

Item 1: Cover Page - Form ADV Part 2A Firm Brochure



(Firm CRD # 298973 / SEC # 801-114198)

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This Form ADV Part 2A Brochure (or "Brochure") provides information about the investment qualifications and business practices of LotusGroup Capital, LLC ("LotusGroup Capital," "LGC," the "Adviser," "us," "we," or "our"), an investment adviser registered with the United States Securities and Exchange Commission. If you have any questions about the contents of this Brochure, please get in touch with us at 720.593.9861.

This Brochure's information has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or any state securities authority. Nothing in this document is to be construed as a recommendation or an endorsement by the SEC or any state securities authority or an offer of securities; please refer to the actual investment offering and related legal documentation for complete disclosures. Any reference to or use of the terms "registered investment adviser" or "registered" does not imply LotusGroup Capital or any of its associated persons have achieved a certain level of skill or training. Investments involve risk, including the possible loss of principal. An adviser's written and oral communications provide you with information you may use to determine whether to retain their services. As required by federal and state regulations, this Brochure is on file with the appropriate regulatory authorities.

Additional information about LotusGroup Capital, LLC is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2: Summary of Material Changes

Update

LotusGroup Capital reviews its Form ADV Part 2A Brochure at least annually to confirm it remains current. In this item, we are required to summarize only those material changes made to our Brochure since our last annual updating amendment of March 2024. Since our previous annual amendment, changes have been made to the following Brochure areas:

Personnel

- Quail Creek Production Corporation no longer owns a 55% financial interest in the firm as of 7/1/2024.
- Removed Mr. Louis Frank as IAR of affiliate firm LotusGroup Advisors, LLC as he has left the business as of 7/5/2024.
- Added Mr. Samuel Redman as an IAR of affiliate firm LotusGroup Advisors, LLC as he started on 6/3/2024.

IMPORTANT NOTE ABOUT THIS BROCHURE

This Brochure is not:

- an offer or agreement to provide advisory services to any person;
- an offer to sell interests (or a solicitation of an offer to purchase interests) in any Fund (as defined below); or
- a complete discussion of the features, risks or conflicts associated with any Fund.

As required by the Investment Advisers Act of 1940, as amended ("Advisers Act"), LotusGroup Capital provides this Brochure to current and prospective investors. Although this Brochure describes the investment advisory services and products offered by LotusGroup Capital, persons who receive this Brochure (whether or not from LotusGroup Capital) should be aware that it is designed solely to provide information about LotusGroup Capital as necessary to respond to certain disclosure obligations under the Advisers Act. As such, the information in this Brochure may differ from information provided in the relevant governing documents with LotusGroup Capital or any Fund. To the extent that there is any conflict between discussions herein and similar or related discussions in any such governing documents or agreement, the relevant governing documents or agreement, as applicable, shall govern and control.

Full Brochure Availability

This Form ADV Part 2A Brochure applies to all LotusGroup advisory accounts, including any accounts a client may open in the future. At any time, the adviser may amend this document to reflect changes in its business practices or for other required updates as mandated by securities regulators. Annually, we will provide clients - either by electronic means or by hard copy, with a copy of this Brochure or a "summary of material changes" notice from the document previously distributed.

Please retain this for future reference as it contains essential information concerning our advisory services and business. At any time, you may view the current disclosure brochures on-line at the SEC's Investment Adviser Public Disclosure website at <https://adviserinfo.sec.gov/> by searching for the firm name or CRD # 298973. You may also request a copy by contacting us at 720.593.9861.

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Item 4: Advisory Business

Description of the Advisory Firm

LotusGroup Capital, LLC ("LotusGroup Capital", "LGC", or the "Adviser") is a federally registered investment adviser founded in September 2018 as a Colorado limited liability company. It was formed under the Colorado Limited Liability Company Act, as amended, and organized under Colorado's laws. LGC is authorized to do business in any state but currently has specific registration in Colorado and Delaware.

Principal Owners

Organizational Structure

LotusGroup Capital's principal owners are Raphael A. Martorello, Managing Member (80.84%) and Louis C. Frank, CAIA, Partner, and Private Portfolio Manager (3.39%), Nicholas Pirnack, Partner (0.45%), and Stephanie Schlemeyer, Partner (0.32%). Additionally, Mr. Martorello formed both the advisory firm LotusGroup Capital and the private investment funds it manages, the life settlement fund ("LLF"), LGA IncomePlus Fund, LP ("IPF"), LotusGroup IncomePlus Fund II ("IPFII"), and LotusGroup IncomePlus Fund III ("IPFIII") (hereafter, the "Funds,").

LotusGroup Capital, LLC, is the Investment Manager of the Funds. Mr. Martorello manages LotusGroup Capital. LGC, as the Adviser and Fund Manager, maintains sole and complete authority to manage the Fund's activities and those of its affiliated Partner: LLF (Special Member), LLC, the Adviser's carried interest holding company. Mr. Martorello also maintains 86.76% ownership and full authority to manage LotusGroup Advisors, LLC ("LGA"), a separate but affiliated registered investment advisory firm and related adviser, also located in Denver, CO.

LotusGroup Advisors, LLC, collectively with the Manager and other affiliates, form "LotusGroup." *(Please see Mr. Martorello's LGC Form ADV Part 2B – Brochure Supplement for additional details on his formal education, business background, and outside business activities.)*

Types of Advisory Services Offered

LotusGroup Capital LLC offers a specific kind of advisory service; the Adviser focuses exclusively on one type of advisory service - managing private investments.

Private Fund Management Services

For the life settlement fund, LotusGroup Capital serves as the Managing Member, the Investment Manager, and the fiduciary of various funds and is a Delaware limited liability company launched on October 15, 2018. LotusGroup Capital's clients are the Funds themselves, to whom the Adviser provides discretionary advisory services. LGC's role is to source and manage individual investments and the Fund's various service providers.

Investment Objective

The primary objective of LotusGroup Capital seeks to pool investment funds of its investors for the primary purpose of long-term capital appreciation and a secondary goal of generating income. The Funds seek to achieve this objective by investing primarily in various life settlement contracts with Net Asset Value ("NAV") that increase over time, with potential sales of such contracts to generate gains and eventual maturities that produce realized gains/income to the Funds.

The Funds seek to preserve capital by investing in recession resilient sectors with low correlation to public markets & the economy. Most asset-backed investments deliver attractive current yields ("Income") relative to fixed income options available in the public markets. Additional capital gains accrue upon investment exits ("Plus") for select investments within the Funds. The Funds provide exclusive access to pre-existing relationships to achieve their stated goals using a fund-of-funds approach. The Investment Manager has also negotiated for direct access to purchases, such as co-investments. The Investment Manager will be sourcing direct investment opportunities within the Funds' targeted theme of asset backed and recession resilient categories, defined as investments that are not fully exposed to cyclical market effects during a downturn uncorrelated to economic or public market events.

Fund Management

As Investment Manager, LGC has complete authority to manage the Funds' activities. LGC has sole responsibility for researching, selecting, and monitoring Fund investments and deciding when and how much to invest or withdraw from

each particular investment. Funds cannot impose restrictions on investing in particular securities or types of securities within it. LGC maintains ongoing monitoring, surveillance, and management of each of the investments within the Funds and will guide the GPs on fund reserves, distributions, and exits.

Manager

Currently, the Manager is set up with a Chief Investment Officer (CIO) and a growing Asset Management Team, as further described:

Fund Monitoring

There is no maximum size limit for the Funds unless otherwise stated or agreed upon, given its open-ended approach, as the Funds may be in a perpetual state of fundraising. As Manager, LGC will devote such time and attention to the Funds' activities as deemed necessary for the administration of Fund affairs. LGC will maintain ongoing monitoring, surveillance, and the management of each investment within each Fund and oversight on appropriate fund reserves, distributions, and exits.

Assets Under Management

As of December 31, 2023, Lotus Group Capital's assets under management total \$143,667,814. The following represents assets under management by account type:

Type Of Account	Assets Under Management
Discretionary	\$ 143,667,814
Non-Discretionary	\$ 0
Total	\$ 143,667,814

Item 5: Fees & Compensation

Private Fund Management Services

LotusGroup Capital is compensated for its advisory services to the Funds through a management services fee ("Management Fee"). The management fees charged may differ based on the Fund, the share class, and other factors. ***All management fees are negotiable under certain circumstances up to the maximum annual rates listed above.***

LLF typically charges management fees on a quarterly basis. The management fee assessed may be negotiated as described further in the Fee Negotiation Availability section below.

The IncomePlus Funds management fee is assessed quarterly and is typically driven by the share class of investment into the respective fund. Investments in the IncomePlus Funds are typically available in three share classes; Class A, Class B, and Class C.

- Class A is for existing LGA clients and includes a 0% management fee to eliminate redundancy for clients already paying a management fee for wealth management services. Class A investors are only charged a 5% incentive fee on distributed Fund gains after 100% of their capital is returned. The intent of this 0% management fee share class is to minimize conflicts of interest for existing clients to choose to invest in the Fund versus other alternatives with LGA (public investments, cash, direct private placements, etc.). To align LGA's interests with those of LGC clients, LGC has structured these fees to be received only on the back end, after clients have received all invested capital.
- Class B shares are for non-LGA clients who want to access the asset class but prefer to manage the remainder of their assets outside LGA. Class B shares have a 1% management fee and a 10% incentive fee, but Class B investors are not charged a management fee as a wealth management client. In all cases, investors must be a Qualified Client, which is a more financially robust designation than an Accredited Investor.
- Class C shares are for previous LGA clients holding Class A shares; upon the termination of the Advisor relationship, the shares convert to Class C, with the same fee schedule as Class B shares.

Fee Negotiation Availability

Management Fees are negotiable under certain circumstances, subject to certain limitations and Manager approval. To the extent fees are negotiable, some investors can pay more or can pay less than others for the same investment, depending, but not limited to, investment date, number of related investments, or total assets under management. At the Manager's discretion, Fund investments made by members of the investor's family (husband, wife, and dependent children) or related businesses can be assessed fees based on the total balance of all investments/contributions.

Organizational Expenses

The Funds, at times, may incur organizational expenses in connection with its organization, including legal and accounting fees and related disbursements and other charges incurred in connection and in addition to that, and costs concerning the initial offering of interests in a Fund (including travel and accommodations of personnel of the Manager). Organizational expenses are typically initially funded by the Manager and reimbursed by the Fund(s) in a manner over an appropriate period as determined by the Fund's governing documents and/or auditors.

Operating Expenses

The Adviser will pay all its own ordinary administrative and overhead expenses, including all costs and expenses on account of salaries, wages, bonuses, and other employee benefits. The Funds may be subject to certain operational expenses as allowed under the appropriate Fund's governing documents. The term "Operating Expenses" means all commissions, research fees, interest on margin accounts and other indebtedness, borrowing charges, custodial fees, bank service fees, and any other reasonable expenses related to the evaluation, acquisition, monitoring, or disposition of Fund investments, accounting, audit, legal, technical, taxes, and additional governmental charges, insurance premiums and other operating expenses and all expenses in connection with the offer and sale of limited liability company interests or limited partnership interests in the Funds, as will be determined by the Manager in its sole and absolute discretion. Operating Expenses are to be assessed in accordance with the appropriate Fund's governing documents. Regarding LLF, each Member will typically be charged for a proportionate share of all Operating Expenses. With regard to the IPF Funds, each of the IPF Funds are charged their appropriate percentage of Operating Expenses incurred.

Other Possible Types of Fees or Expenses

In addition to management fees, organizational expenses, and operating expenses, investors can incur certain charges imposed by third parties. Examples of these fees include but are not limited to markups, markdowns, commissions, bank fees, custody fees, and dealer profits. A third-party can also impose charges for unique services elected by investors such as electronic fund wire transfers or other electronic fund fees, certificate delivery, American Depositary Receipt ("ADR"), and transfer taxes mandated by law. Specific portfolios managed by LGC could also include transactions in foreign securities, which can require execution on international stock exchanges, which will result in additional transaction expenses. Such charges and fees are exclusive of and in addition to the Funds fees already described and may be assessed to the Funds as appropriate.

LotusGroup Capital will take all precautions to keep such pass-through costs at a minimum and will not receive compensation from these pass-through expenses. However, while LGC tries to choose third parties with reasonable fees, the Firm cannot control the fees the third-parties charge. *(See "Brokerage Practices" for additional details on this topic.)*

Conflicts of Interest & Compensation for the Sale of Securities or Other Investment Products

Accepting payment for the sale of securities or other investment products presents a conflict of interest. It can give LGC or its Adviser Representatives an incentive to recommend investment products based on the compensation received other than on a client's needs. There exists an inevitable inherent and potential conflict of interest between the Adviser and their affiliates. LGC attempts to mitigate such conflicts by placing client interests ahead of those of the Adviser, its Adviser Representatives, and its associates, through appropriate share class designations for investments made in the IPF Funds by advisory clients at the Adviser's affiliate firm, LGA., through regular training with all LGC personnel, and other measures as deemed appropriate. Clients have the option to purchase similar investment products through other brokers or agents not affiliated with the Adviser.

Additional details of how LGC mitigates conflicts of interest can be found in the firm's comprehensive Code of Ethics document (available for review upon request).

Item 6: Performance-Based Fees & Side-By-Side Management

LotusGroup Capital may, subject to the provisions of the applicable Fund's governing documents, receive allocation distributable cash flow (considered a "carried interest", or a performance-based fee). This allocation of distributable cash flow to LGC is typically included in the disbursement of distributable cash flow attributable to all partners in an LGC Fund. Any such distributable cash flow is typically measured as a percentage of profits from the received distributions of underlying investments, distributed to the appropriate investor class as outlined in the applicable Fund's governing documents.

Please refer to Items 4, 5, and 8 for more information on LGC's Funds.

Item 7: Types of Clients

The Adviser provides discretionary management and advisory services to the Funds directly and not individually to Fund investors.

Interests in the Funds are offered pursuant to applicable exemptions from registration under the Securities Act and the Investment Company Act. Investors in the Funds are generally expected to be "qualified purchasers" under the Investment Company Act and typically include, among others, high net worth individuals, institutions, family offices, pension and profit sharing plans, RIAs, trusts, estates, endowments, and other such entities or qualifying individuals. Details concerning applicable LotusGroup Longevity Fund and LotusGroup Capital IncomePlus Fund investor suitability criteria are outlined in the relevant Fund's Offering Memorandum and accompanying legal documents.

Minimum investment size will vary depending on the Fund and shall be stated in the respective Fund's governing documents. The LotusGroup Longevity Fund requires a minimum initial subscription of a Member for Investment Class Interests is one hundred thousand dollars (\$100,000). For LLF Founder Class Interests, it is one million dollars (\$1,000,000). For the IncomePlus Funds, LGC requires a typical minimum investment of two-hundred and fifty thousand dollars (\$250,000). In their sole and absolute discretion, the Fund's General Partner or Manager can permit investments of a smaller amount.

Item 8: Methods of Analysis, Investment Strategies & Risk of Loss

Method of Analysis

LotusGroup Longevity Fund

The Fund will initially source policies from the secondary market through leading, industry-recognized providers. We've secured a pre-negotiated service agreement with one provider and plan to expand to others, with a future focus on developing direct-to-consumer channels.

All sourced policies will undergo rigorous due diligence before purchase. To execute the Fund's objectives, the Portfolio Management team will use a defined buy-box to filter policies, collaborate with ITM Twenty-First to manage ongoing updates to medical records and life expectancies and work with the Administrator and auditor to update NAVs quarterly. Additionally, the team will engage with selling partners to identify high-demand market segments and assess when to sell parts of the portfolio on the tertiary market before maturity.

For more details on investment methods, analysis, and strategy, please refer to the funds PPM, the amended and restated Operating Agreement of the Fund, and the related Subscription Agreement.

IncomePlus Funds

The Fund will primarily invest in a diversified portfolio of predominately asset-backed private alternative investments. The portfolio will consist of a concentration of proven partners with the addition of select emerging managers. The Fund will consist of investments in LP products, direct co-investments, and SMA structures. The diversification of the portfolio will typically be focused on specialty finance, real estate, and infrastructure.

All fund investments go through a rigorous due diligence process. While the broad mandate of underlying investments may change, the process for analyzing and investing in these products will remain the same. The team produces a detailed due diligence report consisting of operational due diligence, background checks of key team, and other areas of focus. The portfolio management team will focus on the investments to meet the overall fund objectives of capital appreciation and income for the investors.

For more details on investment methods, analysis, and strategy, please refer to the funds PPM, the amended and restated Operating Agreement of the Fund, and the related Subscription Agreement.

Investment Strategies

LotusGroup Longevity Fund

The Manager intends to purchase life settlement contracts across various carriers, disease types, genders, ages, life expectancies, premium payment schedules, and product types. Excess cash and premium reserves will be held in the custody of the Fund's Custodian and as such could be invested in a variety of short-term money market instruments, including, without limitation, commercial paper, certificates of deposit, United States Treasury Bills, and open-end mutual funds primarily holding similar securities. The Fund will lack diversification, for it will comprise investments in a single asset class only, as opposed to investments across multiple asset classes or industries. The Fund can also take advantage of other life insurance-related investment strategies and other life insurance-related investment opportunities without limitation if, in the opinion of the Manager, such investments would aid in achieving its investment objective.

IncomePlus Funds

The Adviser intends to source alternative investment opportunities....

The Partnership's primary investment objective is to seek capital preservation and total return through investments in private-market assets. The Partnership's secondary investment objective is to produce current yield that may be distributed quarterly to investors. The Investment Manager believes that private illiquid investments may provide benefits to a disciplined long-term investment strategy, including: positive total return expectations, diversification from public markets and the broader economy, capital preservation and risk-adjusted yield. Furthermore, the Investment Manager believes that a diversified fund structure allows investors to access a broad basket of private assets within a single investment vehicle and to reduce single Portfolio Manager risk. The Partnership aims to invest in three categories: infrastructure, specialty finance, and real estate. Within these investment categories, the Investment Manager will predominately focus on investments that are asset-backed.

Risk of Loss

All investing is subject to risk. Consequently, all investments entail a significant degree of risk, including the risk of loss of principal (i.e., the risk that the value of securities, when sold or otherwise disposed of, can be less than the price paid for the securities). Assets for management should only be committed that can be invested for the long term. Volatility from investing can occur, and the value of an investment can, at any time, be worth more or less than the amount invested. Even if the value of the securities when sold is higher than the price paid, there is the risk that the appreciation of the securities will be less than inflation. In other words, the purchasing power of the proceeds can be less than the purchasing power of the original investment. Further, it is impossible to predict with exact certainty the degree of profitability, if any, that can be achieved from the investment strategies described herein.

LotusGroup Capital's practices can also, in some circumstances, increase any adverse impact on which an investment portfolio can be subject. LGC endeavors to commit resources among the various investments and strategies consistent with the philosophy and process articulated within this brochure and in response to changing market conditions and opportunities. No assurance can be made that profits will be achieved, or that substantial losses will be avoided, and no inference to the contrary should be made.

Risks of Specific Securities Utilized

An investment in the Fund entails a degree of risk and should be undertaken only by investors capable of evaluating the risks of the Fund and bearing such risks. Prospective purchasers of Interest should carefully consider the following factors in connection with a purchase of Interests. The following list of risk factors does not intend to be a complete enumeration or explanation of the risks involved in an investment in the Fund. Prospective investors should read the Fund's entire Confidential Offering Memorandum and consult with their advisers before deciding whether to invest in the Fund. As the Fund's investment program develops and changes over time, an investment in the Fund can be subject to additional risk

factors.

Market Risks

Risks of Investing in Life Settlement Contracts - Investing in life settlement contracts can or cannot be riskier than other types of investments and can result in losses. Investors in the Fund should expect that the value of their Interests can rise and fall more dynamically than some conservative investment strategies that emphasize other types of investments while having typically had lower historical volatility relative to other investments such as public equities. Over time, market forces can be highly dynamic and cause markets to move in cycles, including periods when prices generally rise and periods when they decline typically. Markets tend to move in cycles with short or extended periods of rising and falling prices.

The value of a life settlement contract can fall because of:

- an increase in the market discount rate,
- an increase in the life expectancy of any policy,
- a cost of insurance increase in premiums from a carrier on a specific insurance product;
- improper original issuance by the carrier (albeit this is checked during the provider's due diligence process, and providers often have a guarantee with insurance against this risk),
- an inability to get an updated Life Expectancy (or "LE") on a policy due to lack of a HIPAA, and
- the insured gets closer in age to the maturity date (past this point, the policy owner no longer receives the death benefit; just the cash value is close to 0 in life settlement contracts). LLF will focus on policy maturity dates far over life expectancy tables. Suppose there is an actuarial probability of reaching such maturity. In that case, it will be limited to no higher than 7%, and the offered purchase price on the policy shall be discounted by an amount that achieves a mathematical expectation over market discount rates.

There is a risk that the Manager will not accurately predict the applicability or impact of these and other factors on markets or investments. As a result, the Fund's investment decisions cannot accomplish what it was intended to achieve. These risks can be elevated during specific periods, including periods in which the values of life settlement contracts are highly correlated with one another. The value of life settlement contracts also can be influenced by changes in investor sentiment, such as perceptions as to whether investments in these assets provide attractive returns in the context of the risks being assumed. At times, negative sentiment and adverse perception of certain investments can be predominant, or investors can avoid investment in life settlement contracts altogether.

Changes in Applicable Law -The Fund is subject to and must comply with various laws, regulations, and legal requirements in various jurisdictions, including on a state or local level, and requirements imposed by the securities laws, tax laws, and pension laws in various jurisdictions. If any of those laws change and their interpretation, the legal requirements to which the Fund and the Members can be subject could differ materially from current requirements. Accordingly, any change in these laws or regulations, or their understanding or any failure by LGC or its affiliates to comply with these laws or regulations can adversely affect the Fund. Also, the current tax treatment of an investment in the Fund can be modified by legislative, judicial, or administrative action at any time, and any such action can affect investments and commitments previously made. The rules dealing with taxation are always under review by persons involved in the legislative, administrative, and judicial process, resulting in revisions of regulations and revised interpretations of established concepts as well as statutory changes. Revisions in the tax laws could adversely affect the Fund's tax consequences or the tax consequences of an investment in the Fund.

Federal & State Securities Laws Compliance - The federal securities laws can be determined to apply to life settlements. Also, some states treat the sale of life settlements as the sale of securities and require registration in such states. Almost all state securities regulators have begun to regulate the sale of interests in life settlements as the sale of securities. Some state securities regulators have taken the position that the purchase of an interest in a life settlement is an "investment contract" that falls within the definition of "security" under state securities acts. Some state legislatures have amended state securities acts to specifically add viatical and life settlement contracts to the description of a "security." However, because the Fund will be acquiring life settlement policies, the Fund believes that such laws will have little impact on purchasing the policies by the Fund. Nevertheless, securities regulators or the sellers of the

policies can challenge that assumption. The Manager intends to monitor federal and state laws and regulations and changes in such federal and state laws and regulations through an internal compliance department.

The Fund's Investment Activities - The Fund's investment activities involve a significant degree of risk. The performance of any investment is subject to numerous factors that are neither within the control nor predictable by the Manager. Such factors include a wide range of economic, political, competitive, and other conditions that can affect investments in general or specific investments. As a result of the nature of the Fund's investing activities, it is possible that the Fund's financial performance can fluctuate substantially on a quarterly or annual basis. Also, it could experience a capital loss in any quarter because of the Fund's long-term orientation, and perhaps even over a calendar year.

Inflation Risk - When inflation is present, a dollar today will not buy as much as a dollar next year because purchasing power is eroding at the rate of inflation.

Systemic Risk - World events and/or the activities of one or more large participants in the financial markets and other events or actions of others could result in a temporary systemic breakdown in the regular operation of financial markets. Such events could result in the Fund losing substantial value caused predominantly by a general loss of liquidity in the financial markets, which could arise in the Fund incurring significant losses.

Fund Risks

Dependence on the Manager & Key Personnel - All decisions concerning the Fund's assets and the general management of the Fund will be made by the Manager and rely on key employees and third-party partnerships. As a result, the success of the Fund for the foreseeable future will depend largely upon the Manager's ability. If any of the Manager's key employees leave or become incapacitated for any period, particularly Mr. Raphael A. Martorello, or if any third-party partnerships are terminated, the profitability of the Fund's investments can suffer. To help mitigate such risks, the Manager relies on a key-man playbook with affiliated-firm LotusGroup Advisors, which has been in business for 14 years and has other vital partners besides Mr. Martorello, who would execute the key-man playbook. For third-party partnerships, the Manager has identified and continuously develops alternative relationships to reduce continuity risks. Although investment professionals employed by LGC will commit a portion of their business efforts to the Fund, except as can be required by the Fund's Governing Documents, they are not required to devote all of their business time to the Fund's affairs; they will spend business time to other aspects of LGC's business.

Fees & Expenses - The Fund's operating expenses, including, but not limited to, the Incentive Allocation and the Operating Expenses, can, in the aggregate, constitute a high percentage relative to other investment entities.

Frequency of Trading - Some of the Manager's strategies require frequent trades to take place and, consequently, portfolio turnover and brokerage commissions, expenses, and other trading costs can be higher than for other investment entities of similar size.

In-Kind Distributions - In certain circumstances as described in the Fund Agreement, the Manager can make distributions of the Fund's investments "in-kind" to individual Members. In-kind distributions can be subject to limited liquidity. Members can be responsible for their costs associated with the maintenance or disposition of such holdings, which could affect the Member's return if the distribution in-kind not occurred.

Lack of Diversification - The Fund's portfolio will not generally be diversified among a wide range of contracts, geographic regions, industries, or asset classes. As such, the Fund can be exposed to wider fluctuations in portfolio value than otherwise would be the case if the Fund were required to maintain a high degree of diversification among its investments. The Fund will have no restrictions on the number of Fund assets invested in a policy. Therefore, in general, the Fund can be subject to higher concentration risk than a well-diversified portfolio.

Limited Liquidity - Fund Interests are not transferable without the Manager's prior written consent, which consent can be withheld for any reason or no reason at all, in the Manager's sole discretion. Fund Interests have not been registered under the Securities Act, and no market will exist for the Fund Interests. Moreover, withdrawals from the Fund are

subject to limitations, as discussed in further detail in the Fund Agreement.

No Right to Control the Fund's Operations - Under the Fund's Governing Documents, investors will have no rights or power to take part in the management of the Fund or to control the Fund's day-to-day operations or business, including investment and disposition decisions. To protect their limited liability from the liabilities and obligations of the Fund, investors must rely entirely on LGC to conduct and manage the Fund's affairs. The success of the Fund is expected to be dependent significantly upon the expertise of the certain Key Persons, and there can be no assurance that current LGC personnel will continue to manage the Fund throughout its term. The loss of the services of one or more of these individuals could have a material adverse effect on the performance of the Fund and the value of an investment in the Fund.

Partial Regulatory Oversight - The Fund will not be registered as an "investment company" under the ICA. Consequently, the Members will not benefit from the protections afforded by such statute. There is no assurance that such exclusion will continue to be available. As a result of such exclusion, the Fund will not be subject to various compliance rules and regulations that would otherwise be applicable.

Portfolio Turnover Risk - The Manager will buy and sell contracts for the portfolio as necessary to achieve the Fund's objective without regard to turnover frequency. The Fund has no restrictions as to the amount of portfolio turnover. The Fund's turnover will vary over time, depending on the investment opportunities available. A high turnover rate involves more significant transaction costs paid by the Fund.

Regulatory Risks

Presence of Taxable and Non-Taxable Members - The Fund can have Members who are subject to U.S. federal and state income tax laws as well as Members who are exempt from or can have deferral benefits under these laws, such as non-profit corporations, IRAs, or certain trusts, including charitable remainder trusts ("CRTs"). While not a primary objective of the Fund, the Manager generally seeks to minimize taxes and capital gains when managing client portfolios. Based on this, the second category of investors can receive a rate of return that would be lower than the rate that could be achieved if the Fund did not have this tax objective. See also "Tax Risks" below.

Relation to Other Investment Results - The nature of, and risks associated with, the Fund's future investments can differ substantially from those investments and strategies undertaken historically by the Manager, the professionals of the Manager, or any other person described in this Memorandum. There can be no assurance that the Fund's investments will perform as well as the past investments of the Manager or the professionals of the Manager, or will perform as well as its affiliates, other clients, or any other person described in this Memorandum.

Reserve for Contingent Liabilities - Under certain circumstances, the Manager can find it necessary to establish a reserve for contingent liabilities or withhold a portion of the Member's withdrawal amount at the time of withdrawal, in which case, the reserved part would remain at the risk of the Fund's activities.

Side Letters - The Manager can, in its sole and absolute discretion, from time to time cause the Fund to enter into specific agreements with one or more Members, under which such Members can receive additional or different rights from those specified in the Fund Agreement, including without limitation, rights relating to withdrawals, reports, fees, and other matters.

Valuation of the Fund's Assets - The Fund's portfolio investments are not expected to be publicly traded. As such, the fair value of investments cannot be readily determinable. Because valuations of private investments are inherently uncertain and can be based on estimates, LGC's determinations of fair value can differ materially from the values that would have been used if a readily available market for these investments existed and can differ materially from the values that the Funds can ultimately realize. The Manager will value the assets held by the Fund per the Fund Agreement. When no market exists for investment or when the Manager determines that the market price does not fairly represent the investment value, the Manager will value such investment as it reasonably determines, in its sole and absolute discretion.

Withdrawals - subject to applicable Lock-Up Periods. After that, as of the last day of each quarter, Members can

withdraw part or all their Capital Accounts upon at least one hundred eighty (180) days prior written notice, and at such other times as the Manager determines. Thus, a Member cannot be able to obtain cash from the Fund at specific times. Withdrawals are also subject to the liquidity of the Fund's investments. In its sole discretion, the Manager can require a Member to leave a balance in the Member's capital account that covers any assets of an illiquid nature until a liquidation event occurs for such assets can be affected. Because the Manager can allocate to the withdrawing Member reasonable expenses associated with the withdrawal, the actual amount distributed to the Member can be less than the amount requested, including the liquidation of the Member's interest in the Fund. Also, if a Member's withdrawal request is satisfied by the distribution of assets, such Member can incur brokerage commissions and other expenses connected with the maintenance and disposition of such assets. In its sole and absolute discretion, the Manager can also require a Member to withdraw from the Fund under certain circumstances specified in the Fund Agreement.

General Risks

Business Risks - The Fund invests in assets that can be classified as highly illiquid. Risks are associated with a specific industry or a company within an industry.

Cybersecurity Risks - In connection with the increased use of technologies such as the Internet and the dependence on computer systems to perform necessary business functions, the Fund can be susceptible to operational, information security, and related risks due to the possibility of cyber-attacks or other incidents. Cyber incidents can result from deliberate attacks or unintentional events. Cyber-attacks include, but are not limited to, infection by computer viruses or other malicious software code, gaining unauthorized access to systems, networks, or devices that are used to service the Fund's operations through hacking or other means to misappropriate assets or sensitive information, corrupt data, or causing operational disruption. Cybersecurity failures or breaches by the Fund's third-party service providers can cause interruptions and impact the service providers' and the Fund's business operations, potentially resulting in financial losses. The Fund can incur substantial costs to prevent or address cyber incidents in the future.

Lack of Separate Representation - Neither the Fund Agreement nor any of the agreements, contracts, and arrangements between the Fund, on the one hand, and the Manager and its respective affiliates, on the other hand, were or will be the result of arms-length negotiations. The attorneys, accountants, and others who have performed services for the Fund connected with the private placements described in this Memorandum and who will deliver services for the Fund in the future have been and will be selected by the Manager.

Limitation of Manager's Liability and Indemnification of the Manager - Under Delaware law, a manager is accountable to the members as a fiduciary and, consequently, must exercise good faith and integrity in handling affairs of the limited liability company. The Fund Agreement provides that the Manager shall be indemnified against and shall not be liable for any loss or liability incurred in connection with the affairs of the Fund, so long as such loss or liability arising from acts performed in good faith and not involving any fraud, gross negligence, or willful misconduct. Therefore, a Member can have a more limited right of action against the Manager than a Member would have had to absent these provisions in the Fund Agreement. See "Fiduciary Responsibilities of the Manager."

No Assurance of Investment Return - Neither the Fund, its General Partners, or managing members, LGC, or any other person can assure that they will be able to choose, make and realize investments in any investment or portfolio of investments. There is no assurance that the Fund will be able to generate returns for its investors (specified herein or otherwise) or that the returns will be commensurate with the risks of investing in the types of investments and transactions described herein or comparable to the Fund's targeted returns. The marketability and value of any such investment will depend upon many factors beyond the control of LGC. The Fund can suffer defaults on its investments and can find it difficult or uneconomic to realize its investments. An investor could lose the entire amount of their contributed capital and should only invest in a Fund if they can withstand a total loss of their investment. While LGC intends to make investments that have projected returns commensurate with the risks undertaken, a total loss of the investment is possible on any given investment.

Uncertainty of Financial Projections - Financial projections are by their nature inherently subject to risk. They are dependent

upon some factors, not all of which are within the control of the Fund. Some of the factors that will affect the Fund's results include political events, taxes, access to capital, competition with other institutions, some of which can have more significant financial resources than LGC, financing risks, cap rates, interest rates, and others. While the bases for any returns are believed to be reasonable by LGC's management, actual events will likely differ from LGC's assumptions such that actual results will similarly differ from those presented. Accordingly, there can be no assurance that returns will be achieved, and actual results can vary significantly from such expected returns.

Tax Risks

Investors are strongly urged to consult their tax advisor concerning possible federal, state, local, and foreign tax aspects of an investment in the Fund. Tax consequences can differ for different investors, and investors could be affected by future changes in the tax laws.

Delayed Schedule K-1s - Each Member's allocable share of the Fund's tax items for each Fiscal Year will be reported to such Member on a Schedule K-1. The Manager will endeavor to provide a final Schedule K-1 to each Member for any given Fiscal Year as soon as practicable after the end of such Fiscal Year. If Schedule K-1 is unavailable by April 15 of the following year, a Member will either have to file for an extension and pay taxes based on an estimated amount or file a return, pay taxes, and then file an amended return final Schedule K-1 is received.

Limitations on Deductions - A Member's ability to claim deductions for expenses and losses of the Fund, including capital losses, will be subject to various restrictions.

Publicly Traded Partnership Risk - The Fund expects to be classified and treated as a partnership for U.S. federal income tax purposes. Under certain circumstances, however, the Fund can be regarded as a "publicly traded partnership" for U.S. federal income tax purposes, if, for example, Interests in the Fund are traded on or considered to be readily tradable on a secondary securities market (or the substantial equivalent thereof).

If the Fund were to be determined to be a publicly traded partnership, this treatment could have various potential adverse tax consequences for the Fund and the Members, including, but not limited to: (i) imposition on the Fund of U.S. corporate income tax filing and payment obligations; (ii) treatment of distributions paid by the Fund to the Members as dividends for federal income tax treatment to the extent paid out of current or accumulated earnings and profits of the Fund, and/or (iii) inability (or significant limitations on the ability) of Members to benefit from pass-through treatment of the Fund's items of income and loss.

Tax Audit - A taxing authority can audit the Fund's tax returns, and the audit can result in adjustments to a Member's allocable share of tax items of the Fund. If an audit results in a change, such modification generally will be determined and made at the Fund level. The Fund will make payment of tax (including interest and penalties). Such tax liability will be established without the benefit of Member-level tax items that could otherwise reduce the tax due on any adjustments. These rules could shift the cost of any audit assessment to those persons that are Members in the year of the evaluation from the Members who benefitted from the underpayment in earlier years and could result in a liability to the Fund that exceeds the underpayment in tax of the Members in the previous years, as well as interest and penalties. The Fund might elect to have the assessment made against the Members in the year under review in which event each Member would be required to consider such adjustment at the Member level and pay additional tax for the current year.

Tax Liability Without Offsetting Cash Distribution - For U.S. federal income tax purposes, a Member will be required to report taxable income an allocable portion of the ordinary income and capital gain recognized by the Fund during each year, whether any amounts have been distributed to the Member. Accordingly, a Member can incur tax liabilities due to being allocated taxable income from the Fund even though the Member does not receive current cash distributions with which to pay taxes.

Unrelated Business Taxable Income - The Fund can buy investments on margin or in connection with individual borrowings, the income from which would be unrelated business taxable income ("UBTI"). Additionally, management fee-sharing with Founder Share investors can be considered UBTI. Tax-exempt investors, including IRAs and certain trusts (including CRTs), would generally be required to file an IRS Form 990-T and pay the tax due.

Risk Management

The Fund seeks a level of volatility of returns below that of the general market (e.g., the S&P 500 Index). Such lower volatility has traditionally been available through access to the life settlements asset class, which historically has displayed recession resilient characteristics, along with a self-liquidation function (policy maturities at death) uncorrelated to economic and financial markets. The Fund will also take a variety of steps to manage risk. From a sourcing perspective, the Fund will engage with those it has determined to be top-tier life settlements provider(s), with full due diligence processes to help safeguard qualified and valid policies are purchased.

The Manager intends to build an initial portfolio of 65-70 policies with the \$20 million Founder Shares raise, creating diversification modeling a 240bp expected deviation from targeted net returns up to an 80% confidence level. Additionally, the Fund seeks to control volatility and risk by diversification across policies purchased from various carriers, disease types, genders, ages, life expectancies, premium payment schedules, and product types.

The Fund will utilize what it deems a best-in-class servicing provider and auditor to safeguard that medical records, addresses, and life expectancies are kept up-to-date. Valuations are substantiated and audited to the best of their ability. A nationally recognized Custodian will hold all assets to safeguard them for investors and coordinate premium payments and insurance to avoid mistakes that could result in policy lapses. The Fund will likely not be diversified in the sense of it having investments in only a single asset class, as opposed to across multiple asset classes or industries. Further, the Fund will not attempt to hedge against all possible exposures. As mentioned above, any such net exposures will be actively monitored and managed by the Fund's overall investment objectives.

Past performance is not a guarantee of future returns. Investment risks are substantial, and investors could realize losses rather than gains from some or all the investments described herein. Investing involves a risk of loss that investors should be prepared to bear.

Item 9: Disciplinary Information

Registered investment advisers such as LotusGroup Capital are required to disclose all material facts regarding any legal or disciplinary events that would be material to an investor's evaluation of the Adviser or the integrity of its management. Neither LotusGroup Capital nor any of its Investment Professionals or other Associates have any legal or disciplinary events to disclose. There are no legal or disciplinary events that are material to a client's or proposed client's evaluation of its advisory business or the integrity of its management. There can be items on www.brokercheck.finra.org or www.adviserinfo.sec.gov that you can review and consider when evaluating your advisor's background.

Item 10: Other Financial Industry Activities & Affiliations

LotusGroup Capital is a registered investment adviser that provides only those investment advisory services described herein. While the Adviser is not engaged in any other business activities and does not offer services outside of those detailed within this brochure, LGC's Advisor Representatives or other Associates can sell other products or provide services outside their roles with the Adviser.

Broker-Dealer or Registered Representative

Neither the Adviser nor its management is registered or has pending applications to register as a broker-dealer or as Registered Representatives of a broker-dealer. However, certain LGC employees may also serve as Registered Representatives of registered broker-dealers, and members of FINRA and SIPC. In this capacity, they can sell securities products such as stocks, bonds, mutual funds, ETFs, variable annuities, and other products for commissions, and receive transaction fees and other compensation.

These employees may suggest that clients implement investment advice through commission-based brokerage accounts in addition to or instead of fee-based advisory accounts. It's important to note that when acting as Registered Representatives, these individuals are not representing LGC, the Adviser, or the advisory firm, but are acting independently on behalf of

the unaffiliated broker-dealer.

The receipt of commissions in this role can create a potential conflict of interest, as it may incentivize the recommendation of products for which the Investment Professional/Associate receives compensation. LGC mitigates this conflict by requiring full disclosure of such outside business relationships to clients. Advisor Representatives must inform clients about the nature of the relationship, their role in transactions, and any compensation they receive from affiliated brokerage firms at the time of purchase. Clients are under no obligation to use the services of Advisor Representatives in their capacity as Registered Representatives of a broker-dealer.

Futures Commission Merchant, Commodity Pool Operator or Commodity Trading Adviser

Neither the Adviser nor any of its management persons are registered or intend to register as a futures commission merchant, commodity pool operator, a commodity trading adviser, or an Associated Person of the other entities.

Material Relationships or Arrangements with Financial Industry

Outside of the relationships detailed herein, LotusGroup Capital acts as a fiduciary for clients and does not have any material relationships or arrangements with other members of the financial industry. The firm does not receive fees, referral fees, or commissions from any broker-dealers, municipal or government securities dealers or brokers, investment companies or pooled investment vehicles (except for the Fund-of-Funds, through the related firm LotusGroup Advisors, LLC), investment advisers or financial planners (also in connection with LotusGroup Advisors, LLC), futures commission merchants, commodity pool operators, commodity trading advisers, banking or thrift institutions, accountants or accounting firms, lawyers or law firms, insurance companies or agencies (except Montage Financial Group, as detailed under “Related Parties”), pension consultants, real estate brokers or dealers, or sponsors or syndicators of limited partnerships.

Other Designations

Individual Advisor Representatives of LGC can also be licensed as real estate agents or can maintain various other designations. LGC neither provides these services to clients nor solicits clients to utilize these services. When undertaken by Associates, such actions are considered outside business activities and are separate from their efforts as LGC Associates. As noted above, Associates are required to disclose their outside business relationships to clients and are required to advise clients of the nature of the relationship, activity, or transaction(s) in connection with any designation, including their role and any compensation to be paid by the various designation licensing agencies, authorities or firms and received by them, at the time of the event or transaction transpires. Clients are under no obligation to act upon any Associate's recommendations or affect any transactions through the Associate if they decide to follow suggestions received.

Related Parties

LotusGroup Advisors, LLC

LotusGroup Capital does have a related party in the common-controlled firm, LotusGroup Advisors, LLC (“LGA”). LotusGroup Advisors is a privately held registered investment advisory company formed on December 22, 2006, organized as a limited liability company under Colorado's laws. The firm has been in business since January 2007. It is principally owned by Raphael A. Martorello, Managing Partner (85.66%) and Andleib “Andy” Seth, Partner (9.64%), Nicholas S. Pirnack, Partner and Senior Advisor (2.9%), and Stephanie L. Schlemeyer, Partner and Product Manager (1.8%). Raphael A. Martorello, LotusGroup's Managing Member, also holds the position(s) of Managing Partner for LGA, which is focused primarily on managing clients in an advisory capacity, completing financial planning, advising, and investment management services in a fee-only structure. For further details on LGA, please see their specific Form ADV Part 2A Disclosure Brochure.

Montage Financial Group (MFG)

Montage Financial Group (MFG), a seasoned settlement provider, having facilitated several billion dollars in Life Settlement transactions. LotusGroup Capital partners with Montage Financial Group, and Mr. Mike Lutterloh, Senior Advisor, who manages LLF's relationship with MFG and provides consistent and exclusive deal flow within the Fund's buy box.

Other Financial Industry Professionals

LGC uses third-party resources to help run its business and provide services to its clients, most of which are back-office related. LGC sources these professionals with a focus on finding the highest value-add, lowest cost providers to service its clients, acting in a client's best interest with fiduciary responsibility. While the Adviser has developed a network of professionals (e.g., accountants, lawyers, and so forth), neither the Adviser nor its Associates receive compensation in return for such use or referrals.

Other Business Relationships

Outside of the relationship referenced herein, neither the Adviser nor any of its management persons have any other material relationships or conflicts of interest with any financial industry participants. Under the Adviser's policies and procedures, associates are required to obtain pre-approval of any outside business activities in which they intend to engage, and the Adviser monitors for potential conflicts of interest between the Associates and its clients. As noted above, Advisor Representatives are also required to disclose such relationships in their Form ADV 2B - Brochure Supplements.

Other Outside Sources of Compensation

LotusGroup Capital (LGC) receives compensation from fees related to the Fund it manages and may also be reimbursed for costs typically covered by other partners or the Fund. To enhance quality control, speed, and results, LGC has brought the underwriting process in-house, negotiating compensation from Montage Financial Group (MFG) for each policy underwritten. This compensation helps offset LGC's underwriting costs, which MFG would otherwise pay to a third party. Importantly, this does not increase the price the Fund pays for each policy and is a more cost-effective solution for MFG.

While this arrangement could be seen as a conflict of interest—since LGC is compensated by MFG—it also provides LGC with a competitive advantage and deeper insight into each policy. LGC believes this setup improves the quality of underwriting and enhances the Fund's potential returns and risk management.

Conflicts of Interest

A potential conflict of interest can exist between the interests of LGC, its Associates, and those of its advisory clients due to the above financial industry activities and affiliations. Clients are under no obligation to implement any recommended transactions through LGC and are not obligated to purchase any securities, insurance products, or otherwise from LGC or its Advisor Representatives. The Adviser makes no assurance that the above-referenced products or services are available at the lowest possible cost. LGC works to mitigate conflicts of interest by placing its client and investor interests ahead of those of the firm, and its Associates, always. Also, under the Adviser's policies and procedures, Associates are required to obtain pre-approval of any outside business activities in which they intend to engage. Advisor Representatives are specifically required to disclose such relationships in their Form ADV 2B - Brochure Supplements. Additional details of how LGC addresses conflicts can be found in the firm's comprehensive compliance policies and procedures and Code of Ethics document (the full text available upon request.)

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

Code of Ethics

As a registered investment adviser, LotusGroup Capital (LGC) and its Covered Persons (Associates or Access Persons) have a fiduciary duty to act in the best interests of clients and their investors. This high standard of conduct reflects the trust clients place in LGC. The firm is committed to overseeing Associates' activities to ensure they meet LGC's standards of integrity and business practices.

LGC has adopted a Code of Ethics under Rule 204A-1, which outlines the required standards of conduct for Supervised Covered Persons. This Code mandates compliance with federal and state securities laws, as well as other applicable regulations, and prioritizes client needs. The Code is designed to prevent and address potential conflicts of interest and applies to both the Adviser and Covered Persons. It emphasizes transparency, honesty, and a commitment to clients' financial futures.

Associates are expected to:

- Provide impartial advice.
- Make suitable recommendations based on clients' needs and objectives.
- Disclose all material facts to clients.
- Ensure accurate representations of the Adviser's services and recommendations.
- Disclose conflicts of interest.
- Uphold fair, ethical, and equitable practices.

The Code also covers policies on material non-public information, personal trading, political contributions, gifts, entertainment, and conflict of interest disclosure. Key principles include:

- Integrity: Providing professional services with integrity and due diligence.
- Objectivity: Offering objective advice and equitable recommendations.
- Competence: Maintaining the necessary knowledge and skills.
- Fairness: Acting fairly and reasonably, disclosing conflicts of interest.
- Confidentiality: Protecting client information unless legally required to disclose it.
- Professionalism: Reflecting credit on the profession in all conduct.
- Diligence: Acting diligently in all professional services.

Associates must acknowledge their understanding of the Code upon employment and annually thereafter. They are required to report personal securities transactions and any Code violations to the Chief Compliance Officer. LGC periodically reviews and updates its Code to ensure it remains current.

The Adviser will provide a copy of the Code to anyone upon request.

Participation or Interest In Client Transactions

LGC recognizes that the personal investment transactions of the Adviser and its managers, members, officers, and employees ("Associates") demand the application of a high Code of Ethics and requires that all such transactions be conducted in a way that does not endanger the interest of any client. At the same time, LGC believes if the investment goals of the Adviser, its Associates, and clients are similar, it is logical and even desirable that there be common ownership of some securities. The Adviser and its Associates can invest personally in securities of the same classes as those purchased for clients and can own securities of the issuers whose securities are also purchased subsequently for clients. Suppose an issue is purchased or sold to clients and the Adviser and its Associates on the same day, buy or sell the same security. In that case, it is a firm policy that clients receive a more favorable price, or that the firm and Associates receive or pay the same price as clients. The Adviser and its Associates can also buy or sell specific securities for their accounts based on personal investment considerations, which the Adviser does not deem appropriate to buy or sell for clients.

Personal Trading

As an Investment Adviser, LGC has a duty to oversee the investment activities of its Associates. In line with Rule § 275.204A-1 of the Investment Advisers Act, LGC has established a Personal Trading Policy to prevent conflicts of interest. This policy outlines guidelines for Associate trading and enforcement procedures for any violations.

The Personal Trading Policy includes pre-clearance procedures and regular monitoring of account transactions and holdings to ensure compliance. Associates are only permitted to trade securities in full compliance with this policy, and their trading must not conflict with the interests of the Fund.

Associates are prohibited from using firm trading systems for personal gain, and personal trading must not interfere with firm duties. The Chief Compliance Officer (CCO) conducts a quarterly review of Associate trades against firm trades to ensure compliance and identify any conflicts. If a conflict is detected, the CCO will address it immediately and escalate it as needed.

To date, no conflicts have been found in the Adviser's history. The CCO continues to monitor trading activity to ensure it aligns with LGC's policies and Code of Ethics.

Conflicts of Interest

Neither the firm, its Associates, nor any related person is authorized to recommend to the Fund or effect a transaction for the Fund, involving any investment in which the firm or a related person has a material financial interest (such as in the capacity as an underwriter, or advisor to the issuer). It is a Firm policy that client trades and interests be placed ahead of any LotusGroup associate's, always. It is Firm policy that the Adviser never comes up with a client's sell with a personal buy (and vice versa). Additionally, a preferred broker/Custodian is utilized with each client, who is responsible for the effective execution of any trades placed. Further details of how LGC mitigates conflicts of interest in this area can be found in LGC's Policies & Procedures Manual and Code of Ethics.

Item 12: Brokerage Practices

LGC does not provide administration services or maintain custody of its assets within the LotusGroup Longevity Fund. LGC selects third-party custodians and broker-dealers based on their industry-leading capabilities and competitive pricing. Key factors considered include:

- Combined transaction execution and custody services
- Trade execution, clearing, and settlement capabilities
- Competitive trading commissions
- Financial stability and account insurance
- Availability of investment products and research tools
- Quality of customer service
- Reputation and prior service to clients
- Preferred Custodians

LGC utilizes UMB Fund Services and Wilmington Trust for administrative and custodial services for the LotusGroup Longevity Fund. UMB provides fund accounting, investor servicing, tax preparation, and compliance reporting. Wilmington Trust serves as the primary custodian, trustee, escrow agent, and verification agent for life settlement contracts held by LGC.

Reevaluation and Review

LGC periodically reviews and renegotiates custodian relationships to ensure fiduciary and best execution obligations are met.

Soft Dollar Arrangements

Investment Advisers can enter arrangements with one or more Broker-Dealers whereby they receive some economic benefit in exchange for directing client transactions to that Broker-Dealer. Brokerage firms typically provide a bundle of services, including research and execution of transactions that can be either proprietary (created and produced by the broker-dealer, including tangible research products and access to analysts and traders) or third-party (created by a third-party but provided by the Broker-Dealer). Since commission dollars pay for the entire bundle of services, the practice of allocating certain of these dollars to pay for the research component has come to be known as "soft dollars." In effect, the commissions paid by the Adviser's clients generate these soft dollars that are used by the Adviser to pay for these soft dollar benefits such as research. LGC's policy is to comply with the provisions of Section 28(e) when entering soft dollar arrangements and to not intentionally direct brokerage to any particular Custodian for any indirect soft dollar benefits the firm can receive. Currently, LGC has no such soft-dollar arrangement with a Custodian.

Directed Brokerage

Due to the nature of the type of client that LGC advises (being the "Fund" otherwise known as "LLF"), while the Adviser allows the Funds to direct brokerage, the Adviser does not require clients to direct brokerage. The Adviser establishes the brokerage and custodial relationships, and the Portfolio Manager determines the order execution and management arrangements with the Broker and Custodian. *(Please refer to the above for additional details regarding the Custodians LGC has chosen*

as its preferred Custodians.)

Trading Practices

Best Execution

It is the policy and practice of the Adviser to strive for the best price and execution for costs and discounts, which are competitive with the value of the transaction, and which comply with Section 28(e) of the Securities Exchange Act of 1934, as amended.

LGC's investment strategy primarily involves alternative investments that may be privately offered or negotiated. These transactions are not typically executed through a broker-dealer. However, in all instances, LotusGroup Capital will seek to source, negotiate, and execute transactions in an efficient manner consistent with LGC's fiduciary duties. Due to the nature of these investments, LGC does not recommend or select broker-dealers for client transactions. In the event a scenario were to arise where LGC did direct brokerage for a client transaction, LGC will evaluate the broker or dealer to be used based on a range of criteria, which may include the cost of the transaction, execution capability, timeliness of execution, and other potential factors as may be appropriate. In such an instance, LGC will not solely rely on the lowest possible commission rate available in making a suitable determination.

Trading Errors

LGC prioritizes client interests and resolves trade errors promptly. If a trade error occurs, it is reported immediately for review and action, ensuring no disadvantage to the client. LGC does not use soft dollar credits or future commissions to offset trade error costs. Clients will be reimbursed for any losses due to LGC trade errors, while gains will either benefit the client or offset other errors. If a trade error results from client instructions, the client bears the responsibility.

In summary, the interests of the client (Fund) are always placed ahead of those of the Adviser and its Control Persons. While a potential conflict of interest exists in selecting or recommending a Custodian, LGC chooses custodians that meet its stringent criteria for reliability and service quality. More details on how LGC mitigates conflicts of interest can be found in its comprehensive compliance Policies & Procedures Manual and its Code of Ethics.

Item 13: Review of Accounts

Client Account Evaluation

The Adviser has a fiduciary duty to reasonably determine that clients' investment advice or services are suitable. The Asset Management Team will regularly evaluate Accounts, per the below schedule. The firm's CIO monitors Advisor Representative conduct, sales, and client Account servicing to confirm LGC's policy of making tailored investment decisions in the best interests of the client, are met.

Private Investment Fund

The Funds and their investments are continually monitored and reviewed by appropriate LGC personnel. Appropriate personnel will typically include the Fund's Portfolio Manager (if applicable) or appropriate group of senior personnel at LGC. The regular review shall include topics and considerations such as profitability, risk, adherence to stated investment objectives, execution, and others.

More frequent reviews may be triggered by material changes in key variables that affect the performance of Fund investments, which may include, but are not limited to, financial markets activity and trends, political or economic environment changes or anticipated changes, and any other specific circumstances that may be deemed to affect the Funds in a material way.

In accordance with Rule 206(4)-2 under the Advisers Act (the "Custody Rule"), each of the Funds are reviewed at least annually by an independent audit firm. Please see **Item 15: Custody** below for more information.

Item 14: Client Referrals & Other Compensation

Client Referrals

LGC does not receive referrals for new advisory clients, but it can receive referrals of potential investors to the Fund from existing Fund investors or intermediaries such as attorneys or accountants. The Adviser does not compensate for referring parties for referrals. LotusGroup Capital prohibits the practice of kickbacks and restricts the payment from third parties for utilization of their investment products or advice within any fund(s) it manages. Further, LGC can receive referrals, which can come from current clients, estate planning attorneys, accountants, Associates, personal friends of Associates, and other similar sources. Neither the Adviser nor any related person has any arrangement, either oral or in writing, wherein it directly or indirectly provides compensation for these referrals (i.e., where it is paid cash by or receives some economic benefit, including referral fees or any form of remuneration, commissions, equipment, or non-research services, from a professional or non-client about advising clients), outside of the benefits noted herein.

Third-Party Referrals

The Adviser does make third-party referrals. However, LGC does not accept referral fees or any form of remuneration from third parties when referring a prospective investor to a third-party.

Other Compensation

LGC receives an economic benefit from its Custodians in the form of the support products and services it makes available to us and other independent Investment Advisers that have their clients maintain Accounts at such Custodians. These products and services, how they benefit us, and the related conflicts of interest are described herein. The availability to LGC of Custodial products and services is not based on the Adviser giving particular investment advice, such as buying specific securities for clients. (See “Item 12: Brokerage Practices” for additional information on this topic.)

Item 15: Custody

LGC does not hold client assets, including cash or securities, nor does it act as a trustee, manage bill payments, or have access to client accounts beyond authorized Advisory Management Fees. Custody of client assets is managed by independent Qualified Custodians who handle possession and transactions of client funds and securities.

Client accounts are governed by separate agreements with their Custodian, who manages all asset transactions and fund transfers. LGC does not oversee the Custodian’s compliance or cover brokerage fees; clients are responsible for these charges. LGC does not access or control client assets except for fee deductions as specified.

The life settlement fund

LotusGroup Capital is the Manager of LLF, which, in turn, has authority to dispose of funds and investments held by the Fund, and authorizes the Adviser to instruct the Custodian to deduct Advisory fees directly from their Account, under Rule 206(4)-2 of the Advisers Act, LGC is deemed to have custody of investor assets (i.e., the assets of the Partnership). Under Rule 206(4)-2, and as referenced above, LotusGroup Capital has procedures in place to maintain all non-exempt Fund assets at a Qualified Custodian, who will provide account statements to each Fund Member regularly. Further, the Fund is to be audited by an independent public accountant, annually, who distributes its audited financial statements (prepared under generally accepted accounting principles) to the Fund’s Manager upon completion, and who distributes the same statements to each Fund Member within 30 days of Manager delivery, or as soon as practicable.

The IncomePlus Funds

LotusGroup Capital adheres to the applicable requirements of the Custody Rule with respect to the IncomePlus Fund assets. LGC ensures that all privately offered securities do not violate the “Private Security Exemption” provided in the Custody Rule; so long as such securities are (i) acquired from the issuer in a transaction not involving any public offering, (ii) uncertificated (with ownership recorded only on the books of the issuer or its transfer agent in the name of each Fund), and (iii) transferable only with prior consent of the issuer or holders of the outstanding securities of the issuer. Additionally, LGC is responsible for arranging for annual independent audits of the IncomePlus Funds by an accounting firm, registered with and subject to inspection by the Public Company Accounting Oversight Board (“PCAOB”), within 120 days of the Funds’ fiscal year end, and for obtaining audited financial statements prepared in accordance with Generally Accepted

Accounting Principles (“GAAP”). The Firm arranges for the delivery of such audited financial statements to investors of the Funds within 120 days of the Funds’ fiscal year end.

Item 16: Investment Discretion

Investment Discretion

LGC provides investment supervisory services on a discretionary basis. Details of investment discretion and non-discretion (account management style) are disclosed fully to the client before any advisory relationship commences.

Private Investment Fund

The life settlement fund, LLC

The life settlement fund contracts for limited discretionary authority to transact portfolio investment accounts on behalf of the Fund. Discretionary authority is granted either by the Adviser’s investment management agreement and/or by a separate limited power of attorney where such a document is required. As Investment Manager to the Fund, the Adviser has the authority to determine the investments to be bought or sold and the amount of the investments to be purchased or sold within the Fund’s investment objectives. However, the firm's discretionary authority regarding investments can be subject to certain limitations. These limitations are recognized as the restrictions and prohibitions placed by the Fund on the types of investments and transactions that meet the Fund’s investment objectives.

The Adviser does not and will not enter any future relationships with Funds that require consent before any trade order being placed. The Fund authorizes the discretion to select the Custodian to be used and the commission rates paid to Broker-Dealers. The Adviser does not receive any portion of the transaction fees or commissions paid by the Funds to the Broker-Dealers on trades.

Item 17: Voting Client Securities

Proxy Voting

The Adviser votes proxies only for investments held in LLF Fund accounts. The Adviser keeps the authority and responsibility for voting these proxies and retains records of proxy voting required under SEC Rule 204-2(c)(2). The above notwithstanding, it is not expected that there will be proxies on Fund investments since they are not individual companies but instead insurance contracts.

Class Actions, Bankruptcies & Other Legal Proceedings

A class action is a procedural device used in litigation to determine the rights of and remedies, if any, for large numbers of people whose cases involve common questions of law and fact. Class action suits often arise against companies that publicly issue securities, including securities recommended by investment advisors to clients. LLF Fund investors should note that LGC will neither advise nor act on behalf of investors in legal proceedings regarding investments within funds managed by LGC, including, but not limited to, filing “Proofs of Claim” in class action settlements. The client or their Agent will be responsible for class actions, claims, or bankruptcies, involving securities purchased for or held in their account. If desired, investors can direct LGC to transmit copies of class action notices to the investor or a third-party. However, while LGC will make commercially reasonable efforts to forward such notices promptly, the responsibility to respond to such notices will ultimately reside with each investor.

Item 18: Financial Information

LGC is not aware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments to its Clients.

Bankruptcy Petitions in Previous Ten Years to Present

LGC has not been the subject of a bankruptcy petition.



LotusGroup Capital
Form ADV Part 2B – Individual Disclosure Brochure For
Investment Advisor Representative

Raphael A. Martorello
(Individual CRD # 4768833)

1005 S. Gaylord Street
Denver, CO 80209

Email: martorello@lotusgroupcapital.com

Website: www.lotusgroupcapital.com

Phone: 415.793.8014

Fax: 815.572.0566

March 12, 2024

In accordance with federal and state regulations, Form ADV, Part 2B, this "Brochure Supplement" or "Brochure" is on file with the appropriate securities regulatory authorities as required. All the material within this Brochure Supplement must be reviewed by those considering becoming a client of LotusGroup Capital, LLC ("LGC").

The information in this Brochure Supplement has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority. The information provided in this Brochure Supplement is not to be construed as an endorsement or recommendation by state securities authorities in any jurisdiction within the United States or by the United States Securities and Exchange Commission. Nothing in this Brochure Supplement is to be construed as an offer of securities; please refer to actual fund and investment offering documents for more complete disclosures. Registration of an Investment Advisor does not imply any level of skill or training; investments involve risk, including the possible loss of principal. The oral and written communications of an Advisor provide you with information that you can use to determine whether to hire or retain an Advisor.

This Brochure Supplement provides information about Raphael A. Martorello that supplements LotusGroup Capital's Form ADV Part 2A Disclosure Brochure. You should have received a copy of the Firm's Brochure that describes the investment advisory services offered through LotusGroup Capital, an investment advisory firm. Please contact LotusGroup Capital's CCO, Amanda N. Cohen, directly at 720.593.9861 if you did not receive the Firm's Brochure or have any questions about the contents of this Brochure Supplement.

Additional information about Raphael A. Martorello is available on the SEC's website at
www.adviserinfo.sec.gov.

(Click on the link, select "Investment Advisor – Individual," and type in the individual CRD #.)

RAPHAEL A. MARTORELLO

Date of Birth & Educational Background

Raphael A. Martorello was born in 1974. He received his bachelor's degree in Mechanical Engineering and minor in Economics from The University of Virginia in 1997. He has fulfilled LotusGroup Capital's requirement that its Investment Advisor Representatives ("IARs") hold either a bachelor's degree or further coursework (i.e., an MBA, a DFP, a CFA, a ChFC, JD, CTFA, EA, or CPA), or possess relevant work experience demonstrating their knowledge of and aptitude for, investment management principles.

Business Background & Experience

- 09/2018 to Present LotusGroup Capital, LLC, Denver, CO
Managing Member, CIO & Investment Advisor Representative
- Responsible for overseeing all fund operations, hiring, and development of staff, policy sourcing approval, portfolio diversification oversight, and ongoing portfolio management Sources and invests in private placement opportunities
 - Responsible for channel partnership growth as it pertains to policy sourcing
- 01/2007 to Present LotusGroup Advisors, LLC, Denver, CO
Principal, Owner, Managing Partner & Investment Advisor Representative
- Oversight of LGA Management Team
 - Quarterly Financial Oversight
 - Contributes to Client Communications/Quarterly Blog Posts
 - Maintains relationships with a small number of the Firm's clients (family/friends)
- 04/2004 to 01/2017 Martorello Money Management, Denver, CO (merged into LotusGroup Advisors 2017)
Partner, Advisor & Investment Advisor Representative
- Portfolio Management
 - Client Service
 - Operations
- 03/2000 to 04/2004 ICG Commerce, King of Prussia, PA
Director
- Practice Responsibility (All West Coast Clients)
 - Management Oversight (20 Employees)
 - Business Process Outsourcing
- 07/1997 to 03/2000 A.T. Kearney, New York, NY
Associate
- Management & Business Consulting

Professional Designations, Licensing & Exams

Raphael A. Martorello does not have any additional professional designations, licensing, or exams to disclose.

Disciplinary Information

LotusGroup Capital, LLC, is required to disclose all material facts regarding any legal or disciplinary event material to your evaluation of Raphael A. Martorello, providing advice to you. Mr. Martorello does not have a disciplinary history to disclose, which can be material to a client's or prospective client's evaluation of this advisory business. There may be items on brokerscheck.finra.org or www.adviserinfo.sec.gov that you can review and consider in assessing your advisor representative's background.

Other Business Activities

Raphael A. Martorello is a Managing Member, CIO & Investment Advisor Representative of LotusGroup Capital ("LGC"), who dedicates 90% of his time to this activity during trading hours and 90% during non-trading hours.

Raphael A. Martorello has the following other investment-related business activities to report:

Name of Outside Business or Organization: Martorello Holdings, LLC

Address: 1043 S. Vine Street, Denver, CO 80209 **Title:** Member

Description of Outside Business or Organization: Holding company for commercial real estate investment > HQ office for LotusGroup Capital and LotusGroup Advisors in Denver, CO, and two other tenants. **Description of Duties or Responsibilities:** Management of Quarterly Financials (property manager does remainder of day-to-day work)

Start Date: 01/2018

Hours Devoted to OBA Monthly: 0 during trading hrs. /1-hour quarterly during non-trading hrs.

Name of Outside Business or Organization: LotusGroup Advisors, LLC.

Address: 1005 S. Gaylord Street, Denver, CO 80206

Title: Principal, Owner, Managing Partner & Investment Advisor Representative

Description of Outside Business or Organization: Affiliated registered investment advisory firm Description of Duties or Responsibilities: Business oversight, communications, a small book of business for a few family/friends' clients.

Start Date: 01/2007

Hours Devoted to OBA Monthly: 10% during trading hrs./10% during non-trading hrs.

Name of Outside Business or Organization: Martorello Money Management

Address: 1043 S. Vine Street, Denver, CO 80206

Title: Managing Member

Description of Outside Business or Organization: Before 2017, this was an independent registered investment adviser. On 1/2017, as part of a business merger, the organization transitioned all clients into LotusGroup Advisors. Through the buy-sell transaction, this business was required to de-register as an RIA but remained open for the flow of funds on a financial consulting base to pay Raphael A. Martorello's fixed salary and for the business to provide funding back to LotusGroup Advisors for benefits reimbursements.

Description of Duties or Responsibilities: Predominantly administrative. Start Date: 04/2004

Hours Devoted to OBA Monthly: 0 during trading hrs./2 hours per quarter during non-trading hrs.

Conflicts of Interest Disclosure

The outside business activities of Raphael A. Martorello do not give him an incentive to recommend investment products based on anything other than a client's needs. Nevertheless, LotusGroup Capital requires him to disclose the above relationships to clients at relationship inception.

Additional Compensation

Advisory Services

Raphael A. Martorello does not receive any economic benefit from any person, company, or organization in exchange for providing clients with advisory services through LotusGroup Capital. Outside of those disclosed herein, he does not receive any additional compensation or economic benefit from any person, company, or organization in exchange for providing advisory services.

Supervision

LotusGroup Capital takes its compliance and regulatory obligations seriously; supervision is a multi-tiered process. Amanda N. Cohen is the Firm's Chief Compliance Officer ("CCO"). She oversees and administers the Firm's Compliance Program in coordination with the efforts of the Firm's Principal and Managing Member, Raphael A. Martorello.

Raphael A. Martorello is self-supervised as it pertains to providing management services to the underlying investment funds at LotusGroup Capital.

Covered Persons are required to abide fully by all applicable federal and state regulations and the Firm's guiding principles as outlined in its written supervisory Policies & Procedures Manual and Code of Ethics (including any updates to it). LotusGroup Capital requires all Covered Persons to exercise a fiduciary duty to its clients by acting in each client's best interest and always placing client interests first. Covered Persons are required to attest no less than annually to their compliance with, and understanding of, the above matters, including confirmation and acknowledgment by every Investment Advisor Representative, of the Firm's expectations regarding their conduct, given the duties, responsibilities, and principles required of them.

Requirements for State Registered Investment Advisers

The following disclosure is provided for your use in evaluating this Investment Advisor Representative's suitability.

A. Raphael A. Martorello has not been involved in any of the events listed below.

1. An award or otherwise being found liable in an arbitration claim alleging damages over \$2,500, involving any of the following:
 - a) an investment or an investment-related business or activity;
 - b) fraud, false statement(s), or omissions;
 - c) theft, embezzlement, or other wrongful taking of property;
 - d) bribery, forgery, counterfeiting, or extortion; or
 - e) dishonest, unfair, or unethical practices.
2. An award or otherwise being found liable in a civil, self-regulatory organization, or administrative proceeding involving any of the following:
 - a) an investment or an investment-related business or activity;
 - b) fraud, false statement(s), or omissions;
 - c) theft, embezzlement, or other wrongful taking of property;
 - d) bribery, forgery, counterfeiting, or extortion; or
 - e) dishonest, unfair, or unethical practices.

B. Raphael A. Martorello has not been the subject of a bankruptcy petition.



LotusGroup Capital
Form ADV Part 2B – Individual Disclosure Brochure For
Investment Advisor Representative

Samuel S. Redman
(Individual CRD # 6852142)

*1005 S. Gaylord Street
Denver, CO 80209*

Email: sam@lotusgroupcapital.com

Website: www.lotusgroupcapital.com

Phone: 415.717.5878

Fax: 815.572.0566

October 7, 2024

In accordance with federal and state regulations, Form ADV, Part 2B, this "Brochure Supplement" or "Brochure" is on file with the appropriate securities regulatory authorities as required. All the material within this Brochure Supplement must be reviewed by those considering becoming a client of LotusGroup Capital, LLC ("LGC").

The information in this Brochure Supplement has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority. The information provided in this Brochure Supplement is not to be construed as an endorsement or recommendation by state securities authorities in any jurisdiction within the United States or by the United States Securities and Exchange Commission. Nothing in this Brochure Supplement is to be construed as an offer of securities; please refer to actual fund and investment offering documents for more complete disclosures. Registration of an Investment Advisor does not imply any level of skill or training; investments involve risk, including the possible loss of principal. The oral and written communications of an Advisor provide you with information that you can use to determine whether to hire or retain an Advisor.

This Brochure Supplement provides information about Samuel S. Redman that supplements LotusGroup Capital's Form ADV Part 2A Disclosure Brochure. You should have received a copy of the Firm's Brochure that describes the investment advisory services offered through LotusGroup Capital, an investment advisory firm. Please contact LotusGroup Capital's CCO, Amanda N. Cohen, directly at 720.593.9861 if you did not receive the Firm's Brochure or have any questions about the contents of this Brochure Supplement.

Additional information about Samuel S. Redman is available on the SEC's website at
www.adviserinfo.sec.gov.

(Click on the link, select "Investment Advisor – Individual," and type in the individual CRD #.)

SAMUEL S. REDMAN

Date of Birth & Educational Background

Samuel S. Redman was born in 1994. He received his bachelor's degree in business administration with concentrations in Corporate Finance and Investment Analysis in 2017. He has fulfilled LotusGroup Advisors' requirement that its Investment Advisor Representatives ("IARs") hold either a bachelor's degree or further coursework (i.e., an MBA, a DFP, a CFA, a ChFC, JD, CTFA, EA, or CPA), or possess relevant work experience demonstrating their knowledge of and aptitude for, investment management principles.

Business Background & Experience

- | | |
|--------------------|--|
| 06/2024 to Present | LotusGroup Capital, LLC, Denver, CO
Director of Alternative Assets & Investment Advisor Representative <ul style="list-style-type: none">- Manages processes, as well as third-party services, custodians, and administrators.- Conducts private investment partner due diligence.- Negotiates strategic terms and finalizes contracts/relationships.- Maintains ongoing relationship management with private partners.- Conducts industry research. |
| 06/2024 to Present | LotusGroup Advisors, LLC, Denver, CO
Investment Advisor Representative <ul style="list-style-type: none">- Provides ongoing relationship management with private investment partners.- Participates in authoring investment blogs.- Registered as an Investment Advisor Representative. |
| 12/2022 to 03/2024 | Fidelity Investments, Denver, CO
Trader – Digital Assets <ul style="list-style-type: none">- Execution and maintaining exposures to express investment views.- Involvement with downstream trading processes and resolving daily issues.- Overview of compliance with trading processes.- Built and maintained tools to enhance trading efficiency.- Monitoring, reviewing, and reporting trading execution quality. |
| 08/2017 to 07/2022 | Black Swift Group, Boulder, CO
Managing Director
Directed multiple facets of key investment management functions and related operations for six private funds, million-dollar client portfolios and alternative investment opportunities. Associate Portfolio Manager <ul style="list-style-type: none">- Supervised and provided strategic investment recommendations and research observations directly to the CIO/PM while offering support to the investment and operations/client service staff members. Associate Vice President of Trading <ul style="list-style-type: none">- Managed multiple asset classes for investors from private investments, public equities, and structured credit; discovered, executed, and processed multi-asset trades for all clients and private funds.- Investment Analyst Responsible for research and operations work across the RIA business as well as multiple funds across asset classes. |

Professional Designations, Licensing & Exams

Samuel S. Redman does not have any additional professional designations, licensing, or exams to disclose.

Disciplinary Information

LotusGroup Capital, LLC is required to disclose all material facts regarding any legal or disciplinary event material to your evaluation of Samuel S. Redman, providing advice to you. Mr. Redman does not have a disciplinary history to disclose, which can be material to a client's or prospective client's evaluation of this advisory business. There may be items on brokercheck.finra.org or www.adviserinfo.sec.gov that you can review and consider in assessing your advisor representative's background.

Other Business Activities

Samuel S. Redman is involved with LotusGroup Capital's affiliated Registered Investment Adviser, LotusGroup Advisors, LLC, where he serves as an Investment Adviser Representative. Mr. Redman generally splits his time and job functions between LotusGroup Capital (80%) and LotusGroup Advisors (20%).

Mr. Redman is not currently engaged in any outside business activities external from LotusGroup Advisors and LotusGroup Capital that take a significant amount of time or generate a significant amount of income.

Conflicts of Interest Disclosure

The shared duties of Samuel S. Redman within LotusGroup's affiliated adviser entities do not give him an incentive to recommend investment products based on anything other than a client's needs. Further, at this time Mr. Redman does not have additional outside business activities that could create such conflicts. Nevertheless, LotusGroup Capital requires him to disclose the above relationships to clients at the inception of the relationship.

Additional Compensation

Samuel Redman does not receive any economic benefit from any person, company, or organization in exchange for providing clients with advisory services through LotusGroup Capital. Mr. Redman earns a base salary, with some earnings coming from a percentage of revenue share collected from client assets managed. As an advisor, he earns a percentage of revenue share collected from client assets managed by the Advisor. Additionally, an advisor can make a one-time commission for the new clients brought to the Firm paid quarterly on collected payments and may earn an annual bonus for meeting goals set forth by the company. Finally, he may earn a percentage of the incentive fee paid to the Firm from the IncomePlus Funds. Mr. Redman does not receive any additional economic benefit from any person, company, or organization in exchange for providing clients with advisory services.

Supervision

LotusGroup Capital takes its compliance and regulatory obligations seriously; supervision is a multi-tiered process. Amanda N. Cohen is the Firm's Chief Compliance Officer ("CCO"). She oversees and administers the Firm's Compliance Program in coordination with the efforts of the Firm's Principal and Managing Member, Raphael A. Martorello.

Covered Persons are required to abide fully by all applicable federal and state regulations and the Firm's guiding principles as outlined in its written supervisory Policies & Procedures Manual and Code of Ethics (including any updates to it). LotusGroup Capital requires all Covered Persons to exercise a fiduciary duty to its clients by acting in each client's best interest and always placing client interests first. Covered Persons are required to attest no less than annually to their compliance with, and understanding of, the above matters, including confirmation and acknowledgment by every Investment Adviser Representative, of the Firm's expectations regarding their conduct, given the duties, responsibilities, and principles required of them.

Requirements for State Registered Investment Advisers

The following disclosure is provided for your use in evaluating this Investment Adviser Representative's suitability.

- C. Samuel S. Redman has not been involved in any of the events listed below.
1. An award or otherwise being found liable in an arbitration claim alleging damages over \$2,500, involving any of the following:
 - a) an investment or an investment-related business or activity;
 - b) fraud, false statement(s), or omissions;
 - c) theft, embezzlement, or other wrongful taking of property;
 - d) bribery, forgery, counterfeiting, or extortion; or
 - e) dishonest, unfair, or unethical practices.
 2. An award or otherwise being found liable in a civil, self-regulatory organization, or administrative proceeding involving any of the following:
 - a) an investment or an investment-related business or activity;
 - b) fraud, false statement(s), or omissions;
 - c) theft, embezzlement, or other wrongful taking of property;
 - d) bribery, forgery, counterfeiting, or extortion; or
 - e) dishonest, unfair, or unethical practices.
- D. Samuel S. Redman has not been the subject of a bankruptcy petition.