

# **Item 1: Cover Page**

## **Commonwealth Asset Management LP Form ADV Part 2A Firm Brochure**

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**March 28, 2024**

This brochure (“Brochure”) provides information about the qualifications and business practices of Commonwealth Asset Management LP (“CWAM”, and where the context provides, the “Firm” or “Commonwealth”). If you have any questions about the contents of this Brochure, please email [compliance@cwamgroup.com](mailto:compliance@cwamgroup.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority. Additional information about the Firm is also available on the SEC’s website at: [www.advisorinfo.sec.gov](http://www.advisorinfo.sec.gov). CWAM is an investment adviser that is registered with the SEC. Registration with the SEC does not imply a certain level of skill or training.

## **Item 2: Material Changes**

The Firm is required annually to identify and discuss material changes made to this Brochure. The following material changes have been made to this Brochure since its last annual updating amendment on March 30, 2023:

- This Brochure has been updated to reflect that: i) CWAM no longer engages in certain activities which were previously discussed, and ii) that certain elements of the real estate investment strategy are now directly managed by CWAM instead of an affiliate.
- Item 4, Item 5, and Item 8 have been updated to more accurately reflect CWAM's current advisory business.

A free copy of this Brochure can be obtained by emailing [compliance@cwamgroup.com](mailto:compliance@cwamgroup.com).

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## **Item 4: Advisory Business**

### **Advisory Business and Principal Owners**

Commonwealth Asset Management LP is a Delaware limited partnership formed on January 29, 2019. CWAM provides investment management services to private funds and pooled investment vehicles, special purpose vehicles, single investor investment vehicles, and separately managed accounts, primarily focused on real estate and illiquid assets, as further described herein.

Commonwealth Asset Management Holdings LLC, a Delaware limited liability company formed on June 17, 2019, is the general partner and majority owner of CWAM.

The Firm is led by its indirect majority principal owner, Mr. Adam B. Fisher. Mr. Fisher is the former Head of Global Macro and Real Estate at Soros Fund Management LLC and former Founder and Chief Investment Officer of Commonwealth Opportunity Capital, GP LLC. In addition to Mr. Fisher's indirect majority ownership of the Firm, BHUS Holdings LLC ("BHUS"), a Delaware limited liability company, indirectly owns an interest in the Firm. BHUS is indirectly owned by Brevan Howard Capital Management, LP ("Brevan Howard").

### **Types of Advisory Services Offered**

CWAM provides investment and/or asset management services to private funds and pooled investment vehicles, special purpose vehicles, single investor investment vehicles, separately managed accounts focused on illiquid investments and real estate-focused joint venture partnerships special purpose vehicles, and other investment vehicles, (each a "Client, together and herein referred to as "Clients") Certain of these vehicles are focused on the acquisition, financing, and development of opportunistic real estate assets, the acquisition or formation of real estate operating platforms, and other illiquid real estate investments (the "Real Estate Strategy"). On March 26, 2024, CWAM engaged in a corporate restructuring to directly advise the following Real Estate Strategy advisory clients which were previously managed by an affiliate: BGP Aggregator LP, CWRE ARS Investor LLC, and CWRE BTI MX Bridge Lender LLC. The asset values listed for those entities are as of December 31, 2023, but they were advised by CWAM as of March 26, 2024. CWAM's advisory services are offered on a discretionary and non-discretionary basis.

### **Client Investment Guidelines and Parameters**

Each Client managed by CWAM has its own investment objectives, strategies, and restrictions as described in the applicable governing documents, which contain detailed information, including a description of the investment objectives, strategy or strategies employed, and related restrictions. The governing documents include but are not limited to private placement memorandum, offering memoranda, partnership agreements, operating agreements, subscription agreements, investment management agreements, side letters, or sub-advisory agreements, each as applicable.

Private funds and pooled investment vehicles are not tailored to meet the individualized investment needs of any particular investor. An investment in a private fund does not create a client-adviser relationship between CWAM and an underlying investor. CWAM has established, and may

establish, single investor investment vehicles and funds of one or managed accounts that tailor the investment objectives, strategies, guidelines, restrictions, terms and/or fees, which are individually negotiated and are different from those of the private funds and pooled investment vehicles.

Current and prospective investors must consider whether a particular private fund or advisory relationship is appropriate to their own circumstances based on all relevant factors including, but not limited to, the investor's investment objectives, risk tolerance, liquidity requirements, tax considerations, and certain other investor-specific factors.

CWAM provides asset management and related services to real estate-focused joint venture partnerships, special purpose vehicles, and conduit investment vehicles, the purpose, terms, objectives, strategies, governance rights, and related restrictions and provisions of which are described in the applicable governing documents, specifically the partnership agreements, operating agreements, investment management agreements, purchase and related agreements for the particular transaction or series of transactions, each of which is highly negotiated with the joint venture partners and investors, as applicable.

### **Wrap Fee Programs**

The Firm does not participate in wrap fee programs.

### **Assets Under Management**

As of December 31, 2023, the Firm manages \$911,574,579 in assets under management. CWAM manages \$911,574,579 in assets on a discretionary basis and \$0 on a non-discretionary basis.

## Item 5: Fees and Compensation

### Fees and Compensation

CWAM receives investment management fees based on a percentage of assets under management and are, in general, payable either monthly or quarterly in arrears, as described in the applicable governing documents. Fees are generally based on the market value of the securities and cash in the portfolio on the appraisal date of the account. The management and performance fees paid may differ based on investor, fund structure, account size, strategy, mandate, and liquidity terms.

CWAM may receive monitoring fees, transaction fees, acquisition fees, asset management fees, development fees, disposition fees, financing fees, leasing fees, construction management fees, property management fees, advisory fees, closing fees, director fees, or other similar or related fees in respect of services associated with investments or proposed investments made by the Real Estate Strategy. Such fees are fully detailed in the relevant governing documents.

CWAM receives performance and incentive fees which range up to 20% of any increase in the asset value over and above a target percentage rate as of a fiscal year end or other such period as described in the governing documents. *For further details on performance-based fees, see Item 6 of this Brochure.*

Certain limited partners may negotiate customized fee schedules, which include, but will not necessarily be limited to, a fee schedule that includes no management fee and/or an agreed upon preferred performance and incentive allocation fee.

CWAM, in its discretion, may offer to waive, reduce, or rebate all or any portion of the management fee, performance or incentive fee, or certain other fees and expenses of employees, relatives, or affiliates of CWAM. No such waiver, reduction, or rebate will entitle any other Client or investor to such waiver, reduction, or rebate.

CWAM has entered into side letters, and may do so in the future, that supplement or alter the terms, rights, or provisions, of applicable governing documents, including economic terms, fee structures, excuse rights, information rights, co-investment rights (including the provision of priority allocation rights to investors admitted to a fund within a prescribed period following the initial closing thereof or making or holding aggregate commitments of a certain size to one or more fund) and liquidity or transfer rights. While CWAM has no obligation to offer all such additional rights, terms, or conditions to any other investor, CWAM may make such side letters available to investors in a relevant fund at its sole and absolute discretion.

Management fees, performance fees, and other compensation payable to CWAM, together with other terms governing management by CWAM, are established by CWAM at the time of the establishment of the relevant Client accounts. Fees and compensation may be negotiated with investors prior to their investment or at the beginning of the investment management relationship. Specific details of such compensation and its method of calculation are set out in the governing documents of the relevant funds or Client account which may include side letter agreements, if

any, and may vary as between the funds and other Clients. Employees of the Firm or its affiliates may receive more favorable fee structures and liquidity terms.

### **Redemptions and Terminations**

Redemptions are subject to the specific redemption provisions as provided for in the governing documents. Investment management agreements may be terminated according to the terms stated therein and as provided in the relevant governing documents. No withdrawals or transfers are allowed except with the consent of CWAM unless otherwise agreed to and provided for in the relevant governing documents. Redemptions are typically limited to once per month or quarter with proper advance notice. Redemptions are made with written notice to the fund administrator or directly to the Firm in accordance with the governing documents. Investors will bear redemption-related costs, such as fund administrator fees for off-cycle redemptions, intra-month, or intra-quarter redemptions.

Joint venture partners, holders, and members in the real estate investment vehicles, as applicable, do not have redemption rights and have limited transferability rights as provided for in the relevant governing documents. The real estate-focused investment vehicles are structured for a fixed term and no withdrawals or transfers are allowed except in limited circumstances with the express written consent of CWAM (or the applicable general partner affiliate).

### **Billing**

Fees and expenses are automatically deducted in accordance with the applicable governing documents. Managed accounts are either billed for fees and expenses incurred or will have the fees and expenses deducted directly, depending upon the terms of the governing documents. With respect to managed accounts, management fees and expenses may be paid quarterly or monthly, in advance or in arrears, as agreed with the client. CWAM does not require or permit Clients to pay any fees or expenses in advance.

### **Other Fees and Expenses**

Clients and investors will incur other fees and expenses separate and apart from the investment management and performance-based or incentive fees described in this Brochure and the relevant governing documents. These fees and expenses typically include custody fees and other transaction fees and expenses associated with the fund or investment vehicle in which assets are invested. The exact fees and expenses paid are described in the relevant governing documents.

Clients will incur direct and indirect fees and ongoing expenses as described in the applicable governing documents. Fees and expenses generally include, but are not limited to, all expenses incurred in connection with the offering of any interests or shares (such as, legal and accounting fees, printing and mailing costs and other expenses), any organizational costs (where applicable), and all ongoing expenses relating to a particular fund's investment program including due diligence and related fees and expenses. Other fees and expenses include, but are not limited to, the client's allocable share of financing costs, advisory, consulting and other service fees (including investment-related fees) payable by or to CWAM (or any affiliate where applicable) or

to others, fees and expenses directly related to potential and actual investments (whether or not such investments are consummated), expenses in connection with meetings of boards of directors, any director's fees, insurance premiums, and custodial or transfer agency expenses and fees, litigation and indemnification costs, and expenses of any funds into which a client, directly or indirectly, invests. Ongoing operational and administrative expenses that a client may bear include, but are not limited to, legal, regulatory, accounting and auditing fees, fees payable to an administrator, registrar and/or transfer agent, mailing costs, printing fees, and registration and other filing fees and taxes.

CWAM may incur brokerage and other transaction costs. *Please see Item 12 of this Brochure for a further description of such brokerage costs.*

### **Sales-Based Compensation**

Neither the Firm nor any of its principals or employees receives any transaction-based compensation for the sale of securities or other investment products except as outlined as above.

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

The Firm receives an incentive allocation that is based on capital appreciation of, or capital gains on, the Clients' assets. The performance and incentive fees are based on a percentage of any increase in the asset value over and above a target percentage rate as of a fiscal year end or other such period as provided in the governing documents. The Firm's ability to receive performance-based fees may create an incentive to trade and invest in a riskier or more speculative manner than the Firm otherwise would. The Firm has adopted and implemented written compliance policies and procedures that are reasonably designed to address such conflicts of interest.

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

CWAM provides investment management services to onshore and offshore private funds and pooled investment vehicles, special purpose vehicles, and single investor investment vehicles, structured as domestic and foreign limited partnerships, limited liability companies, exempted companies, or equivalent legal structures, as well as separately managed accounts. Such private funds and pooled investment vehicles generally operate under an applicable exemption from registration under federal securities laws. Underlying investors are accredited investors or qualified purchasers, including knowledgeable employees, U.S. and non-U.S. pension funds, insurance companies and policy providers, banks, foundations, endowments, trusts, estates, family offices, high-net worth individuals, proprietary accounts, and other institutions.

CWAM also provides asset management and related services to real estate-focused joint venture partnerships, special purpose vehicles, and conduit investment vehicles structured as limited partnerships, limited liability companies, and certain other legal entities.

The minimum dollar amount ordinarily required for the establishment of an investment account is generally \$1,000,000. Smaller accounts may be accepted on an accommodation basis or when it is deemed likely that the minimum dollar size will be achieved within a reasonable period or in conjunction with other accounts, each as determined by the Firm in its sole discretion.

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

The following is a general description of the methods of analysis and investment strategies the Firm utilizes in formulating investment advice and managing assets and certain of their material risks. Investing in securities involves risk of loss that clients and investors should be prepared to bear. Frequent trading can affect investment performance, particularly through increased brokerage and other transaction costs and taxes. The methods of analysis, investment strategies, and material risks provided herein may apply individually or collectively to a particular investment vehicle dependent upon the strategy or strategies employed. Risk factors described herein are a summary of certain risks that may be applicable to an investment with respect to which the global macro strategy is utilized. Investors and limited partners should refer to the respective offering and related governing documents for additional information regarding risks.

### **Global Macro Strategy and Investment Process**

CWAM's opportunistic global macro strategy focuses on understanding the impact of economic, political, and social events on the world's financial markets. CWAM employs macroeconomic principles to attempt to generate returns by positioning for price movements in equities, debt, credit, currencies, commodities, interest rates and other instruments in any global market. CWAM's investment process is predicated on a top-down approach, analyzing key fundamental macro drivers that exist during each business cycle including, but not limited to economic activity, global risk premiums, monetary policy, capital account, current account balance, trade weighted currency reserves, output gap, political landscape, and flow of funds. CWAM utilizes leverage to increase its exposure to investments and therefore potential for profits and losses, both through traditional borrowing, and with derivatives and other financial instruments or arrangements.

This analysis informs CWAM's views on the global economy and leads to investment themes. CWAM then determines the most efficient trading mechanisms to express these views and analyzes the impact of trading themes on an entire portfolio. CWAM can use any financial instrument or investment structure to express these views including, but not limited to, equities, fixed income, currencies, commodities, derivatives, and investments in or through special purpose vehicles or other entities. The size and structure of the investment is carefully considered. The risk/reward of CWAM's investments and portfolio themes are constantly monitored as they are constantly competing for capital against potential new ideas, themes, and vehicles.

CWAM's interpretation of the structural macro regime drives overall portfolio construction and shepherds underlying portfolio biases. The amount of residual beta the applicable Client will hold is a function of CWAM's belief in the persistence of the current macroeconomic regime. Factors analyzed during this regime assessment include, but are not limited to economic activity, global risk premiums, monetary policy, capital account, current account balance, trade weighted currency reserves, output gap, political landscape and flow of funds.

The Global Macro Strategy may also have thematic portfolio expressions. These views may or may not form a natural add-on to the structural macro narrative, but they differ in that CWAM is not trying to harvest broader risk premium driven by the structural macro regime analysis from them. Instead, these themes earn their position in the portfolio through their own fundamental

merits. Some themes sit comfortably within the established macro narrative, others may sit outside of or temporarily opposed to it and may even be partial portfolio hedges to the overall structural macro narrative.

Once opportunities are identified, CWAM then determines the most efficient trading mechanisms to express these views and analyzes the impact of trading themes on the entire portfolio. The size and structure of the investment is carefully considered. In trade structuring, CWAM considers the return and volatility expectation of each individual instrument as well as the correlation between the instruments within the portfolio on a current and forward-looking basis often with the intention to be able to hold such positions over the course of a year and beyond while realizing ex post Sharpe ratios consistent with the applicable Client's expectations.

Depending on conditions and trends in securities markets, the applicable Client may concentrate a significant percentage of its assets in a relatively small number of investments or positions. In addition, given the opportunistic nature of the Client's investment strategy, there will be times when Client capital is not fully deployed due to the relative lack of attractive investments in the market.

### **Equity Strategy and Investment Process**

CWAM's equity markets strategy focuses on private equity markets. CWAM invests in private equity and equity-related securities. Such investments may be made in and around initial public offerings, secondary offerings, block trades and rights offerings. CWAM may establish positions both through the order books run by underwriters and through open market purchases.

Depending on conditions and trends in securities markets, the applicable Client may concentrate a significant percentage of its assets in a relatively small number of investments or positions. In addition, given the opportunistic nature of the Client's investment strategy, there will be times when Client capital is not fully deployed due to the relative lack of attractive investments in the market.

### **Real Estate Strategy and Investment Process**

CWAM pursues the acquisition and financing of opportunistic real estate assets, the acquisition or formation of real estate operating platforms and other illiquid, real estate-related investments. CWAM's Real Estate Strategy is primarily focused on large-scale platform and entity-level real estate transactions in the "GP" or "Operating Partner" position in sectors with strong secular tailwinds and idiosyncratic inefficiencies that CWAM believes can be exploited with creative, long-term investment strategies.

CWAM will generally invest in a limited number of investments within the Real Estate Strategy. As a result, performance may be dependent on a single real estate investment. Movements in the value of a single real estate investment could have a considerably greater negative impact on the Real Estate Strategy.

## **Risks of Loss**

There can be no assurance that investment activities will be successful or that clients will not suffer losses. Below are certain risks that may be associated with the strategies or products of the Firm. Investing in securities involves risk of loss that clients should be prepared to bear. The following explanation of certain risks is not intended to be exhaustive but highlights certain material risks involved in the Firm's investment strategies and are generally applicable to all Clients and investment vehicles to which the Firm provides investment and asset management services.

*Key Person Risk:* Mr. Adam B. Fisher is principally responsible for the Firm's investment activities. If Mr. Fisher is not available to the Firm, the Firm's investment activities could be adversely affected. The Firm will provide investors with prompt notice in the event that Mr. Fisher is not available to lead the Firm's investment activities. Prior investment performance of the Firm's key personnel does not necessarily translate to future profitability. The prior performance of the Firm or its key personnel does not give any assurance of investment profits or of the avoidance of losses.

*Cybersecurity:* The Firm's information and technology systems may be vulnerable to damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons, other security breaches and/or usage errors by their respective professionals. Although the Firm has implemented various measures to manage risks relating to these types of events, if these systems are compromised, become inoperable for extended periods of time, or cease to function properly, the Firm may have to make a significant investment to fix or replace them. The failure of these systems for any reason could cause significant interruptions in the Firm's operations and result in a failure to maintain the security, confidentiality, or privacy of sensitive data, including personal information relating to investors (and the beneficial owners of investors). Such a failure could harm the Firm's and its Clients' reputation, subject any such entity and their respective affiliates to legal claims and otherwise affect their business and financial performance.

*Market Risk:* The success of the Firm's investment strategies depends, in large part, on correctly evaluating future price movements and/or cash flows of potential investments. The Firm cannot guarantee that it will be able to accurately predict these price movements or cash flows and that its investment programs will be successful. Investments in securities and other financial instruments involve a degree of risk that the entire investment may be lost.

*Systems and Operational Risk:* The Firm relies on certain financial, accounting, data processing and other information systems, technology, operational systems, and services internally and through third-party service providers. These systems may be subject to certain defects, failures, or interruptions. Errors or disruptions may lead to financial losses and disruption of client trading activities. Any failure, breach or deterioration of these systems or technology due to human error, data transmission failures, hacking, cyberattacks, operational risks, or other causes could have a material adverse effect on the Firm's operations. A disaster or a disruption in the infrastructure that supports the Firm's business, including a disruption involving electronic communications or other services that the Firm, or that third parties with whom the Firm conducts business, use or directly affecting one of Firm's offices or facilities, may have a material adverse effect on the

Firm's ability to continue to operate its business without interruption. Although the Firm has back-up facilities for its information systems as well as technology and business continuity programs in place, there can be no assurance that these will be sufficient to mitigate the harm that may result from such a disaster or infrastructure disruption. In addition, insurance and other safeguards may only partially mitigate the effects of such a disaster or disruption.

*Reliance on Service Providers.* The Firm relies upon the performance of service providers to perform certain critical functions in connection with its own operations, its management of client accounts, and the operations of funds and certain client accounts. There is a risk that a relevant service provider will fail to carry out its contractual and other legal obligations, fail to exercise due care and skill in the provision of services to its customers or clients, or fail to maintain and implement a business continuity plan that is reasonably designed to ensure that it meets such obligations and exercises such skill during an emergency or significant business disruption. There is also a risk that the occurrence of any of these events could arise from insolvency, bankruptcy, or other causes. A service failure could materially disrupt the Firm's business and have a material adverse effect on the Firm's provision of services to a client. The termination of the Firm's relationship with any relevant service provider, or any delay in appointing a replacement for such service provider, could materially disrupt the Firm's business and have a material adverse effect on the provision of services to a client or investor.

*Epidemic or Pandemic Considerations.* An epidemic or pandemic may have a negative impact on economic fundamentals including disruption of global supply chains, consumer confidence, tourism and/or the performance of essential government services. There is a risk that an investment could be, directly or indirectly, affected by one or more outbreaks of disease and its subsequent negative impact.

*Business Continuity and Disaster Recovery:* The Firm's business operations may be vulnerable to disruption in the case of catastrophic or other force majeure events such as fire, natural disaster (e.g., tornadoes, floods, hurricanes, and earthquakes), terrorist attacks or other circumstances resulting in property damage, network interruption and/or prolonged power outages. Although the Firm has implemented various measures to manage risks relating to these types of events, there can be no assurance that all contingencies can be completely accounted for. If such business operations are disrupted or suspended for extended periods of time, the Firm and its clients and investors may be adversely affected.

## **Global Macro and Equity Strategies**

The following sets out specific material risks within the global macro and equity

*Credit Risk:* Certain investments may be exposed to the risk that the borrower will be unable to meet its repayment obligations. The credit rating and risks associated with such securities can change over time and therefore affect the performance of such investments.

*Counterparty Risk:* The Clients will be subject to the credit risk of the counterparties engaged by such Client, which include but are not limited to banks, custodians and broker-dealers. If a counterparty becomes bankrupt or otherwise fails to perform its obligations under a contract due

to financial difficulties, a Client may experience significant delays in obtaining any recovery under the contract in a bankruptcy or other reorganization proceeding. A Client may obtain only a limited recovery or may obtain no recovery in such circumstances. Concerns about, or a default by, one large market participant could lead to significant liquidity problems for other participants. If a counterparty's credit becomes significantly impaired, multiple requests to post collateral in a short period of time could increase the risk that a Client may not receive adequate collateral. However, there can be no assurance that any counterparty will satisfy its obligations to a Client.

*Illiquidity; Lack of Current Distributions.* An investment in the Clients should be viewed as illiquid. It is uncertain as to when profits, if any, will be realized. Losses on unsuccessful investments may be realized before gains on successful investments are realized. A Client's ability to dispose of investments may be limited for several reasons. Illiquidity may result from the absence of an established market for the investments, as well as legal, contractual or other restrictions on their resale by such Client. Dispositions of investments may be subject to contractual and other limitations on transfer or other restrictions that would interfere with subsequent sales of such investments or adversely affect the terms that could be obtained upon any disposition thereof. In addition, the ability to exit an investment through the public markets will depend upon favorable market conditions, including receptiveness to initial or secondary public offerings for the companies in which the relevant Fund invests and an active mergers and acquisitions (or recapitalizations and reorganizations) market. Public offering, merger and acquisition and recapitalization and reorganization opportunities may be limited or non-existent for extended periods of time, whether due to economic, regulatory or other factors. In view of these limitations on liquidity, a Client generally will not be able to realize proceeds from an investment in a privately-held entity until the sale of such entity. While an investment may be sold at any time, it is generally expected that this will not occur for a number of years after the initial investment. Before such time, there may be no current return on the investment. Furthermore, the expenses of operating a Client (including fees and expenses) may exceed its income, thereby requiring that the difference be paid from such Client's capital, including unfunded commitments.

*Due Diligence and Investment Decisions.* CWAM conducts a rigorous and comprehensive analysis of each potential investment. Such analysis includes but is not limited to use of internal resources and utilizing third-party resources, such as consulting, accounting, tax, insurance and legal professionals. As an investment opportunity progresses, CWAM will begin seeking additional input from executives and industry resources from their extensive network.

*Business Risks.* Client investment portfolios may consist primarily of securities issued by privately held companies, and operating results in a specified period are difficult to predict. Such investments involve a high degree of business and financial risk that can result in substantial losses.

*Concentration of Investments; Lack of Diversification.* A Client will likely participate in a limited number of investments. To the extent that the capital raised is less than the targeted amount, a Client may invest in fewer portfolio companies and thus be less diversified. If a Client co-invests with another private equity fund, a limited partner invested in such other fund would have exposure to a single portfolio company through more than one fund, potentially multiplying such limited partner's losses.

*Lack of Sufficient Investment Opportunities.* The business of identifying, structuring and completing private equity transactions is highly competitive. A Client will encounter competition from other entities having similar investment objectives. Potential competitors include other investment partnerships and corporations, strategic industry acquirers and other financial investors, including hedge funds, investing directly or through affiliates. Over the past several years, an ever-increasing number of private equity funds have been or are being formed, and many existing funds have grown in size. Additional funds with similar investment objectives may be formed in the future by other unrelated parties. Some of these competitors may have more relevant experience, greater financial resources, a greater willingness to take on risk, and/or more personnel than CWAM.

CWAM expects that competition for appropriate investment opportunities will continue to increase, which may also require a Client to continue to participate in auctions, the outcome of which cannot be guaranteed, thus reducing the number of investment opportunities available to such Client and/or adversely affecting the terms upon which portfolio investments can be made. To the extent that a Client encounters competition for investments, returns to limited partners may decrease. In addition, it is possible that a Client will never be fully invested if enough sufficiently attractive investments are not identified. Moreover, limited partners will be required to bear Management Fees through the relevant Client during the investment period based on the entire amount of the limited partners' commitments and other expenses as set forth in the applicable governing documents.

*Restricted Nature of Investment Positions.* Generally, there is no readily available market for a substantial number of the Client's investments, and hence, most of the Client's investments are difficult to value. Certain investments may be distributed in kind to the partners of a Client and it may be difficult to liquidate the securities received at a price or within a time period that is determined to be ideal by such partners. After a distribution of securities is made to the partners, many partners may decide to liquidate such securities within a short period of time, which could have an adverse impact on the price of such securities. The price at which such securities may be sold by such partners may be lower than the value of such securities determined pursuant to the governing documents, including the value used to determine the amount of carried interest available to CWAM or its affiliates with respect to such investment.

*Conflicting Investor Interests.* Investors in a Client will, from time to time, have conflicting investment, tax, and other interests with respect to their investments in the Client, including conflicts relating to the structuring of investment acquisitions and dispositions. Conflicts may arise in connection with decisions made by CWAM regarding an investment that may be more beneficial to one investor than another, especially with respect to tax matters. In structuring, acquiring and disposing of investments, CWAM generally will consider the investment and tax objectives of the Client and its investors as a whole, not the investment, tax, or other objectives of any investor individually.

*Legal and Regulatory Change:* Market disruptions over recent years and the increase in capital being allocated to hedge funds and other alternative investment vehicles have led to increased scrutiny and regulation of the hedge fund and asset management industry and the products and markets that they trade. In addition, the laws and regulations affecting business continue to evolve

unpredictably. Laws and regulations applicable to CWAM's Clients, especially those involving taxation, investment and trade, can change quickly and unpredictably in a manner that is adverse to Clients' interests.

*Country Risks, Especially Emerging and Frontier Markets Risk:* CWAM will invest its Clients' assets in securities, instruments or foreign exchange linked to certain emerging markets or less developed countries. Such markets or countries may face more political, economic or structural challenges than developed countries. This may mean that the value of Clients' investments in such markets or countries is at greater risk of suffering loss and therefore the value of Clients' investments is at greater risk. In addition, there may be less information available regarding global securities because companies and governments in other countries may have different standards of accounting, auditing and financial reporting compared to those of the U.S. There also might be a greater risk of political, social or economic instability and the possibility that withholding or other taxes may be imposed on Clients' income. CWAM may also have less familiarity with legal systems in other countries.

*Currencies:* CWAM will enter into transactions to purchase or sell one or more currencies to hedge a currency exposure created by other investment activities. Because currency control is of great importance to the issuing governments and influences economic planning and policy, purchases and sales of currency and related instruments can be negatively affected by government exchange controls, blockages, and manipulations or exchange restrictions imposed by governments. These can result in losses to CWAM's Clients.

*Governmental Interventions:* Extreme volatility and illiquidity in markets has in the past led to, and may in the future lead to, extensive governmental interventions in equity, credit and currency markets, and it is possible that similar interventions may occur in the market(s) for digital assets. Generally, such interventions are intended to reduce volatility and precipitous drops in value. In certain cases, governments have intervened on an "emergency" basis, suddenly and substantially eliminating market participants' ability to continue to implement certain strategies or manage the risk of their outstanding positions. In addition, these interventions have typically been unclear in scope and application, resulting in uncertainty. It is impossible to predict when these restrictions will be imposed, what the interim or permanent restrictions will be and/or the effect of such restrictions.

*Equity Securities:* CWAM will buy equity securities, seeking to profit from both security selection and thematic sector or market timing decisions. The value of these investments will generally vary with their issuer's performance and movements in the equity markets. Consequently, CWAM's Clients may suffer losses if it purchases equity instruments of issuers whose performance diverges from its expectations or if equity markets generally move in a downward direction and it has not hedged against this type of move (see above for an explanation of risks associated with hedging) or corporate actions are taken that directly or indirectly adversely affect the valuation of the equity securities.

*Derivatives:* CWAM may invest its Clients' assets in both exchange-traded and over-the-counter derivatives, including, but not limited to, futures, forwards, swaps, options and contracts for differences, as part of its investment approach. These instruments can be highly volatile,

incorporate leverage, and expose investors to a high risk of loss. Trading in derivatives often involves trading on margin and using leverage which carries certain risks which are described in more detail below. The pricing relationships between derivatives and the instruments underlying such derivatives may not correlate with historical patterns, potentially resulting in unexpected losses. Further, when used for hedging purposes, there may be an imperfect correlation between these instruments and the investments or market sectors being hedged. Transactions in over-the-counter contracts may involve additional risk as there is no exchange market on which to close out an open position. The derivatives markets are frequently characterized by limited liquidity, which may make it difficult, as well as costly, to close out an open position to realize gain or to limit loss. It may not be possible to liquidate an existing position, to assess the value of a position or to assess the exposure to risk. Examples of the derivatives more widely traded on behalf of CWAM's Clients are set out below and are not intended to be an exhaustive list of all derivatives that may be traded on behalf of CWAM's Clients.

*New Issue Securities.* CWAM may purchase equity securities which are offered privately or are acquired in initial public offerings ("New Issue Securities"). Special risks associated with New Issue Securities may include a limited number of shares available for trading, unseasoned trading, lack of investor knowledge of the company, lack of financial statements, new or untested products and technology, and limited operating history. These factors may contribute to substantial price volatility for the shares of these companies. The limited number of New Issue Securities available for trading in some initial public offerings may make it more difficult for a Client to buy or sell significant amounts of shares without an unfavorable impact on prevailing market prices. In addition, some companies in initial public offerings are involved in relatively new industries or lines of business which may not be widely understood by investors. Some of these companies may be undercapitalized or regarded as developmental stage companies, without revenue or operating income or the near-term prospects of achieving them.

## **Real Estate Strategy**

The following sets out more specific risks within the Firm's Real Estate Strategy.

*Lack of Liquidity.* There is no public market for the interests in the Real Estate Strategy, and one is not expected to develop. Investors in the Real Estate Strategy are not permitted to sell, transfer, assign, pledge or otherwise dispose of their interest in the applicable Client without the prior written consent of the Firm which generally may be given or withheld in the Firm's sole discretion.

*Highly Competitive Market for Investment Opportunities.* The activity of identifying, completing and realizing attractive investments is highly competitive and involves a high degree of uncertainty. The Real Estate Strategy will face competition from numerous competitors in all fields of activity. The Real Estate Strategy competes for investments with a variety of other public and private investment vehicles, as well as individuals, financial institutions and other institutional investors. There can be no assurance that the Real Estate Strategy will be able to locate and complete investments that satisfy its investment objectives or permit the full investment of all available capital.

*Client Level Borrowing.* The Real Estate Strategy from time-to-time will be permitted to borrow funds or enter into other financing arrangements for various reasons (e.g., to fund an investment prior to receiving capital contributions from the investors). The Real Estate Strategy's use of borrowed funds will affect the calculation of net performance metrics and may make net IRR calculations higher than they otherwise would be without fund-level borrowing. Such borrowings also may increase the potential exposure of the Real Estate Strategy to a particular investment. In addition, borrowings by the Real Estate Strategy may be secured by available commitments to the Real Estate Strategy, as well as by the Real Estate Strategy's assets, and the documentation relating to such borrowings is expected to provide that during the continuance of a default under such borrowings, the interests of the investors may be subordinated to such Real Estate Strategy-level borrowing. Moreover, tax-exempt investors should note that the use of leverage by the applicable fund may cause the realization of "unrelated business taxable income."

*Leverage.* Certain of the Real Estate Strategy's investments may include properties whose capital structures have significant leverage. While investments in leveraged properties offer the opportunity for capital appreciation, such investments also involve a high degree of risk. Properties in which the Real Estate Strategy invests may be highly leveraged and therefore may be more sensitive to adverse business or financial developments or economic factors. Moreover, rising interest rates may have a more pronounced effect on the profitability or survival of such properties. Although the Firm will seek to use leverage in a manner it believes is appropriate under the then-circumstances, the leveraged capital structure of such properties will increase the exposure of such investments to adverse economic factors, such as rising interest rates, downturns in the economy or deteriorations in the condition of such investments or their industries and may impair such investments' ability to finance their future operations and capital needs, resulting in restrictive financial and operating covenants. Consequently, such investments' flexibility to respond to changing business and economic conditions may be limited. If for any of these reasons an investment is unable to generate sufficient cash flow to meet principal or interest payments on its indebtedness or make regular dividend payments, the value of such investment could be significantly reduced or even eliminated. Moreover, the Real Estate Strategy may invest in properties that are not protected by financial covenants or limitations on additional indebtedness.

*Concentration of Investments.* The Real Estate Strategy will generally invest in a limited number of investments in the real estate industry and, as a result, its returns may be affected by the performance of a single investment. Furthermore, because the Firm has broad discretion to invest a considerable portion of a Client's assets in a limited number of investments and regions, adverse movements in the value of a single investment or the health of a particular region could have a considerably greater negative impact on such Real Estate Strategy than would be the case if we were not permitted to concentrate investments to such an extent.

*Risks of Real Estate Ownership.* There is no assurance that investments will be profitable or that cash flow will be available for distribution to limited partners. Because real estate, like many other types of long-term investments, historically has experienced significant fluctuation and cycles in value, specific market conditions may result in occasional or permanent reductions in the value of an investment or the collateral therefor. The cash flow and value of the investments will depend on many factors beyond the control of the Firm, including, without limitation: (i) changes in general economic or local conditions; (ii) changes in supply of or demand for competing properties

in an area (e.g., as a result of over-building); (iii) changes in interest rates; (iv) the promulgation and enforcement of governmental regulations relating to land use and zoning restrictions, environmental protection and occupational safety; (v) unavailability of mortgage funds which may render the construction, leasing, sale or refinancing of a property difficult; (vi) the financial condition of borrowers and tenants, buyers and sellers of property; (vii) changes in real estate tax rates and other operating expenses; (viii) the imposition of rent controls; (ix) energy and supply shortages; (x) various uninsured or uninsurable risks and (xi) acts of God, natural disasters and uninsurable losses. Since investments in real estate generally are not liquid, there is no assurance that there will be a ready market for real property interests held by the respective Client. In addition, general economic conditions in the United States and abroad, as well as conditions of domestic and international financial markets, may adversely affect operations of the respective Client.

*Risks of Developing Property.* Property development activities include the risks that a Client may abandon development projects after expending resources, construction costs of a project may exceed original estimates, occupancy rates and rents at a newly completed property may be less than anticipated and the construction and leasing of a property may not be completed on schedule. Development activities are also subject to risks relating to the inability to obtain, or delays in obtaining, all necessary zoning, land-use building, occupancy and other required government permits and authorizations.

*Loans by a Real Estate Strategy Client.* In connection with seeking investment opportunities for the Real Estate Strategy, the Real Estate Strategy may require one or more loans to existing or new investments. Any such loan made by the respective Client involves the risk of loss of the entire amount of such loan. Moreover, it is possible that any contemplated follow-on investment with respect to an investment may not occur, limiting the Real Estate Strategy's ability to share in future appreciation with respect to such investment. In addition, by making such loans, the Real Estate Strategy may be subject to various laws and regulations applicable to lenders and the holding of such loans could potentially lead to "lender liability" risks.

*Potential Environmental Liability.* Property owners are subject to potential liabilities under various federal, state and local laws, ordinances and regulations as well as common law principles (collectively, "Environmental Laws"). Among other things, certain Environmental Laws provide that an owner of real property may be liable for the costs of removal or remediation of certain hazardous or toxic substances on or in such property and subject the owner or operator of real property or a facility to claims or liability for the costs of removal or remediation of hazardous substances that are released at, in, on, under, or from real property or a facility. The cost of any required remediation and the owner's liability therefore as to any property are generally not limited under such laws and could exceed the value of the property and/or the aggregate assets of the owner. In addition to claims for cleanup costs, the presence of hazardous substances on or the release of hazardous substances from a property or a facility and persons who arranged for off-site disposal activities could result in a claim by a private party for personal injury or property damage or could result in a claim from a governmental agency for other damages. Liability under such Environmental Laws can be imposed on the owner or the operator of real property or a facility without regard to fault or even knowledge of the release of hazardous substances and other regulated materials on, at, in, under, or from the property or facility. The presence of hazardous

substances in amounts requiring response action or the failure to undertake necessary remediation may adversely affect the applicable Client's ability to use or sell real estate or borrow money using such real estate as collateral, which could have an adverse effect on the applicable Real Estate Strategy Client's return from such investment.

## **Item 9: Disciplinary Information**

There are no material legal or disciplinary events that are material to a Client's or prospective Client's evaluation of the Firm's advisory business or the integrity of its management.

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

Neither the Firm, nor any of its directors, officers or principals is registered as a broker-dealer or a representative of a broker-dealer or has an application pending to register as a broker-dealer or a registered representative of a broker-dealer.

BHUS Holdings LLC (“BHUS”), a Delaware limited liability company, holds a minority ownership interest in Commonwealth Asset Management Holdings LLC, a Delaware limited liability company (“CWAM Holdings”), which is the general partner of CWAM. Commonwealth Asset Management Cayman LP is a Cayman Islands exempted limited partnership (“CWAM Cayman”), for which Commonwealth Asset Management GP LLC, a Delaware limited liability company affiliated with CWAM, serves as general partner and in which Brevan Howard CWOC Holdings Limited, a Cayman Islands exempted company (together with BHUS, “Brevan”), is a limited partner. Brevan has customary minority right protections with respect to its ownership interest in CWAM Holdings and CWAM Cayman, including consent rights over certain major actions. However, Brevan has no control over the day-to-day operations of CWAM or CWAM Cayman. Furthermore, Brevan does not have transparency into Clients’ investment positions or any authority to influence the investment decisions of CWAM.

CWAM does not recommend or select other investment advisers for its Clients.

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

### **Code of Ethics**

The Firm has adopted a Code of Ethics pursuant to Rule 204A-1 of the Advisers Act. The Firm's Code of Ethics is intended to ensure that its employees conduct certain personal securities transactions in a manner consistent with its fiduciary duty to its Clients and to promote compliance with applicable legal and regulatory requirements. The key policies under the Code of Ethics are as follows: (1) the Firm and its employees must comply with all applicable federal securities laws; (2) its employees must comply with certain restrictions on personal trading, including pre-clearance of certain transactions as described in the Code of Ethics, and must report applicable personal securities transactions; (3) the Firm and its employees must not trade for personal accounts ahead of its Clients; (4) all employees must act with competence, dignity, integrity and in an ethical manner; (5) the Firm must provide its Code of Ethics and any amendments thereto to all of its employees; and (6) the Firm will retain written acknowledgements from all of its employees that they received, understand and abide by its Code of Ethics and any amendments.

The Code of Ethics also includes policies and procedures designed to prevent the misuse and disclosure of material nonpublic information (insider trading) and other confidential information and policies and procedures addressing conflicts of interest; outside activities of employees; gifts and business entertainment, including limitations and reporting requirements; and pre-clearance and reporting of political contributions. The personal trading restrictions, pre-clearance requirements and reporting requirements contained in the Code of Ethics are intended to reduce conflicts of interest that may arise between Client accounts and the personal trading activities of employees. Among other restrictions, no employee may engage in a personal transaction in a security or other financial instrument if the transaction would disadvantage a Client; personal trades may not be timed to precede any order of the same or similar securities that the Firm places for a Client; and buying or selling securities or any other personal trading transaction on the basis of material non-public information is prohibited.

The Firm and affiliates at times recommend that Clients buy or sell interests in the same investments in which the Firm, its affiliates and related persons, have a financial interest or also invest in or alongside. The Firm, its employees, affiliates, and related persons, at times buy and sell the same investments that it has recommended to Clients. The Firm's compliance policies and procedures are designed to mitigate potential and actual conflict of interests and to ensure that in all instances Client interests come first.

Personal securities transactions (with certain exceptions as provided in the Firm's Code of Ethics, such as shares of U.S. open-end mutual funds) are generally subject to pre-clearance and pre-approval. Generally, employees are discouraged from personal trading in securities held or traded by Clients, and in many circumstances such personal transactions will not be authorized. If a request to trade in a security held or traded by a Client is granted, the transaction may be subject to additional conditions and restrictions as deemed appropriate to prevent any disadvantage to Clients. Reports of personal trading activity are monitored by the Firm's Chief Compliance Officer.

The Firm generally does not have Clients purchase or sell securities to or from each other (commonly called a “cross trade”). However, in certain circumstances, it may determine that it is in the best interests of both Clients to effect a cross trade. In these circumstances, and only following compliance review, the Firm will facilitate the cross trade and may engage unaffiliated brokers or custodians to effect such cross trades. The Firm will instruct brokers or custodians to execute Clients’ cross trades at the current market price. Both participating Clients share equally in any transaction costs resulting from cross trades.

Copies of the Firm’s Code of Ethics are available to any Client or prospective Client upon request by emailing [compliance@cwamgroup.com](mailto:compliance@cwamgroup.com).

## **Item 12: Brokerage Practices**

CWAM does not make regular use of brokers for the purposes of purchasing or selling securities on behalf of the Clients because the securities it typically purchases or sells on behalf of its Clients are acquired and/or disposed of in privately negotiated transactions. To the extent that CWAM may use a broker-dealer for a transaction in the future, the Firm will select a broker-dealer for such transaction based on factors relevant to the specific situation.

CWAM does not receive research or other products or services other than execution from a broker-dealer or a third party in connection with Client securities transactions (“soft dollar benefits”).

CWAM does not consider, in selecting or recommending broker-dealers, whether CWAM or a related person receives Client referrals from a broker-dealer or third party.

CWAM does not engage in directed brokerage.

Due to CWAM’s strategy, typically, there will be no purchase or sale orders of securities or “batched orders” that are aggregated for various Client accounts. However, as part of CWAM’s strategy, CWAM may purchase or sell the same financial instruments or participate in the same investment opportunities for several Clients simultaneously. The execution of such transactions may be combined to reduce costs while also ensuring that applicable Clients are afforded the opportunity to participate in such investment. The execution of these transactions is done in a manner intended to ensure that no Client managed by CWAM is favored over any other Client and in accordance with the governing documents of each Client.

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

The Firm has detailed knowledge of the investments in each Client. The Client portfolios are under continuous review by the investment professionals responsible for such accounts and they seek to ensure that transactions are within the parameters of the various investment mandates. The operations and compliance departments periodically review the portfolios in coordination with the investment professionals during CWAM's Risk & Compliance Committee meetings.

All Clients receive or have the option to receive reports. The nature of reports to Clients depends on the terms of the governing documents of such Clients' accounts and/or the requirements of any exchange or market on which their securities are admitted to trade or the relevant management agreement. Clients are typically provided with written annual audited financial statements.

Private fund investors will receive reports as disclosed in the offering memoranda of each private fund. Audited financial statements are generally sent to private fund investors within either 90 or 120 days of the financial year end, depending upon the private fund's requirements.

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

- (A) In connection with managing Clients' accounts, CWAM receives management fees and performance fees from CWAM as described in Item 5: Fees and Compensation. CWAM does not, nor do any of its officers or employees, receive any other economic benefit from non-Clients for providing services to its Clients.
- (B) CWAM has not and does not expect to enter into arrangements whereby it will compensate persons that are not its supervised persons for Client referrals.

## **Item 15: Custody**

Portfolio securities of Clients are held in custodial accounts at unaffiliated qualified custodians where applicable. CWAM is deemed to have custody of assets of its private fund Clients, pursuant to Rule 206(4)-2 of the Advisers Act (“Custody Rule”). Certain assets may be exempt from the requirement to be held by a qualified custodian. CWAM will monitor the status of pending regulatory developments with respect to custody and adjust its practices accordingly when such regulations become effective.

To comply with the Custody Rule, and to provide meaningful protection to investors, the private funds are subject to an annual financial statement audit by independent public accountants registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board. The audited financial statements are prepared in accordance with U.S. Generally Accepted Accounting Principles and are distributed to investors within the timeframe required by the Custody Rule, as further detailed in the applicable offering memoranda. CWAM urges investors to carefully review these financial statements.

## **Item 16: Investment Discretion**

CWAM accepts discretionary and non-discretionary authority over Clients' portfolios. With respect to discretionary Client portfolios, this means that CWAM has the authority to determine without obtaining specific Client consent which securities or assets to buy or sell and the amount to buy or sell. Clients grant CWAM discretion through the execution of an investment management agreement or Client governing documents which gives CWAM complete authority to manage its Clients' assets in accordance with their investment objectives and program. With respect to non-discretionary accounts, this means that CWAM must obtain Client consent as to which securities or assets to buy or sell and the amount of securities or assets to buy or sell according to the relevant investment management agreement or related governing documents.

## Item 17: Voting Client Securities

The SEC adopted Rule 206(4)-6 under the Advisers Act, which requires registered investment advisers that exercise voting authority over Client securities to implement proxy voting policies. In accordance with such rules, CWAM has:

- Adopted and implemented written policies and procedures reasonably designed to ensure that the Firm votes Client securities in the Clients' best interests. Such policies and procedures must address the manner in which the Firm will resolve material conflicts of interest that can arise during the proxy voting process;
- Disclosed to Clients how they may obtain information from the Firm about how the Firm voted with respect to their securities; and
- Described to Clients the Firm's proxy voting policies and procedures and, upon request, furnish a copy of the policies and procedures.

CWAM's current investment strategy generally does not involve the acquisition of publicly-traded securities; as such, it is unlikely that any Clients address proxy proposals, amendments, consents or resolutions (each, a "Proxy"; collectively, "Proxies"). In the event that any of the Clients do come into possession of securities with Proxy voting rights, CWAM will accept the authority to vote Proxies in its sole discretion and will vote in a manner that will serve the applicable Client's best interests and investment objectives.

In limited circumstances, CWAM may refrain from voting Proxies where it determines there is, or appears to be, a material conflict of interest that could influence the voting decision in a manner that would be adverse to the interests of a Client. Generally, the Clients or investors in the Clients may not direct or vote Proxies.

CWAM will provide Clients with a record of how proxies were voted or a copy of CWAM's proxy voting policies upon request.

## **Item 18: Financial Information**

- A) CWAM does not require or solicit prepayment of fees in advance of services rendered.
- B) CWAM is not aware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments to the Client.
- C) CWAM has never been the subject of a bankruptcy petition.