



## **DOMAIN TIMBER ADVISORS, LLC**

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The brochure provides information on the qualifications, advisory business, fee arrangements, types of clients, investment strategies, code of ethics, custody policies and financial information of Domain Timber Advisors, LLC (“Domain Timber Advisors,” “Domain Timber” or “Registrant”). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

If you have any questions about the contents of this brochure or would like to request a brochure, please contact Patrick E. Leardo, Domain Timber’s Chief Compliance Officer at (770) 628 - 0700 or by email at [PELeardo@DomainCapitalAdvisors.com](mailto:PELeardo@DomainCapitalAdvisors.com). Domain Timber is a registered investment adviser. Registration as an investment adviser does not imply any level of skill or training.

Additional information about Domain Timber is available on the Securities Exchange Commission’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

### **MATERIAL CHANGES**

This update reflects the addition of new client accounts and assets under management acquired as a result of Domain Timber's asset acquisition of the management contracts of each of six funds through the assignment of the GP interest to Domain Timber's GP entities, and the subsequent assignment of the fund management agreements to Domain Timber Advisors by the newly assigned Domain Timber GP of each fund. Assets acquired also include the existing fund management platform and infrastructure, and also all of the personnel (other than any of the former principals of the selling manager) necessary to manage all fund assets.

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## ADVISORY BUSINESS

Domain Timber provides investment management services focusing primarily on timber, environmental, and ecological assets. Domain Timber was organized in 2016, and its principal office is located in Atlanta, Georgia. Domain Timber is wholly owned by Domain Timber Holdings, LLC. The primary owner of Domain Timber Holdings is Domain Capital Holdings, LLC, which also owns Domain Capital Advisors, LLC, another registered investment adviser.

On May 30, 2017 Domain Timber acquired certain assets of another registered investment advisor including the assignment of the seller's GP interest and the subsequent assignment of the management agreements to Domain Timber Advisors. Domain now manages *Domain Timber Investments I LLC*, *Domain Timber Investments A LLC*, *Domain Timber Investments II LLC*, *Domain Timber Investments II LLC*, *Domain Environmental Investments I LLC*, *Domain Environmental Investments II LLC*, and *Domain Environmental Investments III LLC*. Domain received the required simple majority LP consent by commitment in each of the six funds to assign the new GP entity and subsequently assign management to Domain Timber.

Domain Timber's timberland-related investment strategy targets asset opportunities in the United States and combines forestry management practices with institutional quality asset management and reporting. Domain Timber's environmental and ecological asset investment strategy is focused on real property or other natural resources that have intrinsic but unrealized environmental and/or ecological value due to hydrology, function, biodiversity, habitats, topography, location, historical use, restoration potential, or other similar characteristics. Examples include stream and/or wetland mitigation banks or endangered species habitat conservation banks.

The type and scope of service Domain Timber provides may vary significantly based on the nature of the investment and particular instructions or mandate of the client. Domain Timber offers its services for separately managed accounts and manages private investment vehicles. In most cases, Domain Timber seeks to maximize value of client portfolios through capital appreciation, optimal productivity of the asset, and cash flows from timber harvests and other available cash realization events. To achieve these objectives, Domain Timber often outsources property management, timber harvesting, and other services to third parties, and these services are paid by the client.

When advising separately managed accounts, Domain Timber tailors its services to the needs of the client. Domain Timber typically acquires and disposes of properties on a non-discretionary basis, but exercises discretion in managing the properties, such as timing and scope of harvests. Domain Timber will typically begin assessing an investment opportunity by analyzing the merits of the opportunity and providing due diligence and other reporting to the client on the opportunity. If the client decides to proceed with the investment, Domain Timber will negotiate the terms of the opportunity, engage professionals to form vehicles through which the client will acquire the investment, and handle other aspects of the initial investment. After the initial investment transaction, Domain Timber will provide ongoing management, monitoring and reporting on the investment. The client typically will retain authority to make further acquisition or disposition decisions, but Domain Timber may make recommendations with respect to such decisions. If the client decides to engage in such subsequent transactions, Domain Timber will

typically negotiate directly or arrange for a broker or other appropriate third party to handle and execute such transaction. Domain Timber usually receives compensation from these investment transactions through management fees usually based on committed and invested capital, a carried interest or similar arrangement, and dispositions fees.

When advising private investment vehicles, Domain Timber exercises discretion in deciding when to buy and sell properties and other assets, and in evaluating how to manage particular assets. Domain Timber may frequently co-invest in the opportunity. Domain Timber will provide ongoing management, monitoring and reporting on the investment. Domain Timber will engage necessary audit and other professionals, all pursuant to the terms of the governing documents for the investment vehicle. Domain Timber usually receives compensation from these investment transactions through management fees usually based on committed and invested capital, a carried interest or similar arrangement, and dispositions fees.

As of June 30, 2017, Domain Timber had \$959,504,000 regulatory assets under management. Domain Timber does not offer nor participate in any wrap-fee programs. Clients may impose restrictions on investing in certain securities or types of securities or investments.

#### **FEES AND COMPENSATION**

Domain Timber negotiates with each client the fees and other compensation at the outset of each investment. The fee structure is typically a percentage of committed and/or invested capital or a fixed fee. Domain Timber also receives an incentive fee based upon achieved return hurdles or equity multiples, and may receive acquisition or disposition fees upon investment acquisition and liquidation in certain cases.

Fee documents can call either for a quarterly management fee in advance or in arrears. Investments that begin or cease during the quarter are charged a prorated fee unless the fee document states otherwise. Upon dissolution or other liquidation of an investment, Domain Timber will promptly refund the pro-rated amount any prepaid but unearned fees. Domain Timber typically is authorized by the client or other agreement to receive its fees directly from the vehicle holding the particular investment opportunity. Domain Timber will send clients invoices stating the amount of the fee paid from their account or vehicle.

The client or vehicle holding the client's investment will pay operational expenses of the investment, including but not limited to third party property management or consulting services, timber sale expenses, property and other taxes, and other valuation, audit, tax, legal and travel-related costs in connection with managing the investments. These expenses will typically be paid directly by the client or vehicle holding the investment. In some instances, however, Domain Timber will advance the payment and receive reimbursement from the client or vehicle.

For private investment vehicles managed by Domain Timber, the applicable offering document will describe in detail the investment advisory fees and other expenses. The fees Domain Timber receives from its investment vehicles typically include: (1) a management fee, based on the value of assets in the investment vehicle (at either market value or cost); and (2) an incentive fee equal to a percentage of capital appreciation above a prescribed hurdle rate of return. For incentive

fees, any losses are carried forward so that no incentive fee is charged unless the losses have been recouped, subject to certain adjustments (e.g. a high water mark provision). Fees for private investment vehicles are payable quarterly in arrears. Incentive fees, if and when earned, are paid through an annual allocation of profits from each member's or limited partner's capital account into the managing member's or general partner's capital account at each prescribed measurement point.

Timberland investment vehicles will typically incur expenses related to investment, acquisition, legal, accounting, administrative, insurance and all other customary expenses; all expenses associated with managing and developing timber properties, including travel expenses; and certain other expenses of the investment vehicle. These expenses will be paid by the investment vehicle and generally, subject to certain limitations, will be allocated to the Limited Partners pro rata in accordance with their respective Capital Contributions.

Environmental asset investment vehicles will typically incur expenses related to investment, acquisition, legal, accounting, administrative, insurance and all other customary expenses, all expenses associated with managing and developing environmental assets, including travel expenses, and certain other expenses of the investment vehicle will be paid by the investment vehicle and generally, subject to certain limitations, will be allocated to the Limited Partners pro rata in accordance with their respective Capital Contributions. Such expenses will also include management fees and other costs and expenses to be paid to an operating manager to be designated under the Partnership Agreement that may, pursuant to an operating management agreement, manage the tactical and day-to-day operations of certain mitigation or conservation banks or other operating businesses constituting Environmental Assets acquired by the investment vehicle. Pursuant to such operating management agreement, the annual management fee payable to the operating manager will be equal to the lesser of (i) 110% of the investment vehicle's allocable share of the operating manager's operating costs and expenses and (ii) \$350,000.

When a client decides to invest in a third-party vehicle or opportunity, the third party may charge additional fees and costs as specified in the relevant governing documents.

In some cases, Domain Timber may receive compensation from parties other than its clients in connection with an investment. The compensation may be in the form of an upfront due diligence or origination fee, or in the form of a recurring management fee. These fees would be paid directly by the 3<sup>rd</sup> party investment sponsor/partner or borrower, respectively. The payment from sponsor or partner is disclosed to, agreed to, and documented with, our client in our executed fee documents.

Domain Timber addresses the conflicts of interest created by these payments by disclosing the relevant facts and circumstances and by obtaining written consent and acknowledgement of the client impacted by the arrangement.

## **PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

Domain Timber receives incentive fees on certain investments. These incentive fees, typically structured as a carried interest, give Domain Timber additional compensation if certain investment thresholds or investment return multiples are met.

As discussed in Item 5 above, Domain Timber will receive a variety of fees, based upon negotiation with each applicable client. As a result, Domain Timber may have a conflict of interest between its responsibility to manage each investment and its interest in maximizing any performance-based fee. For example, the performance-based fee may create an incentive for Domain Timber to make investments that are riskier or more speculative than would be the case if such arrangement were not in effect. In addition, because the performance-based fees may be calculated on a basis which includes unrealized appreciation of the Fund's or client's assets, such fee may be greater than if such compensation were based solely on realized gains.

## **TYPES OF CLIENTS**

Domain Timber provides investment advisory and management services exclusively to private investment vehicles and institutional investors. The private investment vehicles sponsored by Domain Timber are only offered to qualified investors. Domain Timber's minimum account size for separately managed accounts is typically twenty (20) million dollars.

## **METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

### *Methods of Analysis*

Domain Timber uses various methods of analysis and strategies in formulating specific investment strategies and managing assets, as described below. Investing in timber, environmental, and ecological assets involves a risk of loss, including the possible risk of losing the entire investment. This risk is particularly heightened for the illiquid investments Domain Timber makes on behalf of its clients. Clients and investors should be prepared to bear such a loss.

Among other methods, Domain Timber analyzes investment opportunities fundamentally and based on forecasted projections.

Fundamental analysis entails attempting to measure the intrinsic value of an investment by examining related economic, financial and other qualitative and quantitative factors. When Domain Timber employs this kind of analysis, it studies macroeconomic factors (such as the overall economy and industry conditions) and investment-specific factors (such as a company's financial condition and management). The end goal of performing fundamental analysis is to determine a value that can be compared with the market's bid or ask price to assess whether to purchase, sell, or continue holding the investment. This analysis will typically be one of several considerations taken into account before making an investment decision.

Domain Timber also analyzes an investment opportunity or existing investment by forecasting future cash flows associated with the investment. We may then seek to purchase the investment at a price that is equal to or better than the net present value of such cash flows as determined by applying a discount rate we believe is appropriate.

Domain Timber uses various sources of information in performing our investment analysis. Among other things, Domain Timber obtains information through market and industry research, internal underwriting of the specific opportunity, analysis and review of sponsor or affiliate underwriting or due diligence and review, as necessary, of reports, valuations, appraisals and similar documentation pertaining to a specific investment opportunity.

### Investment Strategies

Domain Timber typically employs a buy and hold strategy, and seeks to build portfolios that are diversified across various criteria, such as geographic region (focusing on the three primary timber investment regions in the U.S.), forest type (e.g., softwood, hardwood, natural, plantation), timber age class (e.g., pre-merchantable, merchantable), and species. In recommending or implementing strategies, Domain Timber may also consider projected or desired holding periods, return profiles (income versus appreciation), risk tolerance, and return targets. Domain Timber will monitor the portfolio and may make recommendations for acquisition and liquidation based on changing circumstances. Domain Timber may seek to maximize profits for a portfolio through related income opportunities arising with a particular property's attributes, including selling rights for hunting, recreation, mitigation, conservation and other non-timber income. A client or investor's decision whether to invest in a particular investment opportunity through Domain Timber is often based on the client's or investor's own particular needs and allocation strategy.

In managing private investment vehicles, the offering documents will specify the investment strategy and any limits on how Domain Timber manages the investment vehicle's portfolio. Domain Timber investment vehicles typically specify a fixed duration (e.g., seven or ten years) with one or more extension periods. Domain Timber will manage these investment vehicles with an objective of maximizing profitability consistent with their terms.

### Material Risks

The timber, environmental, and ecological assets managed by Domain Timber lack a regularly traded market, can be highly speculative, and involve a high degree of risk. Little or no market or valuation information is generally available. The investments frequently carry a significant risk of loss. Domain Timber may not be successful in identifying all risks associated with such investments or may fail to project accurately or precisely the future cash flows and other valuation information of such investments. The client or investor should be prepared to bear a complete loss of its investment.

The following is a summary of the typical, significant material risks associated with investments that Domain Timber may manage for its client, but it is not an exhaustive list of all risks arising from the investments managed by Domain Timber. The client or investor should review



thoroughly the particular risk disclosures contained in offering or other documents associated with any particular investment.

- **Asset Class Risks:** Investment in timber, environmental, and ecological assets carries special risks. These include particularly changes in the supply and demand for timber, and changes in regulations impacting the benefits and consequences of environmental and ecological assets. Demand for timber draws largely from the construction industry, furniture, and paper industries, and also other businesses that use wood or wood products as a raw ingredient in their products. Supply is a function of decisions timberland owners make in deciding when to plant and harvest timber. Certain government agencies, such as the U.S. Forest Service and the U.S. Bureau of Land Management, own large amounts of timberland. If these agencies were to modify their policies and sell more timber than they have in recent years, timber prices could fall. The supply of timber available for harvesting is also affected by, among other things, environmental and other legal and regulatory restrictions on harvesting. Moreover, state laws and federal trade policies impact imports and exports of timber and timber products, which may affect both the demand for exports of U.S. timber and the supply of foreign timber in the U.S. Any significant increase in the supply of, or decrease in the demand for, timber and timber products could negatively impact financial results.
- **Property Specific Risks:** Most investments are exposed to the risk that the particular issuer, obligor, or asset may fail to meet expectations, fail to yield projected cash flows due to operational and other reasons, or fail to pay expected dividends or interest, or succumb to competition or other forces. Any given property may underperform expectations or other similar properties due to issues specific to that property. Timber assets in particular are exposed to risk of loss from damage to the trees and property due to fires, pests, disease, and other causes.
- **Fund Specific Risks.** Each investment vehicle formed by Domain Timber, and its general partner or managing member, will each have a limited operating history on which prospective investors may base an evaluation of its likely performance. Investors will have no right or power to participate in the management or control of the business of the investment vehicle and must rely upon the general partner or managing member to manage the operations of the investment vehicle. Investors will be relying solely upon the ability of the general partner or managing member to determine when and at what prices investments will be made and how such investment properties should be monitored and managed. Domain Timber's investment vehicles typically restrict withdrawals, and therefore they are a long-term commitment, and there is no assurance that any distributions of cash or other property will be made to the limited partners or members prior to the winding down of the investment vehicle. Interests are subject to significant restrictions on transfer.
- **Market or Principal Risk:** Many investments are exposed to declining market valuations due either to the specific market for the investment declining or the overall level of market prices declining. Real estate and other investments may come in and out of favor with investors, which may cause the market value to fluctuate with or without any inherent change in the underlying asset. The investor may receive less than the

invested amount if the market value of the investment declines after the investment is made. Some investments may lose all their value if the issuer or obligor fails.

- **Inflation Risk:** Some investments risk failing to keep pace with inflation, and consequently purchasing power will be reduced. Inflation may also negatively impact the return of an investment through increased operating and other costs.
- **Liquidity Risk:** Most investments managed by Domain Timber are exposed to the uncertainty of obtaining a fair price due to lack of a liquid market or potentially poor market environment.
- **Regulatory / Environmental / Tax Risk:** Some investments are exposed to the uncertainty as to whether governments or regulators may change or impose regulations or tax laws that adversely affect the investment. Governmental authorities at the federal, state and local levels are actively involved in the promulgation and enforcement of regulations relating to land use, zoning and the environment. Regulations may be promulgated which could have the effect of restricting or curtailing certain uses of existing properties or structures or requiring that such properties or structures be altered in some fashion. The establishment of such regulations could increase the expenses and lower the profitability of any of the properties affected thereby. Domain Timber typically manages investments to maximize profitability and capital appreciation, and not to minimize tax consequences. Clients and investors are urged to consult their tax advisors to confirm investments with Domain Timber do not create unintended or unexpected tax consequences.
- **Event Risk:** Some investments are exposed to the danger of sudden, calamitous news or other events that directly and adversely affects the value, liquidity, or return of the investment, and for which the loss is uninsured. These may include acts of war, terrorist activity, data breach, compromise or failure of current or emerging information technology, storms, natural disasters, and other such events.
- **Competition for Investments:** Domain Timber will often compete for the acquisition of assets or other investments with many other investors, some of which will have greater resources or interest in a particular investment than Domain Timber or its client. Competition for these assets or other investments may result in less favorable investment terms than would otherwise be the case.
- **Use of Leverage:** Domain Timber may use leverage in connection with some or all of its investments. In such cases, a third party (e.g., a lender) may be entitled to cash flow generated by such assets prior to the investor. Leverage may increase returns where the underlying investment performs as or better than expected, but leverage can also dramatically increase the risk of loss or underperformance with respect to an investment where the underlying investment underperforms the cost of the leverage.
- **Valuation Risk:** Most investments are not publicly traded and are required to be valued by Domain Timber in accordance with Domain Timber's valuation policies. When estimating fair value, Domain Timber will apply a methodology based on its best judgment that is appropriate in light of the nature, facts and circumstances of the

investments. Valuations are subject to multiple levels of review for approval. Notwithstanding Domain Timber's focus and effort on achieving a reliable valuation process, the nature of such assets makes them extremely difficult to value and a risk exists that Domain Timber's valuations could exceed the ultimate price at which a willing and able buyer will pay for the asset.

- **Departures of Key Personnel May Impair Results.** The success of Domain Timber's strategies is substantially dependent upon key personnel at Domain Timber. Performance may depend in part on their efforts, experience, contacts and skills. The loss of any such members may substantially adversely affect the results of an investment vehicle or account.

### **DISCIPLINARY INFORMATION**

Registered investment advisers are required to disclose material facts about any legal or disciplinary event that is material to an investor, a client's or a prospective client's evaluation of Domain Timber's advisory business or the integrity of the Registrant or its management personnel.

Domain Timber has no legal or disciplinary events or findings to disclose.

### **OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

When a client decides to invest in an investment opportunity, Domain Timber typically assists in forming a vehicle or vehicles through which the investment will be made. The vehicles will usually include a limited liability company that owns the investment and a separate vehicle that serves as the managing member of the investment vehicle. Domain Timber or affiliates may acquire an interest in one or both of these vehicles, and may serve as manager of such vehicles. In some instances, the client or investor will make investments in new opportunities through existing vehicles.

Domain Timber and affiliates will have interests in these vehicles and opportunities through rights to management fees, membership interests, and carried interests or similar performance compensation structures. Conflicts of interest may arise between Domain Timber and the client or investor at different points in the investment lifespan. For example, Domain Timber is motivated by the fee structure to recommend that the client or investor initiate an investment. If the client or investor chooses not to invest, Domain Timber will consequently not earn ongoing management and other fees that it would have earned had there been a decision to invest. In addition, after an investment is made, Domain Timber earns ongoing management fees, and therefore, Domain Timber may have an incentive to continue holding an investment rather than to liquidate the investment. Such conflicts can be mitigated by the overall fee structure, including disposition fees and carried interests, which can align Domain Timber's long-term interests with the long-term interests of the client or investor. Furthermore, in some instances, Domain Timber may not have discretion to decide when to invest or when to liquidate an

investment, and the client or investor will often participate in the decisions to invest or to liquidate.

Domain Timber is affiliated via common ownership with Domain Capital Advisors (“Domain Capital”). Domain Timber and Domain Capital share office space as well as a common CCO as well as certain other employees that perform duties for both Domain Capital and Domain Timber. Domain Timber and Domain Capital do not invest in the same asset classes, and thus the clients of Domain Timber do not compete for investment opportunities with the clients of Domain Capital.

### **CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

Domain Timber’s Code of Ethics (the “Code”) incorporates the following general principles which all employees are expected to uphold: (1) employees must at all times place the interests of the clients first; (2) personal securities transactions must be reported and reviewed; (3) employees must not take any inappropriate advantage of their positions with Domain Timber; (4) information concerning the identity of securities and financial circumstances of the clients and other investors must be kept confidential; and (5) independence in the investment decision-making process must be maintained at all times.

The Code is available to all clients, investors or prospective clients and/or investors upon request to Patrick E. Leardo, at (770) 628 - 0700 or by email at:

[PELeardo@DomainCapitalAdvisors.com](mailto:PELeardo@DomainCapitalAdvisors.com).

As mentioned above and as disclosed in Item 7B of Domain Timber’s Form ADV, Part 1A, Domain Timber and affiliates serve as the manager and/or minority owner of the entities in which the client or investor invests, receives management fees for the duration of an investment lifespan, will often receive a carried interest or other performance compensation, and may receive disposition fees at liquidation. In addition, Domain Timber or an affiliate of Domain Timber serves as the manager of all investment vehicles in which Domain Timber recommends clients invest and may further receive a carried interest in certain investment vehicles.

As outlined above, Domain Timber has adopted procedures to protect client interests when its associated persons invest in the same securities as those selected for or recommended to clients. In the event of any identified potential trading conflicts of interest, Domain Timber’s goal is to place client interests first. Consistent with the foregoing, Domain Timber maintains policies regarding participation in initial public offerings (IPOs) and private placements to comply with applicable laws and avoid conflicts with client transactions. If a Domain Timber associated person wishes to participate in an IPO or invest in a private placement, he or she must submit a pre-clearance request and obtain the approval of the Chief Compliance Officer.

Domain Timber and its personnel are subject to the Domain Capital restricted list and cannot enter into transactions in the securities contained on that list. To the extent Domain Timber

wished to invest in such securities it would not be able to do so. However, Domain Timber does not anticipate investing in any securities as part of its investment program.

### **BROKERAGE PRACTICES**

Domain Timber primarily manages investment vehicles and separately managed accounts that invest in timber, environmental, and ecological assets. These are investments in real estate, and other investment opportunities that are not traded on an exchange or through broker-dealers. Domain Timber therefore does not typically use a broker-dealer for transaction execution, and it does not routinely suggest brokers to a client. We also do not engage in trade aggregation for multiple clients.

In the event Domain Timber transacts in public securities, it intends to select brokers based upon the broker's ability to provide best execution for the client. Similarly, Domain Timber attempts to ensure that the client pays no more than the perceived fair value for each investment as well as reasonable fees for services necessary to complete the transactions.

Domain Timber recognizes that the analysis of execution and implementation quality involves a number of factors, both qualitative and quantitative. In effecting transactions for the client, Domain Timber may take into account the full range of applicable factors when hiring third party service providers or other intermediaries for the purpose of completing transactions. Factors include general expertise and background, the type and size of the transaction involved, the stability or solvency of the service provider or counterparty, settlement capabilities, time required to complete the role sought, research services or any arrangements relating to overall performance in the best interest of the client.

### **REVIEW OF ACCOUNTS**

Domain Timber's investment staff generates written quarterly reports that provide an update on the status of each of the investments Domain Timber manages. These reports provide qualitative and quantitative analysis of each investment, including notable events from the previous period, sector and industry analysis and commentary, as well as net asset value and a summary of the quarterly and year-to-date operations of the investment, respectively. In some circumstances, the investment performance is compared to an industry benchmark. A Domain Timber managing director reviews these reports before distribution.

### **CLIENT REFERRALS AND OTHER COMPENSATION**

Domain Timber does not currently compensate any party for referrals for its investment vehicles.

### **CUSTODY**

Domain Timber has custody of client investment vehicles and funds. For separately managed accounts or other situations where Domain Timber does not manage a pooled investment vehicle, Domain Timber will comply with the custody rule as follows. Client investment vehicles

include cash held at a qualified custodian in a bank account with the bank account titled under the investment name. Domain Timber requires the bank to issue a monthly duplicate bank statement directly to the client or investor. Domain Timber prepares a report each month reconciling the balance on the bank statement, and will share that report, reconciliation paperwork, and any supporting backup with its client or investor upon request. To the extent Domain Timber sends its own statement to the client, Domain Timber urges the client or investor to review the monthly bank statements and to compare the bank statement with Domain Timber's reports.

For pooled investment vehicles that Domain Timber forms and manages to hold client or investor investments, Domain Timber distributes at least annually audited financial statements prepared in accordance with generally accepted accounting principles. To conduct the audits, Domain Timber engages independent public accountants registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board. The audited financial statements are distributed to the members or other investors in the vehicle within 120 days of year end.

#### **INVESTMENT DISCRETION**

Domain Timber has discretionary authority over client assets and accounts. This means that Domain Timber will execute trades without specific consent from the client for each transaction. Fund documents will typically establish an affiliate of Domain Timber as the managing member or general partner of the investment vehicle. That managing member or general partner will engage Domain Timber as the investment manager for the investment vehicle. For separately managed accounts, powers of attorney will be executed establish the scope of Domain Timber's authority to exercise discretion where applicable.

#### **VOTING CLIENT SECURITIES**

Domain Timber does not have the authority to, and does not, vote proxies on behalf of our clients. Any proxy votes would be submitted by the sponsor investment vehicle that has made the investment and which Domain Timber is an investor in the investment vehicle.

#### **FINANCIAL INFORMATION**

A balance sheet is not required to be provided as Domain Timber (i) does not solicit fees more than six months in advance, (ii) does not have a financial condition that is likely to impair its ability to meet contractual commitments to clients and (iii) has not been subject to any bankruptcy proceeding during the past 10 years.