

# FAIRVIEW

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## **FAIRVIEW PARTNERS INVESTMENT MANAGEMENT, LLC**

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CRD No. 170918

### **Form ADV, Part 2A – Brochure**

March 12, 2024

**This brochure provides information about the qualifications and business practices of Fairview Partners Investment Management, LLC (“Fairview”). If you have any questions about the contents of this brochure, please call us at 206-432-9439 or email us at [administrator@fairview-partners.com](mailto:administrator@fairview-partners.com). The information in this brochure has not been approved or verified by the U.S. Securities and Exchange Commission (“SEC”) or by any state securities authority.**

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

**Fairview is registered as an investment adviser with the SEC. Registration as an investment adviser does not imply a certain level of skill or training.**

## **Item 2 -- Material Changes**

In April 2014, Fairview Partners Investment Management, LLC ("Fairview") filed an application to register as an investment adviser with the state of Washington. In connection with that registration application, Fairview filed its initial brochure, dated August 11, 2014, with the state of Washington.

Subsequently, Fairview filed its first amended brochure, dated December 4, 2014, reflecting certain changes to the ownership structure of Fairview in connection with an internal reorganization. In particular, the reorganization resulted in Carson A. Rasmussen, Michael V. Morgan and Nels D. Stemm owning Fairview indirectly through certain holding companies, rather than directly as had previously been the case.

Fairview then further updated the brochure on March 31, 2015 to reflect its application as an investment adviser with the state of California and include additional updates about an additional fund being managed by Fairview. Fairview further updated the brochure on March 31, 2016 to reflect (i) the closing of an additional fund, Fairview Opportunity Fund I, L.P. ("FOP") and (ii) material changes to the fund documents for Fairview Investment Fund II, LP ("Fund II"). Fairview updated the brochure on March 31, 2017 to include updates based upon the closing of an additional fund, Fairview Investment Fund III, LP ("Fund III"). On February 6, 2018 Fairview updated the brochure to disclose certain changes to the management team and ownership of Fairview. Fairview updated the brochure on December 1, 2019 to reflect (i) the full liquidation and return of capital to the Members of Fairview Investment Fund I, LLC ("Fund I") effective December 31, 2018 (ii) the closing of an additional fund, Fairview Investment Fund IV, L.P. ("Fund IV") (iii) the fact that Michael V. Morgan no longer holds an beneficial interest in Fairview Partners, LLC, the sole member of Fairview.

Fairview then updated the brochure to disclose ((i) effective December 31, 2019 FOP has fully liquidated, and all capital has been returned to the Partners of FOP and Fairview will no longer receive any form of compensation, and (ii) effective December 1, 2019 Fairview closed an additional fund, Fairview Evergreen Fund, L.P. ("Evergreen Fund").

Fairview then updated the brochure to disclose that, effective June 1, 2020, Fairview closed an additional fund, Fairview Gold Fund I, LP (the "Gold Fund"), and certain other updates and disclosures.

Fairview then updated the brochure on March 24, 2021 to make its required annual updates, which includes the disclosure that, effective January 1, 2021, Fairview closed an additional fund, Fairview Investment Fund V, L.P.

Fairview then updated the brochure on July 12, 2021 to reflect the fact that Fairview's registration with the SEC was accepted as of April 23, 2021 and, based on such approval, Fairview has withdrawn its state registrations in each of the state of California and the state of Washington.

Fairview then updated the brochure on April 11, 2022 to make its required annual updates, which includes (i) effective September 30, 2021 Fund II has fully liquidated, and all capital has been

returned to the Partners of Fund II and Fairview will no longer receive any form of compensation, (ii) effective July 26, 2021 Fairview closed an additional fund, FV Austin, LLC (“FVA”), and (iii) effective January 1, 2022 Fairview closed an additional fund, Fairview Investment Fund VI, LP (“Fund VI”).

Fairview then updated the brochure on March 14, 2023 to make its required annual updates, which included the closing of FV CK Holdings, LLC (“CK Holdings”), the closing of FV Los Angeles, LLC (“FV LA”) and the final liquidation of Fairview Investment Fund III, LP.

Fairview is now updating the brochure to make its required annual updates, which includes the closing of Fairview Investment Fund VII, LP (“Fund VII”), the closing of FV Santa Fe, LLC (“FV SF”), the closing of FV Truck Stops, LLC (“FV TS”) and the final liquidation of FV Los Angeles, LLC.

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

Fairview Partners Investment Management, LLC ("Fairview") is a Delaware limited liability company formed on March 5, 2014. The sole member of Fairview is Fairview Partners, LLC, a Washington limited liability company ("FP"). FP is beneficially owned by Carson A. Rasmussen and Nels D. Stemm through their respective, separate holding companies, CAR Investments LLC and Stemm Development LLC, each a Washington limited liability company. Fairview's principal place of business is located in Seattle, Washington. Fairview's registration as an investment adviser became effective in the state of Washington on August 26, 2014. Fairview's registration as an investment adviser became effective in the state of California on March 30, 2015. As of February 6, 2018, Michael V. Morgan ceased to provide services to Fairview (and its affiliates) and, in March of 2019, ceased to be a member of FP, the sole member of Fairview. As a result, the day to day operations of Fairview (and its affiliates) are controlled by Carson A. Rasmussen and Nels D. Stemm. Fairview's registration as an investment adviser with the SEC became effective on April 23, 2021 and Fairview subsequently withdrew its registration in each of the state of Washington and the state of California.

Fairview serves as the investment manager to certain private investment funds, and in the future may offer investment advisory services to other private investment funds (each, a "Fund" and collectively, the "Funds") and to separately managed accounts. Either Fairview or an entity affiliated with Fairview (each such affiliate, an "Affiliate") generally acts as managing member or general partner (as applicable) of each Fund (each, a "Fund Sponsor"). The Fund Sponsors (other than Fairview) do not provide investment advisory services. Fairview provides investment advisory to each of the following Funds: Fairview Investment Fund IV, LP ("Fund IV"), Fairview Investment Fund V, LP ("Fund V"), Fairview Investment Fund VI, LP ("Fund VI"), Fairview Investment Fund VII, LP ("Fund VII"), Fairview Evergreen Fund, L.P. ("Evergreen Fund"), FV Austin, LLC ("FVA"), FV CK Holdings, LLC ("CK Holdings"), FV Santa Fe, LLC ("FV SF"), FV Truck Stops, LLC ("FV TS") and Fairview Gold Fund I, LP (the "Gold Fund"). Fairview may also provide investment advisory services to non-Fund clients in the future. In the spring of 2020, Fairview received a Paycheck Protection Program Loan through the SBA in conjunction with the relief provided under the CARES Act. Fairview used the proceeds of the loan to supplement its payroll obligations and Fairview suffered no interruption of service. For more information concerning Fairview's Fund Sponsors, see Item 10 below.

Fairview does not tailor its advice to the needs of any investor in a Fund. Fairview does, however, tailor its advisory services to the specific investment objectives and restrictions of each Fund pursuant to the investment guidelines and restrictions set forth in each Fund's private placement memorandum, limited liability company or limited partnership agreement (as applicable) and other governing documents (collectively, the "Governing Documents"). Further information regarding Fairview's management of the Funds, including regarding methods of analysis, investment strategies and risks, is provided below in Item 8.

Fairview presently does not participate in wrap fee programs.

As of March 15, 2024, the amount of assets managed by Fairview was approximately \$235,774,807. Subject to certain investment limitations and investor rights, all assets managed by Fairview are managed on a non-discretionary basis.

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

### **General**

The Funds will compensate Fairview in accordance with the Governing Documents, as described in the following paragraph. Compensation often will include one or more of the following: administrative or management fees, real property- and real property loan transaction-related fees and performance-based compensation. The Funds also will be responsible for paying their respective expenses, in accordance with the relevant Governing Documents, as described below under “*Expenses and Other Fees.*” The compensation and expense arrangements generally will differ in some respect from Fund to Fund. In certain circumstances, the management fees and performance-based compensation payable to Fairview may be negotiable. Investors and prospective investors are urged to review the Governing Documents as well as this brochure for complete information on the fees, compensation and expenses payable relevant to a particular Fund.

Generally, regarding the management fee charged to investors for Fairview’s core blind-pool Funds (*i.e.*, Fund IV, Fund V, Fund VI and Fund VII), the management fee will equal 2.0% annually (0.5% quarterly) of (i) such investor’s capital commitment during Fund IV’s investment period, and (ii) the Fund’s net invested capital attributable to such investor’s capital account following the expiration of the investment period.

Generally, regarding the management fee charged to investors of Fairview’s special purpose vehicles (*i.e.*, FVA, FV SF and FV TS), the management fee will range from 1.0% annually (0.25% quarterly) to 1.5% annually (0.375% quarterly) of such investor’s capital commitment, less distributions made to the investors.

Generally, regarding the Evergreen Fund, each investor will pay a management fee, quarterly in advance, equal to 2.0% annually (0.5% quarterly) of each Partner’s capital account balance valued on the first day of the quarter. The management fee for capital contributions made during a calendar quarter, if any, will be charged a pro-rata rate for such quarterly period. The management fee is also adjusted for mid-quarter redemptions.

Generally, regarding the Gold Fund, each investor will pay a management fee, quarterly in advance, equal to 2.0% annually (0.5% quarterly) of each Partner’s capital account balance valued on the first day of the quarter. The management fee for capital contributions made during a calendar quarter, if any, will be charged a pro-rata rate for such quarterly period. The management fee is also adjusted for mid-quarter redemptions.

Each of Fund III, Fund IV, Fund V, Fund VI, Fund VII the Evergreen Fund, FVA, CK Holdings, FV SF, FV TS and the Gold Fund may, in certain circumstances, make distributions in the form of securities and/or other non-cash assets.

### Performance-Based Compensation

The Fund Sponsors generally will receive performance-based compensation from the Funds, as described below and under “*Item 6 -- Performance-Based Fees and Side-by-Side Management.*”

### Expenses and Other Fees

In addition to the fees and performance-based compensation described above, the Funds (and, indirectly, the investors in the Funds) will pay expenses and other fees specifically as disclosed in the Governing Documents, as summarized below. The expenses and other fees to be paid by each Fund will vary and may include, among others, the following: all costs and expenses incurred in connection with the formation of the Fund, the registration and qualification of the Fund interests under applicable federal and state securities laws, and the marketing and sale of the Fund interests (including, without limitation, payments to duly licensed third party broker-dealers that facilitate investments to the Fund); all fees, costs and expenses for third-party service providers, including attorneys, accounting services and tax preparation services, which includes expenses incurred by an Affiliate as the tax matters partner for the Fund; asset management expenses relating to travel for Fund investments; all fees, costs and expenses in any way relating to leasing, investment sales, property management, escrow services, document preparation, document recording, title reports and title policies, surveys, environmental reports, credit reports, property inspections, appraisals and any other third-party studies or reports; carrying costs and interest expense for any funds advanced by Fairview or an Affiliate or incurred pursuant to a loan from a third party to the Fund; legal, accounting, bookkeeping, tax compliance, auditing, consulting, property management fees, and other professional expenses, including those of valuation firms; administration fees and other expenses charged by or relating to the services of third-party providers of administration services; third-party and out-of-pocket research and market data expenses; interest and fees on loans, committed loan facilities and other indebtedness; bank service, custodial and similar fees; litigation costs; insurance costs; fees and expenses (including travel expenses) related to the analysis, purchase or sale of investments, whether or not the investments are consummated (e.g., broken-deal expenses); expenses related to the purchase, monitoring, sale, settlement, custody or transfer of Fund assets (such as brokerage, sales and purchases commissions, exchange fees, banking, clearing and settlement charges, transfer taxes and other transaction costs); entity-level taxes; regulatory fees and expenses (such as for blue sky, Form D and Form PF filings, and other filing fees and corporate fees payable to governments and agencies); investor reporting expenses; fees and expenses relating to the offer and sale of Fund interests; expenses of the Fund’s advisory committee; any expenses for services that the Fund’s investors require the Fund Sponsor to obtain; costs associated with the establishment and operation of any special purpose vehicle or subsidiary vehicle used by the Fund for holding and/or originating investments; and any other ordinary and extraordinary fees or expenses of the Fund, each of which, in the determination of the Fund Sponsor, are reasonably incurred in connection with the business or maintenance of the Fund.

With limited exceptions based on the structure of the fund and agreements between the contracting parties (e.g., no advisory committee), the expenses to be borne by Fund IV, Fund V, Fund VI, Fund VII the Evergreen Fund, FVA, CK Holdings, FV SF, FV TS and the Gold Fund are substantially identical to those described above.

As described in the respective Governing Documents for the Funds, generally, Fairview will bear certain overhead expenses of operating the Funds. Regarding Fund IV, Fund V, Fund VI, Fund VII the Evergreen Fund, FVA, CK Holdings, FV SF, FV TS and the Gold Fund, Fairview or its Affiliates will pay for all overhead expenses of an ordinarily recurring nature such as rent, utilities, supplies, secretarial expenses, stationery, charges for furniture, fixtures and equipment, employee benefits including health insurance, payroll and other taxes and compensation (and related costs) of all personnel, as applicable.

In addition, the allocation of co-investment opportunities may involve a benefit to Fairview or its Affiliates, including, without limitation, management fees, allocations or other compensation from the relevant co-investment opportunity. However, Fairview and its Affiliates may apply any such amounts received from a co-investment opportunity to reduce the fees and/or expenses payable by a Fund (via its investors on a *pro rata* basis) relevant to such co-investment opportunity to the extent provided under that Fund's Governing Documents. There can be no assurances with respect to the amount of any investment opportunity that will be allocated to the Fund.

Please see Item 12 below for a discussion of Fairview's brokerage practices.

#### *Additional Information About Fees, Allocations and Expenses*

The fees, performance-based compensation and expenses described above in this Item 5 generally are deducted directly from investor capital accounts in the Funds. To the extent that a client pays fees or performance-based compensation in advance, then upon a redemption from the Fund, an investment other than at the beginning of the normal investment cycle or a termination of an advisory relationship with Fairview, such client will only pay such fees and/or compensation (as applicable) for the actual period of time that Fairview provided advisory services and any unearned amounts will be refunded to such client. The specific manner in which Fairview charges fees, performance-based compensation and expenses is described in the Governing Documents for each Fund. Please refer to the Governing Documents of each Fund regarding the timing and payment of applicable fees, performance-based compensation and expenses.

The fees, performance-based compensation and expenses described above generally may be modified or waived in certain circumstances, including for Fund investors that are Fairview, the Affiliates and/or their respective owners, principals, partners, directors, officers and employees, members of their families or other entities for their benefit (collectively, the "Fairview Parties").

Neither Fairview nor any of its supervised persons currently accepts compensation for the sale of securities or other investment products.

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

Generally the Fund Sponsors will receive performance-based compensation from the Funds, and Fairview will receive asset-based compensation as well as other fees.

Generally, each investor in one of Fairview's core blind-pool Funds (*i.e.*, Fund IV, Fund V, Fund VI and Fund VII) will pay the Fund Sponsor performance-based compensation in accordance with the following: (i) prior to the termination of the Commitment Period, 20% of distributable proceeds



attributable to such investor after the investor has received an 8% per annum preferred return on the investor's contributed capital, and (ii) after termination of the Commitment Period, 20% of all distributable proceeds attributable to such investor in excess of such investor's contributed capital, with such distributions being made to the Fund Sponsor only after the investor has received distributions equal to its contributed capital plus the 8% per annum preferred return.

Generally, each investor in Evergreen Fund will pay the Fund Sponsor performance-based compensation on an annual basis equal to the excess of (i) the net capital appreciation of the investor's capital account for such annual period, over (ii) the balance of the investor's "loss carryforward" account that reflects unrecovered losses from prior annual periods (if any). Notwithstanding the foregoing, the Fund Sponsor will not be entitled to any performance-based compensation for any annual period unless the investor's net capital appreciation for such annual period equals or exceeds a five percent (5%) hurdle return.

Generally, each investor in the Gold Fund will pay the Fund Sponsor performance-based compensation on an annual basis equal to the excess of (i) the net capital appreciation of the investor's capital account for such annual period, over (ii) the balance of the investor's "loss carryforward" account that reflects unrecovered losses from prior annual periods (if any). Notwithstanding the foregoing, the Fund Sponsor will not be entitled to any performance-based compensation for any annual period unless the investor's net capital appreciation for such annual period equals or exceeds a eight percent (8%) hurdle return.

Generally, each investor in each of Fairview's special purpose vehicles (*i.e.*, FVA, FV SF and FV TS) will pay the Fund Sponsor performance-based compensation in accordance with the following: 20% of all distributable proceeds attributable to such investor in excess of such investor's contributed capital, with such distributions being made to the Fund Sponsor only after the investor has received distributions equal to its contributed capital plus the 8% per annum preferred return.

Performance-based compensation received by a Fund Sponsor or Fairview may create an incentive for Fairview to recommend investments that may be riskier or more speculative than those that would be recommended under a different fee arrangement. In accordance with its fiduciary duty, Fairview does not discriminate on an impermissible basis against any client or group of clients.

Please refer to the Governing Documents of each Fund for complete information on the performance-based compensation arrangements applicable to such Fund.

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

Currently, Fairview provides advice to the Funds and, in limited cases, other privately held investment vehicles. Each Fund is claiming an exemption from registration as an investment company pursuant to either Section 3(c)(1) or 3(c)(5) of the Investment Company Act of 1940, as amended ("1940 Act"). Interests in each Fund ("Fund Interests") are not registered under the Securities Act of 1933, as amended ("1933 Act"), or any state "blue sky" laws; rather, they are privately offered pursuant to Regulation D under the Securities Act.

Generally, each investor in a Fund must be an accredited investor, as defined in Rule 501(a) of Regulation D under the 1933 Act. Each Fund that pays performance-based compensation will require that each investor also be a “qualified client” (as defined in SEC Rule 205-3). Investors must complete questionnaires in which they represent that they are qualified to invest in a particular Fund. For details concerning investor suitability criteria, see the respective Governing Documents for each Fund, which are furnished to each investor and prospective investor.

The minimum investment commitment required of an investor to participate in a Fund varies from Fund to Fund and the Fund Sponsor has discretion to modify the minimum investment commitment of a Fund for any potential investor. Investors and prospective investors should refer to the relevant Fund’s Governing Documents for complete information regarding minimum investment requirements for participation in the Fund.

In addition, a Fund Sponsor may, in its discretion, in connection with any investment, direct the capital contributions of some or all of a Fund’s investors to be made through one or more alternative investment vehicles (“Alternative Investment Vehicles”) if, in the judgment of the Fund Sponsor, the use of Alternative Investment Vehicles would allow the Fund to address legal or regulatory considerations or invest in a more tax efficient manner or would facilitate participation in certain types of investments. Any Alternative Investment Vehicle will contain terms and conditions substantially similar to those of the Fund to which the Alternative Investment Vehicle relates, and will be managed by Fairview or an Affiliate.

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

The methods of analysis and investment strategies used by Fairview in managing assets are summarized below. In addition, the material risks involved with each significant investment strategy and method of analysis are explained below.

### **Investment Strategies and Methods of Analysis**

The Manager has established a disciplined investment program for each Fund, which may include one or more of the strategies noted below. A prospective investor should reference the Governing Documents of the specific Fund(s) in which it desires to invest for a specific investment program of such Fund(s)

- create capital appreciation opportunities by resolving sub-performing or non-performing loans through repositioning, restructuring and active management of those assets.
- capitalize on asset level underwriting experience and market analytics to identify investments with pricing dislocations.
- acquire assets held for sale that are undervalued as a result of operating uncertainty or liquidity constraints.

- originate and structure senior and/or junior loans with attractive return profiles relative to the underlying value and financial operating performance of the real estate collateral and the strength and quality of the sponsorship.
- structure transactions with a prudent amount of leverage, if any, given the risk of the underlying assets cash flows, and attempting to match the structure and duration of the financing with the underlying asset's cash flows, as appropriate.

The methods of analysis and investment strategies used by Fairview in managing assets include:

- Strategic acquisition, management and disposition of performing and non-performing loans held by banks and other financial institutions. The strategies resulting from these acquisitions are varied and unique. We manage these loans in the best interests of our clients. That management may include, for example, forcing a payoff from a borrower or a guarantor or foreclosing on the real estate. In addition, we may repair the loan/credit and resell it. This strategy also may involve directly acquiring distressed real estate assets from financial institutions and other sellers that face mounting balance sheet pressure and are willing to sell such properties often at substantial discounts that meet our investment return criteria.
- Taking advantage of the general volatility and uncertainty affecting the financial industry by acquiring in bulk performing and non-performing loans from institutions that have immediate cash needs or are unprepared to undertake foreclosure proceedings against borrowers who default on their loans. Under this strategy, we attempt to purchase such loans often at meaningful discounts and aggressively seek payment of the loans and/or realization of all other remedies available under the applicable laws, including foreclosure.
- Acquisition of residential and commercial loans from financial institutions that are seeking to de-leverage their real estate portfolios either due to regulatory restrictions or preemptively to avoid further internal accounting write-downs. In addition, from time to time, we may elect to purchase performing loans to obtain cash flow yield. We will utilize valuation techniques and strategies designed to verify if real estate assets have the potential of substantial equity if the assets are acquired at advantageous pricing. These loans are generally “pay performing,” with some technical default or perceived deficiency that makes them less desirable to banks.
- Providing opportunistic short-term bridge financing to real estate borrowers primarily in the western United States, and make bridge loans to real estate borrowers secured by deeds of trust against commercial and residential properties. Loans will generally be subject to maximum loan to value (LTV) ratios. Loans will be fully recourse to borrowers when opportunity for viable recourse is available. Interest rates will be charged generally ranging from 6% to 12% over the then available prime rates of interest quoted by large regional banks in the Pacific Northwest, as well as loan fees of 2% to 10% payable upon loan closings, loan maturity or both.

- Acquisition of fee-simple existing commercial property or a portfolio of commercial real estate. We typically target a high yield, opportunistic strategy to recapitalize, reposition, renovate or otherwise stabilize the property fundamentals. We may include other financial partners in these transactions.
- Open market purchases and/or sales, privately-negotiated transactions, or other means of pursuing an investment. Fairview, on behalf of the Funds, may engage in investments directly or indirectly through holding companies, subsidiaries, partnerships, limited liability companies, joint ventures or otherwise.
- With respect to the Gold Fund, seek attractive operating businesses within the gold and precious metal mining market and, to a lesser degree, opportunistic investments based on continuing or emerging geopolitical (or similar) circumstances or events that Fairview deems appropriate for the Gold Fund.

Not all of the above methods of analysis and investment strategies will be used by Fairview for every Fund; some Funds may utilize a portion or some variation of the above. Investors and prospective investors in a Fund should review the Governing Documents of the Fund in which they are invested (or are seeking to invest) for additional information about the methods of analysis as well as the investment strategies, objectives and restrictions associated with an investment in such Fund. There is no assurance that any of the Funds' investment objectives will be achieved.

### Material Risks

The following is a summary of the material risks associated with Fairview's primary methods of analyses and investment strategies for managing assets of the Funds. Investors and prospective investors in a Fund should review the Governing Documents of the Fund in which they are invested (or are seeking to invest) for additional information about the risks associated with an investment in such Fund.

An investment in securities involves a risk of loss that an investor in a Fund should be prepared to bear. An investment in a Fund is speculative and not guaranteed. The instruments in which the Funds invest may lose value. Investors in the Funds may experience a loss of some or all of their investments, including losses amplified as a result of a Fund's use of leverage. Past performance is not indicative of future performance, and there is no assurance that any of the Funds will achieve their investment objectives.

### Fund and Management Related Risks

*Lack of Operating History.* The past performance of Fairview's management team may not be relied upon to indicate the future performance of the Funds. A Fund may not have identified any particular investment(s) at closing and may be unable to find a sufficient number of attractive opportunities to meet its investment objectives or fully invest its committed capital. Investors must rely on the ability of the management team to identify, structure and implement investments consistent with each Fund's investment objectives and policies. Investors should note that past performance of other Funds managed by the management team is not a guarantee of future results.

*New Ventures.* The Funds and Fairview are new entities with limited operating histories. They are subject to the risks involved with any speculative new venture. No assurance can be given that the Funds will be profitable.

*Reliance on Management.* All decisions regarding management of the Funds' affairs will be made exclusively by Fairview and not by any of the Funds' investors. Accordingly, investors should not buy Fund Interests unless they are willing to entrust all aspects of management to Fairview. Investors should carefully evaluate the personal experience and business performance of Fairview and its principals. The ability of Fairview to discharge its duties is dependent on the services of its principals. The loss of the services of one or more of them could have a significant adverse effect on the Funds.

*Illiquidity of Investor Interests; Consequences of Default.* Fund Interests are highly illiquid, have no public market and generally are not transferable. Accordingly, an investor in a Fund may not be able to liquidate its investment and must be prepared to bear the risks of owning its Fund Interest for an extended period of time. A default by an investor in making a required capital contribution or any other payment to a Fund may result in loss of all or a substantial part of the investor's investment in the Fund, as well as in the application of other remedies as set forth in the particular Fund's Governing Documents.

*Conflicts of Interest in Allocating Resources.* Conflicts of interest between the Funds and the various roles, activities and duties of Fairview and its Affiliates may occur from time to time. The principals of Fairview may engage in other activities, some of which may compete with the Funds and the Funds' investments. Fairview will have conflicts of interest in allocating management time, services and functions between the Funds and other current and future activities. Fairview, however, believes that it will have sufficient staff, consultants, independent contractors and business and property managers to perform adequately its duties. A conflict of interest may result in the rights of the Funds not being adequately protected to the detriment of the investors. For more information about conflicts of interest and how they will be resolved, please Items 10 and 11 below.

### Strategy and Investment Related Risks

*Investment in Distressed Assets.* One or more Funds may make investments in underperforming or other distressed assets, sometimes utilizing leveraged capital structures. Furthermore, investments in properties operating in workout modes or under Chapters 7, 11 or 13 of the United States Bankruptcy Code, for example, are, in certain circumstances, subject to certain additional potential liabilities that may exceed the value of a Fund's original investment. Furthermore, under certain circumstances, payments to a Fund and distributions by the Fund to investors may be reclaimed if such payments or distributions are later determined to have been fraudulent conveyances or preferential payments. Numerous other risks also arise in the workout and bankruptcy contexts.

*General Real Estate Risks.* One or more of the Funds may acquire loans and distressed real estate assets from other financial institutions. In acquiring distressed loans we may take ownership of real estate through foreclosure or similar legal means. There are risks with ownership

of real estate. Therefore, the economic success of an investment in a Fund will depend in part upon the results of operations of any real estate acquired or foreclosed upon by the Fund (each a “Property”), which will be subject to those risks typically associated with investments in real estate. Fluctuations in vacancy rates, operating expenses and tax rates can adversely affect operating results or render the sale or refinancing of a Property difficult or unattractive. Certain expenditures associated with the Properties will be fixed (principally mortgage payments, if any, real estate taxes, and maintenance costs) and will not necessarily decrease due to events adversely affecting the Fund’s income from such Properties. No assurance can be given that certain assumptions as to the future occupancy of a Property or future costs of operating a Property will be accurate, since such matters will depend on factors, events and risks beyond the Fund’s control, such as:

- changes in national, regional, or local economic conditions, which could negatively impact the ability to develop Properties or lease vacancies on favorable terms and a tenant’s ability to pay rent;
- changes in local market conditions or characteristics, including new construction of projects that compete with a Property held by a Fund;
- changes in interest rates and in the availability, costs and terms of borrowings, which may make the acquisition, development, sale or refinancing of a Property difficult;
- changes in federal, state or local regulations and controls affecting rents, prices of goods, fuel and energy consumption, environmental restrictions, real estate taxes, zoning and other factors affecting real property;
- continued validity and enforceability of the leases;
- the financial condition and profitability of the tenants, including the inability of tenants to pay rent, such as a tenant in a single-family residential property or a commercial tenant in a single-tenant commercial property;
- the ongoing need for capital improvements;
- changes in operating costs such as utilities;
- acts of nature, such as earthquakes, hurricanes, tornadoes and floods; and
- legal challenges surrounding the validity of title to a Property or other issues concerning title to a Property.

*General Risk of Loans Secured by Real Estate.* One or more of the Funds may invest in loans secured by real estate. The economic success of an investment in such Funds will also depend upon the results of operations of any real estate securing any loans held by the Funds. Fluctuations in vacancy and operating expenses can adversely affect the operating results of such

real estate and therefore the amount of cash flow available to service such loans held by the Funds. If a borrower is unable to pay a loan, a Fund may need to foreclose on and take title to the real estate.

Credit risk, which is the risk of losing principal and interest as a result of a borrower's failure to perform in accordance with their loan obligations, is inherent in the lending business. The Funds expect to make loans to borrowers that are unable to obtain lower priced financing with banks and other financing institutions. Some borrowers will have good credit ratings but are unable to attract lower rate financing because of the current credit environment affecting the overall lending environment. However, other borrowers might not have good credit ratings. Depending on the asset, the borrower, asset location, borrower cash flow and current market conditions, the Funds may seek to cross-collateralize loans to provide further security for repayment of all obligations owed to the Funds. The Funds will also rely on the judgment of Fairview to endeavor to ensure payment of all loans. Some loans may be secured by real or personal property collateral as an additional source of recovery, in addition to the borrower. However, a downturn in the local or national economy or a rapid increase in interest rates could have an adverse effect on collateral values, business activity and income, and employment, with a corresponding adverse effect on borrowers' ability to repay loans and on the Funds' ability to recover losses from any collateral. The Funds will not establish an allowance for loan losses and actual loan losses will have a direct effect on value of Fund Interests and there can be no assurance that actual losses incurred will not exceed the overall capital of a particular Fund.

*Leverage.* One or more of the Funds may utilize leverage. As applicable, such Funds anticipate obtaining loans or a line of credit secured by their assets. If a Fund defaults in its obligations to the lender or the line of credit or loan expires and there is an outstanding balance, the Fund may be required to sell assets in an unfavorable or illiquid market which could result in substantial loss to the Fund. The terms of any loan could change from time to time which could impose increased borrowing costs on the Fund, adversely affecting the profitability of the Fund or otherwise imposing a loss on the Fund. Principals of Fairview or its Affiliates may be required by a Fund's lender to provide guarantees on behalf of the Fund in order for the Fund to receive a loan in connection with its investment program. It is intended that the Fund will indemnify such principals regarding any and all such guarantees.

*Competition.* The business of the Funds is very competitive. The Funds compete for quality investment opportunities against other investors, including private groups and developers, direct investment firms, private equity funds, tenant-in-common syndicators, merchant banks and real estate investment trusts (REITs). Some of these investors have access to more capital, and sometimes lower-priced capital than the Funds, and may have investment objectives that allow the group to outbid the Funds for investments. The Funds may be unable to identify and close a sufficient number of attractive investment opportunities for the Funds to meet their investment objectives.

In addition, a number of other comparable properties are likely to be located within the vicinity of each Property. These competitive facilities may reduce demand for the leasable space of that Property and for that Property itself. It is possible that a tenant will move to existing or new facilities in the surrounding area, which could adversely affect the financial performance of

that Property. Competition from nearby facilities could make it more difficult to attract new tenants. The Funds also expect that each Property will experience competition from comparable, attractive projects should a Fund decide to sell that asset. Other properties and real estate investments may be more attractive than that Property held by the Funds. Competition may increase costs and reduce returns on a given asset, and thus reduce returns to the Funds.

*Market Risks on Sale.* The sales price upon the future sale or other disposition of a Property will depend on many factors, including the occupancy level and rental rates being charged, the availability and price of comparable properties, income capitalization rates, available financing, and conditions in the real estate market in general. It may not be possible to sell that asset at a gain or for a price equal to or greater than the appraised value. There can be no assurance that the price and terms of any sale or other disposition of a Property will be such as to provide a Fund with a satisfactory return on its investment, or any return at all, or that there will not be a loss on any such sale.

*Environmental and Insurance Risks.* Federal, state and local laws impose liability on a landowner for releases or the otherwise improper presence on the premises of hazardous substances. This liability is without regard to fault for, or knowledge of, the presence of such substances. A landowner may be held liable for hazardous materials brought onto the property before it acquired title and for hazardous materials that are not discovered until after it sells the property. Similar liability may occur under applicable state law. The seller of a Property may not provide any representations or warranties in the purchase agreement regarding the presence of or the release of hazardous materials at or from a Property (*i.e.*, the purchase may be “as is” as to environmental matters). If any hazardous materials are found within a Property in violation of law at any time, a Fund may be held liable for all cleanup costs, fines, penalties and other costs. These costs may be substantial. This potential liability may apply to hazardous materials present within a Property before the Fund acquired that Property. If losses arise from hazardous substance contamination that cannot be recovered from a responsible party, the financial viability of that Property may be substantially affected. In an extreme case, that Property may be rendered worthless, or the Fund may be obligated to pay cleanup and other costs in excess of the value of that Property.

The Funds may purchase an environmental insurance policy when it acquires a Property, although they are not required to do so. This expense may be prorated and reimbursed by the tenants pursuant to their leases over the term of the policy. However, there can be no assurance that any insurance obtained will be sufficient to cover any liabilities. If a loss occurs that is partially or completely uninsured, a Fund may lose all or a part of its investment. Liability in such cases may be unlimited. While insurance may help reduce the risk of loss, it increases costs and thus lowers the potential return to the Fund.

*Uninsured Losses/Unlimited Liability.* The Funds will try to maintain adequate insurance coverage against liability for personal injury and property damage. There can be no assurance that the insurance obtained will be sufficient to cover any liabilities. Furthermore, insurance against certain risks, such as earthquakes, hurricanes and/or floods, may be unavailable or may only be available at commercially unreasonable rates or in amounts that are less than the full market value or replacement cost of a Property. In addition, there can be no assurance that particular risks that



are currently insurable will continue to be insurable on an economical basis or that current levels of coverage will continue to be available. If a loss occurs that is partially or completely uninsured, a Fund may lose all or a part of its investment. The Funds may be liable for any uninsured or underinsured personal injury, death or property damage claims. Liability in such cases may be unlimited. While insurance may help reduce the risk of loss, it increases costs and thus lowers the potential return to the Funds.

### *Risks Specific to the Gold Fund*

*General Risks Related to the Natural Resource Sector.* Since the Gold Fund invests in securities of companies engaged in natural resources activities, the Gold Fund may be subject to greater risks and market fluctuations than funds with more diversified portfolios. The value of the Gold Fund's securities will fluctuate in response to market conditions generally, and will be particularly sensitive to the markets for those natural resources in which a particular issuer is involved. The values of natural resources may also fluctuate directly with respect to real and perceived inflationary trends and various political developments. In selecting the Gold Fund's investments, Fairview will consider each company's ability to exploit its natural resources and secure any necessary regulatory approvals. A company's failure to perform well in any one of these areas, however, could cause its stock to decline sharply.

Natural resource industries throughout the world may be subject to greater political, environmental and other governmental regulation than many other industries. Changes in governmental policies and the need for regulatory approvals may have an adverse effect on the products and services of natural resources companies. For example, many natural resource companies have been subject to significant costs associated with compliance with environmental and other safety regulations. Such regulations may also hamper the development of new technologies. The direction, type or effect of any future regulations affecting natural resource industries are virtually impossible to predict.

*Precious Metal-Related Securities Specifically.* The Gold Fund intends to make and hold substantial investments in the equity securities of companies that explore for, extract, process or deal in precious metals (e.g., gold, silver and platinum), and possibly in asset-based securities indexed to the value of such metals. Such securities may be purchased when they are believed to be attractively priced in relation to the value of a company's precious metal-related assets or when the values of precious metals are expected to benefit from inflationary pressure or other economic, political or financial uncertainty or instability. Based on historical experience, during periods of economic or financial instability the securities of companies involved in precious metals may be subject to extreme price fluctuations, reflecting the high volatility of precious metal prices during such periods. In addition, the instability of precious metal prices may result in volatile earnings of precious metal-related companies, which may, in turn, adversely affect the financial condition of such companies.

### **Item 9 -- Disciplinary Information**

There are no legal or disciplinary events material to a client's or prospective client's evaluation of Fairview's business to report.

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

Fairview has material business relationships with the following related entities:

- Fairview is the general partner of Fund IV. In addition, Fairview provides investment advisory services to Fund IV. Fairview is entitled to receive an allocation of certain performance-based compensation as described in Fund IV's Governing Documents. The performance-based compensation payable to Fairview is based solely on distributable proceeds (and not the valuation of Fund IV's assets); the management compensation payable to Fairview is based on the amounts committed and contributed by the investors to Fund IV. Fairview may, in the future, transfer its general partnership interest in Fund IV to a special purpose entity controlled by Fairview that will be a "relying advisor" for purposes of Advisers Act.
- F5 GP, LLC ("F5 GP") is the general partner of Fund V. F5 GP does not provide investment advisory services. As a Fund Sponsor, F5 GP has engaged Fairview to provide those services to Fund V. F5 GP is entitled to receive an allocation of certain performance-based compensation as described in Fund V's Governing Documents. To the extent that valuation of assets is determined based upon information provided by F5 GP or their related persons, because there is, for example, no public market price available, there may be a conflict of interest. Fairview will value such assets in accordance with Fund V's valuation policies and procedures, subject to Fairview's fiduciary duty to Fund investors. To the extent that an asset valuation is not consistent with Fairview's fiduciary duty to Fund investors, Fund investors will have an opportunity to object to such valuation.
- Fairview Evergreen GP, LLC ("FEF GP") is the general partner of Evergreen Fund. FEF GP does not provide investment advisory services. As a Fund Sponsor, FEF GP has engaged Fairview to provide those services to Evergreen Fund. FEF GP is entitled to receive an allocation of certain performance-based compensation as described in the Evergreen Fund's Governing Documents. The performance-based compensation payable to FEF GP is based on the net capital appreciation and net capital depreciation allocable to each partner's capital account balance during an incentive allocation period; the management compensation payable to FEF GP is based on the capital account balance of each partner in the Evergreen Fund.
- FGF GP, LLC ("FGF GP") is the general partner of Gold Fund. FGF GP does not provide investment advisory services. As a Fund Sponsor, FGF GP has engaged Fairview to provide those services to Gold Fund. FGF GP is entitled to receive an allocation of certain performance-based compensation as described in the Gold Fund's Governing Documents. The performance-based compensation payable to FGF GP is based on the net capital appreciation and net capital depreciation allocable to each partner's capital account balance during an incentive allocation period; the management compensation payable to FGF GP is based on the capital account balance of each partner in the Gold Fund.
- F6 GP, LLC ("F6 GP") is the general partner of Fund VI. F6 GP does not provide investment advisory services. As a Fund Sponsor, F6 GP has engaged Fairview to provide

those services to Fund VI. F6 GP is entitled to receive an allocation of certain performance-based compensation as described in Fund VI's Governing Documents. To the extent that valuation of assets is determined based upon information provided by F6 GP or their related persons, because there is, for example, no public market price available, there may be a conflict of interest. Fairview will value such assets in accordance with Fund VI's valuation policies and procedures, subject to Fairview's fiduciary duty to Fund investors. To the extent that an asset valuation is not consistent with Fairview's fiduciary duty to Fund investors, Fund investors will have an opportunity to object to such valuation.

- F7 GP, LLC ("F7 GP") is the general partner of Fund VII. F7 GP does not provide investment advisory services. As a Fund Sponsor, F7 GP has engaged Fairview to provide those services to Fund VII. F7 GP is entitled to receive an allocation of certain performance-based compensation as described in Fund VII's Governing Documents. To the extent that valuation of assets is determined based upon information provided by F7 GP or their related persons, because there is, for example, no public market price available, there may be a conflict of interest. Fairview will value such assets in accordance with Fund VII's valuation policies and procedures, subject to Fairview's fiduciary duty to Fund investors. To the extent that an asset valuation is not consistent with Fairview's fiduciary duty to Fund investors, Fund investors will have an opportunity to object to such valuation.
- Fairview is the manager of each of FVA, FV SF, FV TS and CK Holdings. In connection therewith, certain affiliates of Fairview are entitled to receive performance based compensation in the respective operating agreements of each of FVA, FV SF, FV TS and CK Holdings.
- Seacrest Advisors, LLC ("Seacrest") is a loan services entity.
- FP is the sole member of Fairview, and Seacrest. FP is beneficially controlled by Carson A. Rasmussen and Nels D. Stemm through their respective, separate holding companies, CAR Investments LLC and Stemm Development LLC, each a Washington limited liability company.

The Fairview Parties are acting, and are expected to act in the future, as owners, officers, directors, employees, managers and/or general partners of other business entities. The Fairview Parties have existing responsibilities and, in the future, may have additional responsibilities to provide management and services to the Funds and other entities in addition to the Funds. The Fairview Parties may also buy Fund Interests. As a result of these activities, conflicts of interest between the Funds and the various roles, activities and duties of the Fairview Parties currently exist and likely will occur in the future. Fairview believes that acting in a manner consistent with its fiduciary duty to the Funds and their respective underlying investors will help to mitigate these conflicts. In addition, certain of these conflicts also may be generally addressed through adherence to Fairview's compliance policies and procedures and its Code of Ethics.

Fairview and/or the Fund Sponsors may, in their discretion and subject to applicable law, retain one or more of their Affiliates to perform property, construction or development, management, leasing and related or similar types of services (collectively, "Property Services") for the Funds.

Seacrest provides loan servicing services (“Loan Services”) to the Funds. This may create an incentive for Fairview and/or the Fund Sponsors to favor affiliated service providers over third-party service providers that the Funds might otherwise retain to provide Property Services or Loan Services. In an effort to mitigate any such conflict of interest, an affiliated service provider will only be engaged on behalf of a Fund to provide Property Services or Loan Services, as applicable, if the fees for such Property Services or Loan Services are consistent with those generally available in an arm’s-length transaction with a qualified independent third-party for a comparable level of quality as determined in good faith by Fairview or the Fund Sponsor, as applicable. Furthermore, the Fund Sponsor or Fairview, as applicable, will submit no less than annually a schedule of such fees and evidence to the Fund’s advisory committee indicating that the fees are at or below market rates.

Neither Fairview nor any of its management persons are registered, or have an application pending to register, as a broker-dealer or registered representative of a broker-dealer, or a futures commission merchant, commodity pool operator, commodity trading advisor or associated person of the foregoing entities.

Fairview currently does not recommend or select other investment advisers for its clients. Fairview, therefore, does not receive compensation directly or indirectly from any such advisers that would create a material conflict of interest, and does not have other business relationships with any such advisers that would create a material conflict of interest.

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

A. Fairview has adopted a Code of Ethics expressing its commitment to ethical conduct. Fairview’s Code of Ethics describes its fiduciary duties and responsibilities to its clients, and sets forth Fairview’s practice of monitoring the personal securities transactions of its supervised persons with access to investment recommendations. Under the Code, all of Fairview’s supervised persons have a duty to act only in the best interests of Fairview’s clients and all potential conflicts and violations of the Code must be promptly reported to Fairview’s Chief Compliance Officer (“CCO”). All supervised persons must acknowledge the terms of the Code of Ethics initially and annually or as amended from time to time. It is the expressed policy of Fairview that no person employed by Fairview shall prefer his or her own interest to that of an advisory client or make personal investment decisions based on the investment decisions of advisory clients. Fairview will provide a copy of its Code of Ethics to any client or prospective client upon request.

To supervise compliance with its Code of Ethics, Fairview requires that all personnel provide initial and annual securities holdings reports and direct or cause all applicable broker(s) to send a copy of all account statements to the firm’s CCO or his designee. Fairview requires personnel to also receive approval from the CCO prior to investing in any initial public offerings or private placements.

B. As the managing member or general partner of each of the Funds, the Fund Sponsors have indirect beneficial interests in the investments owned by the Funds and will share in any profits and losses generated by the Funds’ investments. This creates a conflict of interest because the

Fund Sponsors receive performance compensation from the Funds, as discussed above under Item 5 and Item 6, and as a result Fairview may have an incentive to recommend investments that are more risky than it would otherwise recommend if the Fund Sponsors did not receive performance compensation. As mentioned above, Fairview believes that the fact that certain related persons of Fairview are investors in one or more of the Funds helps to mitigate this conflict. In addition, a Fund may have an advisory committee that includes members who are independent of Fairview and that consult with Fairview and the applicable Fund Sponsor concerning conflicts of interest, certain types of investments and other Fund-related matters. The Fund Sponsor for Fund II will establish an advisory committee consisting of a minimum of two representatives of Fund II investors to be selected by the Fund Sponsor in its discretion. Any benefit from a conflict of interest will go to Fund investors.

C. Each of Fairview's beneficial owners currently hold direct or indirect interests in each of Fund IV, Fund V, Fund VI, Fund VII, the Evergreen Fund, FVA, CK Holdings, FV SF, FV TS and the Gold Fund. Fairview believes that such investments help to align its interests with the interests of the other investors in the Funds, as applicable, and thus works to mitigate against potential conflicts of interest.

In addition, in connection with any Fund investment, a Fund Sponsor may, in its sole discretion, offer co-investment opportunities to strategic third-party investors and/or one or more Fund investors. Furthermore, the Fairview Parties also may co-invest alongside the Funds in investment opportunities. The allocation of co-investment opportunities may involve a benefit to Fairview or its Affiliates, including, without limitation, management fees, allocations or other compensation from the relevant co-investment opportunity. This may create an incentive for Fairview to favor the Funds alongside which the Fairview Parties co-invest over the Funds alongside which they do not. However, in an effort to mitigate this conflict of interest, Fairview and its Affiliates may apply the amount of any management fees, allocations or other compensation received from a co-investment opportunity to reduce the fees and/or expenses payable by a Fund (via its investors on a pro rata basis) relevant to such co-investment opportunity to the extent provided under that Fund's Governing Documents. In addition, one or more of the Funds may have an advisory committee, which is designed to help mitigate these types of conflicts of interest. Moreover, as described above in Item 6, Fairview does not discriminate on an impermissible basis against any client or group of clients. There can be no assurances with respect to the amount of any investment opportunity that will be allocated to a particular Fund.

D. It is not Fairview's practice to recommend securities to clients, or buy or sell securities for client accounts, at or about the same time that Fairview or its related persons buy or sell the same securities for Fairview's own (or such related person's own) account.

## **Item 12 -- Brokerage Practices**

Although most of the Funds focus primarily on making investments in real estate, loans and other private securities (and do not ordinarily deal with securities intermediaries such as broker-dealers that execute securities transactions on behalf of the Funds for "commissions"), the Gold Fund will engage one or more such intermediaries. Fairview may engage banks, lenders, real estate brokers, mortgage brokers, legal and tax experts, environmental experts, insurance professionals and other

service providers. As described above in Item 10, Fairview and/or the Fund Sponsors may, in their discretion, and in an arm's-length transaction, retain one or more of their Affiliates to perform Property Services for the Funds.

Fairview's clients typically pay these service providers through commissions or other service fees. Fairview considers a variety of factors when it considers engaging service providers and other intermediaries (including third-parties and Affiliates) on behalf of the Funds, including, but not limited to:

- Quality of services to be provided
- Qualifications and experience of service provider
- Alignment of interests with Fairview's clients
- Prior experiences dealing with service provider
- Integrity, work ethic and reputation of service provider
- Cost

To the extent that Fairview transacts in public securities for its clients (e.g., the Gold Fund), it is Fairview's policy to seek best execution on behalf of its clients – that is, Fairview seeks to achieve the best overall qualitative execution for a client in a particular circumstance. Best execution is not synonymous with the lowest brokerage commission. In seeking to achieve best execution, Fairview considers the full range and quality of services a broker may provide, including (among other things), the experience and skill of the broker's securities traders; the broker's accessibility to primary markets and quotation services; for NASDAQ securities, whether a broker makes a market in that security; a broker's past history of successful, prompt and reliable execution of client trades; the financial strength and stability of the broker; the broker's administrative efficiency; commission rates; the overall net economic result to a client (involving both price paid or received and any commissions and other costs paid); the security price and its volatility; the size of the transaction, including the ability to effect the transaction at all where a large block is involved; the broker's availability to execute possibly difficult transactions in the future; and the receipt of research services. Fairview may cause a client to pay a brokerage commission in excess of that which another broker might have charged for executing the same transaction if it determines that the commission paid was reasonable in relation to the value of the services provided by the broker.

Fairview generally does not utilize "soft dollars" or "pay-up" for research. "Soft dollars" refers to Fairview's receipt of research or other products or services other than execution from brokers. Fairview may receive, without cost and unrelated to the execution of securities transactions, a broad range of research services from broker-dealers, including information on the economy, industries, groups of securities and individual companies, statistical information, market data, accounting and legal interpretations, political developments, pricing and appraisal services, credit analysis, risk measurement analysis, performance analysis and other information which may affect the economy and/or security prices. Fairview currently does not have any soft dollar arrangements in place that would commit its clients to any implied or explicit level of trading. Fairview did not acquire any products or services with client brokerage commissions (or markups or markdowns) within its last fiscal year.

In the event that Fairview were to receive any “soft dollar” benefits, however, Fairview expects that they would qualify under the safe harbor provided for under Section 28(e) of the Securities Exchange Act of 1934, as amended. If Fairview were to use client brokerage commissions (or markups or markdowns) to obtain “soft dollar” benefits, such as research or other products or services, it would receive a benefit because it does not have to produce or pay for the research, products or services. Consequently, Fairview would have an incentive to select or recommend a broker-dealer based on its interest in receiving “soft dollar” benefits, rather than on its clients’ interest in receiving most favorable execution.

Because each Fund deals primarily with private investments and private securities purchased directly from the issuer, Fairview generally will not be able to aggregate such transactions for the Funds. However, where available and appropriate, Fairview may aggregate purchases or sales of such investments for client accounts.

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

Fairview reviews client accounts and portfolios on a periodic basis, typically quarterly. This review is carried out collectively by Fairview’s principals, including its Chief Compliance Officer. Fund investors will receive written capital account statements from Fairview quarterly, and may receive other written reports as described in the applicable Fund’s Governing Documents. Fairview also conducts meetings with clients and Fund investors upon request.

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

Fairview currently does not receive an economic benefit from any person who is not a client for providing investment advice or other advisory services. As described in the Governing Documents for Fund II, Fund III, Fund IV, the Evergreen Fund and the Gold Fund, the Fund Sponsor or Fairview are permitted to engage one or more placement agents. Any and all fees payable to any such placement agent(s) for Fund II, Fund III, Fund IV, the Evergreen Fund and the Gold Fund will be (or have been) borne solely by the Fund Sponsor or Fairview, and not by any investors.

### **Item 15 -- Custody of Client Assets**

Under the Advisers Act, investment advisers to pooled investment vehicles are deemed to have custody with respect to the assets of such vehicles. However, advisers to pooled investment vehicles are considered to be in compliance with certain aspects of the applicable custody regulation if such pooled investment vehicle: (i) is audited at least annually; and (ii) distributes its audited financial statements prepared in accordance with generally accepted accounting principles to all investors (or other beneficial owners) within 120 days of the end of its fiscal year. The custody requirement regarding each Fund will be met as Fairview intends, within 120 days of each Fund’s fiscal year end, to deliver audited financial statements to Fund investors.

In addition, Fairview sends quarterly account statements to each of our Fund investors identifying the amount of funds and each security (if any) in the Fund’s portfolio as of the end of each quarter and setting forth all transactions during that quarter. We urge investors to compare the account statements that they receive from us with any that they may receive from Fund custodians.

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

Subject to certain investment limitations and investor rights, Fairview has discretionary authority over the investment activities of its Fund clients. Such discretionary authority is generally granted to Fairview pursuant to the Governing Documents of each Fund and/or pursuant to Fairview's separate investment advisory agreement with such Fund. Fairview is obligated to exercise its investment discretion in a manner consistent with the stated investment objectives, policies, guidelines and restrictions/limitations for a particular Fund.

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

Fairview does not purchase, on behalf of any of its clients, any securities that carry voting rights. If any such securities are acquired in the future, Fairview will vote in a manner that serves the best interests of the relevant client.



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

Fairview does not require or solicit prepayment of more than \$500 in fees per client, six months or more in advance.

This item requires disclosure of any financial condition that is reasonably likely to impair our ability to meet contractual commitments to clients to the extent that we have discretionary authority or custody of client funds or securities. Currently, there is no financial condition that is reasonably likely to impair our ability to meet contractual commitments to clients.

Fairview has not been the subject of a bankruptcy petition at any time during the past ten years.

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