

Equifin Capital Management II, LLC

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This brochure provides information about the qualifications and business practices of Equifin Capital Management II, LLC ("**Equifin**"). If you have any questions about the content of this brochure, please contact Lisa McGovern, Equifin's Chief Compliance Officer ("**CCO**") at (212) 382-6008 or LMcGovern@equifincapital.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("**SEC**") or by any state securities authority.

Registration of an investment adviser does not imply that Equifin or any of our principals or employees possesses a particular level of skill or training in the investment advisory business or any other business.

Additional information about Equifin also is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2: Material Changes

Because this is our first brochure prepared using the SEC's revised Form ADV Part 2A, we have no material changes in prior filings to report.

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Item 4: Advisory Business

Founded in 2005, Equifin Capital Management II, LLC (“**Equifin**,” “**we**,” “**us**,” “**our**,” or the “**Firm**”), is a Delaware limited liability company that provides discretionary investment advisory services and management services to the following private equity privately pooled investment vehicles:

- Equifin Capital Partners II, L.P. (Delaware)
- Equifin Capital Partners II (Offshore), L.P. (Cayman)
- Equifin Capital Residential Credit Investors, L.P. (Cayman)
- Equifin Residential Credit Investors, L.P. (Cayman)
- OZ Residential Credit Co-Investment, L.P. (Cayman)
- OZ Flagship Co-Investment, L.P. (Cayman)

(collectively, the “**Funds**” or “**Clients**”). In managing the Funds, Equifin focuses exclusively on the financial services sector and the Firm expects to sponsor and advise other Funds or investment vehicles from time to time within this area of expertise.

The Funds are managed in accordance with each Fund’s investment objectives, strategies, restrictions and guidelines. Each Fund is managed only in accordance with its own characteristics. Information about each Fund can be found in its offering documents, including its confidential private placement memorandum (the “**CPPM**”).

Equifin is wholly owned and controlled by Mr. Mani Sadeghi, Mr. Joseph Tomei, and Mr. Douglas Goodman (collectively, the “**Principals**”).

As of December 31, 2011, the Firm managed US\$600,557,140 in the Funds, all of which are managed on a discretionary basis.

Item 5: Fees and Compensation

We are generally compensated for our advisory services to the Funds based on a percentage of assets under management and performance-based amounts.

Our current fee schedule for the Funds is generally as follows:

Management Fee

Until the commitment period for a Fund has terminated, a Fund generally pays to us annual advisory fees (“**Management Fees**”) equal to a certain percentage of the total capital commitments (regardless of whether such capital has been invested) of the investors in the applicable Fund. Following the end of the commitment period of a Fund, the Management Fee of such Fund is equal to a certain percentage of the net invested capital of the investors in the applicable Fund.

We may waive or reduce the Management Fee as to all or any of the investors in a Fund or agree with an investor to waive or alter the Management Fee as to that investor. The Management Fee charged by certain of the Funds may be reduced by all or a portion of any origination, transaction, monitoring, break-up or similar fees that we may receive as described in the CPPM of the applicable Fund.

There can be no assurance as to when capital will be invested or that the entire capital commitment of an investor will be invested by each Fund.

Carried Interest

For certain of the Funds that we advise we or an affiliate are also apportioned carried interest distributions from each Fund (“**Carried Interest**”) based on the net cash proceeds attributable to Fund investments. In our discretion, we may waive or reduce the Carried Interest as to all or any of the investors in a Fund or agree with an investor to waive or alter the Carried Interest as to that investor.

The Management Fee and Carried Interest can vary for each Fund or Client. Management Fees typically can range from approximately 0.75% to 2% per annum, and our Carried Interest typically can range from approximately 7.5% to 20% of the profits earned by such Fund. Investors should refer to each Fund’s CPPM for additional or supplementary information regarding the Funds as well as the Management Fee and Carried Interest paid by each Fund.

Lower fees for comparable services may be available from other sources. The Management Fee and Carried Interest may constitute a higher percentage of average net assets than would be found in other investment vehicles not managed by Equifin.

Payment Method

Depending on the Fund, the Management Fee will be paid quarterly in advance or arrears either by issuing capital calls to the investors or by paying Management Fees from investment proceeds or other cash held by each Fund. The Carried Interest for each Fund generally is paid out as a distribution of the net cash proceeds attributable to dispositions of portfolio investments of the Fund.

Expenses

Organizational Expenses

Subject to any expense limitations that may be described in the CPPM for each Fund, the Funds will bear all reasonable legal and other organizational, operating and offering expenses incurred in the formation of the Funds and related entities (“**Organizational Expenses**”).

Operating Expenses

We will pay all ordinary administrative and overhead expenses in managing investments of the Funds, including salaries, benefits and rent. The Funds will pay all other expenses attributable to the activities of the Funds (collectively, “**Operating Expenses**”) including, without limitation:

- expenses incurred in connection with the evaluation, acquisition or disposition of investments, including expenses paid by the Funds with respect to potential investments that are not consummated, private placement fees, sales commissions, appraisal fees, taxes, brokerage fees, travel expenses, underwriting commissions and discounts, and legal, accounting, investment banking, consulting, information services and professional fees;
- expenses incurred in connection with the carrying or management of investments, including custodial, trustee, record keeping and other administration fees;

- expenses incurred in connection with the Funds' financial statements, tax returns, and K-1's;
- attorneys' and accountants' fees and disbursements;
- taxes and other governmental charges levied against the Funds;
- insurance, regulatory or litigation expenses (and damages);
- expenses incurred in connection with the winding up or liquidation of the Funds;
- expenses relating to defaults by investors in the payment of any capital contributions;
- out-of-pocket expenses for transactions not consummated;
- expenses incurred in connection with any restructuring or amendments to the constituent documents of the Funds and related entities;
- expenses incurred in connection with distributions to the investors and in connection with any meetings with investors or the advisory board;
- any and all expenses related to the Funds' indemnification obligations;
- any and all expenses incurred in connection with any valuation of assets of the Funds; and
- Management Fees.

Sales Compensation

We will not receive sales commissions in connection with sales of interests in the Funds.

Item 6: Performance-Based Fees and Side-By-Side Management

As described above, we or an affiliate will receive performance-based compensation in the form of Carried Interest distributions from certain of the Funds that it manages. For a discussion of our Carried Interest and performance-based compensation received from the Funds, please refer to Item 5 above. Compensation based on performance will only be charged in accordance with the provisions of Rule 205-3 under the Investment Advisers Act of 1940 (the "Advisers Act").

Performance-based compensation may create an incentive for Equifin to make investments that are riskier than it would otherwise make.

In the event that some Funds charge higher performance-based compensation than others, a conflict may arise. In such a situation, we may have an incentive to treat some Funds preferentially as compared to others because those Funds pay higher performance-based compensation.

We have adopted a policy to allocate portfolio transactions and investment opportunities across multiple Funds on a fair and equitable basis over time. In an attempt to mitigate conflicts of interest, any investment opportunity that is suitable for more than one Fund may be allocated among the Funds as we reasonably determine in good faith based on various factors, including the Fund's investment strategy, available capital, and investment restrictions and guidelines.

Item 7: Types of Clients

Investors in the Funds may include a variety of institutional investors and high net worth individuals satisfying the exceptions and exemptions under which each Fund operates. We require Fund investors to make representations concerning their financial sophistication and ability to bear the risk of loss of their entire investment.

The minimum initial investment in a Fund is \$5,000,000; however lesser amounts may be accepted in our or an affiliate's sole discretion. In our or such affiliate's sole discretion, we may accept capital contributions from new and existing investors at any time.

Item 8: Methods of Analysis, Investment Strategies and Risk of Loss

Methods of Analysis and Investment Strategies

We are a private investment advisory firm focused exclusively on investing capital utilizing the industry knowledge of our Principals and investment staff in the financial sector. Our Principals have invested and operated in various credit industry sectors throughout industry cycles over the past two decades and have an extensive equity investment track record and have executed a variety of different transactions, including management buyout, finance company build-ups and turnarounds and financial asset transactions.

We continue the Principals' strategy of buying and building platform companies across credit sectors of the financial services industry by investing capital using a broad array of techniques. The Principals have executed investments as start-ups, growth capital, asset acquisitions, management buy-outs, corporate spin-outs, take privates and turn-arounds. In the case of asset transactions, we seek to deliver attractive risk-adjusted returns based on pre-investment diligence and asset valuation and post-investment management of the assets. In the case of company acquisitions, once we have invested equity in a platform company we seek to help management teams deliver asset growth, operational improvements and enhanced returns.

The Funds' portfolio may include a small number of large positions as diversification is not an objective of the Funds.

We have experience in four major sectors of the credit industry:

- Residential Mortgage and Consumer Finance
- Commercial Finance and Real Estate
- Asset Servicing
- Capital Asset Management

In managing the Funds, we focus on the financial services industry because we believe that the industry presents attractive investment opportunities as we have limited competition from generalist investors, and because we can utilize the experience of our Principals in the finance industry to source, diligence, and manage investments.

Transaction Sourcing and Diligence Capabilities

We identify opportunities utilizing a large network of industry relationships and also have a successful record of generating investment opportunities from our proprietary research and analysis. Through a disciplined internal development process, we proactively identify favorable dynamics in each of our target sectors, perform in-house industry research and

analysis to quantify the likely impact of these dynamics, and develop our market knowledge into investable propositions.

Additionally, we are well-established as a primary investor in our target markets and have relationships with generalist intermediaries, specialized intermediaries and industry executives that provide the Funds with a robust flow of investment opportunities. We believe that the operating background and credit market experience of our Principals enables us to perform due diligence at both the company/equity level and also at the more detailed asset level, a level of granularity that is difficult for generalist investors to replicate.

Clearly Defined Investment Strategy

The Firm employs a well-defined equity investment strategy based on buying and building “platform companies,” which are businesses identified by the Principals as having distinctive core competencies in:

- specialty origination and underwriting of loans and leases,
- efficient servicing of financial assets; or
- value-added management of capital assets.

Platform companies will also have, or with our help, develop, critical operating capabilities including:

- a leverageable operating platform;
- efficient access to debt capital; and
- a well-balanced management team that can prudently deliver growth.

Once an equity investment in a platform company is in place, the Funds can benefit from accretive add-on acquisitions of financial assets and asset portfolios in the target sectors, creating a continuous, rewarding cycle. The specialized capabilities of the platform company enhance the returns on financial asset investments and the financial asset investments further increase the platform company’s equity returns. This investment model presents the Funds with multiple options for deploying capital: investing in equity to buy or build the platform company; providing equity to fund asset growth in the platform company; and investing capital to purchase assets side-by-side with the platform company.

The Firm also evaluates asset transactions using a well-defined investment strategy based on identifying:

- asset classes undergoing cyclical or structural changes;
- asset classes that are generally out of favor, or require specialized diligence or management capabilities; and
- asset classes that offer attractive risk-return opportunities.

We seek to source and manage such assets utilizing our industry relationship network, specialized evaluation capabilities, and ability to access or control specialized asset management capabilities.

Focus on Risk Mitigation

We will invest in financial assets or financial service businesses that have balance sheets comprised mostly of financial assets. These assets may provide downside protection in the form of contractual cash flows and liquidity in the credit markets. Additionally, we will

negotiate and structure investments with legal and economic provisions that provide governance rights and downside risk protection.

Risk of Loss Factors

Investing in securities involves risk of loss that investors should be prepared to bear. Investors should consider the following factors before investing in the Funds. The following list of risk factors does not purport to be a complete enumeration or explanation of the risks involved in an investment in the Funds. Prospective investors are urged to consult their professional advisers and review the legal documents and offering for the particular Fund before deciding to invest in one of the Funds.

Dependence on Key Personnel

The success of the Funds will be highly dependent on the expertise and performance of the Principals. There can be no assurance that the Principals will continue to be associated with the Firm or any of our affiliates throughout the life of the Funds, as they are under no contractual obligation to remain with the Firm or any of our affiliates for all or any portion of the term of the Funds. The loss of the services of one or more of these individuals could have a material adverse effect on the performance of the Funds. Furthermore, although the Principals will commit a significant amount of their business efforts to the Funds, they are not required to devote all of their business time to the Funds' affairs. They will continue to manage prior investments, and may manage newly created partnerships.

Illiquidity of Investments

An investment in a Fund requires a long-term commitment with no certainty of return. It is unlikely there will be near-term cash flow available to investors. Many of the Funds' investments may be illiquid, and there can be no assurance that the Funds will be able to realize such investments at attractive prices or otherwise be able to effect a successful realization or exit strategy. Consequently, dispositions of such investments may require a lengthy time period or may result in distributions in-kind to investors.

Portfolio Concentration

Diversification is not an objective of the Funds. The Funds' respective portfolios may include a small number of large positions. If the Funds' investments are concentrated in a few issuers or industries, any adverse change in one or more of such issuers or industries could have a material adverse effect on the Funds' investments. Therefore, while this portfolio concentration may enhance total returns to investors, if any large position has a material loss, returns to investors may be lower than if they had invested in a diversified portfolio.

No Assurance of Returns

We cannot provide assurance that we will be able to choose, make and/or realize investments in any particular company or portfolio of companies. There is no assurance that the Funds will be able to generate returns for investors or that the returns will be commensurate with the risks of investing in the types of companies and transactions described elsewhere in this brochure. There can be no assurance that the Funds' investment objectives will be achieved or that there will be any return of capital. Therefore, an investor should only invest in a Fund if the investor can withstand a total loss of its investment. The past investment performance of the entities with which our officers and employees have been associated cannot be taken to guarantee future results of any investment in the Funds.

The Financial Services Industry and the Current Regulatory Environment

Recent developments in the U.S. financial markets illustrate that the current environment is one of extraordinary and possibly unprecedented uncertainty for the financial services industry. These developments have heightened the risks associated with the investment activities and operations of certain funds, including without limitation, those resulting from a substantial reduction in the availability of credit and the increased cost of short-term credit, a decrease in market liquidity and an increased risk of insolvency of counterparties. In addition, in July 2010, the Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Dodd-Frank Act”) was passed which imposes many new requirements and restrictions on the financial services industry that may likely affect the business, operations, investments and performance of these funds, such as increased reporting requirements, limitations on certain trading activity and regulatory oversight by different agencies, such as the newly created Financial Stability Oversight Counsel. Even with the passage of the Dodd-Frank Act, the implications of its passage for the industry as a whole still remain somewhat unclear. The financial services industry may continue to be adversely affected by the recent developments in the financial markets in the U.S. and abroad, and any future legal, regulatory, or governmental action and developments in such financial markets and the broader U.S. economy could have an adverse effect on our business, operations and performance.

Amendments to relevant laws could alter an expected outcome or introduce greater uncertainty regarding the likely outcome of an investment situation. In addition, market disruptions and the dramatic increase in the capital allocated to alternative investment strategies during recent years have led to increased governmental as well as self-regulatory scrutiny of the alternative investment industry in general, and certain legislation proposing greater regulation of the industry periodically is considered by the U.S. Congress and the U.S. Securities and Exchange Commission, as well as the governing bodies of non-U.S. jurisdictions. It is impossible to predict what, if any, changes in the applicable regulations.

Item 9: Disciplinary Information

We have not been subject to any disciplinary action, whether criminal, civil or administrative (including regulatory) in any jurisdiction. Likewise, no person involved in the management of the Firm has been subject to such action.

Item 10: Other Financial Industry Activities and Affiliations

Certain affiliates of the Principals, Equifin Alternative Investments, LLC and ECSC, LLC, are active in identifying and structuring secondary investments in alternative asset limited partnership interests and related assets. For the purpose of complying with FINRA regulations, the Principals are registered representatives of Tangent Capital Partners, LLC, a registered broker-dealer with FINRA.

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

Participation or Interest in Client Transactions

We serve as the investment adviser to the Funds. Employees, affiliates of the employees, and relatives of the employee may make investments in the Funds. We may or may not receive any compensation from such investments from employees.

We and our affiliates and employees have a financial interest in the Funds through an incentive allocation or a direct investment interest in the Funds. As such, we could be considered to have recommended to investors that they buy or sell securities or investments in which we or a related person has some financial interest.

Code of General Business Conduct

We have adopted a Code of General Business Conduct (the “**Code**”) that establishes various procedures with respect to investment transactions in accounts in which any of our members, senior advisors or employees (each, a “**Covered Person**”) has any beneficial interest or exercises effective influence or control. The spirit of the Code is to discourage frequent trading in employee personal accounts.

We maintain a list of issuers, the securities of which Covered Persons may not own or which may be subject to various other restrictions, including restrictions with respect to the time period during which a particular investment may be made (each such security, a “**Restricted Security**”, and such list, the “**RSL**”). Once a proposed transaction is submitted for approval, the CCO will compare the security to the RSL and grant approval unless the subject security is on the RSL. Covered Persons must also obtain pre-approval from the CCO before engaging in any outside business activities or private placements. In addition, Covered Persons may not acquire securities for their own account in an IPO.

All Covered Persons must direct their brokers to send duplicate copies of trade confirmations and brokerage statements to the CCO. These records are used to monitor compliance with the foregoing policies. This policy does not apply to money market funds, certificates of deposit or open-ended mutual funds.

Our Code of General Business Conduct is available to investors and qualified prospective investors upon request.

Item 12: Brokerage Practices

As an adviser to private equity funds, we do not generally make investments in securities listed on national exchanges. While we primarily make investments directly with private issuers, there may be situations where we place a trade(s) through a broker, particularly if there has been a liquidity event in a portfolio holding. In such circumstances, we will seek “best execution” in light of the circumstances involved in transactions. In selecting a broker for any transaction, we may consider a number of factors, including, for example, broker’s reputation, net price or spread, reputation, financial strength and stability, market access, efficiency of execution and error resolution, and the size of the transaction. We will not be obligated to obtain the lowest commission or best net price for a Client on any particular transaction.

We will monitor transaction results as orders are executed to evaluate the quality of execution provided by the various brokers and dealers that we use in order to determine that commission rates are competitive and otherwise to evaluate the reasonableness of the commission rates paid to those brokers and dealers in light of all the factors described above.

Item 13: Review of Accounts

Review of Accounts

The Fund portfolios are reviewed by the Principals on at least a monthly basis. We utilize a defined periodic portfolio monitoring system that entails monthly, quarterly and annual reviews of financial and operational performance, emerging risks and opportunities, key sector developments and budget and strategic plan expectations. In addition, other than the periodic reviews described above, a review of the Funds may be triggered by any significant unexpected event, which may include market or liquidity events.

Client Reports

Investors in the primary Funds will typically receive among other things a copy of audited financial statements of the relevant fund within 120 days after the fiscal year end of such Funds in addition to quarterly unaudited financial statements. Investors in co-investment vehicles formed for a specific single investment, will typically receive quarterly and annual unaudited financial statements as well as quarterly reports received from a qualified custodian.

Item 14: Client Referrals and Other Compensation

Compensation by Non-Clients

From time to time, we or an affiliate may receive transaction fees, origination fees, monitoring fees, advisory fees, break-up fees and other similar fees from companies in which a Fund may invest. In addition, such companies may agree to reimburse us for expenses incurred in evaluating and/or consummating an investment or monitoring an existing investment or providing other services. In certain circumstances, a negotiated portion of these amounts, net of related expenses, may be credited against the management fees payable to us by the particular Fund.

Compensation for Client Referrals

We do not currently utilize third parties for capital raising purposes.

Item 15: Custody

Client and investor assets are held with broker-dealers or banks that are deemed to be “qualified custodians,” and each client will receive statements directly from such qualified custodians at least quarterly. Further, the SEC takes the position that advisers to pooled investment vehicles are deemed to have custody with respect to the assets of such vehicles. However, advisers to pooled investment vehicles are considered to be in compliance with the custody rule if such pooled investment vehicle: (i) is audited at least annually; and (ii) distributes its audited financial statements prepared in accordance with generally accepted accounting principles to all limited partners (or other beneficial owners) within 120 days (or 180 days in the case of a multi-manager vehicle) of the end of its fiscal year.

To ensure compliance with the custody rule, investors in an Equifin Investment Vehicle will receive audited financial statements for the particular Investment Vehicle in which they are invested within 120 days (or 180 days in the case of a multi-manager vehicle) of the fiscal

year end of such Investment Vehicle or will receive quarterly statements directly from a qualified custodian.

Item 16: Investment Discretion

Subject to any investment restrictions set forth in the CPPM of a Fund, we have discretionary authority to make the following determinations without obtaining the consent of any Fund or Investor before the transactions are effected:

- the securities that are to be bought or sold;
- the total amount of the securities to be bought or sold;
- the brokers, investment banks or placement agents through which securities are to be bought or sold; and
- the commissions, fees or other rates at which securities transactions for a Fund or Account are effected.

Our discretionary authority is derived from our authority as the investment manager of each Fund and pursuant to an investment management agreement entered into by Equifin and the Fund.

Item 17: Voting Client Securities

Proxy Voting

Although infrequent, when necessary we will vote proxies/corporate actions of companies in which the Funds invest in. The proxies/corporate actions are reviewed and analyzed by the Principals. Prior to voting, we will make a determination, in our opinion, as to what vote is in the best interest of the Funds. Equifin will maintain a written record of the proxy/corporate action vote on each occasion that a vote is required.

Upon request, we will provide an investor with a copy of our proxy voting policies and procedures and/or a record of all proxy votes cast by the Funds.

Item 18: Financial Information

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about their financial condition. Equifin has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.