

# **CNL STRATEGIC ASSET MANAGEMENT, LLC**

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## **Firm Brochure Form ADV, Part 2A**

Prepared for Filing with our Form ADV Part 1

Dated: March 29, 2024

## **Item 1 – Cover Page**

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March 24, 2024

This Brochure provides information about the qualifications and business practices of CNL STRATEGIC ASSET MANAGEMENT, LLC, which we may refer to in this brochure as “the Adviser,” “we,” “us,” or “CSAM.” If you have any questions about the contents of this Brochure, please contact Bradley Yochum, Chief Compliance Officer at (407)-540-2541 or at [bradley.yochum@cnl.com](mailto:bradley.yochum@cnl.com).

The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

CNL STRATEGIC ASSET MANAGEMENT, LLC is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training.

We have elected to make the required disclosures pursuant to the format and requirements of Form ADV Part 2A in satisfaction of our fiduciary notice requirements.

Currently, our Brochure may be requested by contacting Bradley Yochum, Chief Compliance Officer at (407) 540-2541 or it is also available via the SEC’s web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC’s web site also provides information about any persons affiliated with us who are registered, or are required to be registered, as investment adviser representatives of the Adviser.

## **Item 2 – Material Changes**

This brochure amendment is incorporating material changes throughout which conform to the business operations of the Client and the services being provided and fees being charged under the management and administrative services agreements, as executed with the Client.

### Item 3 -Table of Contents

Form ADV, Part 2A .....	1
Item 1 – Cover Page .....	2
Item 2 – Material Changes.....	2
Item 4 – Advisory Business .....	4
Item 5 – Fees and Compensation .....	5
Item 6 – Performance-Based Fees and Side-By-Side Management.....	6
Item 7 – Types of Clients.....	7
Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss.....	8
Item 9 – Disciplinary Information .....	8
Item 10 – Other Financial Industry Activities and Affiliations .....	8
Item 11 – Code of Ethics .....	<b>Error! Bookmark not defined.</b>
Item 12 – Brokerage Practices .....	11
Item 13 – Review of Accounts.....	11
Item 14 – Client Referrals and Other Compensation .....	11
Item 15 – Custody .....	11
Item 16 – Investment Discretion .....	11
Item 17 – Voting Client Securities .....	12
Item 18 – Financial Information .....	12

#### **Item 4 – Advisory Business**

CSAM is a Delaware limited liability company. It is indirectly controlled by CNL Financial Group, LLC, (“CNL”) a private investment management firm specializing in alternative investment products. We are the Manager and the Administrator to CNL Sprott Strategic Asset Client, LLC, (the “Client”) which will be our sole Client.

The Client is anticipated to invest primarily in (i) loans that may be secured by, among other collateral, mineral rights, mining claims, leasehold interests, or other interests in real estate made to entities principally engaged in the natural resources, precious, and base metals extraction industry (“Natural Resource Loans”), (ii) the equity and/or debt of public and private entities principally engaged in the exploration, mining, fabrication, processing, and distribution of gold and other precious and base metals—copper, lead, nickel, zinc, and rare earth minerals, (iii) interests in the projects associated with the exploration, mining, fabrication, processing, and distribution of gold or other precious metals, including leases, streams, royalties, production participation agreements, and other financial instruments (“Natural Resource Projects”), (iv) direct gold bullion exposure, and (v) certain derivatives such as options, futures, and forward contracts on gold and other precious metals (collectively, the “Targeted Assets”).

The Client defines companies in the natural resource sector as entities principally engaged in the exploration, mining, fabrication, processing, and distribution of metals, mineral, resource infrastructure and the resource servicing sectors (collectively, the “Natural Resource Sector”). The Client’s investments in companies or projects in the Natural Resource Sector will generally be through customized financing solutions in the form of resource loans secured by real estate interests such as valuable minerals, minerals rights, real estate, royalties, or streaming contracts. These private investments will generally have a first lien security interest over a company or project’s assets and/or cash flows. The Client’s investments may also take the form of equity and/or debt securities of public and private entities. The Client may invest without limitation in U.S. and non-U.S. Targeted Assets. The Client expects that its Targeted Assets will generally be invested in several countries with established investment and real estate laws. To the extent that the natural resources and gold industries are concentrated in any given geographic region, such as Asia, Australia, Europe, or North America, a significant proportion of the Client’s assets may be invested in that particular region.

As set forth in the Management Agreement, we act as the manager to the Client and its subsidiaries and to manage the day-to-day operations of the Client and its subsidiaries. We also ensure that the business policies, directives and restrictions that are set forth in the Client’s formation documentation and policies and as are otherwise approved or implemented by the Client.

The Manager has engaged Sprott Resource Lending Partnership, an Ontario partnership (the “Sub-Manager”), an affiliate of Sprott Inc., a corporation organized under the laws

of the Province of Ontario, Canada ("Sprott"). The Sub-Manager is a relying adviser of Resource Capital Investment Corporation, an investment adviser registered under the Advisers Act. The Sub-Manager may also engage its own sub-advisers.

It is anticipated that the Sub-Manager, will source and recommend potential investment opportunities for Targeted Assets. After recommendation from the Sub-Manager, in order to make a determination that such opportunity meets the Client's investment objectives, we have established a management committee ("Management Committee").

The Client had previously determined that it was in the best interest of the Client to redeem Company's Units held by Members unaffiliated with the Client, its Manager, or Sub-Manager, which the Client has completed, and then pursue a full liquidation of the Client. Consistent with the duties under the Management Agreement, the Manager continues to provide management services to the Client as it pursues its full liquidation.

As of February 29, 2024, the Client sold its last managed debt investment and is currently pursuing its final full liquidation of its cash positions in connection with its wind-down and dissolution. The Management and Administrative Services Agreement with the Client will terminate concurrently with the Client's dissolution.

#### **Item 5 – Fees and Compensation**

Pursuant to the Management Agreement executed between us and our Client, we will be paid a Base Management Fee and Gross Manager Distribution comprised of an Income Distribution and the Capital Gain Distribution and other expense reimbursements necessary for our operations. In addition to the fees listed above, we also entered into an Administrative Services Agreement with the Client under which we will be paid a fee and reimbursement of certain expenses on a direct cost basis.

The Base Management Fee is calculated at an annual rate of one and one-half percent (1.5%) of the Client's Average Gross Assets, payable monthly in arrears. The Base Management Fee will be paid, net of applicable withholdings, if any. In lieu of the Client paying the Base Management Fee directly to us, the Client may elect to have a Client subsidiary pay its portion of the Base Management Fee to us based on such subsidiary's pro rata portion of the Client's Average Gross Assets. Pursuant to an Expense Support and Conditional Reimbursement Agreement with the Client, we have agreed to reduce the payment of fees and expense reimbursement by the Client, subject to reimbursement. Pursuant to an Expense Support and Conditional Reimbursement Agreement with the Client, we have to reduce the payment of certain Client fees and expenses, however such fees and expenses remain subject to future conditional reimbursement from the Client to us.

Average Gross Assets shall mean the arithmetic average of the Client's Gross Asset Value as of the last day of (1) a calendar month and (2) the immediately preceding

calendar month. Gross Asset Value shall mean, with respect to any date, the sum of the gross asset values of all of the Client's assets. The determination of Gross Asset Value will reflect changes in the fair market value of portfolio investments reflecting both realized and unrealized capital appreciation.

In accordance with the Sub-Management Agreement executed between us and the Sub-Manager, the Sub-Manager shall earn a fee equal to 50% of the Base Management Fee and Gross Manager Distributions from the compensation paid from the Client to us.

Effective October 2, 2022, the Manager and the Sub-Manager have agreed with the Client to waive and release the Company from paying the Base Management Fee, unless and until the parties agree to reinstate such fee.

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

Income Distribution. We will receive an Income Distribution from the Client of up to seventeen-and one-half percent (17.5%) of the amount that the Client's Adjusted Net Investment Income exceeds the Client's Average Adjusted Capital, on a share class basis, subject to a hurdle and catch-up feature.

More specifically, no Income Distributions will be made to us with respect to a class of the Client's equity units (a "Class") for any calendar quarter in which the Client's "Adjusted Net Investment Income" allocable to such Class does not exceed 1.25% of Average Adjusted Capital of such Class for such quarter. However, if the amount of the Adjusted Net Investment Income allocable to a Class for a calendar quarter exceeds 1.25% of the Average Adjusted Capital of such Class for such calendar quarter, but is less than or equal to 1.515% of Average Adjusted Capital of such Class for such calendar quarter, an Income Distribution with respect to such Class equal to 100% of such excess will be distributed to us promptly after the last business day of such calendar quarter, but in any event no later than 45 calendar days after the last day of such calendar quarter; and if the amount of the Client's Adjusted Net Investment Income allocable to a Class for a calendar quarter exceeds 1.515% of Average Adjusted Capital of such Class for such calendar quarter, an Income Distribution with respect to such Class equal to 17.5% of such excess will be distributed to us promptly after the last business day of such calendar quarter, but in any event no later than 45 calendar days after the last day of such calendar quarter.

"Adjusted Net Investment Income" means, for any calendar quarter and for any Class, net investment income of the Client attributable to such Class as determined by generally accepted accounting principles but excluding (i) any servicing fees payable with respect to such Class; (ii) any expense support payments advanced by us to the Client under the Expense Support and Conditional Reimbursement Agreement with respect to expenses allocable to such Class, and (iii) any conditional reimbursement by

the Client of expense support payments with respect to expenses allocable to such Class, as determined in good faith by us.

“Average Adjusted Capital” means for any particular Class for any particular calendar quarter (or other period thereof for which Average Adjusted Capital must be determined), the average during such period of cumulative proceeds generated from sales of Units of such Class (including proceeds from any distribution reinvestment plan), net of sales load (any applicable upfront Selling Commissions and Placement Agent Fees (as defined in the Client’s memorandum) and reduced for (i) cumulative amounts paid for repurchases of Units of such Class pursuant to any repurchase program and (ii) cumulative Liquidating Distributions (as defined in the Client’s Limited Liability Company Agreement) made with respect to Units of such Class. Average Adjusted Capital may be determined by averaging adjusted capital determined pursuant to this definition on the first day of each month in the applicable period or such other method as the Manager deems reasonable in its discretion.

Capital Gain Distribution. Additionally, if (i) the Client realizes any capital gains in a calendar year and (ii) as of the end of such year, cumulative realized capital gains exceed the sum of (a) cumulative realized capital losses and (b) unrealized capital losses as of the end of such calendar year, the Client shall make a Capital Gain Distribution with respect to a Class to us equal to seventeen-and one-half percent (17.5%) of any such excess allocable to such Class, less the sum of all previous Capital Gain Distributions with respect to such Class, as determined in good faith by us. Such Capital Gain Distribution will be made promptly after the last business day of the calendar year, but in any event no later than 90 calendar days after the last day of such calendar year. For the purposes of computing realized capital gains and losses, the calculation methodology will be based on results for actual dispositions or maturity of assets, including actual dispositions or maturity of any derivatives or swaps. Unrealized capital losses will be as determined by us and reduced for unrealized capital depreciation on all assets, including derivatives and swaps.

Effective October 2, 2022, the Manager and the Sub-Manager have agreed with the Client to waive and release the Company from paying the Gross Manager Distribution comprised of an Income Distribution and the Capital Gain Distribution, unless and until the parties agree to reinstate such fee.

### **Item 7 – Types of Clients**

We are the Manager and Administrator to CNL Sprott Strategic Asset Client, LLC, who will be our sole Client. Our Client will raise capital for operations through one or more offering offerings.

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

The Manager is owned by CNL, and will be responsible pursuant to the Investment Management Agreement for all aspects of the management of investments of the Client, including investigating, analyzing, structuring and negotiating potential investments, monitoring the performance of the Targeted Assets and making determinations as to disposition and other opportunities in respect of the Targeted Assets of the Client. The Manager anticipates engaging the services of a Sub-Manager to assist with the sourcing and management of investments.

## **Item 9 – Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of us or the integrity of our management team. CNL Strategic Asset Management, LLC, has no disclosures to report.

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

We are an indirect, wholly owned subsidiary of CNL Financial Group, LLC, an investment management firm specializing in alternative investment products in which affiliates and officers of us are also principals, executive officers and/or directors of the Client.

Certain of our officers and advisory representatives (“persons associated with us”) may be provided to us by an affiliated entity, CNL Financial Group Investment Management, LLC (“CFGIM”), to provide clerical, ministerial and non-investment advisory services and staffing. All persons associated with us are subject to our compliance program, including the Code of Ethics which establishes the fiduciary standards and all reporting requirements established thereunder. All persons providing services to us are also subject to confidentiality requirements under the respective agreements.

Additionally, an affiliate of us, CNL Securities Corp., is a FINRA registered broker-dealer and is a wholly-owned, indirect subsidiary of CNL Financial Group. This entity is also under agreement with our Client to provide managing dealer services with regard to the sale of our Client’s shares and CNL Securities Corp. may receive compensation in this regard.

### **Conflicts of Interests**

We hold in high regard the fiduciary duty under which we provide services to the Client, and further, the duty owed by the Client to its members. A part of upholding this fiduciary duty is recognizing potential conflicts of interest and developing controls which seek to protect against any harm to the Client and its members. We acknowledge that we may experience conflicts of interest in connection with the management of the



Client's business affairs and have adopted policy controls, testing and monitoring to protect against such conflict effecting decisions made by us on behalf of the Client. We continuously reevaluate our business model in order to identify emerging conflicts. The conflicts currently identified are as follows:

- Client and Adviser executive officers serve as officers of various entities affiliated with the Manager which creates conflicts. Our affiliates also provide services to the Client, including in the capacity as Administrator.
- We will receive certain fees and expense reimbursements in connection with its services to the Client as the Manager and Administrator.
- Regardless of the quality of our Client's assets or the services provided to the Client, we will still receive certain fees and expense reimbursements.
- The agreements between the Client and the Manager or the Administrator were not the product of arm's length negotiation. In addition, as a result of the fact that there exists common management, the Client may encounter conflicts of interest in enforcing Client rights against the Manager in the event of a default by or disagreement with the Manager.
- We do not currently manage other clients; however, we are not prohibited from doing so and we may determine it is appropriate for us and one or more other clients managed in the future by us or any of our affiliates.
- We and the Sub-Manager will experience conflicts of interest in connection with the management of the Client's business affairs relating to the allocation of business opportunities to the Client and other clients. The Sub-Manager or its affiliates currently manage other clients that have a similar business strategy as the Client. The Client has adopted its own allocation policy, which incorporates the Sub-Manager's allocation policy by reference. The Manager has determined that the Sub-Manager has developed an allocation policy to ensure that the Client is treated fairly and equitably. The Sub-Manager and its affiliates will utilize this allocation policy to determine how to allocate opportunities that may be appropriate for the Client or other of the Sub-Manager's or its affiliates' clients. As part of this policy, the Sub-Manager will consider a variety of factors in making allocation decisions, including a client's stated investment objectives, governing documents, side letters, PPMs, policies, restrictions and guidelines and available capital for investment.
- The Manager determines it is appropriate for the Client to participate in an opportunity with an affiliate of the Sub-Manager, these co-opportunities may give rise to conflicts of interest or perceived conflicts of interest among us. The conflicts may relate to significant matters such as the best exit strategy for an investment, the quality of the management team, the achievability of a

company's financial budget or the economic and other terms of an investment (such as the interest rate to be paid, the security granted, the nature of the covenants and terms of amendments or restructurings).

- Conflicts may also arise when the Manager, CNL, Sprott, or any of their affiliates is engaged in providing advisory or other business services to, has loaned money to, is investing in, or has another business relationship. As a result, the Client may be precluded from making certain investments or its investments may be smaller or be on less favorable terms than would be the case if such conflict of interest did not exist. The Client may also invest in companies which were declined by other Manager or Sub-Manager affiliates, and such other entities may invest in companies which were declined by the Client.
- Certain persons who serve on our Management Committee may receive an allocation award based upon the fees paid to us by the Client. The way in which the fee is determined may encourage the Manager and Sub-Manager to seek more speculative investments or use leverage to increase the return on the assets.
- While our Client's managing member is responsible for determining the net asset value of our Client's assets, the valuation is determined with assistance from us, the Sub-Manager and the independent valuation firm and because the base management fee is calculated based on the average value of our Client's gross assets, a higher net asset value of our assets would result in a higher base management fee to us and the Sub-Manager.
- From time to time, the Manager, Sub-Manager or their affiliates may come into possession of material, non-public information or other information that would limit its ability to buy and sell investments. The Client's investment flexibility may be constrained as a consequence of the inability to use such information for investment purposes.

### **Item 11 – Code of Ethics**

We have adopted a Code of Ethics for all individuals providing services to the Client. This Code of Ethics sets forth its high standard of business conduct, and fiduciary duty to its Clients. The Code of Ethics includes provisions relating to the confidentiality of Client information, a prohibition on insider trading, and establishes personal securities trading procedures, among other things. All persons associated with us must acknowledge the terms of the Code of Ethics annually, or as amended.

We will not be participating as a principal in any transactions alongside the Client. You may request a copy of our Code of Ethics by contacting our Chief Compliance Officer

### **Item 12 – Brokerage Practices**

Transactions on behalf of the Client which may require the services of a broker-dealer shall be coordinated at the Manager or Sub-Manager level. It is not intended that we would utilize the broker-dealer who is affiliated with us for such transactions.

### **Item 13 – Review of Accounts**

In fulfillment of our responsibilities under the Management and Administrative Services Agreements, specifically with regard to the day-to-day operations of the Client and its subsidiaries, we shall continuously monitor the accounts, expenses and transactions of the Client and shall ensure the ongoing reporting obligations to the Client.

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

We do not receive any economic benefit from any person for providing investment advice or other advisory services to our Client. In addition, neither we nor any related person directly or indirectly compensates any individual for Client referrals.

### **Item 15 – Custody**

We do not have custody of Client assets. We have engaged the services of third-party custodian(s) with respect to the Client's assets which do not otherwise fit in to a privately issued security exemption or other exemption from the custody rules. As a fiduciary, the Manager has an obligation to ensure that Client assets are safeguarded from loss or destruction.

Although the Advisers are deemed to have custody of the underlying assets of the Client (a newly formed entity), the Manager anticipates relying on the "pooled investment vehicles" exemption from the reporting and surprise audit obligations imposed by the SEC's custody rule. Accordingly, the Clients are anticipated to be subject to a year-end audit by an accounting firm that is a member of, and subject to regular inspection by, the Public Company Accounting Oversight Board. Audited financials are made available to investors of Client and/or sent to investors of the Clients annually.

### **Item 16 – Investment Discretion**

We are responsible for sourcing and selecting potential Targeted Asset opportunities together with the Sub-Manager. We, through our Management Committee, will exercise discretion in the Client's assets. In connection with the Management Committee's determination that an Targeted Asset opportunity meets the Client's investment objectives, the Management Committee will assess the proposed opportunity against the Client's Investment Policy, Client's allocation policy, and related investment

guidelines and process documents to ensure the standards and controls established therein have been met and shall ensure the requisite recommendations and approvals, including from the Sub-Manager, have been obtained and documented and shall ensure proper reporting to the Client.

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

We are not responsible for proxy voting matters with regard to any Client assets.

### **Item 18 – Financial Information**

Registered investment advisers are required in this Item to provide its Clients with certain financial information or disclosures about its financial condition. We have no financial commitment that impairs its ability to meet contractual and fiduciary commitments to its Client and has not been the subject of any disciplinary or bankruptcy proceeding.