

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

Item 1 *Cover Page*

**BROADRIVER ASSET MANAGEMENT, L.P.**

(“ADVISER”)

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This brochure provides information about the qualifications and business practices of BroadRiver Asset Management, L.P. If you have any questions about the contents of this brochure, please contact us at 212 486-0600 and/or e-mail us at [psiller@broadrivercap.com](mailto:psiller@broadrivercap.com) or [aplevin@broadrivercap.com](mailto:aplevin@broadrivercap.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 BroadRiver Asset Management, L.P. is also available on the Web site of the SEC at: [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)

This brochure was prepared March 31, 2014.

## Item 2 *Material Changes*

Material changes from the previous annual update of this Brochure filed on March 28, 2013 relate to changes in fees and compensation, allocations, other financial industry activities and affiliations, code of ethics, review of accounts and voting client securities.



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#### Item 4 *Advisory Business*

Adviser's predecessor, BroadRiver Asset Management, LLC, was formed on August 12, 2009 and registered as an investment adviser on January 4, 2011. Adviser succeeded to the interests of its predecessor on February 28, 2011, by conversion of the predecessor from a Delaware limited liability company to a Delaware limited partnership. Adviser is a Delaware limited partnership.

The Adviser establishes and manages investment funds that hold securities, each of which is a client of Adviser ("Client Fund"). Each Client Fund appoints Adviser as adviser to such Client Fund by means of an investment management agreement ("Investment Management Agreement"), which governs the advisory relationship and establishes parameters and limitations for investments by each such Client Fund.

To date, Adviser has established one Client Fund, BroadRiver I, L.P., to purchase and hold life-contingent assets, including life settlements and other mortality/longevity-based instruments, physical longevity risk, and structured notes (collectively, "Life Contingent Assets"). Life Contingent Assets are a form of alternative fixed-income investment – i.e., assets involving the promise of counterparty to pay certain amounts when certain things happen – whose return depends primarily on the mortality experience of lives underwritten and insured by major US life insurance carriers. The advice of Adviser to its Client Funds is currently limited to Life Contingent Assets. Adviser does not advise clients with respect to more traditional securities such as equity and debt instruments. Currently, Adviser's only "investment advisory client" is the Client Fund. Adviser also advises other funds that own alternative asset groups that do not qualify as securities, such as a tax lien fund (the "Tax Fund"). However, the Tax Fund is not an "investment advisory client" for purposes of the Investment Advisers Act of 1940, as amended. Therefore, the Tax Fund is generally not discussed in this brochure, except in the context of conflicts of interest that may arise between Adviser's management of the Client Fund and the Tax Fund.

Client Funds are generally structured in the form of a limited partnership, with the investors as limited partners and an affiliate of Adviser in each case as the general partner. As investment manager for each Client Fund, Adviser will select the Life Contingent Assets to be purchased by each Client Fund, subject to the limitations and parameters agreed to by the limited partner-investors in the limited partnership agreement of the particular Client Fund and in accordance with the Investment Management Agreement between that Client Fund and Adviser. Adviser, itself or through a third-party service provider, will maintain and manage the assets in each Client Fund, which includes (i) making any payments of life insurance premiums which may be due on each Life Contingent Asset to preserve such asset and (ii) collecting benefits due the Client Fund on maturity of each Life Contingent Asset. Adviser or its service provider (under Adviser's direction and control) will submit periodic reports to the Client Fund which will in turn send a written, month-end report of net asset values to its limited partner-investors. To the extent additional capital may be required from the Client Fund for Adviser to remit premiums to life insurance carriers to preserve assets, Adviser will so advise the Client Fund.

Adviser manages the investments of the Client Fund. In the future, Adviser may take on different Client Funds, when formed, which may have different investment strategies relating to the Life Contingent Assets. In some cases, a Client Fund may hold its assets to maturity with the proceeds being distributed to its partners at a specific date. In others, the Client Fund may have the flexibility to sell assets prior to maturity and reinvest proceeds.

In addition to managing Client Funds, if requested, Adviser may customize an investment program for



institutions wishing to gain exposure to longevity/mortality risk through a segregated, managed account. As of the date of this brochure Adviser does not manage any segregated, managed account clients.

Advisory services are tailored to the needs of each Client Fund. Each Client Fund is free to impose restrictions on investments and to provide for these restrictions in the Investment Management Agreement it enters into with Adviser.

The principal owners of Adviser are Andrew Plevin and Philip Siller who are also co-CEOs of Adviser. There are no publicly held intermediate subsidiaries.

Adviser had \$157,525,606 of regulatory assets under management on a discretionary basis at December 31, 2013. Adviser does not manage assets on a non-discretionary basis.

Adviser does not participate in *wrap fee* programs.



## Item 5 *Fees and Compensation*

Adviser is compensated in the form of management fees pursuant to an Investment Management Agreement between Adviser and each Client Fund. The management fee was initially paid to Adviser as 1.75% per annum of committed capital, but at this point is calculated as 1.75% per annum of the aggregate capital deployed in all Client Fund investments; provided that in no event will the management fee allocable to an investor be less than \$500,000 per annum (or \$125,000 each fiscal quarter). The management fee is charged quarterly in advance. Upon termination of any client account, any prepaid, unearned management fees will be promptly refunded. In such situations, the amount refunded will be determined by calculating the difference between the amount of the prepaid fees and the earned management fee which is calculated based on the number of days that have elapsed in the quarter. In addition, if at any time the fair value of the Client Fund falls below \$40 million, the management fee shall be calculated as 1.0% per annum of the aggregate capital deployed in all Client Fund investments. Further, if Adviser or an affiliate delivers a liquidation notice to investors in the Client Fund, Adviser shall no longer be entitled to receive the management fee, and shall only be entitled to receive a combined management fee and liquidation fee equal to \$500,000.

Adviser does not charge commissions. Payment terms may be negotiated separately for each Client Fund. Adviser is responsible for payment, out of its management fee, of its own personnel expenses as well as its own rent, office expenses and similar overhead expenses.

Adviser does not earn any performance allocation or fee. Instead, an affiliate, in its capacity as general partner for the Client Fund, will be entitled to receive distributions from the Client Fund (“carried interest”) when the Client Fund distributes the proceeds from their respective investments. See Item 6 for more detail.

Adviser only purchases life settlement assets through companies that specialize in sourcing these life settlement assets from individuals licensed by the insurance regulators of the states in which they do business (“Providers”). The Providers charge transaction fees. Although Adviser has discretion to choose brokers, it does not currently engage in transactions pursuant to which it purchases assets from or through a broker. The Client Fund pays its transaction-related expenses incurred in acquiring and maintaining the portfolio of Life Contingent Assets.

Neither Adviser nor any of its supervised persons accepts compensation for the sale of securities or other investment products, including in connection with the sale of interests in any Client Fund.



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

Adviser does not charge or receive performance-based fees. Adviser has no supervised person who accepts such fees or who manages an account that pays such fees. Rather, an affiliate of Adviser, in its capacity as general partner for the Client Fund, will be entitled to receive distributions from the Client Fund (“carried interest”) when the Client Fund distributes the proceeds from their respective investments. The carried interest due Adviser’s affiliate (if any) is determined after the investors in the applicable Client Fund have received distributions in an amount equal to their aggregate unreturned capital contributions in the Client Fund, plus a “priority return” on such unreturned capital contributions. In any case where performance-based fees or allocations are paid to Adviser, fund investors are required to be “qualified clients” as such term is defined in the Investment Advisers Act of 1940, as amended (the “Advisers Act”). Performance-based fee arrangements may create an incentive for Adviser to make investments that may be riskier or more speculative than those which would be recommended under a different fee arrangement.

The only Client Fund Adviser manages invests in Life Contingent Assets. In addition, Adviser manages the Tax Fund which does not invest in the same assets as the Client Fund. As a consequence, currently there are no side-by-side investment allocation issues. However, Adviser’s employees are not required to devote their full time to the Client Fund’s business but, rather, will devote such time as Adviser determines is reasonably required to run the Client Fund’s business. As a result, each Adviser employee may have conflicts of interest in allocating their time between the Client Fund and other related or unrelated activities, including activities in respect of the Tax Fund. In addition, Adviser may have a conflict of interest in rendering advice to particular clients because the financial benefit from managing some other client or customer accounts may be greater, which may provide an incentive to favor such other accounts.

## Item 7 *Types of Clients*

Adviser provides investment management services currently to one Client Fund. The Client Fund has a minimum investment requirement for investors as set forth in the Client Fund's limited partnership agreement, which is waivable in Adviser's discretion. Each Client Fund will have its own procedures and requirements regarding minimum capital commitments and mandatory holding periods, frequency of additional capital calls and restrictions on the transfer of interests in the Client Fund.

Adviser requires that each investor in the Client Fund be a "qualified purchaser" as defined in Section 2(a)(51)(A) of the Investment Company Act of 1940 and an "accredited investor" within the meaning of Rule 501 under Regulation D of the Securities Act of 1933, and meet such other eligibility standards that may be applied by Adviser on a case by case basis in its sole discretion. In addition, each potential investor in the Client Fund must be approved by Adviser and may be required to submit to a background check in accordance with Adviser's "know-your-customer" and anti-money-laundering policies. For certain investors, additional due diligence on the part of Adviser may be carried out to ensure suitability and proper authorization.

A party desiring to invest with Adviser would either (i) participate in the formation of a new Client Fund, (ii) join an existing Client Fund, or (iii) enter into a negotiated agreement with Adviser for a separate or managed account. The investor would be a signatory to a limited partnership agreement (in cases (i) and (ii)) or a managed account agreement, each of which would contain disclosures and guidelines for investments and provide for restrictions on investments in assets by the Client Fund or the managed account.





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

### Investment Strategies

Adviser invests principally in Life Contingent Assets sold or held in the secondary or the tertiary market.

The Client Fund is fully invested at this time. However, Adviser believes that the Client Fund's investment strategies were designed to help it achieve the following goals: low volatility, predictable cash flows for its investors after the Investment Period, protection of principal, and a target internal rate of return (the "**IRR**") over the life of the Client Fund. To achieve these objectives, the Client Fund seeks to take advantage of Adviser's origination networks, the Client Fund's large scale (relative to other current or likely competitors), Adviser's expertise in the asset class, and Adviser's investment process.

Adviser generally invests in traditional life settlements through both the secondary and the tertiary markets. "Traditional life settlements" refers to insurance policies taken out by the insured or a person or trust with a genuine insurable interest in the life of the insured to protect against the demise of the insured. In the secondary market, the Client Fund only would purchase policies through Providers or, in states where licensing is not required, through reputable entities known to Adviser (often the same entities that are licensed in states requiring licensing). The Client Fund may purchase policies that are universal life, variable universal life, convertible term, term, or whole life.

Adviser has adopted general guidelines for the Client Fund's investment program as described in the Client Fund's governing documents. These are guidelines only and Adviser reserves the right to deviate from them insofar as it deems such deviation to be advantageous to the Client Fund.

### Method of Analysis

Adviser utilizes a multi-disciplined investment approach to take advantage of market opportunities given its specialization in investing in Life Contingent Assets. In general, Adviser's asset analytics modeling is both asset specific and portfolio wide.

Adviser accesses outside expertise for certain purposes and has established a scientific advisory board, which includes actuaries and academics to provide additional insight and expertise when Adviser deems it advisable to achieve a more refined analysis. In particular, the scientific advisory board reviews studies and assists Adviser in formulating its investment strategy. In addition, Adviser also may utilize the expertise of a number of medical consulting groups and individuals which (i) perform analyses of particular potential insurance policy investments, and (ii) perform more in-depth research on specific questions of interest.

### Material Risks of Investment Strategies

Adviser has identified the following risks that clients may incur as a consequence of Life Contingent Assets as a specialized asset class and the investment strategies utilized by Adviser. Investing in Life Contingent Assets involves a risk of loss that clients and investors should be prepared to bear. Additional risk factors for each Client Fund are set forth in its governing documents.

1. **Valuation Risk:** The Client Fund will be subject to the risk that major life expectancy underwriters may change their actuarial models or tables, which may result in an extension of their overall forecasts of



life expectancy. The valuation and pricing of Life Contingent Assets are dependent upon future cash flows which depend upon the unknown length of time insureds, who are the subject of Life Contingent Assets, are projected to live and how these assumptions may change over time. If Adviser underestimates how long an insured may live, it may pay more for a Life Contingent Asset than it is worth either on a discounted or a present-value basis and be required to pay more premiums than anticipated over the life of the asset. This may require the Client Fund to risk more capital than originally modeled or expected to keep the underlying policy in force, thereby reducing and potentially eliminating any profit that the Client Fund might have realized with respect to that Life Contingent Asset. Either of these circumstances could have an adverse effect on the returns of the Client Fund's performance. Inaccurate forecasting of an insured's live expectancy could result from, among other things, advances in medical treatment, inaccurate diagnosis or prognosis, changes in an insured's life style habits or ability to fight disease, inaccurate or incomplete medical records, errors in life-expectancy reports provided by third-party suppliers, fraud or misrepresentation by the insured, limited availability of medical information due to privacy laws, fraud or misrepresentation of an intermediary seller of a Life Contingent Asset, inability to track the death of an insured, or undisclosed loans against a Life Contingent Asset.

2. **Market Risks:** There could be variation in the supply of Life Contingent Assets available and a variation in the demand affecting the ability of the Client Fund to liquidate any assets. Such variation could result from, among other things: (i) improvement in the economy, generating higher investment returns to insureds from their investment portfolios; (ii) deterioration in the net worth of policyholders, resulting in an unexpected need to continue to retain insurance coverage; (iii) improvements in health insurance coverage, limiting the need of insureds to obtain funds to pay the cost of their medical treatment; (iv) the establishment of new licensing requirements for the market participants and delay in complying or an inability to comply with such new requirements; or (v) a refusal of the insurance company that issued the policy to consent to its transfer. A change in the availability of life insurance policies could adversely affect Adviser's ability to execute its investment strategy and meet the investment objectives of the Client Fund or managed account. Furthermore, Adviser will not be licensed to purchase life-settlement policies directly from the policy owners in any states so that, in the case of the first sale of a life insurance policy into the life settlements market, Advisor will only be able to purchase the policy through a Provider.

3. **Credit Risks:** The ability of insurance carriers to pay death benefits upon maturity of a Life Contingent Asset can deteriorate.

4. **Regulatory Risk:** A change in the regulatory regime touching on Life Contingent Assets can affect the acquisition, pricing or disposition of such assets.

5. **Asset Maintenance Risk:** Client Funds will not maintain specific premium reserves and amounts budgeted may be inadequate to pay the premiums required to keep all related policies in force. In such a case, the outstanding premiums would have to be paid from borrowings or from the proceeds of the sale of assets or certain policies may have to be abandoned, any of which could have an adverse effect on the value of the Client Fund.

6. **Interest Rate Risk:** The market value of a Life Contingent Asset is based in large part on the projected discounted value of future cash flow from the asset, including death benefit proceeds, minus the projected discounted value of future premiums due on and other costs of maintenance of the life settlement. If the interest rates used to discount the future death benefit proceeds and the future premiums change, the present value of the asset may also change. Generally, if interest rates increase, the present value of a life insurance policy decreases. If the Client Fund must sell a Life Contingent Asset in the future, in a higher interest rate environment, it may be worth less than expected,

or possibly less than when it was acquired.

7. **Risk of Legal Challenge**: There is a risk that the validity of a Life Contingent Asset may be challenged by an insurance carrier or that the transfer and sale by the original owner to a third party could be challenged by a family member or other heir of the insured following the death of that insured, drawing the Client Fund into litigation to attempt to enforce its right to collect death benefits.

8. **Concentration Risk**: Adviser analyzes each asset prior to making a purchase decision in an effort to ensure that the asset meets the guidelines of the Client Fund for which it is being considered and that its purchase will not impair the target diversification of the portfolio of assets in that Client Fund based on insurance carriers, demographics of the individuals whose lives are insured (gender, geography, impairment, age) and the size and age of the assets. Nevertheless, since each portfolio will be invested solely in Life Contingent Assets, the ability to return a profit will depend entirely on the performance of one type of investment in a single asset class.

9. **Insured and Intermediary Fraud Risk**. Although Adviser will conduct certain due diligence in advance of purchasing a life insurance policy, there is still a risk that there has been fraud by the insured or by an intermediary or vendor in a secondary market transaction or by a vendor in a tertiary market transaction. An insured may misrepresent the status of his or her illness, fail to disclose all of the beneficiaries, fail to disclose liens, obtain the policy under false pretenses (which could give rise to, among things, a challenge of policy validity), or sell the same policy to more than one purchaser. In addition, a vendor or intermediary may falsify documents, withhold or misrepresent adverse life expectancy reports or medical information, withhold or misrepresent the chain of title to the policy or otherwise misrepresent facts material to the valuation of a policy. Further, there is a risk that a carrier or beneficiary could allege in a lawsuit before or after the two-year contestability period that a life insurance policy underlying one of the Client Fund's Life Contingent Assets should be void as against public policy on the basis of a lack of insurable interest. If the Client Fund should become subject to such fraud, returns on the Client Fund's investments may be adversely affected.

10. **Limited Liquidity of Life Contingent Assets**. Adviser may use all of the Client Fund's funds to purchase and hold a pool of Life Contingent Assets. There will be minimal or no return on such purchases until each policy reaches maturity. During the investment period, proceeds derived from maturing policies may be reinvested and may not be readily available for distribution. An investor's investment in the Client Fund is illiquid. The Client Fund will not have access to liquid assets to make any payment to the investors until the life insurance policies underlying its Life Contingent Assets mature or until the Client Fund is able to sell assets through the tertiary market at prices deemed reasonable.



Item 9 *Disciplinary Information*

Neither Adviser nor any principal, employee or affiliate of Adviser has been the subject of any disciplinary action or any legal or disciplinary event reflecting on the integrity of any of them.

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

Adviser provides investment management services to the Client Fund and also provides advice to the Tax Fund. As a consequence, although Adviser is committed to acting in the best interests of the Client Fund, in some situations there may be conflict of interest between Adviser's interests and the interests of the Client Fund and/or the Tax Fund or there may be conflicts in the interests of multiple clients. Many of these conflicts of interest are inherent in operating an investment advisory business.

BroadRiver 2010, L.P., a Delaware limited partnership, is the general partner of Adviser's current Client Fund and an affiliate of Adviser. BroadRiver TRF 2011, L.P., a Delaware limited partnership, is the general partner of the Tax Fund and an affiliate of Adviser. The personnel generally involved in day-to-day management and operations of the Client Fund and the Tax Fund is the same. The sharing of personnel and resources between Adviser and its affiliates, including, without limitation, BroadRiver 2010, L.P. and BroadRiver TRF 2011, L.P., creates certain potential conflicts of interest with respect to allocation of resources. See Item 6 above for more detail. The Client Fund and the Tax Fund pursue different investment strategies and do not target the same investments. As a result, there are no investment allocation issues between the Client Fund and the Tax Fund.

As noted in Item 8 above, Adviser may utilize third-party consultants to assist Adviser in formulating its investment strategies and providing advice on the Life Contingent Assets. Adviser pays these consultants fees for such advice. Adviser does not believe this creates any conflict of interest in providing any investment advice to the Client Funds.

Philip Siller and Andrew Plevin are the principal owners of Adviser. Neither Mr. Plevin nor Mr. Siller maintains any business activity other than management of Adviser and its affiliates.



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

Adviser has adopted a Code of Ethics (the “Code”) that sets forth the ethical and fiduciary principles and related compliance requirements under which Adviser operates and the procedures for implementing those principles. The Code includes provisions that govern fiduciary duty, client opportunities, insider trading, personal trading, gifts and entertainment, political contributions, outside business activities and confidentiality.

The principals and employees (collectively, “Employees”) of Adviser and their related persons are permitted to maintain personal securities accounts provided that such accounts are disclosed to Adviser and that any personal trading is consistent with applicable law and with the Code.

The Code also contains policies and procedures that, among other things:

- prohibit Employees from taking personal advantage of opportunities belonging to clients;
- prohibit trading on the basis of material nonpublic information;
- impose certain preclearance and reporting obligations with respect to trading;
- require Employees to certify annually that they have complied with the Firm’s Code of Ethics;
- prohibit the giving or accepting of gifts or entertainment that are inappropriate or could be seen as overly generous or which could influence Employee decision-making; and
- require Employees that become aware of any violation of the Code of Ethics to report such violation to the Chief Compliance Officer.

Adviser typically has discretion to commit Client Funds and managed accounts to the purchase of particular assets. In no event does Adviser purchase or sell or recommend the purchase or sale of assets in which it has a material financial interest.

Adviser currently manages one Client Fund that is fully invested. Adviser also manages the Tax Fund but this fund does not invest in the same types of assets as the Client Fund. However, Adviser may in the future manage multiple Client Funds and/or managed accounts at the same time and may make similar purchases on behalf of multiple Client Funds and/or managed accounts at the same time. As a result, these Client Funds could potentially be competing for the same assets. This fact is (or will be) disclosed in each limited partnership agreement of each Client Fund and each applicable Investment Management Agreement. Terms relating to the ability of Adviser to advise multiple Client Funds are (or will be) separately negotiated in each limited partnership agreement and each Investment Management Agreement. To the extent a new Client Fund or managed account launches in the future which raises any conflicts of interest with respect to allocations, Adviser will adopt allocation policies and procedures to address such conflicts.

Each Life Contingent Asset is unique. Neither Adviser nor any affiliated person will buy or sell the same asset itself or any derivative of such asset, and will not have a material financial interest in any such asset. Each Life Contingent Asset will be purchased from an unrelated third-party that is in the business of organizing the purchase of such assets by investors or from unrelated third-party investors reselling the asset in question.

Adviser does not engage in principal transactions with Client Funds. Principal transactions are generally

defined as transactions where an adviser, acting as principal for its own account, buys from or sells any security to any advisory client.

A copy of Adviser's Code is available to any client or prospective client or investor of a client upon request from Adviser's Chief Compliance Officer, at 350 Fifth Avenue, Suite 4215, New York, New York 10118, (212) 486-0600.



## Item 12 *Brokerage Practices*

The market for Life Contingent Assets does not involve a brokerage infrastructure typical of securities brokers. Adviser does not engage brokers to acquire or recommend Life Contingent Assets for acquisition or to act on behalf of the Client Fund. Rather, Adviser acquires certain of its Life Contingent Assets directly or indirectly from Providers. Life Contingent Assets are also purchased from time to time in the tertiary market on a portfolio basis from banks, hedge funds, other financial institutions, mutual funds, private investors and other investors. Although there are a small number of publicly traded companies whose assets consist to a large extent of life settlements, Life Contingent Assets are not publicly traded and have no generally recognized market. No soft dollars are involved.

Adviser identifies Providers who are known to have access to Life Contingent Assets of the type and quality that Adviser is seeking on behalf of the Client Fund. Adviser then enters into confidential discussions with each such Provider to confirm that it has such assets or access to such assets it is willing to sell to Adviser's Client Fund. Adviser then performs due diligence on each Provider to examine the Provider's (i) financial soundness and responsibility, (ii) capacity to source and sell Life Contingent Assets, (iii) regulatory status and good standing in those jurisdictions that require licensing, (iv) adoption, maintenance and adherence to internal ethical policies with respect to know-your-customer and anti-money-laundering, (v) financial and operational controls in selecting and performing due diligence on each Life Contingent Asset that it purchases (or arranges for purchase) (A) to avoid purchasing policies that do not meet the specifications of Adviser or are unenforceable, (B) to ensure that Provider is following all mandates to ensure privacy and data security with respect to personal information in its possession and control pertaining to each Life Contingent Asset, and (C) to avoid purchasing assets that may be tainted with fraudulent behavior. Adviser also performs due diligence on all Providers to satisfy Adviser's own "know-your-customer" and anti-money-laundering policies.

Although Adviser has discretion to choose brokers, it does not currently engage in transactions pursuant to which it purchases assets from or through a broker. To the extent Adviser begins to engage in such types of transactions, it will adopt best execution procedures applicable to such transactions.

There is no concept of "aggregating trades" with respect to Life Contingent Assets: on the purchase side, each Life Contingent Asset is a unique asset and there is no brokerage/clearing-house infrastructure for them; on the sale side, buyers of Life Contingent Assets evaluate and price each asset separately in arriving at an offer price for a group of assets.

Elements that Adviser considers when evaluating the purchase of a Life Contingent Asset or a portfolio of such assets are: life expectancies of the individuals insured, premium obligations of the Life Contingent Asset, financial strength of the insurance carrier, gender mix of the portfolio, geographic mix of the portfolio, impairment mix of the portfolio, age and size of the insurance policy, absence of liens on the Life Contingent Asset or the portfolio, facts surrounding the issuance and first sale of the Life Contingent Asset, and expected IRR of the asset if held to maturity.

Providers are compensated by the parties from whom the Provider sources the asset and such compensation is disclosed to Adviser. Adviser does not purchase Life Contingent Assets directly from the individual whose life is insured or from the original owner of the asset.





### Item 13 *Review of Accounts*

Adviser is responsible for monitoring the investment portfolios of Client Funds for portfolio diversification, adherence to investment objectives, adherence to any restrictions placed on such investment portfolios and, where applicable to specific investments, maturity and quality. Adviser will periodically review the investment portfolios of Client Funds to ensure that they are in accordance with concentration limits as to insurance carrier, gender mix, impairment mix and age and size of each Life Contingent Asset. Such reviews of investment portfolios generally occur at least one time per month during the ramp-up stage of a Client Fund. In addition, the Controller of Adviser will perform a reconciliation between Adviser's records and statements received from the custodian.

The Client Fund receives a written quarterly statement from the adviser of its assets, including, without limitation, the status and value of each such asset and listings by face value; age and other demographics of the insureds. Adviser provides investors in the Client Fund with written monthly unaudited NAV statements of their accounts, and the Client Fund annually receives audited financial statements.



Item 14 *Client Referrals and Other Compensation*

Adviser does not compensate any unrelated third parties for client referrals. Adviser does not receive any economic benefit from a non-client for providing advisory services to a client.

## Item 15 *Custody*

Adviser is not a custodian and its practice is not to have physical custody of client assets. Notwithstanding the foregoing, Adviser is deemed to have custody of the Client Fund's assets under Rule 206(4)-2 under the Advisers Act (the "Custody Rule"). To meet the requirements of the Custody Rule, all Client Fund assets are maintained at banks which are qualified custodians as defined by the Custody Rule. In addition, to meet the requirements of the Custody Rule, the Client Fund's assets are subject to an annual audit in accordance with generally accepted accounting principles conducted by an independent public accountant registered with the Public Company Accounting Oversight Board and the audited financial statements are distributed to investors in the Client Fund within 120 days of the end of the Client Fund's fiscal year.



## Item 16 *Investment Discretion*

Adviser has discretion over the assets purchased by the Client Fund. With respect to Life Contingent Assets, the limited partnership agreement of the Client Fund specifies any limitations with respect to the size of each individual investment, the maximum and minimum face value of each Life Contingent Asset, the maximum concentration underwritten by each insurance carrier, concentrations with respect to each health impairment, gender, life expectancies, geography and whether Adviser may purchase any assets subject to liens. With respect to other types of assets, if any, the limited partnership agreement of the Client Fund will spell out any limitations in each case.

Adviser manages the investments of the current Client Fund. In the future, Adviser may take on other Client Funds or managed accounts having different investment strategies relating to Life Contingent Assets. In some cases, the Client Funds and /or managed accounts may hold their assets to maturity with the proceeds being distributed to its partners at a specific date. In other cases, a Client Fund or Managed Account may have the flexibility to sell assets prior to maturity and reinvest proceeds. The limited partnership agreement of the particular Client Fund and/or the applicable Investment Management Agreement will specify any limitations, restrictions or procedural requirements with respect to any asset transaction.



## Item 17 *Voting Client Securities*

Generally, the types of investments recommended by Adviser do not solicit proxies, and Adviser generally does not vote proxies on behalf of its clients. However, if and when Adviser receives proxy requests with respect to investments held by the Client Fund or other client accounts, the Co-Chief Executive Officers, jointly, will decide how to vote such proxy requests. To the extent they determine there is a conflict of interest, they will consult with the General Counsel/Chief Compliance Officer to determine the best way to vote such proxies in the best interests of Adviser's clients.

Adviser will maintain the following records with respect to proxies: (i) proxy statements received regarding the Client Fund's policies; (ii) records of votes cast on behalf of the Client Fund, including each policy as to which votes were cast and how shares were voted on each issue; (iii) written records of requests by the Client Fund for proxy voting information; (iv) written responses to any written or oral requests; and (v) any documents prepared or used by Adviser that were material to how a proxy was voted or that memorialized the basis for the voting decision.

Adviser does not accept requests from the Client Fund to vote proxies in a particular manner.

Adviser's proxy voting policy and procedures are available upon request. The Client Fund may obtain Adviser's proxy voting policy or a record of Adviser's proxy voting for the Client Fund by contacting Adviser's Chief Compliance Officer, at (212) 486-0600.



Item 18. *Financial Information*

Adviser has not been the subject of a bankruptcy petition. Adviser's financial condition is not likely to impair its ability to meet contractual commitments to clients.

