restricted List. Because Theorem does not currently invest client accounts in instruments other than loans, related instruments and cash equivalents, such securities investments by Theorem personnel do not create conflicts of interest with Theorem's clients. However, all Theorem Access persons must disclose to the Firm all personal brokerage accounts and report transactions in the securities of public and private issuers.

Notwithstanding the preceding paragraph, Theorem manages an internal employee investment vehicle which invests substantially all of its assets in certain Theorem Funds. Eligible employees participating in this internal investment vehicle represent that they are either (a) are "qualified purchasers" as such term is defined in 3(c)(7) of the 40 Act or (b) meet the "knowledgeable employee" requirements of Rule 3c-5(a) of the 40 Act.

Because Theorem manages more than one account, there may be conflicts of interest over its time devoted to managing any one account and allocating investment opportunities among all accounts that it manages. For example, Theorem selects investments for each client based solely on investment considerations for that client. Different clients may have differing investment strategies and expected levels of trading. Theorem may buy or sell a certain type of instrument for one client but not another or may buy (or sell) a certain type of instrument for one client while simultaneously selling (or buying) the same type of instrument for another client. Theorem attempts to resolve all such conflicts in a manner that is generally fair to all of its clients. Theorem may give advice to, and take action on behalf of, any of its clients that differs from the advice that it gives or the timing or nature of action that it takes on behalf of any other client so long as it is Theorem's policy, to the extent practicable, to allocate investment opportunities to its clients fairly and equitably over time. Theorem is not obligated to acquire for any client account any investment that Theorem or its managers, members or employees acquire for its or their own accounts or for any other client, if in Theorem's absolute discretion, it is not practical, desirable or consistent with that client's investment strategy to acquire such investment for that account.

The Funds have in the past sponsored and invested in the equity of securitization vehicles, including securitizations sponsored by Theorem and its affiliates, and it is expected that the Funds will in the future invest in the equity of securitizations sponsored by Pagaya Tech and its affiliates. In particular, it is expected that the Funds will invest in equity securities of securitizations sponsored by Pagaya Tech and its affiliates that are required to be held by the sponsor of the securitization in order to satisfy applicable risk retention rules. Holding such risk retention securities could benefit Pagaya Tech and its affiliates by reducing the amount of risk retention securities that must be retained by the sponsor of the securitization, and could also limit or restrict a Fund's ability to trade such securities, even if it would be in the Fund's interest to do so, in order to comply with applicable risk retention rules.

As noted above, Pagaya Tech and its affiliates engage in a broad range of activities, including development, use and licensing of technology, financial services, investment advisory services, asset management services, securitizations, research, and sponsoring and managing private investment funds and other client accounts. These activities of Pagaya Tech and its affiliates may give rise to conflicts of interest with the activities of Theorem and the Funds. Conflicts of interest that arise between a Fund and Pagaya Tech and its affiliates will be evaluated in order to determine the appropriate course of conduct, which, depending on the circumstances, may include consultation with or approval by the board of directors, a limited partner advisory committee, or another governing body or independent representative on behalf of a Fund. Any such evaluation will take into consideration the interests of the relevant parties and the circumstances giving rise to the conflict.

Item 12. Brokerage Practices

Theorem purchases loan instruments primarily through the trading platforms of online lending platforms, and therefore cannot negotiate or otherwise control the commissions or other fees charged for such purchases. To the extent Theorem collects a fee with respect to any loans purchased on those platforms by the Funds via a CLIP Program, Theorem will rebate such fees to the Funds; however, to the extent that the platforms retain such loans or sell them to third parties, Theorem will retain such fees.

To the extent that Theorem purchases or sells loans through a broker, Theorem intends to allocate clients' portfolio transactions among those platforms and brokers based on best execution.

Brokerage

While Theorem currently invests client accounts primarily in loan instruments as described above, Theorem does acquire and/or dispose of securities through the use of traditional brokerage services. As part of the evaluation process, Theorem's proprietary software helps Theorem investment personnel determine whether the securities are being offered at a reasonable price. However, Theorem will not base the selection of a broker on the lowest cost alone. Other factors considered when selecting a broker dealer for client transactions include, but are not limited to, the quality and speed of execution, the overall relationship with the broker, ease of settlement and the potential for financing options. Theorem does not receive client referrals for selecting or recommending broker dealers.

Soft Dollar Arrangements

Theorem does not participate in any "soft dollar" arrangements.

Online Platform Accounts

Online platforms typically maintain pooled bank accounts for the benefit of investors that purchase loan instruments directly. When Theorem invests a client account in such instruments, it will maintain some of its cash balances in the applicable platform's account, including funds committed for purchases that have not yet closed, and payments to the client that have not been withdrawn or invested again.

Custodial Agreements

Theorem retains banks to serve as the clients' custodians and to hold their accounts' cash, cash equivalents, and other short-term investments.

Trade Aggregation

Theorem does aggregate purchases or sales of loans, loan-related instruments, and other securities when the decision is appropriate for client accounts such as when the aggregation would allow for a more efficient or cost-effective transaction for all client accounts involved.

Directed Brokerage

Theorem generally does not permit clients to direct brokerage.

Item 13. Review of Accounts

Operationally, Theorem reviews liquidity on a daily basis and deployment. The Firm's Investment Committee expects to meet at least monthly to review asset allocation, portfolio construction, market conditions and liquidity management. The Chief Compliance Officer or designee reviews certain other aspects for regulatory compliance.

As further described in Item 15, Theorem uses independent third parties to conduct financial audits of the Funds. Additionally, each investor in the Funds receives a monthly fact sheet stating performance for the month and a quarterly letter discussing performance and investment outlook.

Item 14. Client Referrals and Other Compensation

Theorem does not directly or indirectly compensate or receive compensation from any person or firm for client referrals.

Item 15. Custody

Under SEC Rule 206(4)-2, Theorem is deemed to have custody of the securities and other assets of the Funds by serving as the General Partner or by having an affiliate serve as the General Partner, even though such securities and assets are maintained by a "qualified custodian." Investors in the Funds do not receive statements from such custodians. Instead, the Funds are subject to an annual audit conducted by an independent accountant registered with the Public Company Accounting Oversight Board ("PCAOB"), and the audited financial statements are distributed to each investor within 120 days of the Funds' fiscal year end.

Item 16. Investment Discretion

Theorem has discretionary authority to manage investment accounts on behalf of clients pursuant to a grant of authority in each Fund's limited partnership agreement.

Item 17. Voting Client Securities

Theorem does not anticipate investing in securities or instruments whose issuers solicit proxies from investors. Prior to investing in any such instruments Theorem will adopt appropriate proxy voting policies and procedures.

Item 18. Financial Information

Theorem does not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance. Theorem has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.

FACTS

WHAT DOES THEOREM PARTNERS LLC (“THEOREM”) DO WITH YOUR PERSONAL INFORMATION?

Why?	Financial companies choose how they share your personal information. Federal law gives consumers the right to limit some but not all sharing. Federal law also requires us to tell you how we collect, share, and protect your personal information. Please read this notice carefully to understand what we do.
What?	<p>The types of personal information we collect and share depend on the product or service you have with us. This information can include:</p> <ul style="list-style-type: none"> ▪ Social Security number and transaction history ▪ investment experience and assets ▪ account balances and account transactions
How?	All financial companies need to share customers' personal information to run their everyday business. In the section below, we list the reasons financial companies can share their customers' personal information; the reasons Theorem chooses to share; and whether you can limit this sharing.

Reasons we can share your information	Does Theorem share?	Can you limit this sharing?
For our everyday business purposes— such as to process your transactions, maintain your account(s), respond to court orders and legal investigations, or report to credit bureaus	Yes	No
For our marketing purposes— to offer our products and services to you	Yes	No
For joint marketing with other financial companies	No	We don't share
For our affiliates' everyday business purposes— information about your transactions and experiences	No	We don't share
For our affiliates' everyday business purposes— information about your creditworthiness	No	We don't share
For our affiliates to market to you	No	We don't share
For nonaffiliates to market to you	No	We don't share

Questions?	Call us at 1-888-436-6966, contact info@theorempl.com , or go to www.theorempl.com .
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What we do

How does Theorem protect my personal information?	To protect your personal information from unauthorized access and use, we use security measures that comply with federal law. These measures include computer safeguards and secured files and buildings.
How does Theorem collect my personal information?	<p>We collect your personal information, for example, when you</p> <ul style="list-style-type: none"> ■ show your government-issued ID or provide account information ■ give us your contact information or give us your income information ■ buy securities from us <p>We also collect your personal information from others, such as credit bureaus, affiliates, or other companies.</p>
Why can't I limit all sharing?	<p>Federal law gives you the right to limit only</p> <ul style="list-style-type: none"> ■ sharing for affiliates' everyday business purposes—information about your creditworthiness ■ affiliates from using your information to market to you ■ sharing for nonaffiliates to market to you <p>State laws and individual companies may give you additional rights to limit sharing. See below for more on your rights under state law.</p>

Definitions

Affiliates	<p>Companies related by common ownership or control. They can be financial and nonfinancial companies.</p> <ul style="list-style-type: none"> ■ <i>Theorem does not share with our affiliates</i>
Nonaffiliates	<p>Companies not related by common ownership or control. They can be financial and nonfinancial companies.</p> <ul style="list-style-type: none"> ■ <i>Theorem does not share with nonaffiliates so they can market to you</i>
Joint marketing	<p>A formal agreement between nonaffiliated financial companies that together market financial products or services to you.</p> <ul style="list-style-type: none"> ■ <i>Theorem doesn't jointly market</i>

Other important information

For Nevada Customers: We are providing you this notice pursuant to state law. If you prefer not to receive marketing calls from us, you may be placed on our internal Do Not Call List by calling 1-888-436-6966. You may also contact the Nevada Attorney General's office: Bureau of Consumer Protection, Office of the Nevada Attorney General, 555 E. Washington St., Suite 3900, Las Vegas, NV 89101; telephone number: 1-702-486-3132; email BCPINFO@ag.state.nv.us.

For California Customers: In accordance with California law, we will not share information we collect about California residents with nonaffiliates, unless the law allows. For example, we may share information with your consent, to service your accounts. We will limit sharing among our companies to the extent required by California law.