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**Part 2A of Form ADV: Firm Brochure**

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**April 9, 2024**

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Form ADV Part 2A (the “Brochure”) provides information about the qualifications and business practices of Calumet Capital Partners, LLC. If you have any questions about the contents of this Brochure, please contact us at 305-646-7161 or [dsong@calumetcapital.com](mailto:dsong@calumetcapital.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

Calumet Capital Partners LLC is an investment adviser registered with the SEC under the Investment Advisers Act of 1940, as amended (the “Advisers Act”). Registration of an investment adviser does not imply any level of skill or training.

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

The delivery of this Brochure at any time does not imply that the information contained herein is correct as of any time subsequent to the date shown above. The information set forth herein is qualified in its entirety by reference to applicable offering and governing documents. In the event of a conflict between the information set forth in this Brochure and the information in the applicable governing and/or offering documents, the governing and/or offering documents shall control.

## **Item 2 - Material Changes**

This Brochure dated April 9, 2024 has the following material changes from the March 27, 2024 Brochure.

There were no material changes since the last filing.

*The information set forth in this Brochure is qualified in its entirety by reference to a Client's Governing Documents (as defined herein) and/or offering documents. In the event of a conflict between the information set forth in this Brochure and the information set forth in a Client's Governing Documents and/or offering documents, the Client's Governing Documents and/or offering documents shall take precedence.*

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#### **Item 4 - Advisory Business**

For purposes of this Brochure, the “Adviser” or “Calumet” means Calumet Capital Partners, LLC, a Delaware limited liability company formed in November 2021. Calumet is an investment advisory firm with its headquarters in Miami, Florida. The Adviser is led and managed by Dan Carroll (the “Founding Partner” or “Principal”). The Adviser is registered with the Securities Exchange Commission under the Investment Advisers Act of 1940, as amended (the “Advisers Act”).

The Adviser provides investment advisory, management and other services on a discretionary basis to private investment funds (each, a “Fund” and collectively, the “Funds”). It also provides investment advisory and other applicable services to other entities on a separate account basis, which advisory services may be either discretionary or non-discretionary. Such Funds and such entities are referred to in this brochure as “Clients”).

The general partner or equivalent of each Fund is, or will be, an affiliate of the Adviser (each a “General Partner”). To the extent applicable, this Brochure also describes the business practices of the General Partners and such other affiliates, which operate as a single advisory business together with the Adviser.

The Governing Documents (as defined below) of each Fund may also provide for the establishment of parallel or other alternative investment vehicles in certain circumstances. Investors may participate in such vehicles for the purposes of certain investments, and if formed, such vehicles would likely also become Clients of the Adviser.

The Adviser’s investment advisory services to the Clients consist of identifying and evaluating investment opportunities, negotiating the terms of investments, managing and monitoring investments and achieving dispositions for such investments. The Adviser expects that Clients will make private loans to law firms (“Portfolio Investments”). The Adviser intends to focus on term loans and lines of credit to U.S. law firms representing plaintiffs, on a contingent fee-basis, with a portfolio of mass tort, other complex multiparty (including class actions), or traditional personal injury cases, although investment opportunities may consist of loans to other law firms as well (“Portfolio Borrowers”). Generally, the Adviser’s advice with respect to its Clients will be limited to such investments.

The Adviser’s advisory services to the Clients are detailed in the applicable private placement memoranda or other offering documents, investment management agreements, limited partnership or other operating agreements, subscription agreements or similar governing documents (collectively, the “Governing Documents”), and are further described below under “Methods of Analysis, Investment Strategies and Risk of Loss.” While it is anticipated that each of its Clients will follow the strategy described above, the Adviser may tailor the specific advisory services with respect to each Client to the individual investment strategy of such Client. In addition, the Governing Documents of Clients may, in certain limited circumstances, impose restrictions on investing in certain securities or types of securities, for example, for with regulatory or compliance reasons.

Investors in certain Clients participate in the overall investment program for the applicable Client but may be excused from a particular investment due to legal, regulatory or other agreed-upon circumstances pursuant to the relevant Governing Documents. The Funds and the General Partners may enter into side letters or other similar agreements (“Side Letters”) with certain investors that have the effect of establishing rights under or altering or supplementing the terms (including economic or other terms) of the relevant Governing Documents with respect to such investors.

From time to time and as permitted by the relevant Governing Documents, the Adviser expects to provide (and has agreed to provide as is noted below) co-investment opportunities (including the opportunity to participate in co-invest vehicles) to certain investors or other persons, including other sponsors, market participants, finders, consultants and other service providers, the Adviser's personnel and/or certain other persons associated with the Adviser and/or its affiliates (e.g., a vehicle formed by the Principal to co-invest alongside a particular Fund's transactions), and including an independent investment firm (collectively with its affiliates, the "Independent Investor") whose affiliates own an indirect minority interest in the Adviser, certain General Partners and certain affiliates thereof. The Adviser has agreed to provide the Independent Investor certain rights to invest alongside certain Funds as is set forth in the applicable Governing Documents. Additionally, such co-investments typically involve investment and disposal of interests in the applicable investment at the same time and on the same terms as the Fund making the investment. However, from time to time, for strategic and other reasons, a co-investor or co-invest vehicle may purchase a portion of an investment from one or more Funds after such Funds have consummated their investment (also known as a post-closing sell-down or transfer). Any such purchase from a Fund by a co-investor or co-invest vehicle generally occurs shortly after the Fund's completion of the investment to avoid any changes in valuation of the investment. Where appropriate, and in the Adviser's sole discretion, the Adviser is authorized to charge interest on the purchase to the co-investor or co-invest vehicle (or otherwise equitably to adjust the purchase price under certain conditions), and to seek reimbursement to the relevant Fund for related costs and expenses. However, to the extent such amounts are not so charged or reimbursed, they generally will be borne by the relevant Fund.

As of December 31, 2023, the Adviser manages a total of \$191,000,000 in Client assets. The Adviser is controlled by the Principal.

## **Item 5 - Fees and Compensation**

In general, the Adviser receives a management fee from each Client to which it provides investment advisory services as compensation for the services rendered to such Client, including, with respect to each of the Funds, as compensation for the investment advisory services rendered to the applicable Fund. The Adviser also typically receives performance-based compensation or carried interest pursuant to the applicable Governing Documents for the Clients.

The Adviser or its affiliates expect to receive additional compensation in connection with management and other services performed for Portfolio Borrowers of the Funds, and such additional compensation generally will offset in whole or in part the management fees otherwise payable to the Adviser in accordance with the relevant Governing Documents. Investors in a Fund also bear certain expenses, as set forth in the Governing Documents of such Fund.

The precise amount, the manner of calculation and the manner and timing of payment of any such management fee, carried interest, or performance-based compensation for each such Fund are established by the Adviser, as modified by negotiations with investors in the applicable Fund, and are set forth in such Client's Governing Documents. Nonetheless, the structure of the management fee and carried interest which the Adviser currently employs is summarized below.

### **Management Fees**

A management fee (the "Management Fee") may be paid by the Client to the Adviser. The Management Fee is determined by the Governing Documents applicable to the specific Client, but will generally be equal to a fixed percentage per annum of each investor's capital commitments during the

investment period and generally equal to the same fixed percentage per annum of the sum of (i) the aggregate capital contributions by investors that have been used to make Portfolio Investments which have not been fully realized or fully written off and (ii) the aggregate amount of all committed amounts with respect to ongoing Portfolio Investments. The Management Fee will be payable quarterly in advance.

Management Fees will commence as of the initial closing in respect of investors, regardless of the date on which an investor is admitted to a Fund. Management Fees will be payable from drawdowns of the investors' unfunded capital commitments, but after the end of the investment period may instead be paid out of the amounts otherwise distributable to the investors.

Installments of the Management Fee payable for any period other than a full three-month period generally are adjusted on *pro rata* basis according to the actual number of days in such period. The Management Fee generally is reduced by a specified percentage of a Fund's share of Portfolio Investment Fees, generally excluding Closing Fees and Servicing Fees each as defined and discussed below and as more fully detailed and subject to the terms set forth in the relevant Governing Documents. The Management Fee may also be reduced by placement fees paid by a Fund and in certain cases, Organization Expenses as is discussed further below.

The Governing Documents for certain Clients permit the Adviser to waive or agree to reduce the Management Fee. Waived or reduced Management Fees are not subject to the Management Fee offsets described above, and the amount of such waived or reduced Management Fees has the potential to be significant. Due to waived or reduced Management Fees by the Adviser and/or timing of receipt of compensation subject to offsets (as described above), it is possible that Management Fee offsets will be delayed.

### **Carried Interest**

The Adviser will receive a carried interest with respect to the Funds equal to a fixed percentage of all realized profits subject to a fixed percentage compound preferred return, as more fully described in the applicable Governing Documents of each Fund. The carried interest distributed to the Adviser is subject to a potential giveback at the end of life of the Funds if the Adviser has received excess cumulative distributions and at certain interim intervals as provided in the Governing Documents. It is expected that any future Funds will have a similar fee structure.

Additionally, the Adviser will receive a carried interest with respect to certain other Clients equal to a fixed percentage of all realized profits subject to a fixed percentage compound preferred return, as more fully described in the applicable Governing Documents of each Client.

Interests in the Funds are offered and sold solely to "qualified purchasers" as defined in Section 2(a)(51) of the Investment Company Act of 1940, as amended (the "Investment Company Act") (or qualified knowledgeable Adviser personnel). Only Clients which are "qualified purchasers" will pay a carried interest to the Adviser.

### **Fund Expenses**

The Funds will pay all costs, expenses, liabilities and obligations relating to the Fund's activities, investments and business (to the extent not borne or reimbursed by a third party), including without limitation, (i) Management Fees, (ii) any taxes, fees, duties or other governmental charges or costs imposed on the Funds and any fees and expenses for the preparation and filing of any

governmental or regulatory reports relating to the Funds or any Portfolio Investment or proposed Portfolio Investment, (iii) commitment fees and other fees and expenses incurred in connection with (including expenses of the lender which are required to be paid and legal, accounting, administrative, audit and other expenses incurred in connection therewith), and principal and interest payable under, any indebtedness, credit facility or other credit arrangement of the Funds, (iv) accounting fees, third party fees, fees and expenses of consultants, advisors, third party administrators and custodians, attorneys' fees (including those of in-house legal department engaged in legal work on behalf of the Funds) and any expenses related to any of the foregoing, (v) due diligence fees and expenses, financing fees and expenses and all other costs and expenses related to the identification, evaluation, acquisition, holding, monitoring, valuation and disposition of securities (whether or not the transaction is consummated), including out-of-pocket travel expenses, broken deal fees and expenses, legal and accounting expenses, consulting expenses and any banking, brokerage, registration, qualification, finders' and similar fees or commissions, (vi) expenses related to obtaining research intelligence and data (including, without limitation, any information technology hardware, software or other technology incorporated into the cost of obtaining such research intelligence and data, including, without limitation, fees and expenses related to performing due diligence (including ongoing due diligence) on potential providers of any of such research, market or business data services), (vii) all out-of-pocket fees and expenses incurred by the Funds, the General Partner, or any other Calumet Person (as defined in the applicable Governing Documents) in connection with any conference or meeting of one more of the investors and any meeting of the investor advisory board (including services, food, lodging, transportation and entertainment provided at or in connection with any such meetings), (viii) premiums and fees, costs and expenses associated with D&O/GPL liability or other insurance coverage, (ix) expenses associated with compliance with applicable laws, rules and regulations regarding registered investment advisers incurred by the Adviser and their respective affiliates, (x) the costs and expenses of any litigation, audit, examination, investigation, indemnification or governmental proceeding involving the applicable Fund or any Portfolio Investment or proposed Portfolio Investment and the amount of any judgments, settlements, indemnification or other amounts paid in connection therewith, (xi) any expenses associated with the Funds' reporting, financial statements, tax returns, tax forms (including, without limitation, Schedule K-1s) and tax and financial reporting, as well as fees, costs and expenses incurred in connection with any communications or inquiries with one or more of the investors (including with respect to reporting, capital calls and distributions), compliance with any of the Governing Documents or any Side Letters or other constituent documents or other documentation relating to the Funds, alternative investment vehicles or special purpose vehicles, (xii) fees, costs and expenses incurred in connection with dissolving, liquidating, winding-up and terminating a Fund, (xiii) any expenses associated with compliance with applicable laws, rules and regulations by the Funds or in respect of Portfolio Investments, (xiv) any expenses associated with the operation and actions of the investor advisory board, (xv) expenses incurred in connection with the establishment, operations and winding up of any alternative investment vehicle or special purpose vehicle, (xvi) expenses incurred in connection with defaulting Partner (that are not otherwise borne by the applicable defaulting Partner), (xvii) placement agent fees and (xviii) Organizational Expenses. "Organizational Expenses" means legal and other expenses in connection with the formation, organization, documentation, funding, marketing and start-up of a Fund, the applicable General Partner and the Adviser.

### **Portfolio Investment Fees**

In addition to the Management Fees and carried interest, the Adviser and its affiliates receive various fees in connection with the closing, monitoring, supporting, servicing, advisory, consulting and other similar services with respect to Portfolio Investments for which they will be paid fees by Portfolio Borrowers and other third parties (collectively, "Portfolio Investment Fees"). The amount and timing

of Portfolio Fees received by the General Partner or its affiliates are generally specified in the agreement or other documentation governing the applicable transaction.

For purposes of calculating any Management Fee offset for the Funds, Portfolio Investment Fees are net of out-of-pocket costs and expenses incurred by the Adviser and its affiliates in connection with consummated or unconsummated transactions or in connection with generating any such fees. Portfolio Investment Fees may be substantial and typically are paid in cash. The Adviser will reduce the amount of Management Fees paid by certain Funds by 100% of such Portfolio Investment Fees received. Additionally, and as described further below, the Adviser will reduce the Management Fee paid by certain Funds by the Closing Fee and the Servicing Fee in certain situations. Further, Management Fees will also be offset 100% by the placement fees paid by certain Funds and the amount of Organizational Expenses incurred by a Fund in excess of the dollar figure set forth in the applicable Governing Documents. Additional details pertaining to the Management Fee offset for each Fund are described more fully in the respective Governing Documents.

In the event that the aggregate amount of Management Fee reductions pursuant to the immediately preceding paragraph exceeds the Management Fee for any quarterly period, such excess will be carried forward to reduce the Management Fee payable in following quarterly periods. For the avoidance of doubt, there will be no offset of Management Fees paid hereunder for any Portfolio Investment Fees paid to the Adviser or its affiliates that are attributable to investments by the Independent Investor or other vehicle or account managed, advised or serviced by a General Partner, the Adviser or their affiliates.

The Adviser will determine the amount of these fees in its own discretion, subject to applicable agreements with applicable third parties, if any, and the Adviser is not required by the Governing Documents to provide the Funds and the investors thereof with information regarding the amounts of these fees and reimbursements. Although the Adviser or certain of its affiliates receive these fees and reimbursements from actual Portfolio Borrowers or other investment vehicles of the Funds, the opportunity to earn these fees and receive these reimbursements creates a conflict of interest between the Adviser and such affiliates, on the one hand, and the Funds and the investors thereof, on the other hand, because the amounts of such fees and reimbursements are often substantial, the Funds and their investors do not have an interest in the Adviser or such affiliates and the rights of the Fund and their investors to these fees and reimbursements is limited to the offset described above. In many cases with respect to the implementation of the arrangements described above, there is not an independent third-party involved on behalf of the relevant Portfolio Borrower. Therefore, a conflict of interest exists in the determination of any such fees and other related terms in the applicable agreement with the portfolio company.

### **Closing Fees and Servicing Fees**

Certain other fees and reimbursements that are generally not considered “Portfolio Investment Fees” and do not reduce the Management Fee payable by the Funds include (but are not limited to) the following: (i) any closing fee (“Closing Fee”) received by the Adviser in connection with the consummation of such Portfolio Investment; provided, however, that certain closing fee amounts exceeding certain thresholds as set forth in the applicable Governing Documents will offset Management Fees, (ii) A servicing fee (“Servicing Fee”) with respect to a Portfolio Investment, means any servicing fee received by certain Advisor affiliates who provide services with respect to servicing the Portfolio Investments (the “Servicer”) in connection with servicing such Portfolio Investment; provided, however, that certain servicing fees exceeding certain thresholds as set forth in the applicable Governing Documents will offset Management Fees.



## **Other Information**

The Funds generally invest, and anticipate continuing to invest, on a long-term basis. Accordingly, investment advisory and other fees are expected to be paid, except as otherwise described in the Governing Documents, over the term of the relevant Fund, and investors generally are not permitted to withdraw or redeem interests in the Funds.

The Principal or other current or former employees of the Adviser generally receive salaries and other compensation derived from, and in certain cases including a portion of, the Management Fee, carried interest or other compensation received by the Adviser or its affiliates.

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

As described above in Item 5 “Fees and Compensation,” the Adviser or its affiliates may receive a carried interest allocation on certain realized profits in the Clients. These payments are subject to Section 205(a)(1) of the Advisers Act, in accordance with the available exemptions thereunder, including the exemption set forth in Rule 205-3. The Adviser does not advise Funds that are not subject to a carried interest, although it generally has the authority to waive carried interest with respect to certain partners as described above in Item 5 “Fees and Compensation.” Separate account Clients may or may not pay Adviser a carried interest.

Additionally, to the extent that the Adviser’s personnel are assigned varying percentages of carried interest from Clients, such personnel are subject to potential conflicts of interest, to the extent they are involved in identifying investment opportunities as appropriate for Clients from which they are entitled to receive a higher carried interest percentage.

The existence of carried interest and performance-based compensation has the potential to create an incentive for the Adviser to make more speculative investments on behalf of a Client than it would otherwise make in the absence of such arrangement, although the Adviser generally considers performance-based compensation to better align its interests with those of its investors.

Furthermore, the Adviser receives an asset-based management fee from certain Clients. Because fee and expense levels vary among the Adviser’s various Clients, the Adviser has an incentive to allocate transactions and investment opportunities to those Clients which pay higher fees to Adviser.

The Adviser may, from time to time, face conflicts of interest relating to its dealings with various Clients. Certain of the Adviser’s Clients may (and, in certain cases, will) have investment objectives, programs, strategies and positions, risk tolerance standards or other characteristics that are similar to or may conflict with those of the other Clients, or may compete with or have interests adverse to other Clients. Additionally, subject to any applicable provisions of the Governing Documents, the Adviser and its affiliates may raise successor funds in the future. Such conflicts could affect the availability of investments in which the Clients invest. The Adviser may, subject to any applicable provisions of the Governing Documents, give advice or take action with respect to the investments held by, and transactions of, certain Client that may differ from the advice given or the timing or nature of any action taken with respect to the investments held by, and transactions of, other Clients for a variety of reasons, including differences between the investment strategy, financing terms, regulatory treatment and tax treatment. As a result, the portfolios and investment returns of one Client may be substantially different from those of another Client. Conflicts of interest may also arise when the Adviser makes

decisions on behalf of certain Clients with respect to matters where the interests of the Adviser or another differs from the interests of other Clients.

The Adviser or its affiliates should be expected to own interests in certain Client accounts. See also “Arrangements with the Independent Investor” generally.

The Adviser seeks to address the potential for conflicts of interest in these matters with allocation policies and/or practices that provide that transactions and investment opportunities will be allocated to the Funds in accordance with each Fund’s investment guidelines and Governing Documents, as well as other factors that do not include the amount of asset-based or performance-based compensation received by the Adviser or any personnel.

### **Item 7 - Types of Clients**

As described in Item 4 “Advisory Business,” the Adviser provides investment advisory services to the Funds, which are investment partnerships, or similar entities, which are exempt from registration under the Investment Company Act of 1940, as amended (the “Investment Company Act”). The investors participating in the Funds may include individuals, banks or thrift institutions, other investment entities, university endowments, sovereign wealth funds, family offices, pension and profit-sharing plans, trusts, estates or charitable organizations or other corporations or business entities and may include, directly or indirectly, the Principal or other employees of the Adviser and its affiliates and members of their families, and Consultants or other service providers retained by the Adviser. Each Fund will generally have a minimum investment amount of \$5 million for third-party investors in the Funds, and Fund interests will be offered and sold solely to accredited investors who are also qualified clients. Such minimum investment amounts may be waived by the Adviser.

Other Clients may be special purpose vehicles arranged for a single underlying investor. Finally, the Adviser’s separate account Clients may be other types of institutional investors.

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

#### **Investment Types and Criteria**

Calumet intends to leverage its key differentiators to originate, underwrite, structure, and manage Portfolio Investments on behalf of its Clients. Such Portfolio Investments are expected to primarily include term loans and lines of credit to U.S. law firms representing plaintiffs, on a contingent fee-basis, with a portfolio of mass tort, other complex multiparty (including class actions), or traditional personal injury cases, although Portfolio Investments may consist of loans to other law firms as well.

Each potential investment will be assessed in light of the creditworthiness of the prospective Portfolio Borrower, the composition and valuation of the underlying collateral, and the structure of the prospective Portfolio Investment.

#### **Investment Sourcing Process**

##### *Investment Sourcing*

The Adviser and its affiliates anticipate originating opportunities through three key channels. First, direct origination of deals through existing relationships and in response to inbound inquiries. Second, through channel affiliates, primarily service providers to prospective Portfolio Borrowers who

have substantial incentive for firms to have access to incremental capital to fund service contracts. Third, from brokers retained by prospective Portfolio Borrowers who are actively seeking capital.

Following successful qualification through a preliminary application and screening process, prospective opportunities will proceed through underwriting, approval, negotiation of final documentation, onboarding, and loan servicing.

#### *Oversight of Portfolio Investments*

Calumet divides its risk management function into two categories: investment risk management and operational risk management. With respect to investment risk management, Calumet actively manages the risk in the Clients' investment portfolio, both across the entire portfolio of loans and regarding each individual investment.

With respect to the investment process, Calumet will monitor several risk factors including:

- Amounts of investment and loan to value ratios,
- Concentration in underlying litigations and/or against specific defendants, and
- Law firm credit risk.

The Principal and the investment team regularly meet to discuss the portfolio and any individual investments facing increased risk.

Regarding operational risk management: Calumet will implement policies and procedures designed to minimize enterprise risk resulting from business operations, which will focus on:

- People
- Processes
- Systems
- External events

#### **Risk of Loss**

All investments entail the risk of loss that the investors should be prepared to bear. An investment with the Adviser involves a number of risks relating to relating to the structure and investment objectives of the Funds and the investments with respect to which the Advisor provides investment advisory services; such risks include those set forth below. Clients should carefully review the Governing Documents for more detailed disclosures relating to risk.

***Ethical, Legal, Regulatory, Governmental, and Related Restrictions.*** There are legal and professional ethics reasons why there have been limited investment opportunities in the area of claims purchase or litigation financing in the United States, and elsewhere, in the past. These include prohibitions on purchasing claims from plaintiffs (known as maintenance, and a form of maintenance, called champerty), restrictions on assignment of certain kinds of claims, and ethical restrictions on participating in a lawyer's contingent fee interests (including ethical rules against sharing fees with lawyers and non-lawyers). The various laws and professional regulations addressing litigation financing generally, including, without limitation, prohibitions against champerty, maintenance, and barratry at the state level and regulations with respect to legal ethics, are complex and subject to constant change and uncertainty. A number of states in the United States and other jurisdictions will not, for legal and professional ethics reasons, permit the Clients to make investments in litigation and

arbitration cases either directly or indirectly and, accordingly, the Clients will not be able to make such investments in these jurisdictions, thereby limiting the number of potential investments it can make. In addition to such limitations, additional limitations, requirements, or restrictions may be placed on litigation financing arrangements, whether by statute, regulation, court (including district or circuit) rule, or by other means. For example, and without limitation, legislation has been proposed in the U.S. Congress that could require disclosure of litigation financing arrangements or relationships in certain types of legal actions in the U.S. federal courts, and similar or more expansive legislation, regulation, or rules (including legislation, regulation, or rules requiring more detailed disclosure of the parties in interest to a litigation financing arrangement in any case), could be approved or adopted in the future. While the Adviser cannot forecast the scope of any such legislation, regulation, rulemaking, or other types of limitations, requirements, or restrictions, even if such actions would not prohibit the entry into litigation financing arrangements, there is the possibility that they could be so onerous, in the Adviser's discretion, as to effectively preclude participation in financing claims in a particular jurisdiction, or the Clients could be required to provide potentially significant disclosures regarding the Clients, their operations, their involvement, and, potentially, their stakeholders.

The Adviser intends to analyze the aforementioned issues as appropriate on an on-going basis and intends to seek outside legal counsel in order to evaluate and monitor these issues. However, in many jurisdictions, the relevant issues may not have been considered by the courts or addressed directly by statute and/or may be subject to change, so obtaining definitive legal advice may not be possible. Where possible and in its discretion, the Adviser may obtain legal opinions in those jurisdictions where it wishes to make investments, the expense of which will be borne by the Clients. In many jurisdictions, investment in and syndication of rights to the proceeds of legal claims is a novel concept that has not been considered by the courts nor addressed by statute. In certain jurisdictions, such as California, while no binding court decisions specifically disapprove of the practice, a court may still decline to enforce such arrangements if, for example, there is an indication that a non-party to a claim is in any way controlling the prosecution of that lawsuit, or if it appears that a non-lawyer is unlawfully engaged in the practice of law, or if the arrangement otherwise offends the public policy of the jurisdiction.

For each of its investments, the Adviser intends to rely on lawyers which it believes have suitable expertise to provide correct and accurate interpretation of the laws and ethics of the relevant jurisdiction as they apply to the investment in question. However, in the event that such interpretations are incorrect or subject to qualifications, the Clients' investments could be open to challenge or subsequently reduced in value or extinguished.

Changes in regulations, laws or ethical, court or other rules in jurisdictions where these restrictions currently do not apply could further reduce or limit opportunities for the Clients to make investments as envisaged or could result in the diminution or extinction of the value of investments already made by the Clients in such jurisdictions.

***Perceptions of Lawyers and Advisors.*** The participation of licensed lawyers involved in investments contemplated by the Adviser is fundamental to implementation of the investment strategy of the Clients. Although the Adviser will, before making an investment, determine that the proposed investment generally will not give rise to professional ethical restriction on "fee splitting" between lawyers and non-lawyers (or "fee sharing" between lawyers) or a violation of other legal prohibitions (such as champerty or maintenance), a number of professional ethics rules and legal restrictions are conceptual in nature and their application is difficult to predict. There is therefore no certainty that a court of law or a professional legal ethics regulator authority in the United States or its equivalent in jurisdictions outside of the United States will agree with the opinions of the Adviser or its external experts if the issue is challenged. If such lawyers perceive either that the contemplated transactions are

not legal or ethical under applicable laws or professional ethics rules, whether correctly or not, or that there is a risk that defendants, regulators or lawyers may challenge or raise defenses based on the existence of the Clients' investment, there may be a diminished market for some of the investment transactions proposed by the Adviser.

***Portfolio Investment Selection.*** The Clients' ability to provide returns to investors and achieve its investment objective is substantially dependent on whether or not the claims relating to the collateral of the Portfolio Investments will be successful or will pay the returns targeted by the Adviser or pay those returns in the anticipated time. Assessing the values, strengths and weaknesses of a claim is complex and the outcome is not certain, including the legal liability of the defendant, the amount of damages assessed by the trier of fact, the ability of the defendant and the defendant's insurance company to pay a settlement or judgment, the abilities of the plaintiff's counsel, the assessment of fault and causation, the legal nature of the claim and the amount of monetary damages ultimately awarded. It is also possible that a claimant may abandon or otherwise compromise its claims. Despite the recourse nature of the loans comprising the Portfolio Investments and the relatively broad collateral for such loans, such an event may prevent the Clients from realizing expected returns or cause the Clients to sustain a complete loss. The uncertainties of litigation may result in a judgment for amounts less than anticipated, a settlement for amounts lower than predicted, or failure to reach a settlement. Such unfavorable outcomes could reduce the profitability of the Clients' investments and ultimately cause losses. Should cases, claims, defenses, or disputes in which the Clients invest (through the collateralization on a loan) prove to be unsuccessful or produce returns below those expected by the Adviser, the value of the Interests could be materially adversely affected.

***Evaluation and Disclosure Regarding Portfolio Investments.*** Certain details of the law firms to which the Clients provide loans and the underlying claims that such law firms have, are or intend to pursue, cannot and will not be disclosed on a named or detailed basis to investors because of confidentiality and other restrictions, including professional codes of ethics. In particular, any sharing with the investors of confidential information protected by attorney-client privilege or by attorney work-product doctrine could waive all protection of that information. Such waiver could severely damage the value of the underlying claims pursued by such law firm by giving the opponent access to sensitive information. Any agreement to share with investors any information and evidence related to the case could preclude the plaintiff from entering into confidentiality agreements with co-plaintiffs in the same matter. Such sharing could also make discovery from the adverse party problematic as most discovery is covered by court-issued protective orders that ensure the confidentiality of all parties. A breach of a protective order could subject a party to serious sanctions that would impact the value of the underlying claims. To this extent, investors will therefore not have an opportunity to evaluate for themselves such claims and therefore investors will be dependent upon the judgment and ability of the Adviser and the Principal in investing and managing the assets of the Clients.

***Recovery Collection Risks.*** Part of the selection process for investment in a loan to a law firm involves an assessment by the Adviser of the ability of the defendants of any claim litigated such law firm to pay a judgment or award if the claim is successful. If the defendant is unable to pay or the plaintiff or defendant seeks to challenge the validity of the judgment or award on legal or professional ethics grounds, the Clients may encounter difficulties in recovery. The Clients are exposed to credit risk in various investment structures. In general, the Clients assume the risk of nonperformance by the law firm counterparty to an applicable loan agreement, and the credit risk and default risk of the ultimate payor. Upon becoming contractually entitled to payments to law firms and the proceeds thereof, the Clients will be a creditor of, and otherwise subject to credit risk from, the applicable law firm. Moreover, the Clients may be indirectly subject to credit risk to the extent a defendant does not pay a claimant represented by the applicable law firm immediately or otherwise, notwithstanding successful

adjudication of a claim in the claimant's favor. If a law firm counterparty of a loan issued by the Clients or ultimate payor of the underlying claims litigated by such law firm counterparty defaults on its obligation to pay any contractual amounts, including, without limitation, by virtue of the bankruptcy or insolvency of such counterparty or ultimate payor, the Clients could suffer losses of some or all of its investment. If the defendant is unable to pay or the claimant or defendant challenges the judgment or award, the Clients may encounter difficulties in recovery. Although the loans issued by the Clients to a law firm will be recourse loans, the Clients will lack recourse against the defendants and claimants of the underlying claims litigated by the law firm counterparties of the Clients, and no certainty can be provided that a bankruptcy or other court process will afford the Clients the ability to recoup any of their investment or potential investment return. Further, given the nature of litigation recoveries, the Clients cannot control the ultimate timing and amount recovered, and the Adviser may not be able to predict the timing and/or amount of any payments.

***Reliance on Lawyers.*** The Clients are particularly reliant on lawyers to litigate claims and defenses with due skill and care. If they are not able to do this, or do not do this for other reasons, it is likely to have a material adverse effect on the value of the applicable Portfolio Investment. While the Adviser will analyze and evaluate the experience and track records of the lawyers involved in any investment (who may or may not be selected by the Clients), there is no guarantee that the outcome of a case will be in line with the lawyers' assessment of the case or in line with the expected skill and care from the lawyers. The Adviser and the Clients will often have limited or no rights to control the prosecution, disposition or settlement of the particular cases pursued by the applicable law firms borrowing money from the Clients. This is because such control could be seen to interfere with the attorney-client relationship between the plaintiff and the litigating attorney and may result in a court voiding the Clients' investment for reasons of public policy. Furthermore, the Adviser and the Clients may have limited rights to control the management or other operations of the law firms borrowing money from the Fund.

***Portfolio Investments May Be Based on Uncertain Projections.*** The Adviser may determine the suitability of investments based in part on the basis of estimates of the likelihood of successfully obtaining a judgment or settlement of a claim litigated by a law firm counterparty of the Clients, the size of any such judgment or settlement and the expected cost of financing. Projections, forecasts and estimates are forward-looking statements and are based upon certain assumptions. In all cases, projections are only estimates of future results that are based upon assumptions made at the time that the projections are developed. There can be no assurance that the projected results will be obtained, and actual results may vary significantly from the projections. General economic conditions, which are not predictable, can have a material adverse impact on the reliability of such projections.

***Bankruptcy Claims.*** In the event a Portfolio Borrower files for bankruptcy protection in connection with a Portfolio Investment, the Clients may be unable to sell Portfolio Investment without realizing a significant loss and may be unable to recover current interest on such claims during the course of the bankruptcy case.

***Equitable Subordination.*** Under common law principles that in some cases form the basis for lender liability claims, if a lender (i) intentionally takes an action that results in the undercapitalization of a Portfolio Borrower to the detriment of other creditors of such Portfolio Borrower, (ii) engages in other inequitable conduct to the detriment of such other creditors, (iii) engages in fraud with respect to, or makes misrepresentations to, such other creditors or (iv) uses its influence as a stockholder to dominate or control a Portfolio Borrower to the detriment of other creditors of such Portfolio Borrower, a court may elect to subordinate the claim of the offending lender or bondholder to the claims of the disadvantaged creditor or creditors (a remedy called "equitable subordination"). If the Clients engage

in such conduct, the Clients may be subject to claims from creditors of an obligor that debt held by the Clients should be equitably subordinated.

***Inflation Risk.*** Inflation risk results from the variation in the value of cash flows from a Portfolio Investment due to inflation, as measured in terms of purchasing power. The United States and other economies have recently experienced historically high inflation rate levels and there is uncertainty in connection with changing expectations relating to inflation and deflation. Changes in inflation rates may adversely impact the Clients and their return on its Portfolio Investments. For example, to the extent Portfolio Investments have fixed interest rates, the attractiveness of their implied returns may suffer as a result of inflation.

### **Potential Conflicts of Interests**

The Adviser, the General Partners, the Servicer, the Principal and their affiliates will be subject, and the Clients will be exposed, to a number of actual and potential conflicts of interest. Any such conflict of interest could have a material adverse effect on the Clients and the investors' investments therein. However, the existence of an actual or potential conflict of interest does not mean that it will be acted upon to the detriment of the Clients. When a conflict of interest arises, the Adviser will endeavor to ensure that the conflict is resolved fairly and in an equitable manner that is consistent with its fiduciary duties to the Clients. The Adviser has in place policies and procedures that it believes are reasonably designed to identify and resolve actual and potential conflicts of interest. Unless the context indicates otherwise, references in this section to conflicts of interest that may apply to the Adviser should be understood to apply to the Adviser and its affiliates.

Investors should understand that (i) the relationships among the Clients, the Adviser and its affiliates are complex and dynamic and (ii) as the Adviser's, the General Partners', the Servicer's and the Clients' businesses change over time, the Adviser, the General Partners, the Servicer and their affiliates may be subject, and the Clients may be exposed, to new or additional conflicts of interest. There can be no assurance that this document addresses or anticipates every possible current or future conflict of interest that may arise or that is or may be detrimental to the Clients or the investors.

***Potential Conflicts in Characterization of Certain Fund Expenses.*** The Governing Documents provide that the Funds will be responsible for all costs and expenses in connection with their operation, other than certain costs and expenses that will be the responsibility of the applicable General Partner or the Adviser. A potential conflict of interest exists in the Adviser's determination as to whether certain costs or expenses that are incurred in connection with the operation of the Funds are expenses for which the Funds are responsible, or whether such expenses should be borne by the General Partner or the Adviser. The Funds will be reliant on the determinations of the Adviser in this regard, and also in regard to the allocation of investment expenses and any common operating expenses as between the Funds and other Clients of the Adviser or other affiliates of the Adviser.

***Portfolio Investment Fees.*** In addition to the Management Fees and carried interest, the Adviser and its affiliates may receive Portfolio Investment Fees. The amount and timing of Portfolio Investment Fees received are generally specified in the agreement or other documentation governing the applicable transaction.

For purposes of calculating any Management Fee offset, Portfolio Investment Fees and monitoring fees are net of out-of-pocket costs and expenses incurred by the Adviser in connection with consummated or unconsummated transactions or in connection with generating any such fees. Portfolio

Fees may be substantial and typically are paid in cash. The Adviser will reduce the amount of Management Fees paid by the Funds by 100% of such Portfolio Investment Fees.

The Adviser will determine the amount of these fees in its own discretion, subject to applicable agreements, and the Adviser is not required by the Governing Documents to provide the Funds and the investors thereof with information regarding the amounts of these fees and reimbursements. Although the Adviser or certain of its affiliates receive these fees and reimbursements from actual or prospective Portfolio Borrowers, the opportunity to earn these fees and receive these reimbursements creates a conflict of interest between the Adviser and such affiliates, on the one hand, and the Funds and the investors thereof, on the other hand, because the amounts of such fees and reimbursements are often substantial, the Funds and their investors do not have an interest in the Adviser or such affiliates and the rights of the Funds and their investors to these fees and reimbursements is limited to the offset described above. In many cases with respect to the implementation of the arrangements described above, there is not an independent third-party involved on behalf of the relevant Portfolio Borrower. Therefore, a conflict of interest exists in the determination of any such fees and other related terms in the applicable agreement with the Portfolio Borrower.

Certain other fees and reimbursements that are generally not considered “Portfolio Investment Fees” and do not reduce the Management Fee payable by the Funds include (but are not limited to) the following: (i) any Closing Fee received by the Adviser in connection with the consummation of such Portfolio Investment, which closing fee does not exceed 2% of the principal loan value in respect of such Portfolio Investment; any closing fee amount exceeding such 2% threshold will offset the Management Fees, (ii) A Servicing Fee with respect to a Portfolio Investment, which servicing fee does not exceed the lesser of (i) 0.50% of the principal loan value in respect of such Portfolio Investment or (ii) \$5,000; any servicing fee amount exceeding such 0.50% or \$5,000 threshold will offset the Management Fees.

***Carried Interest of the General Partner.*** Because the percentage of the Clients’ profits allocated to the Adviser or an affiliate in respect of its carried interest distributions and capital contributions will likely exceed the capital contributions of the Adviser or an affiliate as a percentage of the aggregate capital contributions of the Clients, the Adviser may have an incentive to make investments that involve greater risk or speculation than would be the case in the absence of such performance-based compensation. In addition, due to the method of calculating the carried interest distributions to the Adviser or an affiliate, the compensation may be affected by the timing of dispositions and other factors within the control of the Adviser. Further, there is a potential conflict of interest between the responsibility of the Adviser and its affiliates to maximize profits from investment and the possible desire of the Adviser to avoid taking risks that might reduce the net asset value of the Clients and, consequently, reduce the Management Fee paid to the Adviser.

***Conflicting Investor Interests.*** Investors may have conflicting investment, tax and other interests with respect to their investments in applicable Clients and with respect to the interests of investors in other Clients or investment vehicles (including the Independent Investor) managed or advised by the Adviser that may participate in the same investments as those particular Clients. The conflicting interests of investors with respect to other investors in a Client and relative to investors in other Clients or investment vehicles may relate to or arise from, among other things, the nature of investments made by the applicable Client and such other investment vehicles, the structuring or the acquisition of investments and the timing or disposition of investments by the applicable Client and such other investment vehicles. As a consequence, conflicts of interest may arise in connection with the decisions made by the Adviser, including with respect to the nature or structuring of investments that may be more beneficial for one investor than for another investor. Furthermore, conflicts of interest



may arise with respect to when and on what terms the Independent Investor divests from a specific investment opportunity in which it co-invests alongside a Fund, as described below. In selecting and structuring investments appropriate for a Client, the Adviser will consider the investment and tax objectives of the Client and its Investors (and those of investors in other Clients or investment vehicles managed or advised by the Adviser) as a whole, not the investment, tax or other objectives of any investor individually.

***Conflicts Relating to Co-Investment Opportunities.*** The Adviser may establish certain investment vehicles through which certain personnel of the Adviser or its affiliates, or other persons may invest alongside the Funds in one or more investment opportunities. Such vehicles, referred to herein as “co-investment vehicles,” generally are created to purchase and sell each investment opportunity at substantially the same time and on substantially the same terms as the Funds. Such co-investment vehicles do not necessarily pay management fees or carried interest (but they may). The General Partner may from time to time determine that it is desirable for all or any portion of an investment opportunity to be purchased by third parties, including, without limitation, investors, investors in any parallel funds, strategic partners, other investors or such persons acting as finders or brokers of transactions. No investor has any rights, entitlements or priority to participate in any such co-investment opportunity, subject to any Side Letter entered into with an investor that provides such investor with certain rights in respect of co-investments. Decisions regarding whether and to whom to offer such co-investment opportunities, and the terms on which a co-investment is made, are made in the sole discretion of the General Partner. Such co-investment opportunities may, and typically will be, offered to some and not other investors, and investors may be offered a smaller amount of co-investment opportunity than originally requested, in each case in the sole discretion of the General Partner. In addition, third parties (e.g., consultants, joint venture partners, persons associated with a Portfolio Borrower and other third parties) will from time to time be offered such co-investment opportunities, in the sole discretion of the General Partner. Non-binding acknowledgements of interest in co-investment opportunities do not require the Adviser to notify the recipients of such acknowledgements if there is a co-investment opportunity.

The Adviser is not required to, and does not, consider all applicable factors in any particular investment, and some factors may be more or less important depending upon the nature of the particular investment and attendant circumstances. There can be no assurance that the actual allocation of a co-investment opportunity or the terms on which that allocation is made will be as favorable as they would be if the conflicts of interest to which the General Partner may be subject, discussed herein, did not exist.

The Adviser will determine the appropriate allocation among co-investors, the Funds and any other investment vehicles managed by the Adviser of expenses and fees generated in the course of evaluating and making investments. Generally, if a proposed transaction is not consummated, no such co-investment vehicle generally will have been formed, and the full amount of any costs related to an unconsummated transaction would therefore be borne entirely by the Funds or other investment vehicles selected by the Adviser as proposed investors for such proposed transaction. In addition, if a potential investment is not consummated and a co-investment vehicle has been formed (or co-investors have committed to invest in a proposed transaction), the full amount of any expenses relating to such potential but not consummated investment would be borne entirely by the Funds or the other investment vehicles selected by the Adviser as proposed investors for such proposed investment, rather than the co-investment vehicle or co-investors. Furthermore, to the extent a co-investment vehicle is formed in connection with a proposed transaction, expenses relating to such co-investment vehicle (including, for instance, expenses related to its organization and formation solely for the benefit of such co-investment

vehicle and other expenses incurred in connection with making an investment) may, in certain situations, be borne by the Funds, regardless of whether such proposed transaction is consummated.

***Independent Investor Co-Investment Rights.*** Additionally, the Independent Investor has the right to co-invest alongside a certain Fund as is set forth in the applicable Governing Documents. Further the Independent Investor has the right in a post settlement loan context to invest before the applicable Fund. Given this, if the Independent Investor make a post settlement loan in respect of a certain law firm, it is possible that the Fund may make a pre-settlement loan to the same law firm and the Independent Investor will be entitled to recovery from the applicable collateral and the Fund will not. Subject to the foregoing investment rights of the Independent Investor with respect to post settlement loans, the Adviser will allocate investments on a fair basis among the Accounts, taking into account, among other considerations, the notional or other commitments made to each Account.

In addition, the General Partner, the Manager, the Servicer and the affiliates thereof are entitled to receive carried interest and certain fees from the Independent Investor, and the terms of the documents relating to the Independent Investor investment rights generally differ from the Fund and other Account Governing Documents.

Further, if, prior to a certain date in accordance with the applicable governing documents, the Adviser or its affiliates will have obtained a certain type of final, bona fide third-party offer set forth in a fully negotiated and bona fide term sheet or other written agreement, the Adviser will provide the Independent Investor with the right to extend (by itself or through its affiliates) a financing or make such purchases on economic and other material non-economic terms that are the same or better than the corresponding terms of such third-party offer.

***Side Letters.*** The General Partners and their affiliates, on their own behalf and on behalf of the Funds, may enter into Side Letters or similar agreements with investors, without the approval of any investor in the applicable Fund, including Side Letters that offer investment terms that are not available to other investors in the Fund and have the effect of altering or supplementing the terms otherwise applicable under the Governing Documents. There is no limit with respect to the percentage of investors who may receive side letters in the General Partners' discretion. Accordingly, a significant percentage of investors may have special rights. In some cases, an investor may be at a disadvantage and suffer losses if the applicable General Partner grants other investors preferred access to information.

## **Item 9 - Disciplinary Information**

The Adviser and its management persons have not been subject to any material legal or disciplinary events required to be discussed in this Brochure.

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

Calumet is affiliated with the General Partners which are investment advisers subject to Calumet's SEC registration under the Advisers Act in accordance with SEC guidance. These entities operate, for registration purposes, as a single advisory business together with Calumet and serve as general partners to the Funds and generally share with Calumet common owners, officers, partners, employees, consultants or persons occupying similar positions.

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

The Adviser has adopted a written Code of Ethics (the “Code”) designed to address and avoid potential conflicts of interest as required under Rule 204A-1 under the Advisers Act. The Code sets forth a standard of business conduct and compliance with federal securities laws by all of the Adviser’s employees. The Code contains policies and procedures that are reasonably designed to ensure that all personal securities trading by employees of the Adviser is conducted in such a manner as to avoid any actual, potential or perceived conflicts of interest or abuse of an individual’s position of trust and responsibility. The Adviser prohibits personal trading on restricted securities; requires pre-clearance of personal trades of an IPO, a new private placement, and other limited offerings; requires periodic reporting of employees’ personal securities transactions and holdings; and requires prompt internal reporting of Code violations. Personal securities transactions by employees who manage Client accounts are required to be conducted in a manner that prioritizes the Client’s interests in Client eligible investments. A copy of the Code will be provided to any investor or prospective investor upon request to Dominique Song, Calumet’s Chief Compliance Officer, at 305-646-7161.

As part of its Code, the Adviser has established procedures reasonably designed to prevent the abuse of material, non-public information, which includes procedures for, among other things, the use and maintenance of restricted trading lists. Because the structure of the Adviser would make information barriers impractical, the Adviser has not imposed information barriers to restrict the internal flow of possible material, non-public information. Thus, access persons of the Adviser are deemed to be in receipt of material, non-public information, in all instances where any access person of the Adviser has received material, non-public information and, therefore, such access person(s) may not trade on the basis of that information.

Accordingly, should Calumet or any of its affiliated persons come into possession of material non-public or other confidential information with respect to public and non-public company, the Adviser generally would be prohibited from communicating such information to Clients, and the Adviser will have no responsibility or liability for failing to disclose such information to Clients as a result of following their policies and procedures designed to comply with applicable law.

The Code also includes, among other things, requirements that all employees (i) conform their business conduct to applicable state and federal laws and regulations, and (ii) obtain pre-approval of any outside business activities that involve a time commitment that could reasonably be expected to have an adverse effect on the employee’s work at Calumet or conflict with the Governing Documents of the Fund or provide for material compensation to the employee.

Calumet has also adopted a compliance program, which includes, among other things, a records retention and communication policy, an information security program intended to protect the confidentiality of the information retained by Calumet and policies designed to ensure compliance with applicable laws and regulations.

The Principal and employees of Calumet and its affiliates may directly or indirectly own an interest in one or more Funds, including certain co-invest vehicles. To the extent that co-invest vehicles exist, such vehicles may invest in one or more of the same investments as a Fund. Co-invest opportunities may also be presented to certain affiliates of Calumet, as well as third-party investors and other persons, and such co-investments may be effected through co-invest vehicles or directly in a particular portfolio company. Such co-investment opportunities generally will be allocated in the manner described under “Methods of Analysis, Investment Strategies and Risk of Loss.”

## **Item 12 – Brokerage Practices**

Given that Calumet focuses on litigation finance investments through privately negotiated transactions, the Adviser anticipates that investments in publicly traded securities will be infrequent occurrences (e.g., money market instruments pending investment in a litigation finance matter, securities held as a result of initial public offerings, going-private transactions, etc.). However, to meet its fiduciary duties to the Clients, the Adviser would adopt written policies to address issues that might arise with respect to purchasing, holding, and selling publicly traded securities, as follows:

If the Adviser sells publicly traded securities for a Client, it is responsible for directing orders to broker-dealers to effect securities transactions for accounts managed by the Adviser. In such event, the Adviser will seek to select brokers on the basis of best price and execution capability. In selecting a broker to execute client transactions, the Adviser may consider a variety of factors, including: (i) execution capabilities with respect to the relevant type of order; (ii) commissions charged; (iii) the reputation of the Adviser being considered; and (iv) responsiveness to requests for trade data and other financial information.

The Adviser has no duty or obligation to seek in advance competitive bidding for the most favorable commission rate applicable to any particular client transaction or to select any broker on the basis of its purported or “posted” commission rate, but will endeavor to be aware of the current level of the charges of eligible brokers and to reduce the expenses incurred for effecting client transactions to the extent consistent with the interests of such clients. Although the Adviser generally seeks competitive commission rates, it may not necessarily pay the lowest commission or commission equivalent. Transactions may involve specialized services on the part of the broker involved and thereby entail higher commissions or their equivalents than would be the case with other transactions requiring more routine services.

Consistent with the Adviser seeking to obtain best execution, brokerage commissions on client transactions may be directed to brokers in recognition of research furnished by them, although the Adviser generally does not make use of such services at the current time and has not made use of such services since its inception. Such research services could include economic research, market strategy research, industry research, company research, fixed income data service, computer-based quotation equipment and research services and portfolio performance analysis. As a general matter, research provided by these brokers would be used to service all of the Adviser’s Clients. However, each and every research service may not be used for the benefit of each and every Client managed over time by the Adviser, and brokerage commissions paid by one Client may apply towards payment for research services that might not be used in the service of such Client. Research services may be shared between the Adviser and its affiliates.

The Adviser currently does not engage in soft dollar transactions but may engage in soft dollar transactions in the future in accordance with the limitations of Section 28(e) of the Securities Exchange Act of 1934, as amended.

The Adviser does not anticipate engaging in significant public securities transactions; however, to the extent that the Adviser engages in any such transactions, orders for purchase or sale of securities placed first will be executed first, and within a reasonable amount of time of order receipt. To the extent that orders for Clients are completed independently, the Adviser may also purchase or sell the same securities or instruments for several Clients simultaneously. From time to time, the Adviser may, but is not obligated to, purchase or sell securities for several client accounts at approximately the same time. Such orders may be combined or “batched” to facilitate obtaining best execution and/or to reduce

brokerage commissions or other costs. Batched transactions are executed in a manner intended to ensure that no participating Client of the Adviser is favored over any other Client. When an aggregated order is filled in its entirety, each participating Client generally will receive the average price obtained on all such purchases or sales made during such trading day. To the extent such orders are not batched, they may have the effect of increasing brokerage commissions or other costs.

In the Adviser's litigation finance transactions on behalf of the Clients, the Adviser may retain one or more broker-dealers or investment banks, the costs of which will be borne by the relevant Client and/or its investments. In determining to retain such parties, the Adviser may consider a variety of factors, including: (i) capabilities with respect to the type of transaction being contemplated; (ii) commissions or fees charged; (iii) reputation of the Adviser being considered; and (iv) responsiveness to requests for information. As a result, although the Adviser generally will seek reasonable rates for such services, the market for such services involves more subjective evaluations than public securities brokerage transactions, and the Clients may not pay the lowest commission or fee for such services.

### **Item 13 - Review of Accounts**

The investments made by the Funds are generally private, illiquid and long-term in nature. Accordingly, the review process is not directed toward a short-term decision to dispose of securities held by a Fund. The Adviser closely monitors companies in which the Clients invest, and the Adviser's Chief Compliance Officer periodically checks to confirm that each Client is maintained in accordance with its stated objectives.

Each Fund generally will provide to each of its investors (i) annual GAAP audited and quarterly unaudited financial statements, (ii) annual tax information necessary for each investor's tax return and (iii) at the time of delivery of the financial statements, reports providing a description of all investments held by the Funds and a narrative summary of the status of each such investment.

### **Item 14 – Client Referrals and Other Compensation**

The Adviser and/or its affiliates may provide certain services to Portfolio Borrowers and may receive compensation from these companies in connection with such services. As described in the applicable in the applicable Governing Documents, this compensation may offset a portion of the Management Fees paid by a Fund. However, in other cases (*e.g.*, certain Closing Fees and Servicing Fees), these fees may be in addition to Management Fees, as described in Item 5 "Fees and Compensation."

The Adviser has entered, and may again in the future enter, into solicitation arrangements pursuant to which it compensates third parties for referrals that result in a potential investor becoming an investor in a Fund. Any fees payable to any such placement agents and related expenses incurred pursuant to the relevant placement agent or similar agreement, including, but not limited to, placement agent travel, meal and entertainment expenses, typically are borne by the relevant Fund(s).

### **Item 15 - Custody**

The Adviser maintains custody of assets held in the name of the Clients with qualified custodians. As noted in Item 13 above, Fund investors will receive annual financial statements audited

by an independent public accounting firm registered with the Public Company Accounting Oversight Board (PCAOB). Fund investors are urged to carefully review these statements.

Separate account Clients will receive custodial statements from the custodian which should be carefully reviewed by the Client.

#### **Item 16 - Investment Discretion**

The Adviser has discretionary authority to manage investments on behalf of each Fund. As a general policy, the Adviser does not allow investors to place limitations on this authority. Pursuant to the terms of the Governing Documents, however, the Adviser and/or its affiliates may enter into Side Letters with certain investors whereby the terms applicable to such investor's investment in a Fund may be altered or varied, including, in some cases, the right to opt-out of certain investments for legal, tax, regulatory or other similar reasons. The Adviser assumes this discretionary authority pursuant to the terms of the Governing Documents and powers of attorney executed by the investors in each Fund.

With respect to its Clients other than the Funds, the Adviser may provide investment advice on either a discretionary or non-discretionary basis.

#### **Item 17 - Voting Client Securities**

The Adviser's investment strategy involves private litigation finance investments. As a result, the Adviser does not generally hold Fund investments in public equity securities and therefore does not generally receive proxies on behalf of its Clients. The Adviser does not vote proxies for its Clients.

#### **Item 18 - Financial Information**

The Adviser does not require the prepayment of Management Fees six months or more in advance, nor does it have any other events requiring disclosure under this item of the Brochure.