

Item 1 Cover Page

LC ADVISORS, LLC

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June 29, 2012

This brochure provides information about the qualifications and business practices of LC Advisors, LLC. If you have any questions about the contents of this brochure, please contact us at 415.632.5600 or info@lc-advisors.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.

Additional information about LC Advisors, LLC also is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 Material Changes

This brochure provides information about the qualifications and business practices of LC Advisors, LLC (the “Advisor”). This update contains a number of material changes from the Advisor’s most recent brochure, which was filed on March 30, 2012. These material changes include the following items:

- LC Advisors manages the assets of qualified investors through a suite of passively managed, privately offered funds that invest in loans originated through the platform operated by the Advisor’s parent company, LendingClub Corporation (“Lending Club”). In addition to assisting these funds with their allocation of assets across the available inventory of loans on the Lending Club platform, the Advisor serves as the general partner of these funds. The terms applicable to participation as an investor in these funds, including the fees charged to fund investors, have changed, and this brochure provides information regarding these updated terms.
- As of the date of the Advisor’s most recent brochure, the suite of privately offered funds to which the Advisor served as the general partner included two funds, the Conservative Consumer Credit Fund, L.P. (“CCF”) and the Broad Based Consumer Credit Fund, L.P. (“BBF”). As of May 1, 2012, a third fund, Broad Based Consumer Credit (Q) Fund, L.P., was created using certain assets held by BBF to operate as a parallel fund for qualified purchasers. The Advisor now also serves as the general partner of this parallel fund and assists all three funds with their allocation of assets across the available inventory of Lending Club loans. This brochure describes the terms applicable to participation as an investor in this new fund.
- The Advisor relies upon the credit policy guidelines of its parent company, Lending Club, in assessing the risks and potential rewards of loans in which the Advisor’s clients may invest. The minimum credit requirements for borrowers on the Lending Club platform have changed, and this brochure provides information regarding these updated requirements.

Please note that the changes summarized above represent only material changes from the Advisor’s most recently filed brochure, and do not attempt to summarize all information provided in this brochure.

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Item 4 Advisory Business

A. Describe your advisory firm, including how long you have been in business. Identify your principal owner(s).

LC Advisors, LLC (the “Advisor”) was formed in November 2010 and became an SEC-registered investment advisor on November 19, 2010.¹

The Advisor is a wholly-owned subsidiary of LendingClub Corporation (also referred to herein as “Lending Club”), which operates the Lending Club online consumer loan origination and investment platform.

LC Advisors manages the assets of qualified investors through a suite of passively managed, privately offered funds that invest in loans originated through the Lending Club platform. The Advisor has also recently begun offering a limited number of individual accounts to selected accredited investors.

All loans originated through the Lending Club platform are issued by WebBank, a Utah-chartered industrial bank. All grading of the loans in which the funds managed by LC Advisors invest is conducted by Lending Club, and such grades are not verified or approved by any independent third party.

B. Describe the types of advisory services you offer. If you hold yourself out as specializing in a particular type of advisory service, such as financial planning, quantitative analysis, or market timing, explain the nature of that service in greater detail. If you provide investment advice only with respect to limited types of investments, explain the type of investment advice you offer, and disclose that your advice is limited to those types of investments.

The Advisor serves as the General Partner of a suite of privately offered funds that invest exclusively in loans originated through the Lending Club platform by purchasing certificates issued by a business trust that acquires interests in loans or portions thereof directly from Lending Club. The Advisor’s separately managed account clients similarly purchase certificates issued by this business trust. Each of these certificates corresponds directly with underlying loans (or portions thereof) acquired by the trust. Through the purchase of these trust certificates, LC Advisors allocates the assets of the private funds and its separately managed account clients across the available inventory of loans on the Lending Club platform in accordance with the funds’ investment strategies and investor established guidelines, respectively. The Advisor believes that its portfolio management services offer investors an efficient and time effective way to gain direct exposure to consumer loans with fixed income portfolio benefits.

The Advisor’s portfolio management process begins with the Investment Policy Committee (the “IPC”). The IPC consists of three members: Carrie Dolan, Chief Financial Officer of Lending Club and the Advisor; Jason Altieri, the General Counsel of Lending Club and Chief Compliance Officer of the Advisor; and Bradley Pattelli, President of LC Advisors. The Advisor believes

¹ Registration does not imply a certain level of skill or training.

that these individuals bring distinct and relevant experience to the IPC for the benefit of the Advisors' clients. The Advisor also believes that these three individuals provide in-depth investment, operational and compliance expertise that helps ensure that clients' assets are properly managed given their stated investment goals.

The IPC meets monthly to review client accounts, as well as performance and strategy compliance issues relating to each fund. In addition to reviewing account performance, the IPC reviews accounts to verify that account activity is aligned with account objectives and investment guidelines, reviews cash balances and timing of re-investments, if applicable, and examines other outstanding investment, operational and compliance related issues.

The Advisor only offers advice regarding investments in Prime Consumer Loans originated through its parent company, Lending Club. The Advisor does not currently offer advice regarding any other investment products. The Advisor's services primarily involve assisting clients with allocating their assets across the available inventory of loans listed on the Lending Club platform and investing in these loans through the purchase of certificates issued by a business trust that acquires the loans directly from Lending Club. This process does not involve a recommendation of any one particular available loan over any other. Rather, the Advisor's services instead focus on ensuring diversification of a client's assets across a broad range of available loans in accordance with the client's investment criteria.

To seek to ensure a fair and equitable allocation of asset inventory between clients of the Advisor and self-directed investors on Lending Club's platform, Lending Club divides available loan inventory between these groups on a pro-rata basis each week. Once per week, typically on the first business day of the week, the Advisor calculates the amount of capital available for investment from all of its clients in its reasonable discretion. As of the same date, Lending Club calculates the amount of demand expected from self-directed investors. Based on the proportion of these two figures, Lending Club then makes a pro-rata portion of each loan on the Lending Club platform available for investment by LC Advisors' clients. While this process is designed to seek a fair and equitable allocation of loan inventory, there is no guarantee that the calculation will actually be equitable or that all account types actually will be treated fairly. In addition, any loan request that has been listed for more than 7 calendar days will not be subject to the foregoing allocation restrictions.

With respect to the Advisor's clients, all accounts with the same criteria are sought to be treated equally such that any allocation is divided amongst each account based on the percentage they represent of the total of the Advisor's client cash available for investment. There is no guarantee that all accounts actually will be treated equally.

At times, the inventory on Lending Club's platform will not be sufficient to invest all of a client's assets, with the result being that investable cash will be held until enough inventory is available to deploy the available cash as directed by the client. We anticipate that it will typically take from one to three months to fully invest the contribution of a Fund investor or separately managed account client, depending on the size of the account and the loan inventory available on the Lending Club platform. Contributed assets are periodically invested as inventory becomes available on the platform.

The Advisor will not sell assets for its clients unless expressly directed to do so. If the Advisor is directed to sell a client's assets, the client, in consultation with the Advisor, will be responsible for setting the price and terms of the transaction and the Advisor will only administer the transaction on behalf of the client. The certificates acquired by the Advisor for its clients are privately issued securities and are accordingly subject to resale restrictions and other compliance-related considerations imposed under the federal securities laws.

C. Explain whether (and, if so, how) you tailor your advisory services to the individual needs of clients. Explain whether clients may impose restrictions on investing in certain securities or types of securities.

LC Advisors currently manages the assets of accredited investors through a suite of passively managed, privately offered funds that invest in loans originated through the Lending Club platform. Each of these funds has a specific and limited investment strategy that may impose restrictions on investing in certain securities or types of securities. Individual investors in these funds are not given the option to impose additional restrictions beyond those inherent in the existing investment strategies of the funds.

LC Advisors has recently begun managing a limited number of separate accounts for selected accredited investor clients. LC Advisors discusses desired return and risk levels with each prospective separately managed account client and executes a client agreement that specifies these characteristics in the form of a desired allocation of loans and directs the Advisor to implement the client's instructions to the best of the firm's ability, although there can be no assurances that the desired return and risk level will be achieved. Clients are also given the opportunity to elect whether to reinvest principal and interest, reinvest principal only or withdraw principal and interest at predetermined intervals, as well as the opportunity to impose other limitations on the securities that will be purchased for their account, primarily with regard to the characteristics of the loans the Advisor will acquire for the account of the client.

D. If you participate in *wrap fee programs* by providing portfolio management services, (1) describe the differences, if any, between how you manage wrap fee accounts and how you manage other accounts, and (2) explain that you receive a portion of the wrap fee for your services.

Not Applicable. The Advisor does not offer a wrap fee program.

E. If you manage client assets, disclose the amount of client assets you manage on a discretionary basis and the amount of client assets you manage on a non-discretionary basis. Disclose the date "as of" which you calculated the amounts.

All assets currently managed by LC Advisors are managed on a limited-discretionary basis in accordance with the limited, specific investment strategies of the Advisor's managed funds and investor-established investment criteria and guidelines, as discussed above. As of May 31, 2012, the Advisor managed approximately \$106,663,196 as the general partner of three private funds and approximately \$10,362,588 as an advisor to separately managed accounts. The Advisor does not manage any assets on a discretionary basis; the Advisor holds only limited allocation authority with regard to the assets it manages, subject to the specific investment criteria of its clients, as described below.

Item 5 Fees & Compensation

A. Describe how you are compensated for your advisory services. Provide your fee schedule. Disclose whether the fees are negotiable.

Currently, the Advisor collects fees from investors in certain investment-related limited partnerships in connection with its role as the general partner of these vehicles. The management fee earned in connection with limited partners' investment in these funds is based upon each limited partner's capital account balance at the end of each month. The monthly fee charged to new limited partners is 1/12th of the applicable fee as listed in the table below, although all fees are negotiable at the sole discretion of the Advisor. The general partner has no carried interest.

| New Limited Partner Capital Account Balance | Management Fee Percentage (Fund Investments) |
|--|---|
| \$500,000 to \$999,999 | 0.80% |
| \$1,000,000 to \$4,999,999 | 0.70% |
| \$5,000,000 or more | 0.60% |

Limited partners whose capital account balances fall below the minimum investment of \$500,000 due to redemptions or distributions are charged a Management Fee Percentage of 0.90% on the same terms as described above.

The Advisor has recently begun to offer and manage a limited number of individual accounts for selected accredited investor clients. The Advisor's current fee structure for separately managed accounts is based upon the size of the account in question as set forth in the table below, although all fees are negotiable at the sole discretion of the Advisor. The monthly fee to be charged by the Advisor varies based on the market value of the account for the month in question, measured by averaging the value of the account at the beginning of the month and the value of the account at the end of the month, and is payable in arrears.

| <u>Account Size</u> | <u>Annual SMA Fee</u> | <u>Monthly Fee</u> |
|----------------------------|------------------------------|---------------------------|
| \$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% |

In all cases, the specific terms relating to the fees charged by the Advisor are detailed in each client agreement, and clients are urged to carefully review those documents prior to making an investment.

It should be noted that clients do not need to use the services of the Advisor to invest in loans originated through the Lending Club platform. The Lending Club website provides potential investors with a self-directed option to purchase member payment dependent notes issued by Lending Club directly, although investing in this fashion may require a significant amount of an individual's time to manage a portfolio in order to meet their investment goals.

There are no fees payable to the Advisor if this self-directed investment option is elected.

B. Describe whether you deduct fees from *clients'* assets or bill *clients* for fees incurred. If *clients* may select either method, disclose this fact. Explain how often you bill *clients* or deduct your fees.

The Advisor's fees are typically deducted from clients' accounts on a monthly basis. In some cases, clients can elect to have management fees billed each month upon request.

C. Describe any other types of fees or expenses *clients* may pay in connection with your advisory services, such as custodian fees or mutual fund expenses. Disclose that *clients* will incur brokerage and other transaction costs, and direct *clients* to the section(s) of your *brochure* that discuss brokerage.

The Advisor does not currently charge any other fees or expenses to investor accounts. The Advisor may, in its discretion, charge clients a reasonable fee for certain administrative and/or legal services the Advisor may perform on behalf of clients, which may include custody fees.

Clients may also be obligated to pay a fee in connection with any sale of assets the Advisor administers on their behalf, to the extent the Advisor incurs expenses in connection with such sale. As discussed above, the Advisor will not sell assets for its clients unless expressly directed to do so.

D. If your *clients* either may or must pay your fees in advance, disclose this fact. Explain how a *client* may obtain a refund of a pre-paid fee if the advisory contract is terminated before the end of the billing period. Explain how you will determine the amount of the refund.

Not Applicable to the Advisor as fees are not paid in advance of services.

E. If you or any of your *supervised persons* accepts compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds, disclose this fact and respond to Items 5.E.1, 5.E.2, 5.E.3 and 5.E.4.

Currently, our supervised persons do not receive any compensation for the sale of securities or other investment products.

E.1 Explain that this practice presents a conflict of interest and gives you or your supervised persons an incentive to recommend investment products based on the

compensation received, rather than on a client's needs. Describe generally how you address conflicts that arise, including your procedures for disclosing the conflicts to clients. If you primarily recommend mutual funds, disclose whether you will recommend "no-load" funds.

Not applicable. Our supervised persons do not receive any compensation from the sale of securities or other investment products.

E.2 Explain that *clients* have the option to purchase investment products that you recommend through other brokers or agents that are not affiliated with you.

Not applicable. Our supervised persons do not receive any compensation from the sale of securities or other investment products.

E.3 If more than 50% of your revenue from advisory *clients* results from commissions and other compensation for the sale of investment products you recommend to your *clients*, including asset-based distribution fees from the sale of mutual funds, disclose that commissions provide your primary or, if applicable, your exclusive compensation.

Not applicable. Our supervised persons do not receive any compensation from the sale of securities or other investment products.

E.4 If you charge advisory fees in addition to commissions or markups, disclose whether you reduce your advisory fees to offset the commissions or markups.

Not applicable. Our supervised persons do not receive any compensation from the sale of securities or other investment products; as such, there are no corresponding adjustments to advisory fees.

Item 6 Performance Fees

If you or any of your *supervised persons* accepts *performance-based fees* – that is, fees based on a share of capital gains on or capital appreciation of the assets of a *client* (such as a *client* that is a hedge fund or other pooled investment vehicle) – disclose this fact. If you or any of your *supervised persons* manage both accounts that are charged a *performance-based fee* and accounts that are charged another type of fee, such as an hourly or flat fee or an asset-based fee, disclose this fact. Explain the conflicts of interest that you or your *supervised persons* face by managing these accounts at the same time, including that you or your *supervised persons* have an incentive to favor accounts for which you or your *supervised persons* receive a *performance-based fee*, and describe generally how you address these conflicts.

Not Applicable. The Advisor does not charge its clients performance-based fees.

Item 7 Types of Clients

Describe the types of *clients* to whom you generally provide investment advice, such as individuals, trusts, investment companies, or pension plans. If you have any requirements for opening or maintaining an account, such as a minimum account size, disclose the requirements.

The Advisor's clients include three privately offered funds that invest in loans originated through the Lending Club platform. Each of these funds has a specific and limited investment strategy. The funds are offered only to accredited investors, and each fund carries a \$500,000 single account minimum investment, which can be waived in the sole discretion of the funds' General Partner. The funds' investors may include a wide range of persons, such as high net worth individuals, family offices, hedge funds, funds of funds, insurance companies, and retirement funds.

LC Advisors has recently begun to offer a limited number of separately managed accounts to individual and institutional accredited investor clients. The Advisor's separately managed accounts generally carry a minimum account size of \$100,000.

Item 8 Methods of Analysis, Investment Strategy & Risk of Loss

A. Describe the methods of analysis and investment strategies you use in formulating investment advice or managing assets. Explain that investing in securities involves risk of loss that *clients* should be prepared to bear.

The privately offered funds currently managed by the Advisor each have a specific and limited investment strategy that may impose restrictions on the types of securities in which the Advisor may invest or on the strategies the Advisor may employ in managing the fund's assets. With regard to the separately managed accounts operated by the Advisor, the Advisor works with prospective clients to determine the client's desired return and risk level and memorializes in the account agreement the client's desire for the Advisor to implement its risk and return characteristics to the best of the Advisor's ability utilizing the methods of analysis and investment strategy discussed below, operating within certain investor-established guidelines.

In all cases, clients are advised that investing in securities involves a risk of loss. Investments may lose value over time and no return is guaranteed. Additionally, there can be no assurances that a client's desired return and risk level can, or will, be achieved.

Methods of Analysis

The Advisor relies upon the quality and strict credit policy guidelines of Lending Club'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.

The current minimum credit requirements for borrowers on the Lending Club platform are:

- a credit score of 660 or above (as reported by a consumer reporting agency);
- a debt-to-income ratio (excluding mortgage) below 35%; and
- a credit profile (as reported by a consumer reporting agency):
 - without any current delinquencies, recent bankruptcy, tax liens or non-medical related collections opened within the last 12 months;
 - reflecting at least three accounts ever opened with at least two accounts currently open;
 - no more than 8 credit inquiries in the past six months, or no more than 3 inquiries if their credit score is below 740;
 - utilization of credit limit not exceeding 98%, revolving credit balance of less than \$150,000; and
 - a minimum credit history of 36 months.

These criteria may change over time and clients will be informed when these changes occur.

Lending Club then takes these elements and, taking into consideration the size of the loan, arrives at a credit grade which they believe accurately sets “risk based” pricing for the loan.

The Advisor believes that Lending Club’s borrower verification, strict credit policy and underwriting analysis produces a unique inventory of loans. As a result, the trust certificates corresponding to these unsecured consumer loans should provide investors with an opportunity to build a diversified portfolio consistent with the client’s requirements.

Investment Strategy

The Advisor’s services currently relate solely to investments in unsecured consumer loans originated through the Adviser’s parent company, LendingClub Corporation. LC Advisors believes that a portfolio of Lending Club loans can produce a competitive annual return compared to other fixed income instruments while providing additional portfolio benefits. The Advisor believes that Lending Club’s efforts to reduce structural inefficiencies and rely on risk-based pricing in consumer lending create opportunities for investors who commit capital to these loans.

The Advisor believes that implementing a strategy of investing in a range of loans originated through Lending Club will enable the Advisor’s clients to create and maintain a portfolio of consumer-backed, unsecured securities that, if properly diversified, can help effectively mitigate the impact of inevitable defaults and loss and potentially produce a consistent, predictable return. Typically, the Advisor strives to generate predictable, lower risk annual returns on principal invested in the range of 6% to 11%, net of credit losses but exclusive of fees and expenses, depending on the client’s specific risk tolerance and return preferences.

The Advisor's investment strategy is to allocate client assets across available loan inventory based on the risk and return criteria specified by clients. The Advisor invests client assets in loans originated through Lending Club by purchasing certificates issued by a trust that acquires these loans directly. These certificates are unsecured obligations that correspond directly to a specific loan or portion thereof, and payment on these certificates is wholly dependent on the receipt of payments on the underlying loan by the trust in question.

Risk of Loss

Investing in securities invariably involves a risk of loss. Investments may lose value over time and no return is guaranteed. The trust certificates that the Advisor purchases on behalf of clients are supported by unsecured consumer loans. Payment on these certificates is wholly dependent on the receipt of payments on the underlying loan by the trust in question. Lending Club, the Advisor's parent company, is the only party that may pursue a delinquent borrower. Accordingly, clients of the Advisor must rely upon Lending Club for collection and servicing activities relating to the loans underlying their investments.

The Advisor believes that defaults are an integral and expected part of unsecured consumer lending. Defaults occur when the borrower of a specific loan fails to make payments of its outstanding principal and 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 the Advisor's opinion, employing this combination of considerations may help in achieving the Advisor's goal of maintaining a reasonable level of defaults, and accordingly principal losses, in client accounts. However, there can be no assurances that clients will avoid substantial losses when investing in Lending Club loans, 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 their account, and clients should be prepared to bear losses on some or all individual investment positions, which may result in the loss of a client's entire investment.

While at this time it is historically uncommon for 100% of the original principal amount of an individual loan to be lost, losses can constitute up to 95% of the principal provided to a specific borrower. As of March 31, 2012, the aggregate default and charge-off rate for only those loans that meet Lending Club's current credit policy was 2.42%. The default and charge-off rate for all loans on the Lending Club platform was 2.96%. Depending upon the investment guidelines specified by clients, the Advisor believes that clients may be able to experience similar default rates in their investment portfolios.

8.B For each significant investment strategy or method of analysis you use, explain the material risks involved. If the method of analysis or strategy involves significant or unusual risks, discuss these risks in detail. If your primary strategy involves frequent trading of securities, explain how frequent trading can affect investment performance, particularly through increased brokerage and other transaction costs and taxes.

The final grading and interest rate applicable to the borrowers of the loans in which clients of the Advisor invest is established by Lending Club and is not reviewed or approved by any independent third party. Lending Club has been in business for approximately five years and

current performance of any or all grades of loans is not necessarily indicative of future results of similarly graded loans. In light of the Advisor's relationship with Lending Club, the Advisor's reliance on Lending Club's loan analysis and grading methodology in allocating its clients' assets can be regarded as a conflict of interest.

The Advisor's strategy of investing client assets exclusively in unsecured consumer loans originated through the Advisor's parent company, LendingClub Corporation, carries certain risks relating to the nature of these securities. For further discussion of these risks, please refer to Item 8.C below.

Because the Advisor invests client assets exclusively in loans originated through the Lending Club platform, the Advisor's ability to invest assets on a timely basis is constrained by the amount and nature of available loan inventory. At times, the inventory will not be sufficient to invest all of a client's assets, and investable cash will be held until enough inventory is available to deploy the available cash as directed by a client. Please refer to Item 4.B above for additional discussion of this subject.

If you have any questions or concerns about these potential risks or conflicts of interest, please contact the Advisor at 415.632.5600 or by emailing info@lc-advisors.com.

8.C If you recommend primarily a particular type of security, explain the material risks involved. If the type of security involves significant or unusual risks, discuss these risks in detail.

The Advisor's services relate solely to investments in loans originated by the Advisor's parent company, LendingClub Corporation. The trust certificates corresponding to these loans, in which the Advisor's clients invest, are unsecured by any collateral, and payment on these certificates is wholly dependent upon the consumer borrower making payment on the underlying loan. To the extent the borrower does not pay principal and/or interest on the underlying loan as agreed, the trust is not obligated to make any payment to the certificate holder.

Because Lending Club has only been in operation for approximately five years, only a portion of loans originated through Lending Club have a complete payment history. Accordingly, current return and default rates may not be indicative of future loan performance.

See above for the discussion on **Risk of Loss**.

Item 9A-C Disciplinary Information

If there are legal or disciplinary events that are material to a *client's* or prospective *client's* evaluation of your advisory business or the integrity of your management, disclose all material facts regarding those events.

There are no material disciplinary events related to the firm, its personnel or management.

Item 10 Other Financial Industry Activities

- A. If you or any of your management persons are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer, disclose this fact.**

Not applicable. Neither the Advisor nor any of the Advisor's management persons are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker dealer.

- B. If you or any of your *management persons* are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities, disclose this fact.**

Not applicable. Neither the Advisor nor any of the Advisor's management persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, commodity trading advisor or an associated person of any of those listed groups.

- C. Describe any relationship or arrangement that is material to your advisory business or to your *clients* that you or any of your *management persons* have with any *related person* listed below. Identify the *related person* and if the relationship or arrangement creates a material conflict of interest with *clients*, describe the nature of the conflict and how you address it.**

The Advisor and its management persons generally do not maintain relationships material to clients or the Advisor's business with related persons in the financial industry. The Advisor does serve as the General Partner of the privately offered funds whose assets the Advisor currently manages. Currently, these funds are the Broad Based Consumer Credit Fund, L.P., the Broad Based Consumer Credit (Q) Fund, L.P. and the Conservative Consumer Credit Fund, L.P. Additionally, two individuals associated with the Advisor provide services to the firm in financial or professional capacities. Jason Altieri, the Firm's Chief Compliance Officer, is an attorney who provides legal advice to the Advisor in connection with its business activities. Mr.

Altieri also provides legal services to the Advisor's parent company, Lending Club. Carrie Dolan serves as the Chief Financial Officer of Lending Club and the Advisor and provides financial management services, including accounting services, to both entities. While the Advisor believes that these relationships may be material to its business operations, the Advisor does not believe that these relationships present material conflicts of interest with the Advisor's clients.

While the relationships described above represent the scope of the material relationships between the Advisor or its management persons and related persons in traditional financial industry roles, the Advisor also believes that its relationship with its parent company is material to the Advisor's business. As discussed above, the Advisor is a wholly-owned subsidiary of LendingClub Corporation. While Lending Club is not a bank, a broker-dealer or other traditional financial industry participant, LendingClub is the originator of prime consumer loans in which the Advisor's clients invest. The Advisor's services do not relate to any other type of financial product, and accordingly the Advisor's business is wholly dependent on the continued operation of Lending Club. Additionally, because the Advisor is a wholly-owned subsidiary of LendingClub Corporation, the Advisor shares certain personnel with Lending Club. For example, the Advisor's General Counsel and Chief Financial Officer hold the same roles with LendingClub Corporation.

The Advisor also believes that certain specific conflicts of interest may be perceived with regard to the relationship between the Advisor and Lending Club, primarily concerning (i) the allocation of available loan inventory between self-directed investors on the Lending Club platform and clients of the Advisor and (ii) the allocation of client assets to certain in-funding loans which have not yet issued and may not issue, where Lending Club has a financial interest in ensuring that loans receive sufficient funding to issue and begin generating interest accordingly.

To address potential conflicts of interest in general, the Advisor and LendingClub Corporation have created and maintain an ethical wall between the two entities, whereby the operations of the Advisor are separate and distinct from those of LendingClub Corporation. All client or fund investor facing employees will be employees of the Advisor or dual employees of the Advisor and LendingClub Corporation. Such employees will not be allowed to trade or purchase notes for their own account.

With regard to the allocation of available loan inventory specifically, the Advisor and Lending Club have developed a mathematical formula to ensure a fair allocation of available loan inventory between clients of the Advisor and self-directed investors who use the Lending Club platform. For a discussion of this allocation methodology, please refer to Item 4.B above. Additionally, it is important to note that the Advisor does not control the credit policy of Lending Club and cannot modify the policy in order to increase the applicable inventory of securities.

With regard to the allocation of client assets to in-funding loans, the Advisor has established policies and procedures regarding the prioritization of individual loan selections. Furthermore, the Advisor has determined that it is in the best interest of the Advisor's clients to commit client assets to loans that have the highest likelihood of being promptly issued notwithstanding the perceived conflict of interest noted above, as this procedure would increase fund efficiencies and investment returns.

- D. If you recommend or select other investment advisers for your *clients* and you receive compensation directly or indirectly from those advisers that creates a material conflict of interest, or if you have other business relationships with those advisers that create a material conflict of interest, describe these practices and discuss the material conflicts of interest these practices create and how you address them.**

Not applicable to the Advisor, as LC Advisors does not recommend or select other investment advisers for its clients or have other business relationships with investment advisers that create conflicts of interest for the Advisor's clients.

Item 11 Code of Ethics

- A. If you are an SEC-registered adviser, briefly describe your code of ethics adopted pursuant to SEC rule 204A-1 or similar state rules. Explain that you will provide a copy of your code of ethics to any *client* or prospective *client* upon request.**

The Advisor's Code of Ethics (the "Code") is designed to meet the requirements of Rule 204A-1 of the Investment Advisers Act of 1940 (the "Advisers Act"). The Code applies to the Advisor's employees, including "Access Persons." Access Persons include, generally, any partner, officer or director of and any employee or other supervised person of the Advisor who, in relation to the Advisory 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 a standard of business conduct that takes into account the Advisor's status as a fiduciary and requires employees to place the interests of Advisory Clients and Investors above their own interests and the interests of the Advisor. The Code also requires employees to comply with applicable federal securities laws. Further, employees are required to promptly bring violations of the Code to the attention of the Advisor's Chief Compliance Officer (the "Chief Compliance Officer"), Jason Altieri. All employees are provided with a copy of the Code and are required to acknowledge receipt of the Code upon hire and on at least an annual basis thereafter.

The Code also sets forth certain reporting and pre-clearance requirements with respect to personal trading by Access Persons. Access Persons must provide the Advisor's Chief Compliance Officer with a list of their personal accounts and an initial holdings report within 10 days of becoming an Access Person. In addition, the Advisor's Access Persons must provide annual holdings reports and quarterly transaction reports in accordance with Advisers Act Rule 204A-1.

In addition, the Code seeks to ensure the protection of nonpublic information about the activities of the Advisory Clients. Clients, investors and prospective clients and investors may obtain a copy of the Code by contacting the Chief Compliance Officer at jaltieri@lc-advisors.com.

- B. If you or a *related person* recommends to *clients*, or buys or sells for *client* accounts, securities in which you or a *related person* has a material financial interest, describe your practice and discuss the conflicts of interest it presents. Describe generally how you address conflicts that arise.**

The Advisor invests in loans originated through its parent company, LendingClub Corporation, on behalf of the Advisor's clients. Please refer to Item 10 for a discussion of the relationship between the Advisor and Lending Club.

- C. If you or a *related person* invests in the same securities (or related securities, *e.g.*, warrants, options or futures) that you or a *related person* recommends to *clients*, describe your practice and discuss the conflicts of interest this presents and generally how you address the conflicts that arise in connection with personal trading.**

The Advisor does not take proprietary positions with regard to any securities it selects for investment by clients, or with regard to any related securities. Furthermore, the Advisor does not permit its employees to maintain personal investment accounts with Lending Club or to purchase securities issued by Lending Club or its affiliates by any other means.

The Advisor's parent company, LendingClub Corporation, sometimes takes proprietary positions in certain loans which the Advisor may select for investment by its clients. LendingClub Corporation maintains written policies which govern the company's proprietary investing activities. As discussed above, the Advisor and LendingClub Corporation have created and maintain an ethical wall between the two entities, whereby the operations of the Advisor are separate and distinct from those of LendingClub Corporation. Additionally, the inventory of loans in which clients of the Advisor invest is allocated to the Advisor by means of a mathematical formula, as discussed in Item 4.B above. Because Lending Club only takes proprietary positions in loans to the extent that the Advisor's clients and self-directed investors have no further available funds or choose not to invest in the securities in question, the Advisor believes that the ethical wall maintained between the Advisor and its parent, the policies adhered to by LendingClub Corporation and the inventory allocation methodology discussed above are sufficient to prevent any material conflicts of interest that may negatively impact clients in this regard.

- D. If you or a *related person* recommends securities to *clients*, or buys or sells securities for *client* accounts, at or about the same time that you or a *related person* buys or sells the same securities for your own (or the *related person's* own) account, describe your practice and discuss the conflicts of interest it presents. Describe generally how you address conflicts that arise.**

The Advisor does not purchase or sell any securities selected for clients for its own proprietary accounts. To the extent that the Advisor's parent, LendingClub Corporation, takes proprietary positions in loans selected for clients by the Advisor, it only does so to the extent that the self-

directed investors on the LendingClub platform and clients of the Advisor have no further funds to invest in these loans. Please refer to Item 4.B. above for a discussion of the methodology used by Lending Club to allocate available loan inventory to LC Advisors. Please also refer to subsection C above.

Item 12 Brokerage Practices

Describe the factors that you consider in selecting or recommending broker-dealers for *client* transactions and determining the reasonableness of their compensation (e.g., commissions). Discuss whether and under what conditions you aggregate the purchase or sale of securities for various client accounts. If you do not aggregate orders when you have the opportunity to do so, explain your practice and describe the costs to clients of not aggregating.

Not applicable. The Advisor does not select or recommend any broker-dealers for client transactions, and transactions in loans are not effected by means of orders placed with or through any broker-dealer.

Item 13 Review of Accounts

- A. Indicate whether you periodically review *client* accounts or financial plans. If you do, describe the frequency and nature of the review, and the titles of the *supervised persons* who conduct the review.**

Client accounts are reviewed by the IPC on a monthly basis to insure compliance with their stated investment objectives, review of investable cash and any other material subject. As discussed above, the IPC is composed of the Advisor's President, Chief Financial Officer and Chief Compliance Officer.

Performance for each account is also reviewed by the IPC on a monthly basis.

- B. If you review *client* accounts on other than a periodic basis, describe the factors that trigger a review.**

Client accounts are reviewed on a monthly basis as discussed above.

- C. Describe the content and indicate the frequency of regular reports you provide to *clients* regarding their accounts. State whether these reports are written.**

Monthly statements are typically delivered to clients electronically. The Advisor also anticipates that in the future clients will be able to access their accounts and statements via the internet at any time. All transaction confirmations will be sent via email to a client promptly after they have been received by the Advisor, which is typically immediately after the order is executed.

The Advisor intends to provide quarterly reviews of performance, key trends in consumer loans, discussion of economic conditions and other relevant investment information to all clients on an ongoing basis.

Item 14 Client Referrals

- A. If someone who is not a *client* provides an economic benefit to you for providing investment advice or other advisory services to your *clients*, generally describe the arrangement, explain the conflicts of interest, and describe how you address the conflicts of interest. For purposes of this Item, economic benefits include any sales awards or other prizes.**

Not applicable, as the Advisor has no such arrangements with third parties.

- B. If you or a *related person* directly or indirectly compensates any *person* who is not your *supervised person* for *client* referrals, describe the arrangement and the compensation.**

While the Advisor has not compensated any third parties to date for client referrals, the Advisor currently contemplates that it may from time to time determine to compensate registered advisors or broker-dealers for client referrals in the future. In any such case, the amount of compensation would be determined at the time the Advisor entered into a referral arrangement with such a third party, although the Advisor anticipates that any such arrangements would typically call for compensation to be paid to the referrer if a referred party entered into an advisory agreement with the Advisor within six months of being referred. Clear disclosure would be provided to the third party at the time of any such referral regarding the nature of the referral arrangement and any compensation the third party referrer would receive in connection with the referral.

Item 15 Custody

If you have *custody* of *client* funds or securities and a qualified custodian sends quarterly, or more frequent, account statements directly to your *clients*, explain that *clients* will receive account statements from the broker-dealer, bank or other qualified custodian and that *clients* should carefully review those statements. If your *clients* also receive account statements from you, your explanation must include a statement urging *clients* to compare the account statements they receive from the qualified custodian with those they receive from you.

LC Advisors has engaged Millennium Trust Company, LLC (“Millennium”) to serve as the qualified custodian for assets of the private funds for which LC Advisors serves as General Partner and the Advisor’s separately managed account clients. Clients of the Advisor receive account statements directly from Millennium on at least a quarterly basis and are urged to carefully review these statements. The Advisor also strongly urges clients to compare the

account statements it receives from the Advisor with those account statements it receives from the funds' custodian.

Item 16 Investment Discretion

If you accept discretionary authority to manage securities accounts on behalf of clients, disclose this fact and describe any limitations clients may (or customarily do) place on this authority. Describe the procedures you follow before you assume this authority (e.g., execution of a power of attorney).

The Advisor possesses limited investment discretion in connection with the management of its clients' accounts. It will, through the limited power of attorney granted by its clients, invest in specific loans facilitated through the Lending Club platform that meet the specific investment criteria established by the client. While the Advisor allocates client assets across available loan inventory, the Advisor is bound to follow the specific mandates of each client with regard to loan characteristics and diversification when identifying loans for potential investment.

With regards to the liquidation of client assets, please refer to Item 4 above.

The Advisor has limited access to client accounts and can only authorize any movement of funds that is required to pay for purchases.

Item 17 Voting of Client Securities

If you have, or will accept, authority to vote *client* securities, briefly describe your voting policies and procedures, including those adopted pursuant to SEC rule 206(4)-6. Describe whether (and, if so, how) your *clients* can direct your vote in a particular solicitation. Describe how you address conflicts of interest between you and your *clients* with respect to voting their securities. Describe how *clients* may obtain information from you about how you voted their securities. Explain to *clients* that they may obtain a copy of your proxy voting policies and procedures upon request.

The Advisor's services currently relate exclusively to non-voting securities. As a result, the Advisor does not exercise voting authority over any client proxies.

If you do not have authority to vote *client* securities, disclose this fact. Explain whether *clients* will receive their proxies or other solicitations directly from their custodian or a transfer agent or from you, and discuss whether (and, if so, how) *clients* can contact you with questions about a particular solicitation.

As noted above, the Advisor's services currently relate exclusively to non-voting securities. Accordingly, only non-voting securities are held in client accounts, and the Advisor has no

authority to vote client securities. Clients do not receive any proxies or other solicitations pertaining to any securities relating to the Advisor's services from any source.

Item 18 Financial Information

- A. If you require or solicit prepayment of more than \$1,200 in fees per *client*, six months or more in advance, include a balance sheet for your most recent fiscal year.**

Not applicable to the Advisor. The Advisor does not require or solicit prepayment of fees.

- B. If you have *discretionary authority* or *custody of client* funds or securities, or you require or solicit prepayment of more than \$1,200 in fees per *client*, six months or more in advance, disclose any financial condition that is reasonably likely to impair your ability to meet contractual commitments to *clients*.**

The Advisor does not believe that there are any current financial conditions that are reasonably likely to impair the firm's ability to meet contractual commitments to clients. As noted above, the Advisor is a wholly-owned subsidiary of LendingClub Corporation. As of March 31, 2012, Lending Club had secured approximately \$84.8 million through equity financings and had a cash position of approximately \$31.2 million. Lending Club makes periodic filings pursuant to the Securities Exchange Act of 1934 which include the company's audited and unaudited financial statements (as applicable). The Advisor believes that to the extent its ability to meet contractual commitments to clients is impacted by the financial condition of its parent company, there is currently no financial condition affecting Lending Club that is reasonably likely to impair the Advisor's ability to meet these contractual commitments.

- C. If you have been the subject of a bankruptcy petition at any time during the past ten years, disclose this fact, the date the petition was first brought, and the current status.**

Not applicable to the Advisor.

Item 19 State Requirements

Not applicable to the Advisor.