

**Item 1 – Cover Page**

**Part 2A of Form ADV  
Brochure for:**

**Freedom Financial Asset Management, LLC**

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**March 31, 2019**

**This Brochure provides information about the qualifications and business practices of Freedom Financial Asset Management, LLC (“Freedom Financial” or the “Firm”). If you have any questions about the contents of this Brochure, please contact the Firm at the address listed above. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority. Registration as an investment adviser does not imply a certain level of skill or training.**

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

## **Item 2 – Material Changes**

This Part 2A of Form ADV Brochure was prepared for Freedom Financial’s registration as an investment adviser with the United States Securities & Exchange Commission (the “SEC”).

Freedom Financial will ensure that all current Investors of the Fund receive a summary of material changes to this and subsequent Brochures within 120 days of the close of its Fiscal Year. Our Brochure can be found on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Freedom Financial’s searchable IARD/CRD number is 170229. The summary of material changes is listed in the section below. Freedom Financial may provide future information about material changes as necessary and will further provide a new Brochure as needed.

Currently, our Brochure may be requested by contacting us at 602-732-4377 or via email to [investing@freedomplus.com](mailto:investing@freedomplus.com). Our Brochure is provided free of charge.

### **Summary of Material Changes**

- None

### **Item 3 – Table of Contents**

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## **Item 4 – Advisory Business**

### **A. Description of the Advisory Firm**

Freedom Financial is a Delaware limited liability company. The Firm also serves as a Managing Member and sponsor to pooled investment vehicles. Form ADV Part 1, Section 7.B.(1) provides a complete list of pooled investment vehicles serviced by Freedom Financial.

### **B. Description of Advisory Services**

Freedom Financial provides discretionary investment management services to pooled investment vehicles, the securities of which are offered to investors on a private placement basis and are exempt from registration under the Securities Act of 1933, as amended. The investment fund sponsored by Freedom Financial (referred to herein as the “Freedom Fund” or the “Fund”) is also exempt from registration as investment companies under the Investment Company Act of 1940, as amended. Interests in the Fund are offered exclusively to investors satisfying the applicable eligibility and suitability requirements for private placement transactions inside the United States. The Fund sponsored by Freedom is referred to herein as “Client.”

Freedom Financial has sponsored the following pooled investment vehicle (which is disclosed on Form ADV Part 1, Section 7.B.(1)):

- Freedom Consumer Credit Fund, LLC – Series B (“Series B”)—Pooled investment vehicle that is accepting outside investors to participate in the loan-purchase strategies identified by this brochure and Fund offering documents. Series B relies on Section 3(c)7 of the Investment Company Act of 1940.

Freedom Financial acquires investments on behalf of Freedom Consumer Credit Fund, LLC (“FCCF”), which investments are held by the Fund. Currently the investments held by the Fund consist entirely of consumer installment loans originated by Cross River Bank (or other third-party banks) and purchased by FCCF pursuant loan purchase agreements between Cross River Bank, FCCF, and Freedom Financial.

Freedom Financial directs the investment and reinvestment of capital in accordance with each Client’s governing documents. The Firm is also responsible for the management of Client affairs, including authority and oversight over operations and general administration of Client business.

The Firm’s investment strategies are discussed in detail within Item 8 of this Brochure.

### **C. Client Tailored Services and Client Imposed Restrictions**

Advisory services are tailored to achieve the Client’s investment or trading objectives. FCCF’s governing documents provide Freedom Financial with limited discretion to select which consumer installment loans and other specified types of instruments to buy or sell.

### **D. Wrap Fee Programs**

Wrap fee programs are investment programs where the investor pays one stated fee that includes management fees, transaction costs, fund expenses, and other administrative fees.

Freedom Financial does not participate in wrap fee programs.

E. Regulatory Assets Under Management

Freedom Financial has the following regulatory assets under management ("RAUM"):

- Discretionary RAUM – \$430,532,440.17
- Non-Discretionary RAUM – \$0
- Date Calculated – December 31, 2018

## **Item 5 – Fees and Compensation**

A. Fee Schedule

The fees and compensation payable to Freedom Financial are negotiable and may vary among Fund investors. The following sections provide typical overview of Freedom Financial's fee structure, which includes a Management Fee, Service Fee, and Incentive Allocation.

1. Management Fee

FCCF pays to Freedom Financial at the end of each quarter a Management Fee calculated at the Management Fee Rate of 1.5% per annum.

The rate is applied to the "Management Fee Base," of each limited liability company member interest in FCCF (each an "Interest"). An Interest's "*Management Fee Base*" at any date as of which the Management Fee is calculated is (i) the sum of the Interest's Month-End Applicable Balances (defined below) for each of the months in the period for which the Management Fee is being calculated divided by (ii) the number of such month-ends in the calculation period. An Interest's "*Month-End Applicable Balance*" for any month is that Interest's Participation Percentage as of the beginning of that month multiplied by the aggregate unpaid principal balances of all of the relevant series' Investments as of the end of that month *excluding* any Investments that, as of the date the Management Fee is being calculated, have unpaid principal balances that are 60+ days delinquent or have been charged off. An Interest's "*Participation Percentage*" at any given time is the working sub-account for that Interest divided by the sum of all working sub-accounts for Interests in that Series. If, in any month, one or more investors has made a Capital Contribution as of a date other than the first day of that month, the Participation Percentage used in determining the Month-End Applicable Balance for each Interest will be pro-rated based on that Interest's Participation Percentage as of the beginning of each Accounting Period during the month, weighted by the number of days in the month for which that Participation Percentage was in effect.

The calculation described above is conducted for each Interest. The sum of the Management Fee attributable to each Interest is the Management Fee that FCCF pays to Freedom Financial. The Management Fee is charged on the last day of each calendar quarter. The share of the

Management Fee attributable to each Interest is then debited from the working sub-account for the capital account established for that Interest.

2. Servicing Fee

The Fund, special purpose vehicles holding Freedom Loans for the Fund, and/or securitization vehicles will pay Freedom Financial, in its capacity as servicer of Freedom Loans, which is calculated by adding the unpaid principal balance of loans held at the beginning of the month and the unpaid principal balance of loans held at the end of the month (generally excluding, in each case, certain “severely delinquent” loans), dividing that number by two and multiplying it by one-twelfth of 1%. FCCF pays Freedom Financial a monthly Servicing Fee at an annual rate of 1% of the arithmetic average of the unpaid principal balances of all loans held by the Fund on each day of the relevant month.

3. Incentive Allocation

Freedom Financial will be entitled to a periodic special profit allocation as to each investor’s investment in the Fund (an “Incentive Allocation”) generally equal to 15% of the cumulative profit allocated to that Non-Managing Member’s Capital Account (including realized and unrealized gains and losses). The Incentive Allocation is subject to an investor’s Capital Account achieving (at minimum) an 8% per annum internal rate of return after accounting for the Incentive Allocation, meaning that if payment of the Incentive Allocation would reduce an investor’s internal rate of return to less than 8%, the Incentive Allocation is reduced to the extent necessary to maintain an internal rate of return of no less than 8%.

Incentive Allocations are charged on the last day of each calendar year, debited directly from investor Capital Accounts (“Incentive Allocation Time”).

If an investor makes a withdrawal or receives a distribution on a date other than the last day of a calendar year, the effective date of such withdrawal or distribution will also be an Incentive Allocation Time and a pro-rated Incentive Allocation will become due as to the amount withdrawn or distributed. To determine this Incentive Allocation, the investor’s Capital Account will be subdivided into two portions, with one portion (the “Continuing Portion”) corresponding to the portion remaining immediately after giving effect to the withdrawal or distribution, and the other portion (the “Distributable Portion”) corresponding to the portion withdrawn or distributed (before deduction of any Incentive Allocation payable as a result). The Managing Member will then be entitled to receive an Incentive Allocation as to the Distributable Portion, calculated by treating the Distributable Portion as if it had at all times been a separate Capital Account (and the effective date of the withdrawal or distribution as an Incentive Allocation Time for the Distributable Portion). Future Incentive Allocations as to the Continuing Portion will also be adjusted accordingly, by treating the Continuing Portion as if it had at all times been a separate Capital Account.

The Incentive Allocation is further discussed in Item 6 of this Brochure.

4. Fee Comparison

While Freedom Financial believes its fees are competitive with similarly situated investment

advisers, the expenses of the Freedom Financial Fund, including the Management Fee, Servicing Fees, and Incentive Allocation, may constitute a higher percentage of average net assets than would be found in other pooled investment vehicles.

**B. Third-Party Fees**

To the extent allowed by the Client's governing documents, the Client shall bear the costs and expenses necessary, appropriate, advisable or convenient for Freedom Financial to carry on its business and realize its Client's investment objectives.

Freedom Financial fees and expenses include but may not be limited to: (i) the Management Fees, Servicing Fees, and Incentive Allocations described above; (ii) all general investment expenses specific to the purchase and service of consumer installment loans (i.e. interest on borrowings, including interest and other borrowing charges made in connection with the acquisition and holding of loans); (iii) administrative, legal, accounting, auditing, record-keeping, tax form preparation, compliance and consulting costs and expenses; (iv) fees, costs and expenses of third-party service providers that provide such services; and, (v) any extraordinary expenses, among other expenses.

Freedom Financial's Management Fees, Servicing Fees, and Incentive Allocation are exclusive of brokerage commissions, transaction fees, and other related costs and expenses, which may be incurred by the Client. Freedom Financial shall not receive any portion of these commissions, fees, and costs. Expenses born by the Client are further described in the offering documents for Freedom Financial investors.

Please see "Item 12 – Brokerage Practices" of this Brochure for more details.

**C. Payment of Fees**

Management Fees, Servicing Fees, Incentive Allocations, and Third-Party Fees are deducted from Client assets. Management Fees charged on the last day of each calendar quarter, debited directly from investor capital accounts. Incentive Allocations are charged on the last day of each calendar year, debited directly from investor capital accounts. Servicing Fees are charged to and paid monthly by the Fund.

**D. Prepayment of Fees**

Freedom Financial does not accept or require the prepayment of advisory fees.

**E. Outside Compensation for the Sale of Securities**

Freedom Financial and its supervised persons do not accept compensation for the sale of securities or other investment products. Moreover, Freedom Financial and its supervised persons do not accept compensation for the sale of fund interests as placement agents.

**Items 5 represents a basic overview of Freedom Financial's compensation arrangements. The fees described above are structured to comply with Rule 205-3 under the Investment Adviser's Act of 1940 and applicable state laws. Fees and other compensation are negotiable in certain circumstances and arrangements with any particular investor may vary. Although Freedom Financial believes its fees are competitive, lower**

**fees for comparable services may be available from other investment advisers.**

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

As noted in Item 5, Freedom Financial accepts incentive/performance-based fees in the form of an Incentive Allocation.

From time to time, Freedom Financial may elect to manage a Client where the Client and/or its investors pay only Management Fees and do not pay incentive/performance-based fees in the form of an Incentive Allocation. In situations where certain Clients and/or their investors pay incentive/performance-based fees and other Clients and/or their investors do not (or pay a smaller incentive/performance-based fee due to the existence of a high water mark or otherwise), there can be an incentive for Freedom Financial to favor those Clients that pay, or whose investors pay, incentive/performance-based fees (or higher incentive/performance-based fees), for example, through Freedom Financial's allocation of investment opportunities.

Investors are made aware of all material conflicts of interest through Freedom Financial's fund offering and subscription documents. These documents contemplate the following conflicts:

- That incentive/performance-based fees may create a conflict of interest for Freedom Financial as there may be an incentive to make investments that are riskier or more speculative than would be the case in the absence of an incentive/performance-based fee.
- That the Incentive Allocation may be based on unrealized appreciation in the value of securities that lack readily determinable market values and that are valued through valuation policies for less liquid investments, creating a potential incentive for Freedom Financial to employ valuation methodologies that maximize the appreciation of Loans to maximize Incentive Allocations. Freedom Financial employs the following methodologies to value Loans, which restricts Freedom Financial's ability to manipulate the methodology to maximize Incentive Allocations:
  - **Series A:** Loans are priced at their original cost except for severely delinquent loans, which are loans 60 days past due or more, are priced at zero.
  - **Series B:** Loans are valued by PeerIQ, a third-party service unaffiliated with Freedom Financial. The valuation methodology is neutrally applied to consumer installment loans, without any regard to the pecuniary interest of Freedom Financial.
- Explanation of the Incentive Allocation Time for calculation of a performance-based fee (see Item 5 for more detail), and terms surrounding the allocation of performance-based fees.

To mitigate these inherent conflicts of interest, Freedom Financial has designed and implemented allocation policies and procedures that seek to ensure investments are fairly allocated across all Client accounts, based on what Freedom Financial deems to be an equitable



basis and without regard to Freedom Financial's own pecuniary interest. Freedom Financial discloses these material conflicts of interest to investors of the Freedom Financial Fund as though they were direct clients of the investment adviser.

### **Item 7 – Types of Clients**

Freedom Financial will provide investment advice and management to the Client as described in Item 4. Investors may include banks or thrift institutions, trusts, estates or charitable organizations, corporations or other business entities, high net worth individuals, and regular non-high net worth individuals.

There is a \$5,000,000 minimum capital contribution to invest in any Freedom Financial Fund. This minimum may be waived or reduced at management's discretion. There is no maximum aggregate subscription amount that may be contributed.

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

#### **A. Methods of Analysis**

The Fund is currently invested entirely in Freedom Loans, as that term is defined below and residual interests in securitizations of Freedom Loans sponsored by the Fund. However, as Managing Member of the Fund, Freedom Financial has discretion to invest in individual consumer installment loans sourced and originated under other lending platforms.

When assessing a lending platform to deploy capital, the Managing Member will primarily consider the platform's credit underwriting program and the servicing capabilities as each plays a significant role in the performance of loans originated under the platform. The Managing Member would assess these two factors, and others, in order to determine the ability for a platform to provide the proper risk and return tradeoff for investors.

#### **B. Investment Strategies**

Freedom Financial directs Series B to seek high, consistent returns through levered investments in individual consumer installment loans ("Loans"). The Freedom Fund currently intend to invest only in Loans sourced, arranged, and originated through Freedom Financial's FreedomPlus program ("F+ Loans") and/or ConsolidationPlus program ("C+ Loans" and, together with "F+ Loans," "Freedom Loans"), but it may in the future invest in other Loans.. As a technique for leveraging some of its Freedom Loan holdings, the Fund has sponsored securitization vehicles to which it has sold some of its Loans, receiving cash and "equity" or "residual" interests ("Residual Interests"). In at least one case, it has also received subordinated debt securities issued by a securitization vehicle. The Fund anticipates that it will sponsor future securitizations of Freedom Loans and receive cash and Residual Interests in connection with those securitizations.

In connection with Freedom Loans, Freedom Financial provides borrower identification, qualification, and communication services for sourcing, arranging, and originating those loans, and ongoing loan servicing. Entities insured by the Federal Deposit Insurance Corporation (“Originators”) originate Freedom Loans. Cross River Bank, a New Jersey-chartered commercial banking corporation, is currently the only Originator issuing Freedom Loans, but Freedom Financial may make arrangements with other Originators in the future.

Series B will buy Freedom Loans from Cross River Bank pursuant to a loan purchase agreement with Cross River Bank and Freedom Financial. The described agreement and any similar agreements the Fund may enter into for the purchase of Loans shall be referred to as “Loan Purchase Agreements.”

Because of Freedom Financial’s involvement in the sourcing and underwriting of Freedom Loans, and Freedom Financial’s role as loan servicer of Freedom Loans, Freedom Financial faces an inherent conflict of interest in causing the Fund to acquire Freedom Loans. Freedom Financial discloses this conflict of interest in its private placement memorandum, as has developed internal policies to mitigate this conflict through equitable allocation of investment opportunities and neutral methods of Loan valuation.

The Fund’s investment activities are speculative and will entail substantial risks. Neither the Fund nor Freedom Financial can provide any assurances that the Client will achieve its investment objectives over any particular period or at all, or that the Client will not incur substantial losses.

C. Risk of Loss

Freedom Financial utilizes investment strategies that are speculative in nature. Investment involves ownership of illiquid securities which carry a substantial risk of loss—including the risk of losing all or substantially all of an investment. Freedom Financial does not purport offer a complete investment program. Prospective investors should consider the following, as well as consult with professional advisers concerning other applicable risk factors, before determining whether to invest in the Freedom Financial Fund. There can be no assurance that Freedom Financial will achieve its investment objectives.

The following risk factors do not purport to be a comprehensive assessment of all the risks present with Freedom Financial’s investment strategies. Prospective investors should consider the following, as well as consult with other professional advisers, concerning before determining whether to invest with Freedom Financial.

*Limited Investment History; Historical Performance.* The Freedom Fund was recently established and has limited investment history upon which prospective investors may base an evaluation of the performance of the Fund. While Freedom Financial has experience in the consumer installment loan market, it has not previously managed a private investment vehicle that invests in Loans or performed the administrative functions that such investment activities may require. The prior performance of the Managing Member and its affiliates in connection with Freedom Loans cannot be relied upon as an indicator of the Fund’s future

investment performance or success. It should not be assumed that any of the Fund's Freedom Loan investments will be profitable or equal the performance of any Freedom Loans previously sourced, arranged, and/or serviced by the Managing Member or its affiliates.

*Dependence on Investment Manager; Investment Discretion.* Freedom Financial's ability to develop and implement investment strategies that achieve certain investment objectives determines the prospects of such investments. Failures of Freedom Financial's analysis or assessments may cause investments to incur losses or to miss profit opportunities on which Freedom Financial could otherwise have capitalized.

*Reliance on Key Personnel.* Freedom Financial's operations are dependent upon the skill, judgment and expertise of its officers, employees, and agents. The death, disability, departure or other unavailability of any key personnel could have a material and adverse effect on the investment strategies of Freedom Financial.

*Not a Complete Investment Program.* Freedom Financial will pursue the investment strategy described above. An investment with Freedom Financial is not intended as a complete investment program for any investor. If Freedom Financial's strategy is not successful, or it is unable to implement the strategy effectively, investors could lose some or all of their capital. For these reasons, an investment with Freedom Financial may be considered speculative and is appropriate only for investors who are able to bear the risk of loss of their entire investment.

*Concentration of Investments.* The Freedom Financial Fund will not be as diversified as many other investment vehicles. The Fund does not currently plan on making any significant investments other than in Freedom Loans, Residual Interests and opportunistic investments in Loans with similar credit and return characteristics. The resulting investment concentration will materially increase risk for the Freedom Fund and cause returns to become more susceptible to fluctuations in value resulting from adverse economic or business conditions affecting Freedom Financial and/or the consumer installment loan market generally.

*General Risks Inherent in Loan Investing.* While all investment activities risk the loss of capital, Freedom Financial's investments in Loans involve risks not present in other investments. Unsecured consumer loans by their nature have inherently more risk than many other types of debt instruments, and the range and magnitude of risks are less known and less predictable than with more established and conventional instruments. The investment performance for the Freedom Financial Fund will depend on, among other things, the interest rates on the Loans owned by the Fund and the payment performance of those Loans, primarily default and prepayment rates. However, there is limited history for the performance of the Loans, particularly in different economic and interest rate environments. Changes in various economic conditions, as well as developments with the Managing Member, its affiliates, Originators, and other market participants involved with the origination, sourcing, arranging, and servicing of the Loans, could have unpredictable results on the Fund's performance.

In addition to the foregoing, there is generally no currently reliable secondary market for Loans. Unless and until an active secondary market develops, the Fund will primarily adhere to a “buy and hold” strategy and will not necessarily be able to access significant liquidity.

*Dependence on Freedom Financial’s Business.* The Freedom Fund invests in, and currently intend to invest only in, Freedom Loans sourced by Freedom Financial to Originators and Residual Interests, though the Freedom Fund may in the future invest in other Loans. As a result, the success or failure of the Fund is highly dependent on Freedom Financial’s success or failure, including its ability to source loans that pay interest at rates that reflect the credit and other risks involved. If Freedom Financial is not able to conduct business successfully (including, without limitation, with respect to attracting new customers, servicing Freedom Loans, and remaining adequately capitalized, or as a result of the death, disability, or cessation of involvement of its principals) or experiences a material adverse effect or a complete business failure, this would materially and adversely affect the performances of the Fund. In addition, the Fund’s concentration of investments in Freedom Loans will subject it to any risks presented by any limitations in Freedom Financial’s underwriting guidelines or credit models.

*Dependence on Freedom Financial as Loan Servicer.* The Fund relies on Freedom Financial, in its capacity as the servicer for Freedom Loans, to provide a variety of custody, reporting, collection, administration, and other servicing functions with respect to the Loans. If Freedom Financial were to fail to effectively perform these duties, particularly if Freedom Financial were to fail to take effective steps to maximize collection of Freedom Loans that become past due, that could negatively impact the Fund.

*Dependence on Underwriting Model.* Freedom Loans are underwritten in accordance with the underwriting guidelines for F+ Loans and C+ Loans and, in certain cases, based on manual exceptions to those guidelines. The underwriting guidelines may not identify or appropriately assess the risk that the interest and principal payments due on a Freedom Loan will be repaid when due, or at all, which may expose investors to risk of loss.

The credit models for F+ Loans and C+ Loans are subject to several other risks that may adversely affect the process for the pricing of Freedom Loans and the process for the approval of Freedom Loan applications. For example, the model relies on certain historical factors, including behavioral data, transactional data, and employment information, which may not effectively predict future Loan losses. The model may also contain programming or other errors, may be ineffective, or may rely on data that is incorrect or stale, resulting in mispriced or misclassified Loans or incorrect Loan approvals or denials.

*Unsecured Loans.* Loans are generally not secured by any collateral, nor are they guaranteed or insured by any third party or backed by any governmental authority. If the Loan borrower (the “Borrower”) fails to make a required payment on a Loan, after a certain delinquency period, the Managing Member, in its capacity as the Servicer, may pursue collection on its own or may refer the delinquent Loan to a collection agency. Only the Servicer or its designated collection agency will be able to pursue a delinquent Borrower. However, courts

have imposed general equitable principles upon litigation involving deficiency balances, which are generally designed to relieve a consumer from the legal consequences of an unsecured personal loan default. As a result, Loans that default may ultimately be charged-off, resulting in losses to the Fund if those losses exceed the interest earned from performing Loans.

*Loan and Residual Security Illiquidity.* The Loans and Residual Interests acquired by the Freedom Financial Fund may not be fully liquid in that it may be difficult for a Fund to realize the full value or any part thereof through secondary market sales. At certain times during periods of general market volatility and illiquidity, the realizable value of the assets could be adversely impacted should a Freedom Financial Fund sell those assets. Because of the absence of any trading market for the assets, it may take longer to liquidate, or it may not be possible to liquidate the assets prior to their stated maturity.

*Default Risk.* The success of the Fund's investments will depend, in part, on the financial stability of the Borrowers of the Loans a Fund acquires. Borrower default on Loan payments would cause the Fund to lose the revenue associated with those Loans. Borrower defaults thus increase the risk that the Fund, and hence Non-Managing Members, could suffer a loss. In addition, if a Borrower defaults or goes bankrupt, the Servicer may experience delays in enforcing the Fund's rights as a creditor and the Fund may incur substantial costs in protecting the Loans and exercising remedies. These events could limit a Fund's ability to satisfy withdrawal requests and decrease the value of an investment within a Fund.

*Subprime Risks.* Freedom Loans may be made to Borrowers who have "subprime" credit ratings. The Fund's investment in such Freedom Loans could expose the Fund to a higher risk of delinquency or default than that experienced by financial products arising from traditional sources of consumer credit.

*Geographic Concentration Risk.* The geographic concentration of the Loans held by the Fund may expose Non-Managing Members to an increased risk of loss due to risks associated with certain regions, including weaker economic conditions in certain regions leading, potentially, to higher default rates for loans to borrowers residing in that region.

*Origination Risks.* Freedom Financial currently relies on Cross River Bank to originate Freedom Loans. If Cross River Bank were to suspend or cease its operations or otherwise terminate its relationship with Freedom, the Fund's investment activities may be disrupted, as Freedom would either be required to partner with another Originator or to obtain and maintain state-specific lending licenses. The Fund also relies on Cross River Bank to comply with all laws and regulations that apply to it in its capacity as Originator of the Freedom Loans, including usury laws and regulations; failure to do so could adversely affect the ability of the Fund to collect amounts owed to them.

*Difficult to Hedge Risks.* Many of the hedging strategies and instruments that are applicable to other types of investments are not readily applicable to the Fund's investments in Freedom Loans and Residual Interests. Freedom Financial will consider the instruments and strategies

it may utilize to hedge some of its risks, particularly economic or market risks that may adversely affect the payment and performance of Freedom Loans. However, the Fund will not attempt to hedge all market or other risks inherent in the Loans and may hedge certain risks, if at all, only partially. For example, the Fund cannot directly hedge the credit risk of the Borrowers or the risks of unemployment or market sentiment to which it is exposed. As a result, the Fund will bear certain risks inherent in the Freedom Loans

*Use of Leverage.* Freedom Financial leverages its investments by borrowing funds, secured by Fund assets. Leverage increases both the possibilities for profit and the risk of loss. From time to time the portfolios may be significantly more leveraged—either purposefully or because of market conditions beyond the control of Freedom Financial.

THE RISKS DESCRIBED ABOVE ARE NOT A COMPLETE LIST OF RISKS INVOLVED WITH INVESTING IN ANY FUND MANAGED BY FREEDOM FINANCIAL ASSET MANAGEMENT, LLC.

### **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 Freedom Financial or the integrity of Freedom Financial's management.

Freedom Financial has no applicable information to disclose.

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

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

Freedom financial does not recommend other investment advisers to clients for which it may otherwise receive compensation directly or indirectly, nor does Freedom Financial have other business relationships with similarly situated advisers.

#### Broker-Dealer Registration Status

Not applicable.

#### Futures Commission Merchant, Commodity Pool Operators, or Commodity Trading Advisor Registration Status

Registration as a futures commission merchant is not applicable to Freedom Financial's advisory business, thus, no registration status is maintained.

Freedom Financial is not a commodity pool operator. If Freedom Financial causes the Fund to transact in commodity interests (such as derivative instruments based on interest rates, for purposes of hedging the Fund's Loan activities) such that it might be considered a commodity pool operator, it will rely on CFTC rules that provide an exemption from registration, including that exemption provided in 17 C.F.R section 4.13(a)(3).

Freedom Financial is exempt from registration as a commodity trading adviser, relying on Section 4m(1) of the Commodity Exchange Act.

**Material Relationships or Arrangements with Related Persons who are Industry Participants and Potential Conflicts of Interest Among the Freedom Financial Fund**

The Freedom Fund purchases Loans sourced by Freedom Financial as a related affiliate. This arrangement is described in Items 4, 5 and 8 of the Form ADV Part 2A. In addition, the Fund obtains Residual Interests in securitizations sponsored by the Fund, as described in Item 8 of the Form ADV Part 2A.

Freedom Financial may also act as a loan servicer and sourcer for C+ and F+ Freedom Loans purchased by third-party loan buyers. In this context, Freedom Financial sources loans for an Originator, which issues/originates the C+ or F+ Freedom Loan for purchase by a third-party loan buyer. Freedom Financial then services the purchased Loan by issuing account statements, processing loan payments, and maintaining servicing records. Freedom in its capacity as a loan sourcer may collect an asset management fee, a potential purchase premium at the time of the sale (for C+ Plus loans), and/or a profit sharing allocation. The third-party loan buyer also compensates Freedom Financial for its function as a servicer in the form of a servicing fee. Fees assessed by Freedom Financial in its capacity as a loan sourcer are negotiable and may vary. These fees are not passed on to any Freedom Financial Client and are separate from the fees discussed in Item 5 of the Form ADV Part 2A.

Freedom Financial's loan allocation policy is designed to fairly and equitably allocate C+ and F+ Loans to all purchasers, including the Freedom Financial Client. As a result, the Freedom Financial Client is not disadvantaged in the allocation or offering of C+ and F+ Loans.

**Material Conflicts of Interest Relating to Other Investment Advisers**

Not applicable.

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

Freedom Financial, as the Managing Member, may have similar financial interests in an investment as a Client account by virtue of the Managing Member's investment in a Freedom Financial Fund. This is disclosed in the Fund's offering documents and subscription agreements. As discussed in Item 6 of this brochure, Freedom Financial has adopted allocation/valuation policies to mitigate any firm bias that may arise from the Managing Member's investments in a Freedom Fund.

Additionally, Freedom Financial has adopted a Code of Ethics ("Code") pursuant to Rule 204A-1 of the Investment Advisers Act of 1940 that describes the standards of business conduct it requires of employees, and accounts owned predominantly by persons associated with Freedom Financial. The Code establishes procedures intended to prevent Freedom Financial, its personnel, and certain of their relatives, from inappropriately benefiting from Freedom Financial's relationships with its Client or Fund investors, and avoid competing for the investment opportunities afforded to the Freedom Fund.

The Code provides that:

- i. Freedom Financial's Client's interests come before the interests of Freedom Financial or its employees;
- ii. Freedom Financial must disclose to the Client all material facts of which it is aware about conflicts between and the interests of Freedom Financial and/or its employees interests and the interests of Freedom Financial's Client;
- iii. Freedom Financial and its employees must operate consistently with Freedom Financial's disclosures to and arrangements with the Client regarding conflicts and Freedom Financial's policies, procedures, and other efforts to manage the impacts of those conflicts;
- iv. Freedom Financial and its employees must not take inappropriate advantage of Freedom Financial's Client or their positions of trust with or responsibility to the Client; and
- v. Freedom Financial and its employees must comply with all applicable securities laws. The Code requires employees to report personal securities holdings on an quarterly basis.

In addition, Freedom Financial monitors employees' securities transactions. Employees must arrange for quarterly trade activities to be sent to the Chief Compliance Officer. The Code includes procedures for and restrictions on employee trading intended to prevent employees from benefiting from, or appearing to benefit from, any price movement that may be caused by Client transactions or Freedom Financial's investment recommendations. The Code contains restrictions on and procedures to prevent front running and insider trading while Freedom Financial is in possession of material nonpublic information.

Freedom Financial will provide a copy of its Code of Ethics to any client or prospective client upon request. Such a request may be written and submitted to Freedom Financial at the address on the cover page to this brochure.

## **Item 12 – Brokerage Practices**

Freedom Financial currently relies on Cross River Bank to originate Freedom Loans and to disburse Loan amounts to Borrowers. At this time, Freedom only engages with Cross River as an Originator of Freedom Loans. If Cross River Bank were to suspend or cease its operations or otherwise terminate its relationship with Freedom, Freedom would either be required to partner with another bank or to obtain and maintain state-specific lending licenses.



Freedom periodically evaluates other third-party banks to serve in the loan origination process.

Notwithstanding the above, Freedom Financial has complete discretion in deciding what brokers, dealers, and other financial intermediaries and counterparties through or with which to execute or enter into portfolio transactions. Freedom Financial also has complete discretion to negotiate compensation arrangements and transaction terms with a broker or dealer. These arrangements may include not only paying commissions for transactions effected on any agency basis, but also compensation implicit in prices of transactions directly with a broker or dealer. As a result, Freedom Financial will face conflicts of interest in exercising its discretion, so it has created policies and procedures to allow for the fair evaluation of broker services.

#### Selection Criteria

Freedom Financial seeks “best execution” for the Client securities transactions. In evaluating whether a Broker or dealer will provide best execution, Freedom Financial considers a range of qualitative factors, including: price; execution capabilities, including efficiency of execution and willingness to execute difficult transactions; financial strength and stability; block trading and block positioning capabilities; reputation; infrastructure; reliability; quality of research products or services and the scope of other value-added services.

Freedom Financial is not required to select the Broker or dealer that charges the lowest available commission cost, even if that broker or dealer can provide execution quality comparable to other brokers or dealers.

#### Soft Dollar Arrangements

Freedom Financial does not currently maintain any soft dollar arrangements and does not contemplate entering into such arrangements.

#### Directed Brokerage

Not applicable.

#### Aggregation of Orders

At its discretion, Freedom Financial may aggregate buy or sell orders for two or more Clients into a single order, and place aggregated orders with a Broker or dealer for execution. In most instances, such aggregation of orders can result in lower commissions, more favorable net pricing or more efficient execution relative to separately placed orders. Freedom Financial is not obligated to place all transactions on an aggregated basis, as there may be instances in which order aggregation results in a less favorable transaction than a particular Client would have obtained by trading separately. Each Client participating in an aggregated order will participate at the same price as all other participants, and all transaction costs on the order will be allocated pro rata to all participating Clients.

### **Item 13 – Review of Accounts**

Freedom Financial will review all Client accounts on a monthly basis for adherence to its overall investment philosophy, NAV levels, and profit/loss.

Freedom Financial will make Client account performance (unaudited) and the Net Asset Value of a Limited Partner Client account available on a monthly basis. The Managing Member, or their agent, will also make audited annual statements and applicable tax information available within 120 days of the Fiscal Year End. Annual financial reporting to investors in a Freedom Financial fund will be covered in more detail in Item 15 of this brochure.

Freedom Financial's fund administrator will be responsible for delivery of the financial reporting described in this section.

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

Freedom Financial may enter into third party marketing arrangements whereby it pays referral fees to persons or entities that refer potential Limited Partners. The marketing arrangements are consistent with Rule 206(4)-3 of the Investment Advisers Act of 1940, as amended. Under no circumstances are solicited clients disadvantaged by the payment of such fees. Limited Partners whose accounts involve third-party marketing arrangements would be advised of the arrangement prior to the beginning of the advisory relationship, and do not pay higher fees as a result of the arrangement.

Freedom Financial is not currently engaged in any referral/solicitor arrangement with a third-party entity. As such, Freedom Financial does not receive or provide any economic benefits from non-clients or non-registered parties. Should this arrangement change in the future, Freedom Financial would conduct due diligence to confirm a third-party entity's compliance with applicable registration and disclosure requirements.

**At the time of this filing, Freedom Financial does not receive or provide any economic benefits from non-clients or non-registered parties for client referrals.**

### **Item 15 – Custody**

Freedom Financial obtains custodial, clearing, settlement and related services on behalf of its Client through what is known as a "custodial" arrangement. Under that arrangement, a brokerage maintains physical custody of each Client's assets (either directly or through its clearing brokerage firm). The brokerage is a "qualified custodian" and maintains physical custody of Client funds and securities in a separate account for that Client. Freedom Financial reserves the right to change the custodian or enter into custodial arrangements at any time.

Notwithstanding the above, Freedom Financial is deemed to have indirect custody over Client funds or securities as a consequence of its authority to withdraw advisory fees from Client accounts and by virtue of its ability to access and obtain control over Client funds or securities. In order to comply with the SEC's custody requirements, Freedom Financial carries out

the following actions.

At the end of each Fiscal Year, the Freedom Fund will have their financial statements examined and audited by an independent certified public accountant registered with the Public Company Accounting Oversight Board ("PCAOB"). Copies of the audited financial statements are furnished to each investor within 120 days after the end of each Fiscal Year, and prepared in accordance with generally accepted accounting principles ("GAAP"). Unaudited quarterly performance reports for the Freedom Financial Client also will be provided to each investor throughout the year.

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

Freedom Financial has the discretion, limited only by its client offering documents, to determine the:

- securities to be bought, sold, or traded for Client accounts;
- amount of securities to be bought or sold for Client accounts;
- broker or dealer to be used for a purchase or sale of securities for Client accounts;
- commission rates to be paid to a broker or dealer for Client account securities transactions.

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

Freedom Financial has no authority to vote proxies on the securities held by investors within the Freedom Financial Fund.

The Freedom Fund does not receive distributions of public securities or directly hold public securities. In the event that the Freedom Fund receives public securities, those securities would be promptly liquidated. Proxy voting is not generally applicable to Freedom Financial's advisory business.

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

Freedom Financial has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients. Freedom Financial has not been the subject of a bankruptcy petition.