

ITEM 1: COVER PAGE

FORM ADV PART 2A: FIRM BROCHURE

EVOLUTION CAPITAL MANAGEMENT LLC

March 30, 2017

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This brochure (the “Brochure”) provides information about the qualifications and business practices of Evolution Capital Management LLC (“Evolution”). If you have any questions about the contents of this Brochure, please contact Gerald Tsai, Evolution’s Chief Compliance Officer, at (310) 315-8840 or gerald.tsai@evocm.com. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

Additional information about Evolution is available on the SEC’s website at www.adviserinfo.sec.gov.

Registration as an investment adviser does not imply that Evolution or any of its managers, officers or employees possess a particular level of skill or training in the investment advisory business or any other business.

ITEM 2: MATERIAL CHANGES

Since the filing of Evolution's last annual update to the Brochure on March 29, 2016, the Brochure has been updated to reflect the addition of several Clients (as defined below), and the identification of additional risks associated with making an investment in the Clients. This updated Brochure also discusses conflicts of interest arising from the investment strategy employed by certain Clients, and from the engagement of affiliates of Evolution to provide custodial services to Clients.

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ITEM 4: ADVISORY BUSINESS

A. Advisory Business

Evolution is an investment adviser with its principal place of business in Santa Monica, California. Evolution was formed in May 2002, and it is a limited liability company organized in the State of Delaware. Michael Lerch is the founder of Evolution. Evolution is wholly owned by Tiger Trust, a Cayman Islands trust for which Rothschild Trust Guernsey Limited and Guernsey Global Trust Limited serve as trustees.

B. Advisory Services

Evolution provides investment advisory services on a discretionary basis to pooled investment vehicles that are structured as Delaware limited partnerships, Cayman Islands exempted companies, Cayman Islands segregated portfolio companies, or Cayman Islands unit trusts (also referred to herein as “Client”, “Clients”, “Fund”, or “Funds”) for which Evolution acts as general partner or investment manager. References to an “investor” or “investors” in this Brochure refer to investors in Clients.

C. Tailored Advisory Services

Evolution is granted broad investment authority with respect to the management of its Clients, subject to such investment restrictions as may be set forth in the confidential private offering memorandum, limited partnership agreement (with respect to Clients formed as Delaware limited partnerships), memorandum and articles of association (with respect to Clients formed as Cayman Islands exempted companies or segregated portfolio companies), and other governing documents of each Client (collectively, the “Governing Documents”). There is no assurance that any Client’s investment objectives will be achieved.

Evolution may enter into “side letters” or similar agreements with certain investors in the Clients granting the investor specific rights, economic terms, benefits, or privileges that are not made available to other investors. Investors may not impose restrictions on investing in certain securities and/or investments and/or certain types of securities and/or investments except as agreed to in the Governing Documents or in a side letter.

D. Wrap Fee Programs

Evolution does not participate in wrap fee programs.

E. Client Assets Managed on a Discretionary Basis

As of January 31, 2017, Evolution managed approximately \$322,264,246 in regulatory assets under management, all of which was managed on a discretionary basis.

ITEM 5: FEES AND COMPENSATION

The description below is intended to provide a brief summary of typical fee, compensation, and expense structures shared by certain types of Clients, and is not intended to depict every scenario where such structures may differ. All investors should review the Governing Documents of each Client in conjunction with this Brochure for more complete information.

A. Compensation for Advisory Services

With respect to any Clients of Evolution in which all investors are “qualified purchasers”, as defined in Section 2(a)(51)(A) of the Investment Company Act of 1940, as amended (the “1940 Act”), information regarding the fees and compensation payable by such investors is not required to be provided herein.

- (1) Evolution Income Funds. Evolution is the investment adviser to several pooled investment vehicles that directly or indirectly invest in U.S. consumer and small business debt securities that are sourced from marketplace lenders (the “Evolution Income Funds”).

- a. Management Fees: The management fee applicable to the Evolution Income Funds range between 1.0% and 1.5% per year, based on the net asset value of the applicable Evolution Income Fund.
- b. Performance Based Compensation: Evolution has the potential to earn performance-based compensation in the form of profit allocations/performance fees from the Evolution Income Funds. Except as noted below, the performance fee applicable to the Evolution Income Funds range between 10% and 15% of the appreciation on the net asset value of the applicable Evolution Income Fund.

One of the Evolution Income Funds, Evolution US Lending Fund, is a Cayman Islands unit trust that is offered exclusively in Japan (“EUSLF”). The performance fee applicable to EUSLF is 100% of any appreciation on the net asset value of such fund in excess of a hurdle, which is currently set at 5% per annum.

Performance fees are calculated on a cumulative basis and are not payable by an investor until all prior net losses with respect to such investor’s account are recouped.

- c. Capital Deployment Fee: Although capital deployment fees are no longer being charged to investors in the Evolution Income Funds, existing investors have paid a one-time capital deployment fee of 1.0% that was assessed at the time subscription amounts were invested in an Evolution Income Fund.
- (2) Evo Select Funds. Evolution is the investment adviser to two pooled investment vehicles for “friends and family” of the firm (the “Evo Select Funds”). The primary investment strategy of the Evo Select Funds is to co-invest in structured transactions alongside affiliates of Evolution. The Evo Select Funds do not charge a management fee. The profit allocation/performance fee applicable to the Evo Select Funds is twenty-five percent (25%) of any realized and unrealized appreciation as long as such appreciation exceeds an annual ten percent (10%) return hurdle, compounded annually.
- (3) Fee Waivers. From time to time Evolution may in its sole discretion afford certain investors in Clients, including its employees, more favorable economic terms than other investors in the same Client or other investors within the same investment strategy, including with respect to management and performance-based compensation and capital deployment fees.

B. Deduction of Fees

Management fees payable to Evolution are calculated monthly, accrued, and collected directly from Clients quarterly in arrears. Performance fees are collected on an annual basis after completion of the audit of a Client’s year-end financial statements.

C. Other Fees and Expenses

- (1) Fees and Expenses Generally.

Subject to the Governing Documents, the Funds bear all costs, fees, expenses and liabilities that are incurred by, or arise out of their operation and activities. These include all ongoing costs and expenses associated with the administration and operation of the Funds, such as, without limitation, brokerage commissions, insurance premiums, tax and filing fees, legal, external valuation and auditing expenses, accounting, administrative, and consultant and other service provider expenses, trading and risk management system expenses, travel expenses, and expenses incurred with respect to furnishing investors with annual reports and other financial information, and to the extent any such costs and expenses are paid by Evolution, Evolution will be reimbursed by the Funds. The Funds also are obligated to pay any extraordinary expenses they may incur, such as the expense of any litigation.

(2) Administration Fees and Expenses.

Evolution has engaged third party service providers (collectively, the “Administrators”) to provide fund administration services to the Funds. The Administrators are entitled to receive monthly fees that are based on a percentage of the net asset value of each Fund that range from 0.03% to 0.13%, subject to monthly minimum charges that range from \$3,000 to \$6,000.

In addition to the standard administration fees described above, the Administrators may also charge the Funds specific service based fees. The Administrators are also entitled to reimbursement of expenses. Certain Funds have engaged the Administrators to provide U.S. Foreign Account Tax Compliance Act and Common Reporting Standard compliance services. Fees for these services generally vary based on the number of reportable shareholders per Fund.

(3) Additional Expenses Applicable to Funds that Utilize Leverage.

Funds that utilize leverage may enter into credit facilities or obtain leverage through various other transactions, including but not limited to the use of derivative instruments, margin trading, or through securitizations. All initial and ongoing expenses of any such arrangement shall be borne by the Funds benefiting from the arrangement. These expenses may be amortized in a manner and over a term that is equivalent to the maturity of the arrangement, as determined by Evolution in its sole discretion. These expenses have included payments to Evolution Japan Securities Co. Ltd. (“EJS”), an affiliate of Evolution, for investment banking services. Any such payments will be comparable to the fees that would be payable if a third party with similar financial sophistication was engaged to provide similar services under similar circumstances. Please review Item 10 for additional information concerning the relationship between Evolution and EJS.

(4) Fees Applicable to EUSLF.

- a. *Trustee Fee:* As a Cayman Islands unit trust, in lieu of an Administrator, EUSLF has engaged CIBC Bank and Trust Company (Cayman) Limited (“Trustee”) to serve as its trustee. The Trustee is entitled to receive an annual trustee fee of 0.05% of the net asset value of EUSLF and an annual financial statement preparation fee of \$5,000. The Trustee is also entitled to reimbursement of expenses incurred in its capacity as trustee of the assets of EUSLF.
- b. *Manager Fee.* CS (Cayman) Limited is the manager of EUSLF appointed pursuant to its Trust Deed. CS (Cayman) Limited is entitled to receive an annual fee of \$45,000 from EUSLF for acting as its manager.

- c. *Distribution and Agency Fee*: EJS is entitled to receive an annual distribution fee of 0.7% of the net asset value of EUSLF. The Distribution Fee is calculated monthly and payable monthly in arrears. EJS is also entitled to receive an annual agent company fee equal to 0.1% of the net asset value of EUSLF. This agent company fee is calculated monthly and payable monthly in arrears. Please review Item 10 for additional information concerning Evolution's relationship with EJS.

(5) Additional Expenses Applicable to the Special Opportunities Portfolios (as defined below), the Japan Opportunities Funds (as defined below), and the Evo Select Funds (collectively, the "Co-Investment Funds").

The Co-Investment Funds invest alongside affiliates of Evolution in structured transactions that primarily involve publicly listed corporations based in Asia. The Co-Investment Funds may participate in these transactions indirectly by investing through a special purpose vehicle or a fund managed by Evolution. In such cases, the Co-Investment Funds would be responsible for a portion of the costs associated with forming and operating the special purpose vehicle or fund. In no instance would the Co-Investment Funds be obligated to pay any additional management fees, performance fees or capital deployment fees as a result of the utilization of any such structure. In addition, certain Co-Investment Funds or vehicles through which they invest maintain brokerage accounts at EJS. Trading commissions payable to EJS are comparable to the commissions that would be payable if a broker unrelated to Evolution was utilized. Please review Item 10 for additional information concerning Evolution's relationship with EJS.

- (6) Additional Expenses Applicable to Master Feeder Structures. A "master-feeder" structure refers to a structure where a "feeder" fund pursues its investment strategy through an investment in a "master" fund. Several of the Funds invest through master-feeder structures. None of the feeder funds are obligated to pay any additional management fees, performance fees or capital deployment fees with respect to their investments in their respective master funds. However, as a shareholder of their master funds, the feeder funds bear a portion of the costs of their respective master funds' organizational and operational expenses.

D. Pre-Paid Fees

Evolution's fees are earned when services are provided, and are paid in arrears thereafter.

E. Compensation for Sale of Securities

Neither Evolution nor any of Evolution's employees 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.

ITEM 6: PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

Consistent with the provisions of Rule 205-3 under the Investment Advisers Act of 1940, as amended (the "Advisers Act"), and as discussed in Item 5 above, certain Clients pay Evolution both a management fee and a performance based fee.

The existence of a performance based fee may create an incentive for Evolution to make investments that may be riskier, more speculative, or potentially more profitable than would otherwise be the case in the absence of such performance based return. However, we believe this incentive is mitigated by the personal investment of Evolution's principals in certain of the Funds, and the fact that losses will reduce the Funds' performance and, thus their returns as well.

Evolution has adopted and implemented policies and procedures intended to address potential conflicts of interest relating to the management of multiple Clients, and the allocation of investment opportunities among such Clients. Evolution reviews investment decisions for the purpose of ensuring that all Clients with substantially similar investment objectives are treated equitably.

ITEM 7: TYPES OF CLIENTS

Evolution currently only provides investment advice to pooled investment vehicles that are organized as Delaware limited partnerships or Cayman Islands exempted companies, segregated portfolio companies, or unit trusts. The investors in each Fund may include, but are not limited to, corporations, foundations, trusts, estates and high net worth individuals. The Funds are offered exclusively to parties who are "accredited investors" as defined in Regulation D under the Securities Act of 1933, as amended (the "Securities Act"), and "qualified clients" as defined in Rule 205-3 of the Advisers Act. Certain Funds require that their investors, in addition to being accredited investors and qualified clients, are qualified purchasers. Accordingly, all Clients of Evolution are exempt from registration as investment companies in reliance upon the exemptions available under Section 3(c)(1) or Section 3(c)(7) of the 1940 Act.

The initial and additional subscription minimums are disclosed in the Confidential Private Offering Memorandum for each Fund. Initial and additional subscription minimums may be waived by Evolution or the directors of the Funds, in their sole discretion.

ITEM 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

A. Investment Strategies

The following describes investment strategies employed by Funds managed by Evolution in which third parties have invested. Evolution is also the investment adviser to several funds that only hold assets of principals of Evolution. The investment strategies of those funds are not discussed below.

- (1) Evolution Income Funds. The Evolution Income Funds focus on investing in Securities (as defined below) that derive their value from consumer and small business loans facilitated by online lending platforms (the "Lending Platforms") that enable individuals and small businesses to borrow money and investors to fund loans made to borrowers. The "Securities" include trust certificates that entitle a holder (like the Evolution Income Funds) to interest and principal payments with respect to loans that are owned by a trust affiliated with a Lending Platform, notes issued by the Lending Platforms, notes issued by borrowers through the Lending Platforms, or other contractual instruments that derive their value from loans sourced by Lending Platforms. There are no restrictions on the percentage of the Evolution Income Funds' investments that may be allocated to any particular type of investment. The Evolution Income Fund may trade the Securities on the secondary market. Certain Evolution Income Funds pursue this investment strategy with the use of leverage obtained through credit facilities or securitizations.

- (2) Special Opportunities Portfolios. The “Special Opportunities Portfolios” are special situations funds that participate in unique investment opportunities. These opportunities have included the extension of debt financing to a private investment fund, and the engagement of a sub-adviser to employ a research intensive and data-driven quantitative and systematic trading and investment program primarily involving global equities, exchange traded funds, and their associated exchange traded derivatives. In addition, the Special Opportunities Portfolios have opportunistically invested alongside affiliates of Evolution in structured investments.
- (3) Japan Opportunities Funds. Evolution manages several pooled investment vehicles that pursue their investment objective of maximizing long-term gains and income primarily through investing opportunistically in structured investments in Japan alongside affiliates of Evolution (the “Japan Opportunities Funds”). The investment guidelines of the Japan Opportunities Funds also permit significant allocations of investments outside of Japan.
- (4) Evo Select Funds. As discussed in Item 5, Evolution is the investment adviser to the Evo Select Funds. Although there is no formal geographic limitation to these investments, the expectation is that they will primarily involve publicly listed companies located in Asia.

B. Material Risks

Each of the investment strategies employed by Evolution entails substantial inherent risks. These investment strategies involve risk of loss to investors and investors must be prepared to bear the loss of their entire investment. Although Evolution attempts to manage these risks through careful research, ongoing monitoring of investments, and diligent management, there can be no assurance that the securities and other instruments purchased which are the focus of the Funds’ strategies will increase in value or that Evolution’s Funds and their investors will not incur significant losses. Prospective investors must carefully review the “Certain Risk Factors” section of the respective Fund’s Confidential Private Offering Memorandum and carefully consider the risk factors in evaluating the merits and suitability of an investment in the respective Fund. The following discusses certain material risks for each significant investment strategy or method of analysis employed by Evolution.

(1) Risks Applicable to All Funds

Investment in the Funds is Highly Risky and Speculative. An investment in the Funds is highly risky and speculative. Investors bear the risk of loss of their entire investment.

No Liquidity. Investors in the Funds will be purchasing illiquid securities. The securities are issued pursuant to a private placement exemption under the Securities Act and are subject to significant restrictions on resale. The securities are not listed on any securities exchange, and do not have a secondary market.

The Funds have Limited Operating Histories. The Funds have limited operating histories. Accordingly, an investment in the Funds entails a high degree of risk. It cannot be assumed that Evolution will achieve any Fund’s investment objectives. There exists a possibility that an investor could suffer a complete loss as a result of an investment in a Fund.

The Funds May Incur Significant Direct and Indirect Expenses. The Funds may incur significant transaction costs and expenses in connection with its investments and operations. These and other expenses of organizing and operating the Funds (including management fees, performance

fees, costs incurred in obtaining financing, and the fees payable to the Administrator and other professional advisors) are paid out of the Funds' capital, reducing the Funds' potential for profitability. This risk is higher if the Funds have limited assets.

Substantial Redemptions May Materially and Adversely Affect the Value of the Funds' Assets. Substantial redemptions by investors within a short period of time could require Evolution to liquidate positions more rapidly than would otherwise be desirable, which could adversely affect the value of a Fund's assets. The resulting reduction in a Fund's assets could make it more difficult to generate a positive rate of return or to recoup losses due to a reduced equity base.

Adverse General Economic Conditions May Harm the Funds' Business. The success of any investment activity is influenced by general economic conditions, which may affect the level and volatility of interest rates and the extent and timing of shareholder participation in the markets for both equity and interest-rate-sensitive securities. Unexpected volatility or illiquidity in the markets in which the Funds directly or indirectly hold positions could impair the Funds' ability to carry out their business and could cause them to incur losses.

Evolution Must Manage Conflicts of Interest. As Evolution has expanded the scope of its business, Evolution increasingly must address potential conflicts of interest relating to the Funds' investment activities. For example, if certain Funds have overlapping investment objectives and differing fee structures, potential conflicts may arise with respect to decisions regarding how to allocate investment opportunities among those Funds. Similarly, by way of example, any decision to acquire material, non-public information while pursuing an investment opportunity for a particular Fund gives rise to a conflict of interest when so doing results in restricting the ability of another Fund either to sell investments in its portfolio or to pursue its own investment opportunity. In addition, investors may perceive conflicts of interest regarding particular investment management decisions in respect of Funds in which Evolution or its principals may be personally invested. While there are policies and procedures in place that are intended to ensure that each potential conflict of interest is appropriately addressed, it is possible that potential or perceived conflicts could give rise to investor dissatisfaction or litigation or regulatory enforcement actions. Appropriately dealing with conflicts of interest is complex and difficult and Evolution's reputation could be damaged if potential or actual conflicts of interest are not adequately addressed.

The Risk Management Systems of the Fund or Evolution May Fail. The risk management techniques and strategies utilized by the Funds and Evolution may not be fully effective in mitigating the risk exposure in all economic market environments or against all types of risk, including risks that are not identified or anticipated. Some of the strategies for managing risk are based upon use of observed historical market behavior. Any failures in the risk management techniques and strategies to accurately quantify the risk exposure could limit the ability to manage risks or to seek adequate risk-adjusted returns. In addition, any risk management failures could cause the losses to be significantly greater than the historical measures indicate.

The Success of the Funds is Dependent on Key Personnel of Evolution. The success of the Funds will depend in part upon the skill and management expertise of the investment professionals of Evolution. There can be no assurance that the investment professionals of Evolution will continue to be associated with Evolution or its affiliates. The loss of the services of any key investment professional of Evolution could have an adverse effect on the operations of the Funds. Evolution has exclusive and absolute discretion and authority to manage and control the Fund's investments, except as limited by the Fund's Governing Documents or applicable law. Evolution has wide

discretion to select securities and other intangible investment instruments in which the Funds invest and to determine the amount of funds to be used for each purpose. Evolution may exercise this discretion and authority conditionally or unconditionally, arbitrarily or inconsistently in varying or similar circumstances.

Risks from Any Evolving or New Trading Strategies. Evolution's investment analysis and selection techniques are continually evolving, and it may, for example, incorporate new or different models over time. Any newer techniques that Evolution employs may be less successful than prior techniques and may subject the Funds to additional risks.

Each Fund's Portfolio Lacks Diversification. Each Fund invests substantially all of its capital directly and indirectly in pursuit of its specific investment strategy. Each Fund's portfolios will not be diversified beyond those investments, idle cash, money market instruments or other short-term investments and any investments used for hedging purposes. In addition, the Funds are not required to maintain a minimum level of capital. If any Fund incurs losses or withdrawals, it may not have sufficient funds to adequately diversify the investments it holds.

Combination or "layering" of multiple risk factors may significantly increase the risk of loss. Although the various risks discussed in this Brochure are generally described separately, prospective investors in the Funds should consider the potential effects of the interplay of multiple risk factors. Where more than one significant risk factor is present, the risk of loss to an investor may be significantly increased. Prospective investors should carefully consider the potential effects of layered risks.

(2) Risks Applicable to Evolution Income Funds

Securities Purchased are Generally Unsecured Obligations and are Not Backed by Any Collateral. The Evolution Income Fund will generally purchase Securities that derive their value from unsecured loans made to borrower members of the Lending Platforms. These loans are not secured by any collateral, not guaranteed or insured by any third party and not backed by any governmental entity. Moreover, the Evolution Income Funds will have no ability to enforce any defaults on the underlying debt securities. Only the Lending Platforms and their agents will have any ability to pursue collection efforts and there is no assurance that they will take such actions.

There May be an Insufficient Supply of Investments. The implementation of the Evolution Income Funds' investment strategy by Evolution depends on a sufficient supply of Securities, which is outside of the Evolution Income Funds' or Evolution's control. If there is an insufficient supply of Securities to meet the Evolution Income Funds' demand, the Evolution Income Funds' likely will limit additional capital-raising efforts. This could lead to the Evolution Income Funds being more concentrated in their existing portfolios, increasing the age of their portfolios, and cause the Evolution Income Funds' expense ratio to be higher than would otherwise be the case. In addition, there can be no assurance that the Evolution Income Funds will be able to acquire Securities in the quantities and at the times they otherwise desire. In such cases, Evolution may cause the Evolution Income Funds to hold extensive cash positions for extended periods of time, potentially adversely affecting their performance.

Information Supplied by Borrowers are not Generally Verified by the Lending Platforms. Borrowers on the Lending Platforms self report a variety of information to the Lending Platforms. In addition, the Lending Platforms obtain credit information on borrowers from consumer reporting agencies. The information that is self reported by borrowers and obtained from

consumer reporting agencies is relied upon by the Lending Platforms in selecting which loans to approve, and by Evolution in selecting which Securities to purchase. However, with limited exceptions, the Lending Platforms do not verify any of this information beyond what is obtained through third party, online services. If the Lending Platforms and Evolution rely on false or misleading information, the Evolution Income Funds' performance will suffer.

Limited Historical Performance Data About Loan Performance. The Lending Platforms are in the early stages of development and have limited operating histories. Due to their limited operational histories, they do not have significant historical performance data regarding loan performance, and do not yet know what the long-term loan loss experience will be. Loans sourced by the Lending Platforms, and Securities purchased by the Evolution Income Funds may default more than initially estimated.

Valuation Methodologies for Certain Investments in the Evolution Income Funds Involve Subjectivity. There are no readily-ascertainable market prices for the Securities in which the Evolution Income Funds invest. The value of each of the Securities is determined on a periodic basis by Evolution, with the assistance of an independent, third party valuation consultant. The fair value of the loans is determined using a number of methodologies which in turn are based on a number of factors, including the nature of the loans, the expected cash flows from the loans, the expected default rate of the loans, the length of time the loans have been held, and other recognized valuation methodologies.

Because there is significant uncertainty in the valuation of, or in the stability of the value of illiquid investments, the fair values of such investments as reflected in the net asset value of an Evolution Income Fund do not necessarily reflect the prices that would actually be obtained when such investments are realized. Realizations at values significantly lower than the values at which investments have been reflected in prior net asset values would result in losses for the Evolution Income Funds.

Default Rates on Debt Securities May Increase as a Result of Economic Conditions. Borrower default rates may be significantly affected by economic downturns or general economic conditions. In particular, default rates on underlying loans from which the Securities purchased by the Evolution Income Funds derive value may increase due to factors such as prevailing interest rates, the rate of unemployment, the level of consumer confidence, residential real estate values, energy prices, changes in consumer spending, disruptions in the credit markets and other factors.

Scoring Models Used by the Lending Platforms May Not be Effective. The Lending Platforms are highly dependent on the use of credit decisioning and scoring models to evaluate a borrower's credit profile and likelihood of default. The Evolution Income Funds could be adversely affected if these scoring models contain errors or otherwise are ineffective in predicting losses. Errors in these scoring models could result in the mispricing and misclassification of loans, or incorrect approvals or denials of loans. Any such errors would also impair the Evolution Income Funds' ability to properly evaluate debt securities available for purchase.

The Funds Will be Subject to Risk Due to the Aging of Underlying Loans. The Evolution Income Funds will invest in a portfolio of Securities that derive their value from a portfolio of unsecured consumer and small business loans that are facilitated by the Lending Platforms. These underlying loans have maturities of 1- to 5- years. Over time, as a portfolio of loans ages, performance of that portfolio will degrade due to the cumulative effect of defaults. For example,

if 1% of the loans per year in a static portfolio of 5-year loans experiences defaults, then by the fifth year almost 5% of the loans will have defaulted, reducing the return on what is left of the portfolio. The effect of diminishing returns caused by the aging of a portfolio of loans can be difficult to gauge if a portfolio of loans is growing rapidly, because a large number of new loans can obscure the performance of the older loans.

Prospective investors must understand that the returns on a static portfolio of loans, including a static portfolio of loans underlying the Securities purchased by the Evolution Income Funds, will always decline over time as the portfolio matures.

The Lending Platforms Are Dependent on Banks. Some of the Lending Platforms from which the Evolution Income Funds purchase Securities rely on WebBank to originate the loans that are facilitated by their platforms, and to comply with various federal, state and other laws in connection with such origination. The origination services provided by WebBank are non-exclusive, and do not prohibit WebBank from working with competing Lending Platforms. Lending Club and Prosper would be adversely affected if WebBank does not perform such services as expected or ceases to provide such services, which would, in turn, adversely affect the Evolution Income Funds.

The Funds May be Adversely Affected by Changes in Interest Rates. The Securities purchased by the Evolution Income Funds derive value from loans that bear fixed, not floating, rates of interest. If prevailing interest rates increase, the interest rates on the underlying loans might be less than the rate of return an investor could earn in comparison to a different investment. In addition, there is no prepayment penalty for borrowers who prepay their loans. If prevailing interest rates on loans decrease, borrowers may choose to prepay their loans with money they borrow from other sources or other resources, and the Evolution Income Funds may not receive the returns originally anticipated on a Security. Evolution is not obligated to hedge interest rate risk.

The Lending Platforms are Subject to Extensive Regulation. The business models of the Lending Platforms are fairly new, and their compliance with various aspects of regulatory regimes applicable to consumer or commercial credit transactions is untested. A federal or state regulator could take a position that any such Lending Platform's activities (and perhaps the activities of the participants on those platforms, such as the Evolution Income Funds) do not comply with applicable law, and any such regulatory action could adversely affect the Evolution Income Funds and their investors.

Transactions with Affiliates of Evolution. EJS has provided investment banking services with respect to Japanese private offerings of interests in securitization vehicles to which the Evolution Income Funds have contributed Securities, and in which certain Evolution Income Funds hold a beneficial interest. Evolution and EJS are affiliated by common ownership and control. Due to the common control over Evolution and EJS, the terms of the agreements between the Evolution Income Fund and EJS with respect to the services provided by EJS may unintentionally favor the interests of one party to the detriment of the other. In the absence of the affiliated ownership and control, the agreements among these entities and the decisions made regarding the administration and enforcement of such agreements would be determined at arm's length by wholly unrelated parties which would each be seeking to maximize its rights and interests and minimize its obligations and liabilities. Due to the inherent conflicts of interest, such fully arm's length negotiations may not be possible in the relationships between the Evolution Income Funds and EJS. Although Evolution expects that the terms of the agreements between the Evolution Income Funds and EJS will be comparable to the terms of similar instruments negotiated by unrelated third parties under similar circumstances, such terms may not be determined by fully arm's-length

negotiations. Please review Item 10 for additional information concerning the relationship between Evolution and EJS.

Investment in Aggregated Pool of Securities; Exposure to Wide Variance in Risk Environments. Newly admitted investors and existing investors in the Evolution Income Funds increasing their capital contributions will be participating in investments in existing Securities held by the Evolution Income Funds at the time of such admission or contribution. Thus, an investor will have exposure to Securities that derive value from loans acquired over a wide range of financial market conditions and risk environments, as well as over periods of time that pre-date the period in which an investor is admitted or makes additional contributions. Accordingly, an investor may have exposure to Securities acquired when market conditions and perceived or actual risks as well as default rates were significantly different than in effect on the date of such investor's admission or increase in capital contribution.

An Evolving Judicial Landscape Could Adversely Affect the Securities. A recent decision by the United States Court of Appeals for the Second Circuit (the "Second Circuit") raises concerns over whether interest payments on Securities attributable to borrowers located within the Second Circuit could be deemed to exceed the usury rate of interest. The Second Circuit is comprised of the states of New York, Vermont and Connecticut. Securities attributable to borrowers living within the Second Circuit make up a small percentage of the total Securities held by the Evolution Income Funds. However, if borrowers in the Second Circuit can successfully assert that the interest rate they are being charged exceeds the usury rate of interest for their state of residence, the Evolution Income Funds' returns would be adversely affected. The Evolution Income Funds' returns would also be adversely affected if borrowers in jurisdictions other than the Second Circuit were able to successfully assert similar claims.

(3) Risks Applicable to Evolution Income Funds Domiciled in the Cayman Islands ("Cayman Evolution Income Funds")

The Cayman Evolution Income Funds Could be Deemed to be Engaged in a U.S. Trade or Business, with the Result that Some Portion of their Income is Properly Treated as Effectively Connected Income, or ECI. The Cayman Evolution Income Funds' method of operation is not expected to result in a determination that they are engaged in a U.S. trade or business. There can be no assurance, however, that the Internal Revenue Service (the "IRS") will not assert successfully that the Cayman Evolution Income Funds are engaged in a U.S. trade or business. If the IRS successfully asserted that the Cayman Evolution Income Funds were engaged in a trade or business in the U.S., some portion of their income would be treated as effectively-connected income ("ECI") with respect to non-U.S. investors. In addition, certain income of non-U.S. investors from U.S. sources not connected to any such U.S. trade or business conducted by the Cayman Evolution Income Funds could be treated as ECI. To the extent the Cayman Evolution Income Funds' income is treated as ECI, non-U.S. investors generally would be subject to withholding tax on their allocable shares of such income, would be required to file a U.S. federal income tax return for such year reporting their allocable shares of income effectively connected with such trade or business and any other income treated as ECI, and would be subject to U.S. federal income tax at regular U.S. tax rates on any such income (state and local income taxes and filings may also apply in that event). Non-U.S. investors may also be subject to a 30% branch profits tax on such income in the hands of non-U.S. investors that are corporations.

(4) Risks Applicable to Evolution Income Funds that Employ Leverage (the "Leveraged Evolution Income Funds")

Risks of Leverage. Utilizing leverage may provide the Leveraged Evolution Income Funds with the opportunity for greater capital appreciation but, at the same time, will increase their exposure to capital risk and higher current expenses. If income on investments made with borrowed funds are less than the cost of leverage, the value of the Leveraged Evolution Income Funds' assets will decrease. Accordingly, any event which adversely affects the value of an investment by the Leveraged Evolution Income Funds would be magnified to the extent leverage is employed. The cumulative effect of the use of leverage in a market that moves adversely to a leveraged investment could result in a substantial loss which would be greater than if leverage were not used. Moreover, if the assets under management are not sufficient to pay the principal of, and interest on, the debt when due, the Leveraged Evolution Income Funds could sustain a total loss of their investment. To the extent that the Leveraged Evolution Income Funds obtain leverage by purchasing the securities of special purpose vehicles that invest in a pool of loans, any losses incurred by these special purpose vehicles will be allocated in the first instance to the securities held by the Leveraged Evolution Income Funds. The Leveraged Evolution Income Funds may use significant leverage and their use of any leverage will increase the Leveraged Evolution Income Funds' exposure to capital risk.

The Leveraged Evolution Income Funds have entered into a credit facility under which the credit provider has a first priority lien on all assets of the Leveraged Evolution Income Funds. The Leveraged Evolution Income Funds could be required to repay that loan using a greater portion of the loan interests and principal repayments than they currently expect, which would reduce returns to investors. Pursuant to the credit facility, the Leveraged Evolution Income Funds will be required to comply with, among other things, financial covenants and covenants related to the loans underlying the Securities purchased by the Leveraged Evolution Income Funds. In addition, Evolution and the Leveraged Evolution Income Funds made numerous representations and warranties. If any of those covenants is violated or if any representation or warranty is or becomes inaccurate, the credit provider may accelerate the maturity date of the loan, seize and liquidate the Leveraged Evolution Income Funds' assets and exercise other remedies available to it. Any such action could cause the investors to lose some or all of their investment.

Inability to Obtain Financing. The Leveraged Evolution Income Funds intend to execute their investment objectives by accessing the credit markets to obtain the capital necessary to finance their acquisition of debt securities. There is no assurance that the Leveraged Evolution Income Funds will be able to obtain credit or other financing facilities on acceptable terms, if at all. If the Leveraged Evolution Income Funds seek financing and are unable to obtain it, the Leveraged Evolution Income Funds may be unable to implement their investment strategy and their performance, financial condition and ability to satisfy investor redemption requests could be materially and adversely affected.

(5) Risks Applicable to the Co-Investment Funds

Co-Investing Through and With Affiliates of Evolution. The investment strategy of the Co-Investment Funds permits investment alongside affiliates of Evolution. These co-investments may take a variety of forms. For example, a private investment vehicle controlled by affiliates of Evolution could invest with one or more of the Co-Investment Funds and other clients of Evolution on a side-by-side basis, or investments could be made in the name of a single party with the other parties participating in the profits and losses of the investment through a derivative instrument, such as a swap, or other contractual arrangement with the named investor. Evolution believes any conflict of interest arising from a co-investment involving its principals, other

affiliates of Evolution, the Co-Investment Funds, and/or other clients of Evolution would be mitigated by the fact that all parties would be investing on identical terms with a derivative or other contractual arrangement being utilized for the sole purpose of distributing the economic exposure of the investment. Also, the entry and exit prices established for any investment would be determined by the market or negotiated at arms-length with unrelated third parties.

Trade Allocation. Evolution does not have a duty to allocate every investment opportunity in which it or its affiliates may invest to the Co-Investment Funds, whether or not such opportunity may be appropriate for the Co-Investment Funds. Evolution or its affiliates may, in their sole discretion, elect to purchase securities or pursue investment opportunities entirely for their own benefit, or allocate such investment opportunities to other clients of Evolution. In determining whether an investment opportunity is appropriate for the Co-Investment Funds, Evolution will in good faith consider such factors as it deems appropriate, including without limitation whether the investment opportunity satisfies the investment guidelines of the Co-Investment Funds, and is large enough to accommodate an economically meaningful investment by numerous parties. Evolution will also consider whether there is sufficient time to conduct due diligence on the potential investment in satisfaction of its fiduciary duty to the Co-Investment Funds, and to request, collect, and deploy capital in advance of the anticipated closing date of the investment opportunity. If an investment opportunity is appropriate for the Co-Investment Funds, Evolution will determine the allocation of that investment by evaluating such factors as Evolution deems relevant in its sole discretion, which may include without limitation each party's investment guidelines, risk tolerance, net asset value, available funds (e.g., uncalled capital), and need for diversification or balance in their portfolio, as well as the size of the potential investment as a whole, and common sense adjustments that may lead to cost savings or other transactional efficiencies. The conflicts inherent in making such allocation decisions may not always be resolved to the advantage of the Co-Investment Funds. There can be no assurance that a Co-Investment Fund will have an opportunity to invest in certain investments that fall within such Co-Investment Fund's investment objectives.

Use of Affiliated Custodian. EJS acts as custodian with respect to brokerage accounts that it maintains for certain clients of Evolution. In situations where an investment adviser utilizes a custodian that is affiliated with the adviser, there is an increased risk of misappropriation and/or falsified transactions because there is no independent third party responsible for holding customer assets. In compliance with Advisers Act Rule 206(4)-2, EJS has provided Evolution with an internal control prepared by PricewaterhouseCoopers Aarata ("PwC Aarata"), and will provide Evolution with an updated report on an annual basis. PwC Aarata is registered with the Public Company Accounting Oversight Board ("PCAOB").

Trading of Derivative Contracts. The Co-Investment Funds may invest in derivatives, including swap contracts, futures contracts, options, credit default swaps and forward contracts. The performance of derivatives is tied to the performance of an underlying currency, security, index or other instrument. In addition to risks relating to their underlying instruments, the use of derivatives may include other, possibly greater, risks. Risks associated with the use of derivatives may include counterparty, leverage, correlation, liquidity, tax, market, interest rate and management risks. Derivatives may also be more difficult to purchase, sell or value than other investments. Derivatives held as part of the Co-Investment Funds' investment program may have the economic effect of financial leverage by creating additional investment exposure, as well as the potential for greater gain or loss. The Co-Investment Funds may lose more than the cash amount invested on investments in derivatives.

Currency Exchange Exposure and Currency Hedging. The Co-Investment Funds' assets generally will be denominated in the currency of the jurisdiction in which the assets are located. Consequently, the return realized by investors whose functional currency is not the currency of the jurisdiction in which the assets are located may be adversely affected by movements in currency exchange rates, in addition to the performance of the investment itself. Furthermore, the Co-Investment Funds may incur costs in connection with conversion between various currencies.

Hedging Transactions. The Co-Investment Funds may from time to time purchase or sell forwards, swaps or options on currencies, securities and indices. It is the intention of Evolution to engage in such transactions as a way to mitigate risk associated with the Co-Investment Funds' investments; however, it is generally impossible to fully hedge an investment given the uncertainty as to the amount and timing of projected cash flows and investment returns, if any, on the Co-Investment Funds' investments. This may lead to losses on both the Co-Investment Funds' investments and the related transaction. Hedging against a decline in the value of the Co-Investment Funds' investments may not eliminate fluctuations in the values of such investments or prevent losses if the value of such investments decline, but instead establish counterbalancing investment positions designed to gain from those same developments, thus offsetting the decline in the investments' value. Such hedging transactions may also limit the opportunity for gain if the value of the hedged investments should increase. Moreover, it may not be possible for the Co-Investment Funds to hedge against a change in the value of its investment at a price sufficient to protect the Co-Investment Funds' assets from the decline in value anticipated as a result of such change. In addition, it may not be possible to hedge against certain risks at all. In the event that any amount is owed by the Co-Investment Funds under a hedging transaction, including in connection with a margin call, the Co-Investment Funds may be required to liquidate assets to the extent necessary to satisfy such amounts.

Below Investment Grade Securities. The Co-Investment Funds may trade below investment grade securities and preferred securities which are rated in the lower rating categories by the various credit rating agencies (or in comparable non-rated securities) and may be subject to greater risk of loss of principal and interest than higher rated securities. These investments are generally considered to be speculative based on the issuer's ability to pay interest and repay principal. They are also generally considered to be subject to greater risk than securities with higher ratings in the event of deterioration in general economic conditions. Because lower rated securities are perceived to be risky, the yields and prices of such securities may tend to fluctuate more than those for higher rated securities. The market for lower rated securities is thinner and less active than that for higher rated securities, which can adversely affect the prices at which these securities can be sold. In addition, adverse publicity and investor perceptions about lower rated securities, whether or not based on fundamental analysis, could contribute to a decrease in the value and liquidity of such lower rated securities.

Investing in Subordinated Securities. The Co-Investment Funds may invest in subordinated securities which involve greater credit risk of default than the senior classes of the issues or series. Certain subordinated securities (including the equity or subordinated debt components of collateralized loan obligations and collateralized bond obligations) absorb all losses from default before any other class of securities is at risk, particularly if such securities have been issued with little or no credit enhancement or equity. Subordinated securities therefore possess some of the attributes typically associated with equity investments.

Collateralized Loan Obligations. The Co-Investment Funds may invest in various tranches of collateralized loan obligations (including tranches that are subordinate to other tranches). In

addition to the normal interest rate, default and other risks of fixed income securities, collateralized loan obligations carry additional risks, including the possibility that distributions from collateral securities will not be adequate to make interest or other payments and the quality of the collateral may decline in value or default.

Defaulted Securities Risk. The Co-Investment Funds may invest in securities where the issuer has defaulted on the payment of interest and/or principal. Defaulted securities are speculative and involve substantial risks. Generally, the Co-Investment Funds will invest in defaulted securities when Evolution believes they offer significant potential for higher returns or can be exchanged for other securities that offer this potential. There can be no assurance that the Co-Investment Funds will achieve these returns or that the issuer will make an exchange offer. The Co-Investment Funds will generally not receive interest payments on defaulted securities and may incur costs to protect its investment. In addition, defaulted securities involve the substantial risk that principal will not be repaid. Defaulted securities and any securities received in an exchange for such securities may be subject to restrictions on resale.

Issues Relating to Underlying Collateral. The Co-Investment Funds may invest in debt securities that bear interest at a floating rate that resets periodically. The terms of the senior secured floating rate loans and debt securities in which the Co-Investment Funds typically invest require that collateral be maintained to support payment of the obligations. However, the value of the collateral may decline after the Japan Opportunities Funds invest. There is also a risk that the value of the collateral may not be sufficient to cover the amount owed to the Co-Investment Funds. In addition, collateral securing a loan may be found invalid, may be used to pay other outstanding obligations of the borrower under applicable law or may be difficult to sell. In the event that a borrower defaults, the Co-Investment Funds' access to the collateral may be limited by bankruptcy or other insolvency laws. There is also the risk that the collateral may be difficult to liquidate, or that a majority of the collateral may be illiquid. As a result, the Co-Investment Funds may not receive payments to which they are entitled.

ITEM 9: DISCIPLINARY INFORMATION

Neither Evolution nor any of its management personnel are subject to or have in the past been subject to any legal or disciplinary events related to this Item or otherwise required to disclose any event required by this Item.

ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

A. Registration as a Broker-Dealer; Registered Representatives

Neither Evolution nor any of its management persons is registered, or has an application pending to register as a broker-dealer.

B. Registration as a FCM, CPO, CTA, Etc.

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

C. Material Relationships

Evolution is affiliated by common ownership with EJS. As discussed in Item 5, EJS serves as the distributor and agent company for EUSLF in Japan. As discussed in Items 5 and 8, EJS has provided investment banking services with respect to Japanese private offerings of interests in securitization vehicles to which the Evolution Income Funds have contributed Securities, and in which certain Evolution Income Funds hold a beneficial interest. As discussed in Item 5, 8, and 15, EJS acts as custodian for certain Funds. Evolution believes that the fees payable to EJS for services provided to the Funds are comparable to the fees that would be payable if a third party with similar financial sophistication was engaged to provide similar services under similar circumstances. EJS may also provide investment banking services in structuring transactions in which the Co-Investment Funds invest. EJS will not receive any compensation from the Co-Investment Funds for such services. EJS is registered as a broker-dealer with the Financial Supervisory Agency in Japan.

Evolution is affiliated by common ownership with Evolution Japan Asset Management Co., Ltd. (“EJAM”). EJAM is duly licensed by the Kanto Local Finance Bureau as a financial instruments business operator and carries on business in Japan in this capacity. Evolution and EJAM have entered into a Participating Affiliate Services Agreement pursuant to which EJAM provides investment advisory and trading services to Evolution in connection with certain investment activities of the Co-Investment Funds. EJAM will not receive any compensation for these services. As a “participating affiliate” of Evolution, EJAM will maintain and enforce Evolution’s compliance policies and procedures as they relate to the services provided by EJAM to Evolution under the Participating Affiliate Services Agreement.

Evolution is affiliated by common ownership with Tora Trading Services, LLC (“Tora”). Tora provides customized trade execution tools, networking support and other services used by Evolution to select and purchase Securities for the Evolution Income Funds. All fees and expenses related to services provided by Tora to the Evolution Income Funds are borne entirely by Evolution. Tora is registered as a broker-dealer with the United States Securities and Exchange Commission and is a member of the Financial Industry Regulatory Authority.

Evolution is affiliated by common ownership with Evolution Infrastructure Solutions, Inc. (“EIS”). EIS provides back office operational services for certain Clients. All fees and expenses related to services provided by EIS are borne solely by Evolution.

A management person of Evolution is the Chief Executive Officer, Managing Member and owner of Evoia Capital LLP (“Evoia”). Evoia provides back office operational services for certain Clients. All fees and expenses related to services provided by Evoia to any Clients are borne entirely by Evolution. Evoia is authorized as an investment adviser by the Financial Conduct Authority of the United Kingdom.

A management person of Evolution is a Director and indirect owner of Evo Capital Management Asia Limited (“Evo Asia”). Evo Asia, along with Evolution, is an investment manager to Evolution Special Opportunities II Ltd., SPC, Segregated Portfolio C (“SO II C”). Evo Asia does not receive any compensation or expense reimbursement from SO II C for its management thereof. Evo Asia holds a Type 9 Asset Management license with the Securities and Futures Commission of Hong Kong.

Evolution does not believe that the relationships described in this Item 10.C. create a material conflict

of interest for it with respect to the Clients.

D. Other Investment Advisers

Evolution does not directly or indirectly receive compensation for recommending or selecting other investment advisers for Clients.

ITEM 11: CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

A. Code of Ethics

Evolution holds its “Access Persons” (as defined in Rule 204A-1 of the Advisers Act), to a high standard of integrity and business practice. These ethical standards are memorialized in Evolution’s Code of Ethics. The following standards of conduct govern the interpretation and administration of the Code of Ethics:

- (1) A fiduciary duty is owed to Clients. Accordingly, the interests of Clients must be placed ahead of those of Evolution or its Access Persons at all times.
- (2) All personal securities transactions must be conducted consistent with the Code of Ethics and in such a manner as to avoid any actual or potential conflict of interest or any abuse of an Access Person’s position of trust and responsibility.
- (3) Access Persons should not take inappropriate advantage of their positions with Evolution.
- (4) It is a crime in the U.S. and many other countries to transact in a company’s securities while in possession of material non-public information about the company. Access Persons are required at all times to adhere to Evolution’s Insider Trading Policy.
- (5) Access Persons should not knowingly misrepresent, or cause others to misrepresent, facts about Evolution to Clients, investors, regulators, or any other member of the public.
- (6) Access Persons should not accept more than de minimis gifts or entertainment from persons or companies who are trying to solicit business from Evolution.
- (7) Access Persons have a duty to respect the confidential nature of information received from Clients and investors, and to use that information only for the purpose for which it is provided, whether or not that information is considered “inside information” and regardless of the basis on which confidentiality is required, such as by law, contract or ethical consideration.

Evolution has adopted certain procedures regarding personal investment transactions in an effort to minimize any conflicts of interest. Evolution requires its Access Persons to pre-clear with the Chief Compliance Officer or his designee all transactions in their personal accounts with respect to non-exempt securities. In addition, Evolution’s Code of Ethics prohibits Evolution or its Access Persons from executing personal securities transactions of any kind in any securities on a restricted securities list maintained by the Chief Compliance Officer or his designee. Any of Evolution’s Access Persons who engaged in reportable transactions during the quarter are required to submit a quarterly transaction report. All employees are required to disclose their annual holdings, which will be

reviewed against their initial or previous year's holdings as well as any quarterly transaction reports during that year. Trading in employee accounts will be reviewed by the Chief Compliance Officer or his designee and reviewed against the restricted securities list and pre-cleared personal transactions request records.

Upon request, Evolution will provide a copy of its Code of Ethics to any investor or prospective investor in the Funds.

B. Participation or Interest in Client Transactions

Principal Transactions. Evolution may cause a Fund to engage in a principal transaction. However, Evolution will not cause any Fund to engage in a principal transaction without providing the disclosure and obtaining the consent required under Section 206(3) of the Advisers Act. In general, Evolution will seek to minimize any potential conflicts of interest involving a principal transaction by using terms that are no less favorable to any affiliated party than those available from unaffiliated third parties. Further, Evolution would only cause a Fund to engage in a principal transaction if it believed that such transaction would be in the best interest of the Fund.

Cross Trades. From time to time, subject to the applicable Governing Documents, a Fund may engage in cross trades with one or more other Funds, typically for purposes of portfolio rebalancing. Evolution will not favor one Fund over another in a cross trade. Neither Evolution nor any of its affiliates will receive commission based fees in connection with any cross trade. The value of any positions that are cross traded will be determined in a manner that is consistent with the valuation policy applicable to the participating Funds.

Master-Feeder Structure. Evolution may utilize a master-feeder structure whereby a Fund pursues its investment strategy through an investment in other pooled investment vehicles or entities in which Evolution or a related person is, or holds a financial interest in the general partner, manager, investment adviser or other controlling entity. Certain investments by the Co-Investment Funds may also be facilitated through the use of a special purpose vehicle, or a fund managed by Evolution. When a Fund invests in a pooled investment vehicle or other entities for which Evolution or a related person acts as the general partner, manager, investment adviser, or other controlling entity, fees associated with such investments will not be charged at either the feeder fund level or the master fund level to prevent a layering of fees.

Personal Trading in the Funds. Evolution, its related persons and their respective affiliates may invest in the various pooled investment vehicles for which Evolution acts as investment adviser. If any related person invests in a pooled investment vehicle managed by Evolution, although Evolution may elect to waive their performance fee obligations, in all other respects their investment will be on the same terms as any other investor.

Other Interests in Client Transactions. Evolution or affiliates of Evolution may make investments on their own behalf in investment opportunities that Evolution recommends to a Fund. In addition, its principals or entities affiliated therewith or controlled thereby may directly or indirectly co-invest with Funds, as permissible in the applicable Governing Documents. The investment strategy of the Co-Investment Funds is to invest alongside affiliates of Evolution. Any such co-investments or related transactions may raise potential conflicts of interest which are discussed in the Governing Documents of the Co-Investment Funds and summarized in Item 8 above.

ITEM 12: BROKERAGE PRACTICES

A. Factors in Selecting or Recommending Broker-Dealers

In selecting brokers and dealers to effect portfolio transactions for its Clients, Evolution seeks to obtain best execution, taking into consideration the price of a security offered by a broker-dealer, as well as the full range and quality of such broker-dealer's services, including, among other things and to the extent applicable, price, transaction costs, ability to effect transactions, reliability and financial responsibility, responsiveness to Evolution, access to deal flow and precedent transactions, ability to provide financing commitments, and other factors that Evolution deems appropriate to consider under the circumstances. Evolution does not in all cases solicit competitive bids and does not have an obligation to seek the lowest available commission cost. Evolution may also defer to a sub-adviser with respect to the selection of broker-dealers for a Client.

- (1) Research and Other Soft Dollar Benefits. Evolution does not receive any soft dollar benefits from any broker-dealer or any third party.
- (2) Brokerage for Client Referrals. Evolution does not consider, in selecting or recommending broker-dealers, whether it or a related person receives client referrals from a broker-dealer.
- (3) Directed Brokerage. Evolution does not recommend, request or require that a client direct Evolution to execute transactions through a specified broker-dealer. Nor does Evolution require a client to direct brokerage.

B. Aggregation of Trades

Evolution may combine purchase or sale orders on behalf of its Clients and allocate the securities or other assets so purchased or sold among its Clients. Given the current investment strategies and composition of the Clients, trade aggregation is neither feasible nor in the best interests of the Clients.

ITEM 13: REVIEW OF ACCOUNTS

Responsibility for managing Fund accounts is spread among Evolution's professionals who are best suited and skilled to manage the asset class in which the Fund is invested. These professionals review and monitor the accounts on a daily basis. On an ongoing basis, these professionals review prices of securities and other instruments held for clients, review relevant financial markets and are involved in all major portfolio decisions.

In the event a trade error is detected, losses arising therefrom that are not the result of willful malfeasance, fraud, or gross negligence will be borne by the affected Client. Similarly, any gains associated with a trade error will be kept by the affected Client.

Each investor in a Fund generally receives a written monthly account statement, prepared by the Administrator, providing the value of their investment in the Fund along with month-end and year-to-date performance. Investors in the Evolution Income Funds also receive monthly fund level performance reports from Evolution. Audited financial statements are prepared by an independent public accountant and are distributed to investors in the Funds on an annual basis.

ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION

Evolution has entered into arrangements with third parties for capital raising purposes. Any marketing fee or commission in connection with any investor referral activities will be paid solely by Evolution and not by any Client. These referral arrangements will comply with the requirements of Rule 206(4)-3 under the Advisers Act. Any third party engaged by Evolution to assist in the offering of interests in the Funds will be registered as a broker-dealer or its equivalent in non-U.S. jurisdictions if such registration is required.

ITEM 15: CUSTODY

As a general rule, Evolution will not directly hold any funds or securities of the Funds.

As all of the Funds are pooled investment vehicles, Evolution will provide audited financial statements to investors prepared in accordance with generally accepted accounting principles and delivered within 120 days after the end of each Fund's fiscal year. The independent public accountant retained to perform such annual audits shall be registered with, and subject to regular inspection by the PCAOB.

EJS acts as custodian with respect to brokerage accounts that it maintains for certain clients of Evolution. In compliance with Advisers Act Rule 206(4)-2, EJS has provided Evolution with an internal control prepared by PwC Aarata, and will provide Evolution with an updated report on an annual basis. PwC Aarata is registered with the PCAOB.

If a Fund liquidates at a time other than the end of its fiscal year, Evolution will obtain a final audit and distribute audited financial statements prepared in accordance with generally accepted accounting principles to such liquidating Fund's investors promptly after completion of such audit.

ITEM 16: INVESTMENT DISCRETION

The terms of the investment management agreements entered into between Evolution and its Clients typically grant Evolution full discretion to make investments on its Clients' behalf subject to the investment guidelines set forth in such agreements, and in the Governing Documents. Evolution is authorized to make discretionary determinations in accordance with established investment guidelines without client consultation or consent.

ITEM 17: VOTING CLIENT SECURITIES

In the event Evolution is requested to participate in proxy voting, Evolution is authorized to vote Client securities in accordance with management recommendations on proposals except that Evolution will oppose proposals that diminish rights of shareholders or diminish management or board accountability to shareholders.

Evolution's proxy voting record is available to investors in Funds upon written request to the attention of Gerald Tsai, Chief Compliance Officer at Evolution Capital Management LLC, 2425 Olympic Blvd., Suite 125E, Santa Monica, California 90404.

ITEM 18: FINANCIAL INFORMATION

A. Prepayment of Fees

Evolution does not require the prepayment of fees by its Clients.

B. Financial Condition

Evolution is not aware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitment to clients.

C. Bankruptcy

Evolution has not been the subject of a bankruptcy petition at any time in its history.