

**Firm Brochure**  
**(Part 2A of Form ADV)**

**BroadOak Asset Management, LLC.**  
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This brochure provides you with information about the qualifications, business practices and nature of advisory services of BroadOak Asset Management LLC, all of which should be considered before becoming an advisory client of our Firm. Please contact Holly Atallah, Chief Compliance Officer, if you have any questions about this narrative brochure.

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.

We are registered as an Investment Adviser with the United States Securities and Exchange Commission. Registration does not imply a certain level of skill or training. Additional information about our Firm is available on the Investment Adviser Public Disclosure website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number known as a CRD number. Our Firm’s CRD number is 148901.

March 26, 2024

## **Item 2      Material Changes**

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This version of Part 2A of Form ADV ("**Firm Brochure**") and Part 2B of Form ADV ("**Supplement Brochure**"), dated **March 25, 2024** , is an annual brochure document. As you will see, this document is narrative format. It contains information about our business practices as well as a description of potential conflicts of interest relating to our advisory business which could affect your account with us.

This Firm Brochure is a disclosure document and has been prepared by BroadOak Asset Management, LLC ("**BroadOak**" or the "**Firm**") in accordance with applicable rules and requirements.

### **Material Changes since the Last Update**

Since our last annual amendment dated March 21, 2023, the Firm has had one material change in which the Firm added a new fund called the BroadOak Income Fund.

### **Full Brochure Available**

We will provide you with a full version of the Firm Brochure as necessary based on changes or new information, at any time, without charge. Whenever you would like to receive a complete copy of our Firm Brochure, please contact us by telephone at **(301)-358-2692** or by email at: [hatallah@broadoak.com](mailto:hatallah@broadoak.com)

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## **Item 4      Advisory Business**

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### **FIRM DESCRIPTION**

BroadOak Asset Management LLC (“**BroadOak**” or the “**Firm**”) is organized as a Delaware limited liability company. BroadOak’s current business activities consist of providing investment advisory services to pooled investment vehicles. Our Firm is wholly owned by BroadOak Capital Partners, LLC. BroadOak Capital Partners is majority owned by William Snider and Donald Wilson with Lars Hanan and Research Corporation Technologies, Inc. sharing a minority position.

### **TYPES OF ADVISORY SERVICES**

BroadOak Asset Management, LLC (“BroadOak”) is an investment manager focused exclusively on the life sciences sector. It was formed and is operated to manage private pooled investment funds with a narrow investment focus. BroadOak’s managing partner is William Snider. BroadOak Asset Management, LLC has been in operation since 2009, and is wholly owned by BroadOak Capital Partners, LLC.

BroadOak Asset Management, LLC provides discretionary investment management services to U.S.-based private investment pools. In providing such services, BroadOak implements investment strategies based on evaluating life sciences, research tools, pharmaceutical, biotechnology, healthcare services and other companies in the healthcare sector. Such strategies may include, within the healthcare sector and subject to each client’s investment program, investments in the securities of U.S. public and private companies. In providing its investment advisory services, BroadOak determines when and which investments will be acquired, disposed of, or exchanged on behalf of its clients to maintain a portfolio consistent with the Fund’s objectives. BroadOak seeks to invest primarily in growth- stage life sciences companies seeking debt or minority equity financing. Due to the nature of its business, BroadOak does not tailor its advisory services to the needs of individual clients and does not permit clients to impose restrictions upon investments in certain types of securities.

### **ASSETS UNDER MANAGEMENT**

When calculating regulatory assets under management, an Investment Adviser must include the value of any private fund over which it exercises continuous and regular supervisory or management services. As noted above, BroadOak’s only clients are their private funds. As of December 31<sup>st</sup>, 2023, BroadOak manages \$370,973,419 on a discretionary basis and \$0 on a non-discretionary basis.

## **Item 5      Fees and Compensation**

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### **ADVISORY FEES AND BILLING**

BroadOak's fees for advisory services are separately negotiated and may vary between clients. BroadOak typically charges management fees based on a percentage of the net capital committed, which fees vary based on the amount of assets involved but are generally not expected to exceed 2.5%. Such fees are typically payable quarterly in advance based on the total committed capital which generally are reduced over the life of the Fund.

In addition, BroadOak is entitled to receive from its qualified clients' performance-based compensation. Such performance-based compensation may take the form of an allocation, a fee, or a carried interest equal to a total percentage (generally 20% or more) of the relevant fund or account's net capital appreciation, calculated after deduction of the base management fee and adjusted to reflect additions to, and deductions from, the client's assets during the relevant period. No performance fee is earned until the client has received all of its contributed capital in prior distributions. BroadOak is typically required to refund (or "claw back") any performance-based compensation received with respect to measurement periods prior to any period in which an underperformance occurs.

Clients also incur bank fees, audit fees and legal fees, which are in addition to BroadOak's investment management/advisory fees and any performance-based compensation.

Clients are notified of their fixed, quarterly fees in advance of closing. Then the quarterly fees are deducted from the account assets. In general, the clients are subject to the quarterly fees throughout the term of the Fund and may not receive any rebate of fees.

Once the Funds are established and the investment parameters are set, investors/clients of the Funds do not have the ability to impose restrictions on investing in certain securities or type of investments.

Certain investors in BroadOak's funds, generally BroadOak's principals and employees and their retirement plans or estate planning vehicles, may not pay management fees and/or performance-based compensation on their fund investments. However, such investors will still be assessed their pro-rata share of fund expenses, which will be paid by such investors directly.

Clients of BroadOak Asset Management should familiarize themselves with BroadOak Partners, LLC, which is a registered broker dealer and subsidiary of BroadOak Capital Partners and may impact compensation for BroadOak employees. Further information can be found in Sections 10 and 12 of Form ADV Part 2A.

## **Item 6      Performance-Based Fees**

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### **PERFORMANCE-BASED FEES**

The operating agreement of each Fund provides for a distribution of the net proceeds (profits) realized by the Fund which are, in general, allocated to the members in accordance with their respective ownership interests until the members have received the return of their contributed capital, a preferred return, and, thereafter, 20% to the management company and 80% to the members in accordance with their respective ownership interests. These distributions are described in more detail in the documents for the respective Fund initially provided to each investor when considering an investment. Performance-based compensation arrangements create a conflict of interest as they create an incentive for the adviser to recommend investments that carry a higher degree of risk to the client.

**BroadOak** mitigates this conflict of interest by selecting investments that it believes to be appropriate for the Fund, in accordance with the Fund's investment objective.

This compensation structure is disclosed to and approved by the members at the time of their initial investments. BroadOak Asset Management, LLC also charges a management fee based on a percentage of committed capital but does not manage accounts that are charged other types of fees, such as hourly or flat fees.

## **Item 7      Types of Clients**

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### **TYPES OF CLIENTS**

BroadOak manages the Funds' assets directly, subject to the direction and control of the manager, and does not provide investment advice to the individual members of any Fund. Accordingly, the Funds are considered BroadOak's "clients" for purposes of the Investment Advisers Act. Interests in the Funds are offered pursuant to applicable exemptions from registration under the Securities Act of 1933 and the Investment Company Act of 1940. Members of the Funds may include pension and profit-sharing plans, pooled-investment vehicles, charitable organizations, state and municipal government entities, university endowments, corporations, limited partnerships, limited liability companies, other business entities and high net worth individuals. Each Fund generally requires a certain minimum investment of \$100,000 which BroadOak may waive in its sole discretion. Most of our funds require investors to be considered "accredited investors" as defined by regulation. Accredited investors are defined as natural persons with income exceeding a

certain amount, net worth of a certain amount or, in some cases, based on investor certifications and licenses.

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

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### **METHODS OF ANALYSIS**

Investing in securities involves risk of loss that clients should be prepared to bear. BroadOak's investment strategy is summarized based on the following elements:

- **Sector:** exclusively focused on the life sciences industry, with strong preference for tools, diagnostics, and related services
- **Stage:** small growth companies that have shown some level of commercial traction; investments often in EBITDA negative businesses, but typically when near-term profitability is likely
- **Source:** BroadOak relies upon its extensive industry network to source investments, and generally does not work with third parties to identify investment opportunities
- **Structure:** BroadOak makes debt investments and equity investments; due to its comfort across the capital structure, the firm is well-positioned to consider many different types of companies

**Portfolio:** BroadOak's equity investments generally, BroadOak prefers to maintain result in a minority stake; in selected cases occasionally BroadOak may assume a Board seat or take a more active role, but prefers to use. When acting as a lender, BroadOak uses covenants or other investment structures to ensure protection and alignment with management teams.

Depending on the circumstance, BroadOak may invest in a majority or minority position, equity and/or debt, preferred and/or common equity, and the portfolio company may be leveraged or unleveraged, distressed or performing. In its implementation of its investment strategy and its management of assets, BroadOak conducts multi-faceted, extensive due diligence, including without limitation, diligence on the following areas: business, financial, costs, assets, accounting, management team, compensation, intellectual property, legal, regulatory, tax, market and competitive landscape and exit strategies.

#### A. **Material Risks Involved**

##### ***Investments in privately held small companies.***

We primarily invest in privately held U.S. small companies. Investments in privately held small companies involve a number of significant risks, including the following:

- These companies may have limited financial resources and may be unable to meet their obligations, which may be accompanied by a deterioration in the value of any collateral and a reduction in the likelihood of us realizing any guarantees we may have obtained in connection with our investment.
- They typically have shorter operating histories, narrower product lines and smaller market shares than larger businesses, which tend to render them more vulnerable to competitors' actions and market conditions, as well as general economic downturns.
- They typically depend on the management talents and efforts of a small group of persons; therefore, the death, disability, resignation or termination of one or more of these persons could have a material adverse impact on our portfolio company and, in turn, on the Fund.
- There is generally little public information about these companies. These companies and their financial information are not subject to the Sarbanes Oxley Act of 2002 and other rules that govern public companies, and we may be unable to uncover all material information about these companies, which may prevent us from making a fully informed investment decision and cause us to lose money on our investments.
- They generally have less predictable operating results, and may require substantial additional capital to support their operations, finance expansion or maintain their competitive position; and
- They may have difficulty accessing the capital markets to meet future capital needs.

The Funds' investment portfolios will consist primarily of securities issued by privately held companies, and operating results in a specified period will be difficult to predict. Such investments involve a high degree of technology, management, operational, liquidity, reimbursement, regulatory, liquidity, compliance, business, and financial risk which can result in substantial losses. Among those risks are the general risks associated with investing in companies in the expansion or pre-profitable stage. The companies may have



obtained capital in the form of debt and/or equity to expand rapidly, reorganize operations, acquire a business, or develop new technology, products, and markets. These activities, by definition, involve a significant amount of change in a company and could give rise to material challenges in sales, all aspects of operations and general management of those operations.

***Debt investments could be subordinated to claims of other creditors***

If one of our portfolio companies were to go bankrupt, even though we may have sought to structure our interest as senior or secured debt, depending on the facts and circumstances, a bankruptcy court might re-characterize our debt holding as an equity investment and subordinate all or a portion of our claim to that of other creditors. In addition, lenders can be subject to lender liability claims for actions taken by them where they become too involved in the borrower's business or exercise control over the borrower. For example, we could become subject to a lender's liability claim if, among other things, we actually render significant managerial assistance.

***Companies may incur debt that rank equally with, or senior to, our investments in such companies***

- Our portfolio companies may have, or may be permitted to incur, other debt, or issue other equity securities that rank equally with, or senior to, our investments. By their terms, such instruments may provide that the holders are entitled to receive payment of dividends, interest, or principal on or before the dates on which we are entitled to receive payments in respect of our investments.

***The collateral rights we have may be limited***

- Under certain inter-creditor agreements, at any time that senior obligations are outstanding, we may forfeit certain rights with respect to the collateral to the holders of the senior obligations. These rights may include the right to commence enforcement proceedings against the collateral, the right to control the conduct of such enforcement proceedings, the right to approve amendments to collateral documents, the right to release liens on the collateral and the right to waive past defaults under collateral documents. We may not have the ability to control or direct such actions, even if as a result our rights as junior lenders are adversely affected.

***Management of the portfolio companies may make decisions that could decrease the value of our portfolio holdings***

We intend to hold both debt and minority equity investments; therefore, we are subject to the risk that a portfolio company may make business decisions with which we disagree, and the stockholders and management of such company may take risks or otherwise act in ways that do not serve our interests. As a result, a portfolio company may make decisions that could decrease the value of our investment.

***Fund Distributions may be Suspended or Discontinued***

The Fund intends to make quarterly distributions from the interest, principal and capital gains received by the portfolio companies. However, there can be no assurances that the portfolio companies will remain current in their financial obligations to the Fund to permit such distributions.

***Restriction on Transferability of Membership Interests***

No market exists or will exist for the Membership Interests. The Membership Interests have not been registered under the Securities Act of 1933, as amended, or under the securities acts of any state or other jurisdiction.

Accordingly, the Membership Interests cannot be sold, assigned, or otherwise transferred unless they subsequently are registered or unless, in the opinion of counsel to the Fund, registration is not required under federal or State law. In addition, the Membership Interests are subject to contractual restrictions on transfer contained in the Subscription Agreement that each subscriber will be required to execute.

***Limited Liquidity of the Underlying Investments***

To achieve the Fund's objective, it will make investments in securities that are inherently illiquid. In most cases a market does not exist for the sale of the securities that the Fund will hold. The ability of the Fund to sell any holding will be extremely limited thus also rendering the Fund illiquid.

The Funds' investments will generally be highly illiquid and difficult to value in a precise manner. As such, there may be no readily available markets for the securities held by the Funds, and there can be no assurance that the Funds will be able to realize such investments in a timely manner. The securities purchased by a Fund typically will have been issued in private placement transactions and thus may also be subject to legal or

contractual restrictions on resale by a Fund. In addition, whether any value will be realized from any investments will not be known with any certainty until the General Partner elects, in its sole discretion based on rare opportunities, to sell the investments of the Funds and subsequently distribute the proceeds to the investors or to distribute securities to investors in lieu of cash. Also, since a Fund may only make a limited number of investments and since many of the investments of the Funds may involve a high degree of risk, poor performance by a few of the investments could severely affect the total returns to the investors.

### ***Market Conditions***

General economic conditions beyond our control may affect the performance of our Funds. Interest rates, general levels of economic activity, availability and terms of credit, inflation rates, economic uncertainty, commodity prices, trade barriers, performance of the public capital markets and participation by other investors in the financial markets may affect the value of the portfolio companies or companies being considered for prospective investments. Legal, tax and regulatory changes could occur during the term of a Fund that may adversely affect the Fund and its investors.

In particular, global financial markets may experience considerable declines in the valuations of equity and debt securities, an acute contraction in the availability of credit and the failure of a number of leading financial institutions. These events could lead to a significantly diminished availability of credit and an increase in the cost of financing, which could materially hinder the initiation of new leveraged transactions and, together with declines in valuations of equity and debt securities, have adverse effects on the private equity sector. To the extent these conditions occur, they may adversely affect the investments of a Fund.

A Fund may be materially adversely affected by the foregoing events, or by similar or other events in the future. In the long term, there may be significant new regulations that could limit the activities of BroadOak and the investment opportunities it pursues or change the functioning of capital markets, and there is the possibility that a severe worldwide economic downturn could occur or abate and then return for a period of years. Consequently, BroadOak may not be capable of, or successful at, preserving the value of Fund assets, generating positive investment returns or effectively managing Fund risks.

The extensive government regulation of certain industries in which a Fund may invest creates additional uncertainty and risks for the Fund. Obtaining regulatory approval may

be a lengthy and expensive process with an uncertain outcome, and portfolio companies may be unable to obtain necessary regulatory approvals on a timely basis, if at all, which could materially and adversely affect portfolio company success.

### ***Return Expectations***

When the Fund makes investments, it does so with an expectation of an eventual return. However, these returns are highly variable due to the risky nature of the underlying businesses and the volatility of the capital markets. For example, interest payments can be deferred, principal payments may be missed, and the eventual repayment may be less than 100% of the original investment. The Fund conducts due diligence as it believes appropriate for each situation, but often the Fund relies on projections from management of portfolio companies, and the representations, warranties and covenants made by portfolio companies, in what it believes to be usual and customary form, in the investment documents, and it does not guarantee the accuracy of statements by any portfolio company or performance of any company under the negotiated covenants. Accordingly, there is no assurance that actual events will correspond with the assumptions that are made during the evaluation of the investment.

### ***Use of Fund Leverage***

The Funds have access to lines of credit which are intended to smooth the cash flow requirements between capital calls. But these lines are fully secured by the assets of the Fund and used as temporary leverage by the Fund Manager. If the Fund is not able to repay the loans because of adverse market conditions or because of Members failing to make their capital calls, the assets of the fund may be liquidated by the lender.

### ***Financial Projections***

Any financial projections provided to investors, either as to the Fund itself or its portfolio companies, are based on assumptions and hypotheses made by the Fund (or made by the portfolio companies, and upon which the Fund may rely without verification) regarding future events. No independent certified public accounting firm has reviewed the projections. Projections are only a prediction of future events and should not be relied upon to indicate the actual results which may be attained. The American Institute of Certified Public Accountants defines financial projections as estimates of financial results based upon assumptions that are not necessarily the most likely. Such definition contrasts with the definition of a forecast which is an estimate of the most probable financial results. Some of the assumptions used in preparing financial projections may not materialize and unanticipated events and circumstances may occur. Accordingly, there is no assurance that

actual events will correspond with these assumptions. Actual results for any period may or may not approximate the projections. Additionally, to the extent financial projections are based upon current tax laws, there is no assurance that, if such laws should change, this would not affect the financial projections

### ***Reliance Upon Key Individuals***

The Fund is dependent upon the services and abilities of William Snider, who is not subject to any employment or other restrictive agreement. If he becomes unable to provide services to the Fund following the Closing, there is no assurance the Fund would be able to find a suitable individual to replace him. The inability to replace such person would have a significant adverse effect upon the Fund.

### ***Taxes***

There are various risks associated with the federal income tax aspects of an investment in the Fund. Because of the potential tax risks, each prospective Member is urged to consult his/her own tax adviser to obtain an informed opinion as to the risks inherent in the proposed investment.

### ***Other Risks***

The task of identifying investment opportunities and managing such investments is difficult. There can be no assurance that BroadOak will be able to choose, or that a Fund will be able to make and/or realize, any particular investment or that the Funds will be able to generate returns for their Limited Partners. In addition, there can be no assurance that any Member will receive any distribution from a Fund. Investing in the Funds—an indirect investment in the securities of their portfolio companies—involves a risk of loss that Members should be prepared to bear. Members in the Funds should carefully consider, among other factors, the following risks involved with BroadOak's investment strategies.

Although the BroadOak Funds primarily make investments in privately held companies, they may at times also invest directly, or hold minority equity investments in, public companies, such as might occur if a portfolio company is taken public. As is the case with minority holdings in general, such minority investments that a Fund may hold will have neither the control characteristics of majority investments nor the valuation premiums accorded majority or controlling stakes. In addition, investments in securities of publicly traded companies may be sensitive to movements in the stock market and trends in the overall economy.

While diversification is generally a Fund objective, there is no assurance as to the degree of diversification that will actually be achieved in a Fund's investments. Because a substantial portion of certain Funds' committed capital may be invested in a single portfolio company, a loss with respect to any single portfolio investment could have a significant adverse effect on a Fund's returns. The BroadOak Funds will participate in a limited number of investments and frequently seek to make several investments in one industry or one industry segment. As a result, any particular Fund's investment portfolio could over time become highly concentrated, and its aggregate return may be affected substantially by the performance of a few holdings in a specific industry. This same concentration can occur as a result of the disposition of certain investments in a fund, leaving the remaining investments clustered in one industry or industry segment. Furthermore, to the extent that the capital raised is less than the targeted amount, a Fund may invest in fewer portfolio companies and thus be less diversified.

Following its initial investment in a given portfolio company, a Fund may decide to make a further investment in the company. This may be (i) in accordance with initial projections that contemplated additional investment at the time of the initial investment, (ii) because the company needs more support than was anticipated initially or because performance has deteriorated in a manner the Fund did not predict, (iii) because the Fund wishes to increase its investment in a successful company or (iv) to take advantage of an opportunity to develop an additional market or other opportunity or "build on" or "bolt on" a complementary business. There is no assurance that a Fund will anticipate all required follow-on investments or that a Fund will have sufficient Funds to make all of such investments. The failure of a Fund's limited partners to respond on a timely basis or at all to capital calls and the unavailability of credit at all or on commercially reasonable terms could negatively impact a Fund's ability to participate in follow-on investments or make initial investments, and result in lost opportunities for the Fund. Any decision by a Fund not to make follow-on investments or its inability to make such investments may have a negative impact on a portfolio company in need of such an investment or may result in a lost opportunity for a Fund to increase its participation in a successful operation or improve the performance of a company or result in dilution or devaluation of the Fund's historic investment in the portfolio company.

A Fund may invest in restructurings that involve portfolio companies that are experiencing or are expected to experience financial difficulties. Those financial difficulties may never be overcome and may cause the portfolio companies to become subject to bankruptcy proceedings. Investments in restructurings may be adversely affected by laws relating to, among other things, fraudulent conveyances, voidable preferences, lender liability and the

bankruptcy court's discretionary power to disallow, subordinate or disenfranchise particular claims or re-characterize investments made in the form of debt as equity contributions. Such investments could, in certain circumstances, subject a Fund to certain additional potential liabilities that may exceed the value of its original investment.

In some cases, the success of a Fund's investment strategy will depend, in part, on the ability of BroadOak to restructure and effect improvements in the operations of a portfolio company, and there can be no assurance that BroadOak will be able to successfully identify and implement such restructuring programs and improvements.

The BroadOak Funds' investment programs are intended to extend over a period of years, during which the business, economic (micro and macro), political, regulatory, and technology environment within which each Fund operates may undergo substantial changes, some of which may be adverse to the Fund. The management company of each Fund has the exclusive right and authority (within limitations set forth in that Fund's limited partnership agreement) to determine the manner in which the Fund will respond to such changes, and investors in that Fund will generally have no right to withdraw from the Fund or to demand specific modifications to the Fund's operations in consequence thereof.

Our Funds may make investments in leveraged portfolio companies. Leverage, or debt, generally magnifies both the Fund's opportunities for gain and its risk of loss from a particular investment. In addition, this portfolio company leverage could accelerate and magnify declines in the value of the Fund's investments in the leveraged portfolio companies in a down market. It is possible that a leveraged portfolio company in which a Fund invests will not have sufficient cash flow to pay its current debt service obligations as they become due or will not be able to refinance its outstanding indebtedness on favorable terms, or at all, upon maturity. It is anticipated that certain portfolio companies of one or more of our Funds will have outstanding variable rate debt. An increase in interest rates could adversely affect such portfolio companies' ability to meet current debt service obligations. If a portfolio company is unable to timely meet its payment obligations or fails to satisfy applicable financial covenants, the portfolio company's lenders typically will have the ability to exercise a variety of remedies under the relevant credit documents, including foreclosing on the assets of the portfolio company that are used to secure the underlying debt. Any rights of our Funds as an equity holder will be junior to the rights of the portfolio company's lenders, whether the underlying debt is secured or not. If a portfolio company is liquidated or sold, there may be no assets remaining for equity holders after the portfolio company's creditors are paid. In addition, our Funds may lend to portfolio companies on a short-term, unsecured

basis in anticipation of a future issuance of equity or long-term debt. Such bridge loans would typically be convertible into a more permanent, long-term security; however, for reasons not always in the Fund's control, such long-term securities may not issue and such bridge loans may remain outstanding.

In such event, the interest rate and security, if any, on such loans may not adequately reflect the risk associated with the unsecured position taken by the Fund.

Decisions with respect to the management of each BroadOak Fund will be made by the principals and other investment professionals of BroadOak. The success of a Fund will depend on the ability of these individuals to identify and consummate investments, to improve the operating performance of portfolio companies and to dispose of investments of such Fund at a profit. The loss of the services of one or more principals of BroadOak could have an adverse impact on the Fund's ability to realize its investment objective. In addition, it is expected that all of the personnel responsible for managing a particular Fund will continue to have responsibilities with respect to other BroadOak Funds. Thus, such persons will have demands made on their time for the investment, monitoring, exit strategy and other functions of other Funds and accounts.

Although BroadOak will make every effort to conduct appropriate due diligence prior to making an investment, the due diligence process may be subjective at times, may be required to be undertaken on an expedited basis in order to take advantage of available investment opportunities and may require BroadOak to rely on limited resources available to it, including information provided by the target of the investment and third-party consultants, legal advisers, accountants and investment banks. As a result, it is uncertain whether the due diligence investigation will reveal or highlight all relevant facts that may be necessary or helpful in evaluating such investment opportunity. BroadOak also cannot be certain that the due diligence investigation will result in investments being successful.

BroadOak Asset Management, LLC is affiliated with BroadOak Partners, LLC a broker dealer licensed with the SEC and FINRA. There is no assurance that this affiliation will be beneficial at any time. Moreover, there are risks associated with this affiliation including (but not limited to) the following:

- Because of this relationship, it may be more likely that the activities of BroadOak and its clients will be scrutinized by regulatory authorities than otherwise would be the case



- BroadOak Partners may earn fees and other compensation for performing services for issuers in which BroadOak's clients may invest
- BroadOak Partners may directly or indirectly benefit from BroadOak Asset Management, LLC's activities, which could influence BroadOak Asset Management, LLC's investment decisions.

## **Item 9      Disciplinary Information**

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BroadOak is required to disclose whether there are legal or disciplinary events that are material to a client's or prospective client's evaluation of BroadOak's advisory business or the integrity of its management. None of BroadOak's principals, or its employees, have been involved in any legal or disciplinary proceedings related to past or present investment advisory clients.

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

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BroadOak Asset Management, LLC is solely owned by BroadOak Capital Partners, LLC. BroadOak Capital Partners, LLC is the sole owner of BroadOak Partners, LLC, a registered broker-dealer. BroadOak Partners is a privately held investment bank offering advisory services in investment banking mergers and acquisitions, divestitures, business combinations, capital formation, valuations, and fairness opinions.

This affiliation may create certain conflicts. BroadOak Partners may earn fees and other compensation for performing services for issuers in which BroadOak Asset Management, LLC clients may invest. Additionally, BroadOak Asset Management, LLC may be precluded or restricted from trading the securities of certain issuers that have engaged BroadOak Partners as a financial advisor or in another type of advisory role. BroadOak has an Advisory Committee consisting of a subset of investors in the Fund who are not employed by BroadOak Capital Partners, LLC. Any matter that may be a conflict of interest must be brought to their attention. The committee then determines if it is a conflict and how best to resolve it which may include a modification of terms or abandoning the opportunity.

### **Registration as a Futures Commission Merchant, Commodity Pool Operator, or Commodity Trading Advisor**

Neither BroadOak Asset Management, LLC nor any of its employees are registered as a Futures Commission Merchant, Commodity Pool Operator, or Commodity Trading Advisor.

### **Registration Relationships Material to the Investment Advisory Business**

William Snider, is a Manager of the Funds and CEO of BroadOak Asset Management, as well as a registered representative with BroadOak Partners, a registered broker dealer. The relationship may result in a conflict when BroadOak Partners is entitled to receive compensation from a transaction that the Fund makes. In these instances, the Advisory Committee would be notified, and this independent body would determine the course of action that William Snider should take.

### **Compensation for Recommending or Selecting Other Investment Advisors**

BroadOak Asset Management, LLC does not receive compensation directly or indirectly for recommending any third-party investment advisors through mutual funds and variable annuities.

### **Partnership with Research Corporation Technologies**

Research Corporation Technologies (RCT) operates as a venture capital firm and invests in biotechnology therapeutics and tools and medical devices companies. RCT licenses new, promising biomedical technologies and products to industry by offering biomedical innovators the experience, expertise, and funding required for development and research. RCT is the largest investor in the BroadOak Funds and is an indirect owner of the Firm, which can create a conflict of interest. Due to the large investment in our Funds, RCT may be provided with discounts on their investments and provided with limited co-investment rights as detailed in the Fund's operating agreement and may control voting on amendments. To mitigate this conflict, any investor that invests in our Funds and meets the same criteria as RCT on their investment will receive the same discount on their investment. The potential for conflict of interest with RCT is disclosed in our private placement memorandum for each of the BroadOak Funds in which RCT is invested.

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

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### **CODE OF ETHICS**

BroadOak has a written Code of Ethics. Clients may request a copy from management. Within this code of ethics, BroadOak discloses that its advisers and principals are invested in the Funds and are subject to identical risks on capital. The adviser invests in the Funds, and therefore is invested in the same securities as all other investors.

BroadOak and its related people do not make recommendations to clients to invest in securities it holds or in which it holds a material financial interest.

## **Item 12      Brokerage Practices**

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### **SELECTION AND RECOMMENDATION**

BroadOak Asset Management, LLC may engage in business with BroadOak Partners from time-to-time due to its core focus on the life sciences industry. BroadOak Asset Management, LLC could directly engage BroadOak Partners for some services through a flat-fee retainer, and indirectly through its portfolio companies in which BroadOak Asset Management retains investments.

BroadOak Partners is a registered Broker Dealer with FINRA and performs investment banking advisory services including M&A advisory and capital raising services. A portfolio company could determine, without the guidance of BroadOak Asset Management, to engage BroadOak Partners independently for an advisory service. BroadOak Asset Management does not have a majority ownership in its portfolio companies, and therefore could not exert control over the management decisions to encourage or prevent such an engagement. We believe any potential conflicts are mitigated since BroadOak Asset Management, LLC primarily invests in minority positions without Board representation. Also, as previously referenced, BroadOak Asset Management LLC has a defined Investment Advisory Committee that is responsible for reviewing any perceived conflicts of interest and acting on behalf of the investors' best interests. BroadOak does not receive commissions from its clients.

## **Item 13      Review of Accounts**

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### **PERIODIC REVIEWS**

BroadOak reviews the performance of investments of each Fund on a continuous basis. The Funds provide the following written financial reports to their investors:

- Annual audited financial statements
- Annual tax information necessary for the completion of tax returns
- Quarterly unaudited financial reports

The Fund reviews the financial and operating performance of its portfolio companies on a quarterly basis, and provides written reports to investors on a quarterly basis. Monitoring and reporting includes reviewing financial statements, holding meetings with portfolio company management, and performing on-site visits as needed. The process is supervised by William Snider, the Managing Partner for BroadOak Asset Management, LLC.

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

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### **ECONOMIC BENEFITS FROM OTHERS**

No third party provides economic benefit to BroadOak in connection with BroadOak's investment advisory services to its clients. BroadOak does not compensate any person who is not a supervised person for client referrals.

## **Item 15     Custody**

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### **CUSTODY OF ASSETS**

BroadOak is deemed to have "custody" (as defined in SEC rules) of the funds and securities of the BroadOak Funds as a result of its and the related Managers' role with and authority over the Funds.

It is BroadOak's policy to cause each Fund to be audited annually by a PCAOB-registered independent accounting firm in accordance with Rule 206(4)-2 under the Investment Advisers Act of 1940 and distribute audited financial statements prepared in accordance with U.S. generally accepted accounting principles to investors no later than 180 days after the end of each fiscal year. In addition, upon the final liquidation of any such Fund, BroadOak will obtain a final audit and distribute audited financial statements with respect to such Fund to all investors promptly after completion of the audit.

Clients should carefully review their quarterly statements as they are received.  
All fund called capital is held at a major banking institution until invested by the fund.

## **Item 16     Investment Discretion**

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BroadOak Asset Management, LLC provides investment advisory services to each of the Funds pursuant to its respective operating agreement. Any restrictions on investments in certain types of securities are established by the Operating Agreement of the respective

Fund received by each investor before investment in the Fund. Please note that the advisor has discretionary authority over investment decisions.

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

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BroadOak's funds typically do not hold voting securities.

### **Item 18    Financial Information**

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BroadOak Asset Management, LLC is not aware of any financial condition that is reasonably likely to impair our ability to meet our contractual commitments to the Funds.