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Part 2A of Form ADV: Firm Brochure

March 18, 2024

**This brochure provides information about the qualifications and business practices of Bridger Investment Partners LLC (“Bridger”). If you have any questions about the contents of this brochure, please contact us at (800) 598-9220. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.**

**Additional information about Bridger is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**This registration with the United States Securities and Exchange Commission does not imply a certain level of skill or training.**

## **Item 2: Material Changes to Disclosure Brochure**

This brochure, dated March 18, 2024, replaces our previous brochure, dated November 17, 2023.

This annual amendment is being filed to include updated disclosures in “Item 4 – Advisory Business” in respect of the amount of Bridger’s regulatory assets under management (“RAUM”).

Our current and prospective investors are encouraged to read this Brochure, as well as all of the governing documents applicable to their current or prospective investment, in their entirety.

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#### **Item 4: Advisory Business**

Bridger, a Delaware limited liability company, is a New York-based firm with an advisory business that is focused on investments, directly or indirectly, in, and the management of, U.S. residential mortgage loans (“Loans”), foreclosed real estate (“REO”), excess mortgage servicing rights related to Mortgage Loans (“Excess MSRs”), residential mortgage-backed securities (“RMBS”) and interests therein (collectively, “Mortgage Related Assets”), generally specializing in Non-Prime residential mortgage assets. Bridger was founded in 2021 by Peter Barkey who is a veteran mortgage professional with experience in pricing, due diligence, asset management, servicing oversight, and restructuring of distressed mortgage assets.

Bridger is wholly owned by Bridger Investment Partners Holdings LLC (“Holdings”), a Delaware limited liability company. Holdings is owned 99% by Bridger Holdings 1 LLC (“Holdings 1”), a Delaware limited liability company, and 1% by Bridger Holdings 2 LLC (“Holdings 2”), a Delaware limited liability company. Holdings 1 and Holdings 2 are each wholly owned by Peter Barkey.

Bridger provides investment management and advisory services, primarily focused on implementing Mortgage Related Asset strategies, to sophisticated institutional investment managers and their managed invested funds and other sophisticated financial institutions (“Clients”) through separately managed accounts (“SMAs”). The term “Clients” as used herein also includes any investment vehicle established by Bridger on behalf of one or more Clients for legal, tax, regulatory or other similar purposes, for which Bridger provides continuous and regular supervisory or management services, to acquire investments for Clients pursuant to one or more SMAs. Except with respect to certain Loan-level loss mitigation strategies, Bridger’s investment acquisition and disposition advisory services will be provided on a non-discretionary basis.

Bridger engages in the purchase, holding and sale of residential mortgage loans in the secondary market on behalf of its Clients. Clients may hold the purchased loans or participations therein in their respective SMAs for investment purposes and, in some instances, may resell the loans or participations on a whole loan basis to other investors. Bridger does not engage in the business of making, funding, brokering or servicing of any mortgage loans, nor does it directly offer any financial products to consumers. Bridger does not directly charge fees to borrowers or directly communicate with borrowers. Rather, all servicing functions for the loans in Client portfolios will be performed by appropriately-licensed or exempt, unaffiliated third-party mortgage loan servicers. Bridger’s business will not target a specific geography. Bridger, on behalf of its Clients, may engage in the purchase, holding and sale of mortgage loans in any jurisdiction in which it is appropriately licensed to do so. Clients may purchase first- or subordinate-lien residential mortgage loans or participations therein with varying profiles, including those that are delinquent or in default. Bridger does not make, broker or service any loans. Accordingly, it does not charge fees to consumers or maintain a fee schedule in respect of such services.

The management team at Bridger has extensive experience in the U.S. residential mortgage market and longstanding relationships with mortgage industry participants. Bridger possesses substantial analytical, due diligence, risk management (such as credit risk and counter party risk), asset valuation and asset management capabilities to identify, acquire and manage Mortgage Related Asset investments. Bridger typically identifies mortgage loans available for sale from select relationships with originators, banks, broker-dealers, governmental and quasi- governmental agencies and other financial institutions, including Clients, as well as in certain circumstances,

referral agents. Bridger analyzes and values such Mortgage Related Assets using various quantitative econometric variables and qualitative data internally generated and obtained from third parties.

Bridger may negotiate the terms of each such investment transaction on behalf of its Clients as directed and requested by the Client. Each of Bridger's Clients will determine the Mortgage Related Assets it will acquire and the price at, and the material terms under, which those assets will be acquired. Currently, Bridger does not have discretion to make investment decisions on behalf of its Clients.

Its advisory services are limited to (a) sourcing and recommending Mortgage Related Assets for investment, (b) due diligence and asset value analysis, (c) services related to structuring an investment (in consultation with, as necessary or desirable as determined by Bridger, certain professional advisors), which may include the use of certain entities, vehicles or trusts (collectively, "Vehicles") to acquire, hold and/or finance certain Mortgage Related Assets, on behalf of the Clients, and drafting and negotiating the related transaction documents, and (d) ongoing services, which may include the monitoring, management and valuation of certain Mortgage Related Assets, each as and to the extent requested and directed by the Client.

Bridger provides additional services requested by Clients in connection with Mortgage Related Assets on a negotiated basis. Bridger may act as administrator of a Client or a Client Vehicle, and as such, may perform administrative corporate functions for such Client or Vehicle, including cash management and tax accounting services, and/or select and direct the loan servicer, the document custodian, the paying agent, the trustee and other agents for a Client or Client Vehicle and/or the Mortgage Related Assets. Upon request, Bridger will also assist Clients wanting to leverage their investment to obtain financing of such positions and may provide administrative services in connection with any financing arrangements.

In providing asset management services, Bridger may make certain asset level decisions related to the Mortgage Related Assets. In performing such services, Bridger seeks to maximize return objectives on Mortgage Related Assets by leveraging its expertise in developing loss mitigation and asset resolution strategies and overseeing the servicer in its implementation of individual asset resolution plans to resolve Mortgage Related Assets through, among other things, modifications, payoffs, foreclosures, sales and refinancing.

Bridger provides advisory services to its Clients in accordance with the investment objectives specified by each Client in its management agreement with Bridger and other written directives from the Client. Clients may impose restrictions on the type of Mortgage Related Assets in which it will invest and/or provide guidelines with respect to asset level mitigation or disposition strategies.

As of December 31, 2023, Bridger managed approximately \$289,353,012 of RAUM on a non-discretionary basis.

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

For its investment advisory services, Bridger generally receives one or more of the following types of fees: (i) an asset acquisition fee, (ii) a fee based on the value of assets under management, a fee based on the amount of assets under management, or a fee based on invested capital of assets under

management, and (iii) incentive compensation or profits interests entitling Bridger to a percentage of distributions made by a Client in excess of a specified preferred return. It may also receive a fixed fee for certain specified investment advisory related services, such as due diligence, in each case as set forth in the applicable Client's management agreement, statement of work or other governing documents. Asset acquisition fees are generally payable upon the acquisition by the Client of Mortgage Related Assets, however in certain instances they may be paid in advance of an acquisition. Fees based on the value of assets under management are generally payable monthly in arrears and fees based on the amount of assets under management are generally payable monthly in advance. Distributions in connection with incentive fees or profits interests are generally received periodically when the Clients make distributions and only if the specified preferred return has been met. The amount of any investment advisory fees (other than asset acquisition fees) may be prorated for periods of less than the full applicable billing cycle. Fees are negotiable and the type and amount of fees may vary based on the Client and the type and acquisition date of Mortgage Related Assets in which the Client invests and the nature of the services provided. In the event of the termination of its management agreement, the Client may obtain a refund of any prepaid fees as set forth in its management agreement. Further, in the event of a termination of the management agreement, Bridger or related persons may remain entitled to payment of management fees or incentive compensation with respect to managed Mortgage Related Assets acquired by the Client prior to the date of termination as specified in the applicable Client's management agreement. Clients generally are billed for fees and expenses. Management and incentive or performance fees are agreed to with the Client at the outset of the advisory relationship or at the initiation of any new investment strategy and as set forth in the Client's management agreement or other governing documents, and may be revised in accordance with such management agreement or other governing documents.

Clients will also bear, directly or indirectly, other fees and expenses related to the establishment, administration and dissolution of the Vehicles and the acquisition, management, servicing, disposition and valuation of the Mortgage Related Assets, in each case as set forth in the Client's management agreement or other governing documents. These fees and expenses typically include, but are not limited to, (a) Vehicle operating expenses, including transaction-related expenses (i.e., referral agent fees and due diligence expenses), custodial fees, bank service fees, legal fees and trustee fees, (b) costs and expenses (including due diligence expenses and legal fees) related to potential investments in or sales of Mortgage Related Assets (whether or not consummated); (c) Vehicle legal, accounting, insurance and other administrative expenses, including the costs and expenses of any audit, investigation or governmental inquiry and the costs and expenses of any indemnification or litigation relating to the activities or operations of the Vehicles and the amount of any judgments or settlements paid in connection therewith; (d) Vehicle entity-level taxes (including any tax liabilities relating to the ownership of Mortgage Related Assets); (e) servicer fees for servicing the Mortgage Related Assets and (f) reimbursement of certain servicer, depositor and Bridger costs and advances. If a Client leverages its investments, it will generally bear all financing related costs and expenses.

For information regarding brokerage practices, please see "Item 12 - Brokerage Practices" below.

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

As described in "Item 5 – Fees and Compensation" above, Bridger or related persons receive incentive compensation or profits interests entitling them to a percentage of distributions made by certain Clients in excess of a specified preferred return. The fact that a portion of Bridger's

compensation (or related persons', including its investment professionals, compensation) is directly tied to profit distributions made by Clients may create an incentive for Bridger and Bridger's investment professionals to recommend investments that are riskier or more speculative or to take more risks in managing Client Mortgage Related Assets than would be the case in the absence of such compensation. In determining which Client or Clients will be offered a potential investment opportunity it has identified, Bridger considers a variety of factors, including, stated investment objectives, type and amount of desired investments, risk profile, pricing assumptions, desired investment returns and Client fee arrangements. Bridger will be obligated to offer potential investment opportunities in Mortgage Related Assets it identifies to its initial investors ("Seed Investors"). If Seed Investors decline the opportunity or wish to acquire less than all of the Mortgage Related Assets offered, Bridger may offer the opportunity to other Clients based on the factors described above. Such preferential treatment is disclosed to Bridger's Clients who understand that certain investment opportunities may be presented to them only to the extent that Bridger and related Clients determine not to pursue such opportunities or wish to acquire less than all of the Mortgage Related Assets offered. In some cases, the Client itself may decide to offer a co-investment opportunity to other Clients or other investors it identifies with respect to a specific investment opportunity.

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

See "Item 4 – Advisory Business" for a description of Bridger's Clients. Bridger has no minimum account size.

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

Bridger seeks investments, directly or indirectly, in Mortgage Related Assets, including sub-performing, non-performing, re-performing and performing Loans, REO, RMBS and Excess MSRs. Bridger focuses on asset categories that utilize Bridger's experience in the U.S. residential mortgage market, leveraging Bridger's relationships with mortgage industry participants.

Bridger maintains substantial asset valuation experience, risk management and asset management capabilities to identify, acquire and manage Mortgage Related Asset investments on behalf of Clients. As disclosed in Item 4, Bridger typically identifies Mortgage Related Assets available for sale from select relationships with originators, banks, broker dealers, governmental and quasi-governmental agencies and other financial institutions, including Clients, as well as in certain circumstances referral agents, and analyzes and values such Mortgage Related Assets using various quantitative econometric variables and qualitative data internally generated and obtained from third parties.

Bridger may perform functions related to risk management and due diligence, both in conjunction with and/or subsequent to, recommending investment opportunities to its Clients. Bridger may perform asset level due diligence of the Mortgage Related Assets, including legal/ compliance review, title and lien searches, property valuation reviews and collateral credit underwriting reviews, as appropriate and as requested by the Client. Bridger also may negotiate the terms of

each such investment transaction on behalf of its Clients as directed and requested by the Client. Each of Bridger's Clients determines the Mortgage Related Assets it will acquire and the price at, and the material terms under, which those assets will be acquired. Currently, Bridger does not have discretion to make investment decisions on behalf of its Clients.

Bridger seeks to enhance the value of its Clients' investments in Mortgage Related Assets through optimal acquisition pricing and successful execution of asset level mitigation strategies. By applying the operational expertise of the management team on an asset-by-asset basis, and overseeing loss mitigation decisions on a case-by-case basis, Bridger believes it is better able to achieve Clients' objectives by using this approach as opposed to a more general approach.

Bridger collaborates with the servicers of its Clients' Mortgage Related Assets to formulate asset-level resolution strategies consistent with the Clients investment goals and guidelines, and oversees servicers' implementation of asset-level resolution strategies designated by Bridger. Loss mitigation strategies for acquired Loans include, but are not limited to, short-term payment plans, permanent loan modifications (which may include interest rate reduction, principal forgiveness, extension of maturity and/or reduction or forgiveness of accrued charges and interest), deeds in lieu, and short sales. The manner in which a sub-performing or non-performing loan is resolved will impact the amount and timing of revenue received. The servicer, on behalf of Bridger as the asset manager, may negotiate with a sub or non-performing borrower to modify the terms of his or her Loan, and once the modification has occurred, the Loan will become a re-performing loan as the borrower resumes payments. A Client may hold onto select re-performing Loans to earn long-term yield and cash flow. In certain circumstances, a borrower may choose to refinance its Loan or a Client may also consider selling the modified Loans. A portion of the Loans may enter into foreclosure or similar proceedings, ultimately becoming REO. REO property can be converted into single-family rental properties that may generate long-term returns for a Client or they may be sold through REO liquidation and short sale processes.

Bridger uses various third party and/or internally developed models and applications to support its businesses. These include models and applications which analyze, monitor performance of and value of certain Mortgage Related Assets, models and applications which analyze and maintain information related to assets and asset resolution strategies and applications which communicate information and decisions to servicers.

Upon request, Bridger also assists Clients wanting to leverage their investment to obtain financing of such positions and may provide administrative services in connection with any financing arrangements.

#### *Conflicts Related to Investment Strategies*

At times, Bridger may identify and recommend to Clients Mortgage Related Assets available for sale by other Clients. In such instance, Bridger will disclose the material aspects of its role in such transactions, including any sourcing or transaction fees payable to it, and obtain appropriate Client consents prior to the close of any such transaction. Conflict in these types of cross-Client transactions are mitigated by such disclosures, the fact that Bridger's Clients are sophisticated and experienced investors, and the fact that each Client makes its own sale or investment decision.



Bridger has adopted policies and procedures designed to identify and properly disclose, mitigate, and/or eliminate applicable conflicts of interest. Conflicts of interest that involve Bridger, and/ or Bridger affiliates on one hand, and its Clients on the other hand, generally are fully disclosed and resolved in accordance with the applicable Clients' management agreements and/or Bridger's policies and procedures. Conflicts are mitigated through full and fair disclosure coupled with Bridger's non-discretionary investment authority.

### **Material Risks of Bridger's Strategies:**

The investment strategies described above involve a substantial degree of risk and Clients may lose all or a substantial portion of the value of their investments. Material risks relating to the investment strategies and methods of analysis described above include the following:

**Distressed Assets.** Distressed Mortgage Related Assets are acquired using risk adjusted pricing metrics and as such may result in significant returns to the Client. However, returns are highly dependent on successful execution of resolution strategies, and both resolution strategies and timelines are highly dependent on (x) overall market conditions and other factors that may impact a borrower's ability to repay the debt, (y) significant regulatory requirements and (z) the overall ability of the servicer (and other service providers) to execute its services. As a result, investment in portfolios of distressed Mortgage Related Assets involve a substantial degree of risk. The level of analytical sophistication, both financial and legal, necessary for successful investment in distressed assets is unusually high.

**Market and Regulatory Conditions.** Mortgage Related Assets will be materially affected by conditions in the financial markets and economic conditions in the United States, including interest rates, availability of and terms of credit, housing supply and demand, employment rates, inflation rates, economic uncertainty, natural disasters, changes in laws, regulation and policy, particularly those affecting the U.S. housing and real estate markets.

The residential mortgage market in the United States has experienced and may in the future experience a variety of difficulties and challenging economic conditions. Any renewed deterioration of the U.S. housing market or economic conditions generally, including a decrease in employment reducing the demand for housing in a geographic area, could result in increased delinquencies or defaults on the mortgage loans and could have an adverse effect on the Loans (or participations therein) or mortgage servicing rights acquired by a Client.

**Disease Outbreaks and Public Health Concerns.** Certain illnesses spread rapidly and have the potential to significantly adversely affect the global economy. The outbreak of infectious diseases and other serious public health concerns, including, but not limited to, outbreaks such as the severe acute respiratory syndrome, avian influenza, H1N1/09 influenza, and, most recently, SARS-CoV-2 and the related COVID-19, or other similarly infectious diseases, together with any resulting restrictions on travel or impositions of quarantines and other responsive measures that have been implemented and that could be implemented in the future by various government agencies, may have a material and adverse impact on the economy generally, and in turn on the ability of mortgagors to make timely payments on their mortgage loans, or whether government actions (including mortgage forbearance programs, moratoria on foreclosures and evictions and changes to the eligibility criteria for mortgage loans eligible for inclusion in agency mortgage backed securities) may have an adverse impact on the value and performance of any existing and potential investments in Mortgage Related Assets, and the ability of Bridger to effectively conduct and manage the affairs of its Clients. Bridger

cannot predict the likelihood of disease outbreaks occurring in the future or how such outbreaks may affect the performance of investments in Mortgage Related Assets.

**Federal and State Policy Considerations.** As a result of the credit crisis and subsequent financial turmoil, the federal government put in place statutory and regulatory frameworks and policies (including the Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Dodd-Frank Act”) enacted in 2010) providing for extensive supervision and regulation of financial firms, as well as various state and local laws and regulations. Moreover, because issues relating to residential real estate and housing finance have been areas of political focus, federal and state governments have taken actions and may continue to take actions that affect residential real estate, the markets for financing residential real estate, and the participants in residential real estate-related industries more so than with respect to other industries.

The ability to securitize Mortgage Related Assets may be adversely affected by the risk retention rules enacted by the federal bank regulatory agencies, HUD and the SEC pursuant to the Dodd Frank Act which became effective December 24, 2015. Such rules generally require securitizers to retain not less than 5% of the credit risk of the mortgage loans (other than qualified mortgage loans) securitized. In addition, since 2007 the public Loan securitization market has been significantly disrupted, and as a result securitizations of Mortgage Related Assets have been accomplished with a limited number of institutional investors through the private market. The private market is a less liquid market, and generally affords investors more input into the price and other terms of the securitization. The sale of such Mortgage Related Assets may require significant time. Such risk retention rules may also adversely affect the availability or terms of financing of Mortgage Related Assets.

These laws, regulations and rules are likely to result in delays and increased servicing costs and may result in reduction in payments on Mortgage Related Assets, as well as affect the price and/ or marketability of such Mortgage Related Assets.

Ultimately, Bridger cannot assure its Clients of the impact that governmental actions may have on its business, Client investments or the financial markets. Clients bear the risk that future regulatory and legal developments and the attendant increase in servicing costs may result in situations where proceeds received in respect of Mortgage Related Assets are less than anticipated.

**Management Risk.** The successful acquisition and management of Mortgage Related Assets depends in part upon the skill and expertise of Bridger management. There can be no assurance that any individual professional will continue to be associated with Bridger. Should certain key Bridger management members leave Bridger, it could adversely affect Bridger’s ability to perform investment advisory services to Clients, and thus, the performance or value of a Client’s investment in Mortgage Related Assets.

**Model Assumptions.** Although updated periodically to reflect changing or additional assumptions or data, reliance on analytic models like those used by Bridger entails significant risk, particularly if the assumptions or the data on which such models rely prove to be incorrect, misleading, or incomplete. In such case, reliance on models may lead Bridger to recommend the purchase of Mortgage Related Assets at prices that are too high, the sale of such assets at prices that are too low, or cause Clients to miss favorable opportunities altogether.

In addition, Bridger stores the majority of the data upon which these models rely in computer

databases. The failure of such computer systems could adversely affect Client accounts for whom such models are used.

**Competition for Investments.** Bridger expects to encounter competition from entities having similar investment strategies and objectives. Certain of these entities may possess competitive advantages over Bridger or its Clients in pursuing investment opportunities, including greater financial or other resources, higher risk tolerances, different risk assessments, better connections, lower return thresholds, lower cost of capital and access to funding sources not available to Clients. In addition, market conditions may also affect the availability of certain types of Mortgage Related Assets for investment.

**Liquidity; Yield.** Investments in Mortgage Related Assets are relatively illiquid, and such illiquidity may limit Bridger's ability to optimally execute on loss mitigation or asset resolution strategies. Mortgage Related Assets acquired by Clients may be subject to legal and other restrictions on transfer and a liquid market for such Mortgage Related Assets may not exist. The market prices, if any, for such investments tend to be volatile and may not be readily ascertainable and a Client may not be able to sell them when it desires to do so or to realize what it perceives to be their fair value in the event of a sale. Prices for such Mortgage Related Assets may fluctuate due to a variety of factors, including market and regulatory conditions, type of pool and composition of Mortgage Related Assets and whether the Mortgage Related Assets are performing or not.

The rate and timing of Loan prepayments as well as Loan delinquencies will affect the investment's yield. In addition, the ability of the servicer to modify the terms of Loans that are in default or for which default is likely foreseeable in a timely and efficient manner may affect the yield on investments in Loans.

**Concentration.** Bridger targets investment in a limited group of assets - Mortgage Related Assets. Investment in limited asset types generally involves more risk than investment in diversified asset types. In addition, specific portfolios of Mortgage Related Assets may be or become concentrated in certain geographic areas, and as a result, may be adversely affected by economic, political, regulatory or natural events only affecting those limited regions.

**Loss Mitigation Alternatives.** Bridger directs the servicers to utilize a variety of different loss mitigation alternatives in resolving distressed Mortgage Related Assets. This may include short-term payment plans, permanent loan modifications (which may include interest rate reduction, principal forgiveness, extension of maturity and/or reduction or forgiveness of accrued charges and interest), deeds in lieu, short sales (involving principal forgiveness), short refinances (involving principal forgiveness) and foreclosures. The specific circumstances surrounding each distressed Mortgage Related Asset (such as financial situation of the borrower, current market value of property in relation to amount of the debt owed and lien position) will determine which loss mitigation alternative is selected by Bridger for such Mortgage Related Asset and such decision will impact the profitability or return on such Mortgage Related Asset. Federal and state laws, regulations and practices may also affect the nature, terms and timing of loss mitigation alternatives offered.

**Collection Risk.** The ability of a servicer to enforce ownership rights in Mortgage Related Assets may be limited, delayed or prevented by a number of different circumstances. These include missing or defective documents evidencing the debt and mortgage or ownership thereof, litigation challenging the validity or legality of the initial loan transaction and litigation challenging the

foreclosure or eviction process and borrower bankruptcy. In addition, certain cities, counties and states have imposed obligations and liabilities on the owners of vacant REO which could delay, prevent or increase the cost of selling the REO. Mortgage Related Assets have risks above and beyond those discussed above. These include “special hazard” risk (property damage caused by hazards, such as earthquakes or environmental hazards, not covered by standard property insurance policies), and to bankruptcy risk (reduction in a borrower’s mortgage debt by a bankruptcy court). In addition, claims may be assessed against the Vehicle on account of its position as mortgage holder or property owner, including responsibility for tax payments, environmental hazards and other liabilities.

Owners of REO may also be liable for environmental problems. While delays will increase the cost of realizing on the Mortgage Related Asset, if the servicer is unable to enforce the owner’s rights with respect to a Mortgage Related Asset or sell an REO, the owner will be unable to recoup its investment.

**Leverage.** A Client may borrow funds to pay expenses, make or facilitate new investments or for other purposes. The use of borrowed funds created the opportunity for greater total returns, but at the same time involves certain risks. A Client may not be successful without the use of significant leverage in its portfolio investments and leverage may be costly or unavailable. See “Liquidity; Yield” above. The inability of a client to obtain desired amounts of leverage may limit the Client’s overall investment exposure, thereby reducing total returns. Borrowed funds are subject to interest, transaction and other costs, which may not be recovered by portfolio returns and therefore decrease investment returns.

**Servicer Risk.** The insolvency of the servicer or the failure of the servicer to properly service the Loans and REO or to execute asset resolution plans in a timely and efficient manner may adversely affect the collection of principal and interest on the Loans and the enforcement of rights involving the Loans and REO. The owner of Excess MSR generally does not control the servicing of the underlying Loans or the actions of the mortgage servicing rights (“MSR”) owner. Actions or inactions by the MSR owner or a subservicer can adversely affect the performance of the underlying Loans and consequently the value of or income from the Excess MSRs. In addition, if the underlying Loans are owned by Fannie Mae, Freddie Mac or Ginnie Mae, adverse changes in the MSR owner’s or subservicer’s approval status or condition as well as actions by the applicable agency can adversely affect the value of or income from the Excess MSRs, and may substantially impact or eliminate the value of the Excess MSR.

**Interest Rate Risk.** Changes in market interest rates can affect the value of Mortgage Related Assets. The value of re-performing Loans are generally adversely affected as interest rates rise and the value of Excess MSRs are generally adversely affected as interest rates decrease.

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

Registered investment advisors are required to disclose all material facts regarding any legal or disciplinary events that would be materials to a Client’s or potential Client’s evaluation of the advisor or the integrity of the advisor’s management in this Item. Bridger has no legal or disciplinary events to report.

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

Bridger does not use affiliated entities to originate, service, broker or dispose of Mortgage and

Mortgage Related Assets.

### *Conflicts of Interest*

Bridger has adopted policies and procedures designed to identify and properly disclose, mitigate, and/or eliminate applicable conflicts of interest. Conflicts of interest that involve Bridger and its Clients are generally fully and fairly disclosed and resolved in accordance with the applicable Clients' management agreements.

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

Bridger has adopted a comprehensive Regulatory Compliance program which includes a Code of Ethics and Personal Investment Policy ("Code") that is applicable to its officers, directors, and employees. The Code, which is designed to comply with Rule 204A-1 under the Investment Advisers Act of 1940, as amended, establishes guidelines for professional conduct and personal trading procedures. The Code, among other things, requires compliance with the federal securities law, reflects Bridger's fiduciary responsibilities and those of its advisory personnel, prohibits certain personal securities transactions, requires certain personnel to periodically report and/or pre-clear personal securities transactions and addresses prevention of the misuse of confidential or material nonpublic information.

Bridger requires that all employees observe the applicable standards of care set forth in the Code and Bridger's Regulatory Compliance Manual and not seek to evade the provisions of the Code/Manual or the "spirit" of their requirements, including by way of indirect acts of family members. The Code and the Manual are distributed to Bridger employees at hire and annually thereafter. On an annual basis, Bridger requires all employees to certify that they are in compliance with the Code and Manual. Bridger conducts ongoing monitoring of employee activity.

Except as described below, neither Bridger nor employees are permitted to invest in the Mortgage Related Assets recommended to Clients without the prior approval Bridger's Chief Executive Officer.

Certain Bridger management members will make capital contributions to invest in certain Mortgage Related Assets. As such, management members and non-management directors are obligated to contribute a portion of the capital required for such investments. In addition, such management members or non-management directors indirectly hold or may acquire profits interests in certain Clients, Vehicles or affiliates that entitle them to a share of the profits distributions made by such Clients or Vehicles. Also, on occasion, such management members or non-management directors may co-invest with Clients in Mortgage Related Asset acquisition transactions. These arrangements may create a potential conflict of interest with respect to investments recommended or not recommended. However, neither Bridger nor such management members or non-management directors have discretion to make investment decisions on behalf of these Clients.

Bridger will provide a copy of the Code to any existing or prospective Client upon request.

### **Item 12: Brokerage Practices**

Bridger is not affiliated with any broker-dealer.

Due to the unique nature of the Vehicle structure and the fact that Clients directly or indirectly acquire specific pools of Mortgage Related Assets or interests therein, investment transactions are generally not executed through a broker-dealer or on an exchange. RMBS transactions, however, will be executed through a broker-dealer selected or approved by the Client.

Certain Mortgage Related Assets which are available for purchase may be identified to Bridger by unaffiliated referral agents that may be broker-dealers. If certain Mortgage Related Assets are offered for sale by one or more Clients, Bridger may utilize the services of unaffiliated sales agents that may be broker-dealers. If the Clients determine to acquire or sell such Mortgage Related Assets, the Clients will bear the cost of any negotiated fees. All such agents and fees are identified to the Client by Bridger prior to the Client's decision to make or dispose of an investment.

### **Item 13: Review of Accounts**

Bridger closely monitors the Mortgage Related Asset portfolios on behalf of Clients. Bridger management and professional staff continually review and analyze portfolio performance, concentrations, duration, valuations and other relevant portfolio metrics, as well as monitor, review and modify workout plans for Mortgage Related Assets to maximize Client return objectives.

Bridger provides periodic written reports to Clients covering various matters to the extent applicable to the type of services requested. Such reports may include portfolio and servicing reviews, cash source and use reports, financial statements, tax reports, asset value, income projections and other matters required by law or regulation. Bridger management is also available to meet with Clients to discuss their accounts.

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

On occasion, Bridger may utilize the services of third-party individuals and/or unaffiliated firms to find new investors and other business opportunities. In consideration for such referrals, Bridger may compensate the third party with a percentage of the firm's management fee. Each such arrangement with third party solicitors will comply with Rule 206(4)-3 under the Investment Advisers Act of 1940, as amended, and similar state regulations.

### **Item 15: Custody**

Bridger will generally not take or maintain physical custody of any Client's cash or securities, and will conduct all business operations in such a way that the Clients' cash and securities will be preserved in the safekeeping of independent Qualified Custodians. Any certificated securities shall be maintained by a Qualified Custodian. All Client funds are held by a Qualified Custodian in a manner designed to meet the requirements of the exceptions to Rule 206-(4) under the Investment Advisers Act of 1940 (the "Custody Rule"). However, in certain limited circumstances, Bridger may have the right to authorize payments from bank accounts of Clients to third parties. Payments authorized by Bridger are subject to the prior approval of the Client and compliance with any such Client's cash management policy. Client approval is deemed to have been received if the payment is required in accordance with a contractual agreement entered into by the Client with a third party (such as margin calls pursuant to financing agreements entered into by Client with a third party lender).

In addition, Bridger has the right to give release and delivery instructions to Custodians which have physical custody of Client Loan documents and files to facilitate proper servicing and servicing

transfer of the Loans. Servicers, law firms and certain others may from time to time have short term-temporary physical custody under bailment of certain Client Loan documents and files in order to enforce Client rights and perform servicing related functions. In addition, Bridger may occasionally have short term temporary physical custody of certain Client Loan documents, including trailing documents and assignments, in connection with Loan acquisitions and servicing transfers.

**Item 16: Investment Discretion**

Bridger currently does not have discretion to make investment decisions on behalf of its Clients.

**Item 17: Voting Client Securities**

Bridger currently does not have authority to vote proxies for its Clients and does not advise its Clients with respect to any investments in voting securities.

**Item 18: Financial Information**

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