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**PART 2A OF FORM ADV**

**LENDINGCLUB ASSET MANAGEMENT, LLC**

**March 23, 2018**

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*This brochure provides information about the qualifications and business practices of LendingClub Asset Management, LLC ("LCAM"). If you have any questions about the contents of this brochure, please contact us at 415-632-5600. 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.*

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

*Additional information about LendingClub Asset Management, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).*

## ITEM 2

### MATERIAL CHANGES

LendingClub Asset Management, LLC (“LCAM” or the “Firm”) is required to identify and discuss any material changes made to its Brochure since the last update. The following changes were made since the last update to this Brochure dated November 2017:

- LendingClub Asset Management, LLC has hired Vivek Krishnappa as the new President replacing Raman Suri.
- Jill Grenda replaced Matthew Hardin as the Chief Compliance Officer in March 2018.

Pursuant to SEC Rules, the Firm will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of LCAM’s fiscal year. We may further provide other ongoing disclosure information about material changes and/or a new Brochure based on changes or new information, at any time without charge.

#### **Full Brochure Availability**

The LCAM Brochure is available by contacting the firm by telephone at 415-632-5600.

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## ITEM 4

### ADVISORY BUSINESS

LendingClub Asset Management, LLC (“LCAM,” the “Advisor” or the “Firm”) is a California limited liability company formerly known as LC Advisors, LLC. The Firm is a wholly-owned subsidiary of LendingClub Corporation (“LendingClub” or “LC Corp”), which operates a consumer lending platform (“LC platform”) connecting borrowers and investors. The Advisor was formed in 2010, becoming SEC-registered in November 2010. The Firm operated as LC Advisors, LLC until October 2017, when it underwent a name change to LendingClub Asset Management, LLC.

LCAM provides investment advisory services to qualified investors through a suite of passively managed, private funds (the “Funds”). The Funds invest exclusively in products offered on the LC platform. The Advisor or a related party entity that is a wholly owned subsidiary of the Advisor serves as General Partner to each of the LCAM Funds.

<b><u>LCAM Funds</u></b>	<b><u>General Partner</u></b>
Diversified Credit Income Fund, L.P.	DCIF GP, LLC
Diversified Credit Income Fund II, L.P.	DCIF II GP, LLC
Conservative Credit Income Fund, LP	CCIF GP, LLC
Riverview MP Fund L.P.	RV MP Fund GP, LLC

All LCAM Funds are Delaware limited partnerships. All General Partner entities are Delaware limited liability companies.

The Advisor also offers separately managed accounts (“SMAs”) to select accredited investors.

LCAM invests in LC platform products (“Loans”) in accordance with the investment strategies, guidelines and limitations outlined in the Investment Management Agreement for SMAs and the Private Placement Memorandum for each Fund. This process does not involve a recommendation of any one particular available Loan over any other. Rather the Advisor’s services focus on ensuring diversification of a client’s assets across a broad range of available Loans in accordance with their investment criteria. LCAM believes that its portfolio management services offer investors an efficient way to gain direct exposure to Loans with fixed income portfolio benefits.

#### **LendingClub Products (“LC Products”)**

LendingClub facilitates a variety of Loan products, which LCAM uses in its Funds and SMAs. These products include:

- **Personal Loans.** The LC platform facilitates unsecured personal loans that can be used to make major purchases, refinance credit card balances or for other purposes. Personal loans are offered through both its standard and custom loan programs.
- **Small Business Loans.** Small business loans are offered through the LC platform in private transactions with qualified investors. These loan products enable small business owners to expand their business, purchase equipment or inventory, or meet other obligations.

- *Education and Patient Finance Loans.* LendingClub facilitates unsecured education and patient installment loans and true no-interest loans through Springstone, another wholly owned subsidiary of LC Corp, and its issuing bank partners. Education and Patient Finance Loans are currently offered to private investors only and not made publicly available on the marketplace.
- *Auto Refinance Loans.* LendingClub launched an auto refinance product, which is now live in 26 states with plans to expand further.

LendingClub investors, including LCAM, have the opportunity to invest in a wide range of Loans based on term and credit characteristics. Investors are provided with a borrower's proprietary credit grade and access to credit profile data on each approved loan as well as access to data on each listed loan and all of the historical performance data for nearly every loan ever funded through the LC platform.

#### *Trust Certificates*

A third-party bank issues Loans to borrowers introduced to them via the LC platform, and that bank sells the Loans to LendingClub. In certain instances, LendingClub then sells an interest in all or a portion of those Loans to a Delaware business trust, LC Trust I (the "Trust"), that issues certificates in series. When investing in Trust Certificates, LCAM purchases one or more global master certificates issued by the Trust, and the Advisor, on behalf of the respective Funds and SMAs, instructs the Trust to purchase Loans or portions of Loans facilitated through the LC platform in accordance with each Fund or SMA's respective investment criteria. Each Trust Certificate represents a beneficial ownership interest in the assets and liabilities of a particular series.

#### **Governing Board**

Given the limited scope of the Advisor's advice and the dependency by the Advisor on its parent, LendingClub, in the provision of its services, LCAM has established a majority independent Governing Board to assist the Firm in fulfilling its fiduciary duties toward the Funds and the SMAs. Responsibilities of the Governing Board include, but are not limited to, a quarterly review of LCAM's adherence to the investment restrictions and guidelines of the Funds and SMAs, an annual review of the allocation of expenses to the Funds and SMAs and reviewing and assessing any real or perceived conflicts of interest relating to or among LCAM, the Funds, the SMAs, LendingClub and the Governing Board. The Governing Board is comprised of two independent directors, Richard Arney and Robert Hartheimer, as well as LCAM President, Vivek Krishnappa.

LCAM manages approximately \$107.3 million in assets on a discretionary basis as of December 31, 2017. The Firm does not manage any assets on a non-discretionary basis.

## ITEM 5 FEES AND COMPENSATION

### **Private Funds:**

The Funds generally pay the Advisor a management fee equal to 0.50%. The fee is calculated and deducted from each Limited Partner's account monthly, and payable in arrears. The fee is calculated based on the sum of the Limited Partner's Capital Account balance (prior to any distributions or redemptions) and the Leveraged Asset Value of their account at month end. This value is multiplied by 1/12<sup>th</sup> of the Management Fee Percentage.

LCAM, in its sole discretion, may waive, in whole or in part, the Management Fee attributable to any Limited Partner.

### **Core Limited Partners:**

As LCAM launched its newest funds, DCIF II and CCIF, the Advisor initiated a management fee waiver program for those who made initial capital contributions to DCIF, DCIF II or CCIF and met certain criteria. Any investor admitted and making a capital contribution on or prior to February 1, 2018, or such other time, as determined in the General Partner's sole discretion, upon admission, may elect to be treated as a Core Limited Partner. The Management Fee for Core Limited Partners shall be equal to zero for so long as they are treated as such. Core Limited Partners will be treated as such until the first day of the month immediately following the month in which the Fund receives a Distribution Election, Redemption Request or Complete Withdrawal Request from the investor ("Core End Date").

It should be noted that if the Core End Date occurs prior to December 31, 2018, the investor will owe the difference between the management fees it would have owed until such date as it was no longer a Core Limited Partner. If the Core End Date occurs after this date, then no back fees will be assessed. Management fees will simply begin to be charged going forward.

### **Other Fund Expenses:**

With the exception of certain ongoing expenses that are subject to a 15 bps expense cap, the Funds generally pay all expenses related to their own operations and the acquisition, holding and disposition of their investments, including, but not limited to, Fund Board expenses; fees, costs and expenses for outside tax advisors, accountants, auditors, administrators, attorneys, investor verification agents, custodians, consultants, valuation firms and other service providers; custodial, depository, banking or similar fees or commissions actually incurred related to actual Investments; costs of insurance for the General Partner and the Advisor; out-of-pocket fees, costs and expenses incurred in connection with the Funds' legal and regulatory compliance; expenses incurred in preparing and delivering Fund documents and reporting for Partners; any taxes, fees or other governmental charges; all fees, costs and expenses incurred in developing, investigating, negotiating, structuring, trading, settling, monitoring, holdings and disposing of actual Investments; interest on and fees and expenses arising out of borrowings made by the Funds; out-of-pocket fees, costs and expenses incurred in developing, investigating, negotiating and structuring prospective Investments that are not ultimately made; Loan Servicing Fees; and the cost of any litigation, insurance for the Funds and indemnification or extraordinary expense or liability relating to the affairs of the Fund.

Loan Servicing Fees included above are payable to LendingClub. These fees are not included in the 15bps expense cap. The Loan Servicing Percentage is equal to 0.60% for any “Prime” and “Super Prime” loans and 0.75% for any “Near Prime,” “Patient Solutions” and “Small Business” loans. These percentages are reevaluated by LendingClub and LCAM biennially beginning on the two-year anniversary date of the Initial Close Date of each Fund. The percentage may be increased or decreased to reflect the prevailing market rate for services fees.

**Separately Managed Accounts:**

LCAM’s current fees structure for SMAs is based upon the assets under management (“AUM”). The Advisor charges the following fees monthly in arrears:

<b>AUM</b>	<b>Annual SMA Fee</b>	<b>Monthly Fee</b>
\$100,000-\$249,999	1.20%	0.1000%
\$250,000-\$499,999	1.10%	0.0917%
\$500,000-\$999,999	1.00%	0.0833%
\$1,000,000-\$4,999,999	0.95%	0.0792%
\$5,000,000+	0.85%	0.0708%

Fees for SMAs are negotiable and may be waived at the sole discretion of the Advisor. All fees are deducted from clients’ accounts monthly as outlined in their Investment Advisory Agreement with the Firm.

**Collection fees**

Both the fund investors and SMA clients pay collection fees and charge-off recovery fees. LendingClub assesses collection fees of 18% - 35% of borrower payments received as a result of successful collection efforts if no litigation is involved, or 30% of hourly attorney fees, plus costs, if litigation is involved. When borrowers miss payments and loans become late, LendingClub uses best practices from the banking industry to bring delinquent loans back to “current” status.

**Charge-off recovery fees**

Loans become “charged off” when there is no longer a reasonable expectation of further payments. Charge off typically occurs when a loan is no later than 150 days past due, which is 30 days after the “default” status is reached on the LC platform. LendingClub may sell charged-off loans to a third party. In the event that a charged-off loan is sold to a third party or funds are recovered on a previously charged off loan, investors receive a pro rata share of the sales proceeds or recovery payment, respectively, less any fees. Recoveries on previously charged off loans are infrequent.

**Fees Received by LendingClub**

LCAM only offers advice regarding a single type of investment (LC Products), and those products are dependent upon the issuance of Loans facilitated through the LC platform of LCAM’s parent,

LendingClub. Management fees that fund investors and SMA clients pay in connection with their investment in these instruments will provide the sole source of compensation for the Advisor. In addition, their investments will provide a source of funding for the LC platform; LendingClub receives a transaction fee and servicing fee for Loans facilitated through its platform and these fees are a primary source of revenue for LendingClub. This creates a conflict of interest and gives the Advisor an incentive to recommend investment in LC Products based on compensation received, rather than investor or client needs.

The private placement memorandum for each of the private funds contains a section entitled “Conflicts of Interest” and an extensive discussion of risk factors associated with an investment in the respective Fund. Further, the private placement memorandum for the Trust contains an extensive discussion of the risk factors associated with investment in a Trust Certificate. In addition, LendingClub fully discloses the source of its revenue in the prospectus for the Member Dependent Notes that is filed with the SEC. Investors should read these disclosures carefully.

It should be noted that investors and clients do not need to use the services of LCAM to invest in Loans facilitated through the LC platform. The LendingClub website provides potential investors with a self-directed option to purchase SEC-registered member payment dependent notes issued by LendingClub directly (“Member Payment Dependent Notes”). Alternatively, investors may contract with LendingClub to purchase whole Loans. Investors wishing to invest in Loans through the Trust without engaging the Advisor may do so by contracting directly with the Trust. However, investing with the advisory services of LCAM may require a significant amount of an investor’s time to manage a portfolio in order to meet their investment goals or a willingness to engage and monitor LendingClub’s automated investing tools. There are no fees payable to the Advisor if any of these self-directed investment options is selected.



## ITEM 6 PERFORMANCE FEES

LCAM does not charge performance-based fees.

## ITEM 7

### TYPES OF CLIENTS

LCAM provides investment advisory services to privately offered Funds and SMAs.

LCAM manages four privately offered Funds that invest in LC Products. Each of the Funds has a specific and limited investment strategy. The Funds are offered only to accredited investors as defined in Regulation D under the Securities Act of 1933, as amended (the “Securities Act”), and in reliance upon exemptions from registration provided in Section 3(c)(1) or Section 3(c)(7) of the Investment Company Act of 1940, as amended (the “Investment Company Act”).

The offering documents of each Fund outlines the minimum amounts for investment by prospective investors in such Funds. Depending on the Fund, minimums range from \$100,000 to \$250,000. Minimum amounts are subject to waiver at the discretion of the Advisor or General Partner.

LCAM also offers advisory services on a separately managed account basis to investors who meet the definition of accredited investor. The SMAs generally carry a minimum account size of \$100,000.

Underlying investors in both account types, private Funds and SMAs, include a wide range of persons, such as high net worth individuals, family offices, hedge funds, funds of funds, registered investment advisers investing on behalf of their clients, insurance companies, private foundations and retirement and pension funds.

## ITEM 8

### METHODS OF ANALYSIS, INVESTMENT STRATEGY & RISK OF LOSS

The privately offered Funds LCAM manages each have a specific and limited investment strategy that imposes restrictions on the types of assets in which the Advisor may invest and the strategies the Advisor may employ in managing Fund assets. This information is outlined in each Fund's private placement memorandum. With regard to SMAs, LCAM works with prospective investors (and/or their authorized fiduciaries) to determine the investor's desired risk and return levels, how the Advisor can utilize its methods of analysis and investment strategies and any investor guidelines to meet the investor's needs. This information is memorialized in the Advisory Agreement.

In all cases, LCAM advises investors that investing in LC Products involves a high degree of risk and is suitable only for investors who have the financial sophistication and expertise to evaluate the merits and risks of these investments. Investments may lose value over time and no return is guaranteed. There can be no assurance that investment objectives will be achieved or that an investor will receive a return of its contributed capital.

#### **Methods of Analysis**

LCAM relies upon the quality and strict credit policy guidelines of the LC platform's credit scoring and underwriting in assessing the risks and rewards of underlying borrowers and Loans. The Advisor allocates its clients' assets across available Loan inventory based on this analysis as dictated by each client's investment mandates.

LendingClub's risk management process starts at the beginning of the credit decision process. Sophisticated models use automatic data sources and proprietary algorithms to generate risk assessments. These models use borrowers' application data, credit history, employment data, income, current credit situation, transactional data, behavioral data, income and online footprint, among other things, to identify risk.

The current minimum credit policy requirements for borrowers facilitated through the LC platform is as follows:

Currently, the minimum credit requirements for standard program personal loans include a FICO score of at least 660, satisfactory debt-to-income ratios, 36 months of credit history and a maximum number of five credit inquiries in the previous six months. Personal loans approved through the standard loan program include amounts from \$1,000 to \$40,000, maturities of three or five years, fixed interest rates, and no prepayment penalties or fees.

Personal loans that fall outside of the credit criteria for the standard program might qualify under LendingClub's custom program, which includes near prime loans and super prime loans. The current minimum credit requirements for near prime loans include a FICO score between 600 and 659, satisfactory debt-to-income ratios, 36 months of credit history and a maximum of five credit inquiries in the previous six months. Near prime loans include amounts from \$1,000 to \$20,000 and have terms of three or five years.

Super prime loans are generally made to high credit quality borrowers and require a minimum FICO score of 710. Super prime loans include amounts from \$1,000 to \$50,000 and have terms of two, three or seven years.

LendingClub reviews the terms for its lending program on a periodic basis to adjust its underwriting standards based on the payment and default characteristics over time.

The LC platform then takes these elements, in consideration with the size of the loan, and arrives at a credit grade which it believes accurately sets “risk-based” pricing for the loan.

LendingClub also offers Education and Patient Finance Loans and Small Business Loans. Education and Patient Finance installment loan terms include amounts from \$2,000 to \$50,000, maturities from 24 to 84 months and fixed interest rates. The true no-interest loan terms include amounts ranging from \$499 to \$32,000 and no required interest payment if the balance is paid in full during the promotional period, which can be six, 12, 18, or 24 months. There is no prepayment penalty and borrowers have the flexibility to pay as much or as little, subject to applicable minimums, of the outstanding balance during the promotional period as they choose.

Small Business Loans enable small business owners to expand their business, purchase equipment or inventory, or meet other obligations at an affordable rate. Small Business Loans are fixed- or variable-rate loans in amounts ranging from \$5,000 to \$300,000 with maturities of 1 to 5 years and contain no prepayment penalties or fees.

LCAM believes that the LC platform’s borrower verification, strict credit policy and underwriting analysis produces a unique inventory of Loans. Based on this inventory of Loans, the Advisor builds diversified portfolios consistent with its clients’ investment objectives and requirements.

### **Investment Strategy**

LCAM’s services currently relate solely to investments in LC Products. The Advisor’s investment strategy is to create and maintain a diversified portfolio of Loans that can help mitigate the impact of inevitable defaults and loss and potentially produce a consistent, predictable return. LCAM strives to generate predictable annual returns on capital invested based on each Fund’s or SMA’s specific risk tolerance and return objective.

### **Risk Factors**

*The following is not a complete list or explanation of all risks involved in an investment with LCAM or LC Products. These risk factors include only those risks the Advisor believes to be material, significant or unusual and relate to significant investment strategies, methods of analysis or types of investments used by LCAM. For a more detailed list of risk factors applicable to a particular Fund, please refer to the relevant Fund’s private placement memorandum.*

### **Risk of Loss**

Investing in securities and loans, including consumer and business loans, involves a risk of loss. Investments may lose value over time and no return is guaranteed. The LC Products that the Advisor purchases and invests in on behalf of its clients usually represent interests in unsecured Loans. Payment is wholly dependent on the receipt of payments on the underlying Loans. The Advisor does not act as a servicer of the Loans, and thus is unable to pursue delinquent borrowers. Accordingly, LCAM Clients

must rely upon LendingClub or any of LendingClub's appointed third-party servicers for collection and servicing activities relating to the Loans.

LCAM believes that defaults are an expected part of lending. Defaults occur when the borrower of a specific Loan fails to make payments of its outstanding principal or interest as required. The Advisor believes that the key to managing the risk of defaults in an investor's account is to (i) emphasize higher quality borrowers, who will likely default at a lower rate, and (ii) combine this focus with broad portfolio diversification. In LCAM's opinion, employing this combination of considerations may help in achieving the Advisor's goal of keeping defaults to a reasonable level, and accordingly may minimize principal losses to client accounts. However, there can be no assurance that Clients will avoid substantial losses, regardless of their stated risk tolerance and the level of diversification maintained in their portfolio. The Advisor expects that Clients will realize losses on some individual positions held within portfolios, and Clients should be prepared to bear losses on some or all individual investment positions, which may result in the loss of an investor's entire investment. Varying portfolio configurations could have significantly different default and charge-off rates.

#### *Nature of Investments and General Credit Risks*

LC Products are highly risky and speculative because payments depend entirely on payments received on Loans of individual borrowers (or guarantors, with respect to small business loans). If a borrower (or guarantor), fails to make payments on the corresponding Loans related to the respective LC Product, the related LCAM client will not receive any payments on the corresponding LC Product. The Loans are usually unsecured obligations and, with the exception of Auto Refinance Loans (which are secured) and Small Business Loans (for which there is a guarantor), the Loans are not backed by any collateral or guaranteed or insured by any third party. The failure of a borrower to repay a Loan does not result in any direct cause of action through any LC Product. Any obligation to pay LCAM clients is limited as described in the applicable offering documents correspondent to the LC Product at issue. LCAM clients must rely on the servicer and any designated third-party collection agency to pursue collection against any borrower. LCAM clients will have no recourse against borrowers and no ability to pursue borrowers to collect payments under Loans.

#### *Dependence on LendingClub*

Investments are facilitated through the LC platform, and LCAM would be unable to fulfill its investment objectives if LendingClub was to dissolve, liquidate, become bankrupt or otherwise cease operations or change its business. Furthermore, LendingClub has no legal obligation to offer or sell Investments to LCAM.

#### *Insufficient Supply*

LCAM's investment programs are dependent upon a sufficient supply of borrowers, which is outside the control of the Advisor and LendingClub. If there is insufficient supply to meet LCAM Client demand, the Advisor may be unable to fulfill Clients' investment programs. In such cases, LCAM Client portfolios may be required to hold extensive cash positions for extended periods of time, potentially reducing their returns.

#### *Loan Grading*

The final grading and interest rate applicable to the borrowers of the Loans in which LCAM invests on behalf of clients is established by LendingClub and is not reviewed or approved by an independent third

party. If the credit decisioning and scoring models used contain errors or are otherwise ineffective, LendingClub's reputation and relationships with borrowers and investors could be harmed and its market share could decline. LendingClub's ability to attract borrowers and investors to, and build trust in, its marketplace is significantly dependent on its platform's ability to effectively evaluate a borrower's credit profile and likelihood of default. To conduct this evaluation, the LC platform utilizes credit decisioning and scoring models that assign each loan offered on its marketplace a grade and a corresponding interest rate.

#### Limited Operating History

LCAM has a limited operating history, and several of its Private Funds were just recently launched. Additionally, the Advisor has historically managed Funds and SMAs that have only invested in standard program loans and has only more recently started managing Funds that invest in near prime and small business Loans. Further, LendingClub has limited experience with analyzing the performance of loans that are not standard program loans. Due to the limited amount of historical data regarding the actual performance of loans that are not standard program loans, the future performance of these loans may be materially worse than expected. Additionally, the credit policies applicable to loans that are facilitated through the LC platform are subject to periodic changes, and the terms of such loans are similarly subject to periodic changes. Any such change to a credit policy or the terms of loans facilitated through the LC platform may affect the reliability of historical data in determining the expected performance of the investments.

#### No Market for Interests

The Interests held in the Funds have not been registered under the Securities Act, the securities laws of any state or the securities laws of any other jurisdiction, and therefore cannot be resold unless they are subsequently registered under the Securities Act and other applicable securities laws or an exemption from registration is available. It is not expected that Interests will ever be registered under the Securities Act or other securities laws. There is no public market for the Interests and one is not expected to develop.

#### Lack of Diversification

The Funds and SMAs advised by LCAM invest solely in LC Products, and their portfolios will not be diversified beyond these LC Products and idle cash investments. Therefore, the portfolios may be subject to more risk than would be the case if they were required to maintain a wider diversification among types of securities and issuers.

#### Interest Rate and Financial Market Fluctuations

General fluctuations in interest rates, including rate changes by the Federal Reserve and rate changes implemented by the LC platform, may have a substantial negative impact on LCAM Client portfolios. General fluctuations in the financial market may affect the availability of investments in which LCAM intends to invest. A default on an asset held in a portfolio or a sudden and extreme increase in prevailing interest rates may cause a decline in a portfolio's value. General economic conditions outside of the control of LCAM may also affect performance. Clients should be aware that these fluctuations may have material adverse effects on their portfolios, investment objectives, asset value and rate of return on invested capital.

## ITEM 9

### DISCIPLINARY INFORMATION

LendingClub and its subsidiaries are currently subject to certain material litigation and regulatory investigations. Refer to LendingClub's corporate public filings for additional information regarding these ongoing events.

## ITEM 10

### OTHER FINANCIAL INDUSTRY ACTIVITIES

LCAM and its management persons are not registered as broker-dealers and do not have any application pending to register with the SEC as a broker-dealer or registered representatives of a broker-dealer.

LCAM and its management persons are not registered as, and do not have any application to register as, a futures commission merchant, commodity pool operator, commodity trading advisor, or an associated person of the foregoing entities.

As discussed in Item 4, LCAM is a wholly owned subsidiary of LendingClub Corporation, a public company. The General Partners of LCAM's private Funds are all wholly owned subsidiaries of the Advisor. Certain individuals associated with the Advisor provide services to both LendingClub and LCAM in financial and professional capacities. In particular, employees in investor-facing or operational roles have dual roles with both LCAM and LC Corp.

While LC Corp is not a bank, broker-dealer or other traditional financial industry participant, LCAM's clients invest in LC Products. The Advisor's services do not relate to any other type of financial product, and accordingly, LCAM's business is wholly dependent on the continued operation of LendingClub.

To address potential conflicts of interest between LCAM and LendingClub, the operations of the Advisor are separate and distinct from those of LC Corp. LCAM dedicated employees are responsible for the core business functions. The firm pays rent to LendingClub for the separate, dedicated office space in which it resides, and pays for its portion of technology, human resources and other similar services.

LCAM invests in Loans offered through the LC platform in the same manner as other advisors and institutional investors. Additionally, the Advisor has a majority independent Governing Board responsible for overseeing critical aspects of its operations.



## ITEM 11

### CODE OF ETHICS

#### **Code of Ethics**

LCAM strives to adhere to the high industry standards of conduct based on principles of professionalism, integrity, honesty and trust. In seeking to meet these standards, LCAM has adopted a Code of Ethics (the “Code”) that incorporates standards of business conduct. The Code incorporates the following general principles that all employees are expected to uphold: employees must at all times place the interest of clients first; employees must not take any inappropriate advantage of their positions; communications with clients or prospective clients should be true, complete and accurate and not mislead or misrepresent; and client information must be kept confidential.

Additional restrictions within the Code apply to the Advisor’s “Access Persons,” which include, generally, any partner, officer or director of and any employee who, in relation to the Advisor’s clients, (1) has access to non-public information regarding any purchase or sale of securities, or non-public information regarding securities holdings; or (2) is involved in making securities recommendations, executing securities recommendations, or has access to such recommendations that are non-public.

The Code sets forth certain reporting and pre-clearance requirements with respect to personal trading by Access Persons. Access Persons are required to disclose certain personal securities holdings and transactions to LCAM’s Chief Compliance Officer on a periodic basis and are required to pre-clear certain transactions.

Clients and prospective clients may request a copy of the Code by contacting LCAM at the address or telephone number listed on the cover page of this Brochure.

#### **Conflicts of Interest**

**Proprietary Positions:** LCAM does not take proprietary positions with regard to any Loans it selects for clients. The Advisor’s parent company, LendingClub, sometimes has proprietary positions in certain Loans which the Advisor may select for investment by its clients. LendingClub seeks to ensure access to fractional asset inventory among all platform participants without any one participant or type of platform participant being materially disadvantaged. Because LendingClub only takes proprietary positions in Loans to the extent that LCAM and self-directed investors have no further available funds or choose not to invest in the Loans in question, or to correct an error or, in certain very limited circumstances, to reverse a transaction entered into by a platform participant, the Advisor believes that there are no material conflicts of interest that would negatively impact LCAM clients.

**Investing Alongside Clients:** Employees, executive officers and board members of LCAM and LendingClub may invest in the Advisor’s private funds or through LendingClub’s self-directed platform. LCAM believes that when employees and related parties invest along with clients, it aligns their interests to those of the Firm’s clients. To avoid potential conflicts of interest, LCAM Access Persons are able to maintain retail note accounts with LC Corp; however, they are not permitted to directly purchase or sell the securities (i.e., the notes issued by LC Corp) made available through such account. Rather, Access Persons are required to set their investment criteria such that the execution is then automated or executed by LendingClub’s trading group based on their investment parameters.

**Valuation:** Loans held in LCAM Fund portfolios are priced at fair value. Estimating fair value of an asset generally requires significant management judgement to measure. LCAM has established a Valuation

Committee and engages an independent valuation agent, approved by the Governing Board, to assist in the process. The independent valuation agent provides low, mid and high month end prices, which the Valuation Committee reviews and compares to internally prepared fair value estimates. If there is a material difference between the two, the Valuation Committee escalates the decision to LCAM Governing Board for review and approval.

Side Letters: LCAM has entered into side letters and other agreements with certain Fund investors and clients which have established different rights or privileges with respect to various items, including transfer rights and management fees. The Firm may enter into such side letters without approval from or notice to any investor. LCAM has implemented a policy and procedure for reviewing, approving and monitoring such arrangements.

## ITEM 12

### BROKERAGE PRACTICES

LCAM does not select or recommend any broker-dealers for clients. The Advisor only executes transactions in LC Products, which are not affected by means of orders placed through any broker-dealer. All transactions are executed through LendingClub's on-line platforms.

LendingClub has two on-line platforms: the LC Scale Program and the LC Select Program. The LC Scale Program is available to all prime whole loan purchasers, including LCAM. Through this program, LCAM selects the volume by grade and term (e.g. A36, D60, etc.). The LC Scale Program then systematically allocates loan volume among participants, including LCAM, based on several factors, including, among others, consistency of orders over time, breadth of purchasing across grade and term, relationship value and diversification and concentration objectives.

LC Select Program allows participants to purchase loans individually based on more detailed loan criteria. This program also randomly allocates volume at term and grade levels once orders are submitted.

LCAM primarily uses the LC Scale Program, but the LC Select Program is also used to fill client orders.

### ITEM 13

#### REVIEW OF ACCOUNTS

The LCAM Investment Team monitors all portfolios on an on-going basis to ensure trading instructions comply with investment guidelines and restrictions and manage cash drag. On a monthly basis, all accounts / portfolios are reviewed to verify compliance with their stated investment objectives. These reports are reviewed with LCAM Senior Management and the LCAM Governing Board on a regular basis.

Private Fund Investors and SMA Clients receive statements at least quarterly.

On an annual basis, Fund investors receive a copy of the audited financial statements for the Fund in which they are invested and applicable tax reporting information.

LCAM may also provide periodic ad hoc reports / information to clients upon request.

## ITEM 14

### CLIENT REFERRALS

LCAM has entered into solicitation agreements with certain registered broker-dealers under which these third parties may receive compensation for referrals of investors to the private Funds managed by LCAM or referring prospective clients to open an SMA with the Firm. For these services, the firms are paid a fee in connection with investments obtained as a result of their efforts. All such compensation is paid by the Advisor or its affiliates from the management fees that they receive. No additional fees are assessed by LCAM as a result of the participation of these placement agents in the introduction of new investors. The executed agreements with these firms require that clear disclosure be provided to the investor regarding the nature of the referral arrangement and any compensation the third-party referrer would receive.

## ITEM 15

### CUSTODY

LCAM has engaged Millennium Trust Company, LLC (“Millennium”) to serve as the qualified custodian for assets of the private Funds and the SMAs managed by the Advisor. Clients receive account statements directly from Millennium on a quarterly basis and are urged to review these statements carefully. LCAM also urges clients to compare the statements they receive directly from the Advisor to their Millennium statements.

The Advisor is deemed to have custody of the underlying assets of many of its Clients. For the SMA Clients, and specifically for those accounts to which the Advisor is deemed to have custody of the underlying assets, LCAM engages an independent public accountant to subject assets of these accounts to a surprise audit on an annual basis in order to comply with the Custody Rule under the Advisers Act.

The Funds’ assets are held with an unaffiliated, qualified third-party custodian. The Funds are audited annually in accordance with GAAP by an independent public accounting firm that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board (“PCAOB”). Copies of the audited financial statements are distributed to each investor within 120 days of the Funds’ fiscal year end.

## ITEM 16

### INVESTMENT DISCRETION

LCAM exercises discretionary authority in managing Client accounts. Investment decisions with respect to each Fund and SMA are subject to the investment objectives and guidelines set forth in their offering documents or investment advisory agreements.

## ITEM 17

### VOTING OF CLIENT SECURITIES

LCAM's advisory services relate exclusively to LC Products, which are various types of Loans. Accordingly, only non-voting financial instruments are held in client portfolios. The Advisor does not exercise voting authority over any client proxies, nor do clients receive any proxies or other solicitations pertaining to securities related to the Advisor's services from any source.



ITEM 18  
FINANCIAL INFORMATION

LCAM is not required to disclose a balance sheet for its most recent fiscal year, is not aware of any financial condition reasonably likely to impair its ability to meet contractual commitments to Clients and has not been the subject of any bankruptcy petition at any time during the past ten years.