

FORM ADV PART 2A: FIRM BROCHURE



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**THIS BROCHURE PROVIDES INFORMATION ABOUT THE QUALIFICATIONS AND BUSINESS PRACTICES OF BENTHAM CAPITAL MANAGEMENT, LLC. IF YOU HAVE ANY QUESTIONS ABOUT THE CONTENTS OF THIS BROCHURE, PLEASE CONTACT US AT (212) 488-5331. THE INFORMATION IN THIS BROCHURE HAS NOT BEEN APPROVED OR VERIFIED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION OR BY ANY STATE SECURITIES AUTHORITY.**

**ADDITIONAL INFORMATION ABOUT BENTHAM CAPITAL MANAGEMENT, LLC IS AVAILABLE ON THE SEC'S WEBSITE AT [WWW.ADVISERINFO.SEC.GOV](http://WWW.ADVISERINFO.SEC.GOV).**

**REGISTRATION AS AN INVESTMENT ADVISER DOES NOT IMPLY A CERTAIN LEVEL OF SKILL OR TRAINING.**

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## **MATERIAL CHANGES**

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As Bentham Capital Management, LLC (“BCM”) has not previously filed a firm brochure with the U.S. Securities and Exchange Commission (“SEC”), there are no material changes to be disclosed to this brochure at the present time.

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## ADVISORY BUSINESS

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Bentham Capital Management, LLC (“BCM”) is a Delaware limited liability company that was formed in 2018. BCM was organized to provide investment management services to U.S. and foreign investors and clients. BCM is indirectly wholly-owned by IMF Bentham Limited, a public company listed on the Australian Securities Exchange. An affiliate of BCM is expected to act as the general partner of the Fund (the “General Partner”). The General Partner is expected to be a Delaware limited liability company and will serve as the manager or general partner to the private investment funds advised by BCM.

As of the date hereof, BCM has no advisory clients; however, it is expected to advise a single private fund (which may be structured and invest through one or more parallel funds and/or alternative investment vehicles for legal, tax, regulatory or liability reasons; collectively, the “Fund”) after its registration with the SEC, and may advise other investment vehicles in the future. In addition, BCM may provide advice to one or more “co-investors” who may invest in litigation finance investments alongside the Fund from time to time.

Because BCM’s advisory business will initially be limited to providing advice to the Fund in accordance with the governing documents of the Fund (and, in some cases, to co-investors that invest in transactions with the Fund), BCM generally does not tailor its advisory services to the individual needs of investors in the Fund, nor can investors impose restrictions on investing in certain securities or types of securities.

BCM has registered as an investment adviser in anticipation of being eligible for SEC registration within the next 120 days; however, as of the date hereof, BCM does not advise any client assets on a discretionary or non-discretionary basis.

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## FEES AND COMPENSATION

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The Fund will pay BCM a quarterly management fee and BCM or the General Partner will also receive performance based compensation, as more fully described in the Fund’s offering documents. The amount of such compensation will be agreed upon by the Fund, BCM and the General Partner and will be set out in the investment management agreement between the Fund and BCM and/or in the Fund’s governing documents, as applicable.

For management of the Fund, BCM generally will be entitled to receive a quarterly management fee, payable in advance and equal to 0.625% (approximately 2.5% per annum) of the aggregate adjusted capital contributions of the Fund’s investors. BCM may waive, modify or reduce the management fee for the benefit of any beneficial investor in the Fund, including BCM’s affiliates or employees. BCM expects to enter into certain customized fee arrangements for the benefit of certain beneficial investors in the Fund, as more fully described in the Fund’s governing documents.

Management fees may be paid out of the Fund’s current income and other proceeds of the Fund and/or by capital contributions from investors to the Fund pursuant to draw down notices delivered by the General Partner out of the total amount of capital an investor agrees to contribute to the Fund (i.e., an investor’s “capital commitment”).

The General Partner is also entitled to performance-based compensation from the Fund, as described in “*Performance-Based Compensation and Side-by-Side Management*” below.

**Co-Investor Fees.** Under certain circumstances, BCM and/or the General Partner may (or may not) in its discretion: (i) receive performance-based compensation, management fees or other similar fees from co-investors; and (ii) collect customary fees in connection with actual or contemplated portfolio investments that are the subject of such co-investment arrangements. See “*Types of Clients – Co-Investments*,” below. Co-investors will bear and be charged their pro rata share of fees, costs and expenses related to the discovery, investigation, development, acquisition or consummation, ownership, maintenance, management, monitoring, hedging and disposition of their co-investments and generally will be required to pay their pro rata share of fees, costs and expenses related to their potential co-investments that are not consummated, such as breakup fees or broken deal expenses, provided that such co-investors have been identified at the time the potential co-investment opportunity ceases to be pursued.

**Other Fees and Expenses.** The Fund will incur other expenses in connection with BCM’s advisory services. The Fund will bear legal, organizational and offering expenses in connection with its formation and initial offering, which will be borne indirectly by its investors. Any such organizational expenses in excess of \$1,000,000 will reduce the management fees otherwise borne by the Fund’s investors.

The Fund will pay all of its ordinary and extraordinary operating expenses, including: (i) all costs, expenses, liabilities and obligations attributable to acquiring, holding and disposing of its investments, including research expenses and the costs of any independent accountants or other experts or consultants engaged by BCM in connection with specific investments; (ii) any interest, fees, and costs of Fund-related borrowings; (iii) operational costs such as legal, accounting, bookkeeping, auditing, consulting and other professional expenses, administration and tax preparation expenses, all taxes (if any), costs and expenses related to regulatory compliance matters, and fees payable to governments or agencies; (iv) the Fund’s pro rata portion of any insurance costs, including directors and officers insurance, as applicable, and errors and omissions insurance; (v) reasonable research-related travel and entertainment expenses of BCM; (vi) costs associated with the preparation and conduct of litigation and administrative proceedings related to the implementation of the Fund’s investment strategy; (vii) expenses of any administrative proceedings undertaken by the General Partner in its capacity as the Fund’s “partnership representative”; (viii) expenses incurred in connection with the collection of monies owed to the Fund; (ix) the costs of any reporting to investors and meetings with investors; (x) the maintenance of the Fund’s books and records; (xi) expenses incurred in connection with the dissolution, liquidation, and termination of the Fund; (xii) regulatory costs incurred by the General Partner or the Investment Adviser, including costs and expenses related to the preparation and filing of Form ADV; (xiii) expenses incurred in connection with compliance with side letters; and (xiv) extraordinary expenses (e.g., litigation costs, indemnification obligations, and costs incurred in connection with a reorganization or restructuring of the Fund), if any.

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## PERFORMANCE-BASED COMPENSATION AND SIDE-BY-SIDE MANAGEMENT

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BCM or the General Partner, which is an affiliate of BCM, may receive performance-based compensation from the Fund upon distribution of the proceeds from the Fund’s realized investments, as described in greater detail in the Fund’s offering documents. Generally, the performance based compensation due to the General Partner or BCM (if any) will be equal to twenty percent 20% of the proceeds from the Fund’s realized investments determined after the investors in the Fund have received distributions in an amount generally equal to a return of capital and allocable fees and expenses attributable to all realized

investments, plus a preferred return equal to an eight percent (8%) internal rate of return on the relevant capital contributions.

The performance-based compensation with respect to the Fund will be subject to a “clawback” at the end of each commitment period and each anniversary thereafter until all investments have been fully realized (as further described in the Fund documents), to the extent amounts previously distributed to the General Partner or BCM, as applicable, during such commitment period exceed the aggregate amount due to the General Partner or BCM, as applicable, as described above.

**Conflicts of Interest Related to Performance-Based Compensation.** A significant percentage of revenue that would otherwise be allocated to the investors in the Fund is expected to be paid or made, as applicable, to the General Partner or BCM. Performance-based compensation may create an incentive for BCM to make investments that are riskier or more speculative than they might otherwise select and may create an incentive for BCM to realize certain investments sooner than is optimal and not sell or write down certain investments that will produce a realized loss. BCM believes this risk is mitigated in part by its or its affiliate’s obligation to have an investment interest of 20% in the Fund.

In addition, it is expected that certain co-investor clients may not pay performance-based compensation to BCM or its affiliates. This gives rise to a potential conflict of interest, as BCM may have an incentive to favor the Fund (which pays performance-based compensation) over such co-investors by, for example, seeking to allocate more profitable opportunities to the Fund. However, BCM believes that this risk is mitigated by the limited nature of its advisory relationship with the co-investors and BCM’s allocation policies. See “*Types of Clients*” below.

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## TYPES OF CLIENTS

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BCM and its affiliates may enter into separate agreements, commonly referred to as “side letters,” for the benefit of certain beneficial investors, which would have the effect of establishing rights under, altering, or supplementing the terms (including the economic terms) of the governing documents of the Fund, in a manner more favorable to such beneficial investor than those applicable to other beneficial investors in the Fund. Such rights or terms pursuant to such agreements may include, without limitation, access to additional information, more favorable liquidity terms and rights to co-investment opportunities, or other rights or terms deemed appropriate in light of particular legal, regulatory or tax characteristics of an investor. In particular, each beneficial investor in the Fund will benefit from a “most favored nations” protection with respect to its investment.

BCM intends to operate the Fund in reliance upon the exclusion from the definition of an “investment company” described in Section 3(c)(7) of the Investment Company Act of 1940, as amended (the “1940 Act”).

**Co-Investments.** Where deemed appropriate by BCM, BCM may provide co-investment opportunities (including, without limitation, any investment that would exceed certain concentration limits specified in the Fund’s offering documents or cause the fund to breach or exceed other guidelines and restrictions applicable to its investments) for the benefit of one or more beneficial investors in the Fund or their affiliates (but not necessarily all such investors) and/or other persons. Subject to certain exclusivity rights in favor of the Fund with respect to investments within its investment mandate that it is able to fund, BCM may allocate such available investments among the Fund, its beneficial investors, and/or such other persons as BCM may determine pursuant to its allocation policies.

BCM will be under no obligation to provide co-investment opportunities, and subject to its obligations described above, may offer a co-investment opportunity to one or more of the categories of co-investors described above without offering such opportunity to the other categories. Co-investments will generally be made, at the investment level, on economic terms substantially no more favorable to co-investors than those on which the Fund invests.

In the future, BCM may determine to offer investment advisory services to various types of clients, including, but not limited to, high-net worth individuals, trusts and estates, institutional investors, corporations, other private funds operated by BCM or other third parties, registered investment companies and other business entities.

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

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BCM's principal investment objective on behalf of the Fund is to generate attractive, risk-adjusted returns through investing in "U.S. Litigation Finance Investments." This includes investments secured by, or which finance indemnifying against, one or more legal claims and causes of action, legal fees or other legal or regulatory processes wholly (or, subject to certain conditions, primarily) to be conducted in the United States, or which purchases or finances debt, legal fees, judgments and settlements after the resolution of such proceedings, or acquires a right or interest in a right to make a claim in such a proceeding, as well as certain other investments the value of which is derived from the performance or outcome of such an underlying legal claim or series of legal claims, or other legal or regulatory processes, as further described in the Fund's offering documents.

**Investors and prospective investors should carefully review the offering documents of the Fund for further discussion of its investment objective and strategy.**

### **Certain Risk Factors.**

The identification and management of attractive investment opportunities is difficult and involves a significant degree of uncertainty. Potential investors should consider the following risks before investing in any fund or other investment vehicle managed by BCM.

*Lack of Liquidity of Investments.* The U.S. Litigation Finance Investments to be made at the direction of BCM are likely to be illiquid. Such investments may not provide any current income to BCM's clients, and any return of capital or other proceeds of the investment may occur only after the final disposition of the matter(s) to which such U.S. Litigation Finance Investment relates (and, even then, may remain subject to collection delays or other risks). There may be no secondary market available for the investment made by BCM on behalf of its clients, and therefore there is no expectation that the Fund will be able to dispose of or liquidate such investments.

*Regulation and Compliance.* Various state and local legal and regulatory requirements applicable to litigation and litigation finance are expected to apply to BCM and its clients in connection with U.S. Litigation Finance Investments. Such laws may change, with or without notice, in ways adverse to BCM and/or its counterparties, and they will be required to comply with such requirements or risk jeopardizing the ability to protect and enforce their rights with respect to their investments, as well as potentially incurring fines or other penalties. Compliance with such laws and regulations may be costly and any changes thereto could have a material adverse effect on BCM's ability to continue to pursue its

investments on behalf of its clients, or even to continue doing business consistent with its current practice. Investors must be aware of and willing to bear this risk in connection with any investment in the Fund.

*Ethical Duties and Restrictions.* Without limiting the generality of the foregoing, legal and ethical duties related to litigation and the rights of litigants will impose certain limitations on BCM's ability to manage and direct investments on behalf of its clients. Champerty and maintenance laws, for example, vary from jurisdiction to jurisdiction and may render litigation finance arrangements unenforceable. In addition, BCM's clients generally will not themselves be litigants in the matter or have control over the decision-making of the actual litigants, despite having an economic stake in the outcome of a particular legal proceeding associated with a U.S. Litigation Finance Investment. Ethical rules generally require the lawyers litigating the matter to follow the instructions of their clients (the actual litigants in the matter) or subject to other duties to the court, which may result in a matter being pursued and resolved in a manner that is contrary to the interests of BCM and its clients, potentially resulting in material or even total losses on any associated U.S. Litigation Finance Investment. BCM does not control the claimant's decision-making with respect to litigation strategy and settlement and therefore has no certainty that a claimant will act in accordance with BCM's best interests. There may also be legal restrictions on the ability of litigants or prospective litigants to assign rights in their claims to third parties or for third parties to extend financing to or participate in fees or collections to be received by, litigants and/or their lawyers. These requirements may vary significantly in their development, content and enforcement from jurisdiction to jurisdiction. Such requirements may limit the availability of investment opportunities for BCM and its clients or make the terms of such investment opportunities less desirable. Moreover, changes in such requirements during the life of an investment could reduce the potential revenues to be received from investments made on behalf of BCM's clients, or potentially render such investments unenforceable and potentially uncollectable, which could have a material adverse effect on the investment results of BCM's clients.

*Investment Selection and Structuring.* Clients will be dependent for their investment returns upon BCM's ability to identify, negotiate, fund, manage and successfully realize on U.S. Litigation Finance Investments, including its ability to evaluate whether a particular litigation matter is likely to be resolved successfully within the desired timeframe and will lead to a successful and timely receipt of the projected return on investment. Accurately assessing the likelihood of success in litigation, as well as structuring a related financing transaction on advantageous terms, is complex and uncertain. Among other things, BCM may not have access to full information related to the litigation due to legal privileges, protective orders or court rules, which may impair its ability to fully analyze the likelihood of a successful resolution or other important factors related to the investment. Even if BCM has access to full information, legal proceedings remain subject to considerable uncertainty, including the ultimate resolution of the case, the size of the legal award ultimately awarded or agreed (if any), the ability of the liable party to pay that amount, the quality of the parties' legal counsel, the willingness of the parties to settle and on what terms, and various other factors (such as a change in law) that could impact the value of any associated U.S. Litigation Finance Investment. If a particular litigation is unsuccessful or is not resolved on the terms assumed by BCM in structuring a related U.S. Litigation Finance Investment, it could result in material losses to BCM's clients. There can be no assurance that BCM will be able to successfully source, identify and structure suitable U.S. Litigation Finance Investments on behalf of its clients.

*Counterparty and General Credit Risk.* In connection with a U.S. Litigation Finance Investment, BCM's clients typically will be exposed to the risk of non-performance by either or both of the counterparty to that investment and/or ultimate payor of the amounts to which such clients are entitled under the terms of the investment (e.g., payment of an award by an unsuccessful opposing litigant). If a counterparty or ultimate payor (as applicable) defaults on its obligation to pay such amounts in whole or in part, including, without limitation, by virtue of the bankruptcy or insolvency of such counterparty or ultimate payor, BCM's clients may suffer a partial or complete loss on the associated U.S. Litigation Finance



Investment. In such cases, clients may not have access to any other assets of the defaulting party and there can be no assurance that any bankruptcy or creditor protection regime will apply to compensate the client for any portion of its investment return. Although BCM takes steps to evaluate and reduce its exposure to counterparty credit risk where possible, it cannot fully protect clients from this risk attendant to investment in U.S. Litigation Finance Investments.

*Termination or Rejection of Settlements.* Some of the U.S. Litigation Finance Investments made by BCM on behalf of its clients may relate to proceedings or claims in which the parties have reached a settlement or other agreement regarding the disposition of the matter, but which must be approved by a court or other body prior to becoming effective. In the event that the settlement or disposition is not so approved or is modified or conditioned in a material way as part of the approval process, this could result in substantial or total losses to BCM's clients on the related U.S. Litigation Finance Investment.

*Competition.* Heightened competition in the litigation finance market may make it more difficult for BCM to source investment opportunities at attractive investment yields to the Fund and may also lead to lower potential returns than expected from individual investments. Other competitors in the litigation finance field may have or may develop significantly greater financial resources as well as larger research and investment staff than those of BCM and the Fund.

**The foregoing list of risk factors does not purport to be a complete enumeration or explanation of the risks involved with BCM's investment programs or an investment in the Fund. Prospective clients must consult their own advisers before deciding whether to make such an investment.**

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## DISCIPLINARY INFORMATION

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BCM is required to disclose all material facts regarding any legal or disciplinary events that would be material to a client's evaluation of BCM or the integrity of BCM's management. BCM has no such matters to report.

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## OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

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BCM and its management persons are not registered, and do not have an application pending to register, as a broker-dealer or registered representative thereof, or as a futures commission merchant, commodity pool operator, commodity trading advisor, or associated person thereof. Except as described herein with respect to the General Partner and co-investors, BCM does not have any material relationships with related persons listed in any of the specified categories of financial affiliates required to be disclosed by the SEC, nor does BCM recommend or refer its clients to other investment advisers.

**Other Clients.** Although the Fund will be the only client of BCM upon its registration, it may manage investments for additional clients in the future. Certain inherent conflicts of interest may arise from the fact that BCM and affiliated entities may carry on substantial investment activities for multiple clients simultaneously. BCM may give advice and recommend investments to, or engage in investment transactions for, certain of its clients which advice or investments may differ from advice given to, or investments made for, other clients, even though such clients may have the same or similar investment objectives. The investment methods and strategies that BCM uses to manage a particular client's investments may be used by BCM when managing another client's investments, which may result in

multiple clients “competing” for limited investment opportunities in certain cases. BCM and/or its affiliates may have a conflict of interest in rendering advice to a particular client because the financial benefit from managing another client’s investments may be greater, which could provide an incentive to favor such other client’s investments. In the event that BCM proposes to manage assets for additional clients, it will seek to mitigate this potential conflict by implementing a methodology for allocating investment opportunities and positions among its clients on an equitable basis.

**Other Activities of BCM and Related Persons.** BCM and its principals and affiliates will devote such time and attention to the business and affairs of their clients as they, in their sole discretion, may deem reasonably necessary. BCM and its principals and affiliates are not required to devote a specific amount of time to the business and affairs of any client (including the Fund) and are entitled to engage in various other activities. BCM and its principals and affiliates may engage in, invest in, participate in or otherwise enter into other business ventures of any kind, nature or description, alone or with others.

BCM, its principals and their respective affiliates invest and trade for their own accounts, including in financial instruments in which a client takes a position, and may trade and invest simultaneously with a client and/or take investment positions that are different from the positions taken by a client. In particular, BCM is a wholly-owned subsidiary of Bentham Capital, LLC (“Bentham Capital”) and an indirectly wholly-owned subsidiary of IMF Bentham Limited (together with its affiliates and other subsidiaries, “Bentham”), a litigation funding company providing funding to plaintiffs, law firms and corporations for legal disputes in Australia, New Zealand, Hong Kong, Singapore, Europe, United States and Canada. Accordingly, Bentham will be sourcing and effecting Litigation Finance Investments for its own account and for the accounts of other related persons and entities at the same time, and using the same research and personnel, that BCM is doing so on behalf of its clients. As a result, conflicts of interest may arise between one or more clients (including the Fund), on the one hand, and BCM, Bentham and their respective principals and affiliates, on the other hand, with respect to matters such as the allocation of investment opportunities, purchases and sales of U.S. Litigation Finance Investments and allocation of personnel, resources and expenses. The records of trading by BCM and its principals and affiliates will not be made available to investors or clients, except to the extent required by law. However, trading by principals and personnel of BCM will be subject to BCM’s Code of Ethics and personal trading policy, as described below in “*Code of Ethics, Participation or Interest in Client Transactions and Personal Trading*,” which seeks to further mitigate the conflicts described above. Moreover, as described above in “*Types of Clients*,” the Fund is entitled to exclusivity rights with respect to U.S. Litigation Finance Investments, subject to certain additional terms and conditions described in the Fund’s offering documents, which mitigates the potential conflict in allocating such investments.

**Co-Investments.** As noted above in “*Types of Clients*,” BCM and its affiliates may manage and invest assets on behalf of co-investors, including other funds and investment vehicles, and the existence of, and participation by BCM and its affiliates in managing such co-investors’ assets may create certain conflicts of interest between the interests of the Fund and those of BCM’s co-investor clients. These are addressed as described in “*Types of Clients*” above.

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

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BCM has adopted a Code of Ethics for all supervised persons of the firm describing its high standard of business conduct and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, and personal securities trading procedures, among other things. All supervised persons at BCM must acknowledge the terms of the Code

of Ethics annually, or as amended. Clients or prospective clients may request a copy of BCM's Code of Ethics by contacting the firm's Chief Compliance Officer at the number set forth on the cover page.

As a matter of policy, BCM does not knowingly cause clients to effect transactions in which such client purchases securities or other instruments from, or sells securities or other instruments to, BCM or its principals or affiliates (i.e., principal trades), or in which one of BCM's affiliates acts as broker for both BCM's client and the other party to the transaction (i.e., agency cross transactions).

At the time of its registration, it is anticipated that the Fund will be the only client of BCM. However, in the event that the firm manages assets for other clients in the future, it may from time to time cause clients to enter into "cross trades" (i.e., transactions in which such client purchases securities or other instruments from, or sells securities or other instruments to, another BCM client). In any cross trade, BCM will have a potentially conflicting division of loyalties and responsibilities regarding the client accounts that are parties to such transaction. BCM can effect a cross trade if BCM believes that such transaction is appropriate and in the best interest of all client accounts participating in such transaction. For example, circumstances may arise where BCM wishes to reduce (or increase) the investment of one client account in certain assets and increase (or reduce) another client account's investment in the same assets, in which case BCM may effect a cross trade by directing the transfer of such assets between such client accounts. BCM also may effect cross trades in order to re-balance portfolios or provide better liquidity to relevant client accounts. Neither BCM nor any related person will receive a commission or similar compensation in connection with any such cross trade. Any such cross trade generally will be effected at a purchase price equal to such securities' or other assets' fair market value at the time of the transaction. Each client account participating in a cross trade will bear the costs and expenses associated with such transaction on a pro rata basis.

In addition, BCM may, in appropriate circumstances when deemed consistent with a client's investment objectives, cause client accounts to purchase or sell securities in which BCM, its affiliates and/or clients, directly or indirectly, have a position or interest. See *"Other Financial Industry Activities and Affiliations."*

BCM's employees and persons associated with BCM are required to follow BCM's Code of Ethics. Officers, directors and employees of BCM and its affiliates generally are not permitted to trade for their own accounts in securities which are recommended to and/or purchased for clients, as described above in *"Other Financial Industry Activities and Affiliations."* The Code of Ethics is designed to assure that the personal transactions, activities and interests of the employees of BCM will not interfere with (i) making decisions in the best interest of clients and (ii) implementing such decisions while at the same time allowing employees to invest for their own accounts. The Code of Ethics requires that the interests of the clients be placed ahead of those of BCM employees in their personal trading. Employee trading is regularly reviewed under the Code of Ethics, in an effort to prevent conflicts of interest between BCM and its clients.

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## **BROKERAGE PRACTICES**

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It is anticipated that the investment transactions entered into by BCM on behalf of its clients will be privately negotiated financing transactions. However, BCM may also use intermediaries or referral sources in identifying and effecting the Fund's private financing transactions.

BCM will have discretion to select different brokers to be used for each transaction for its clients and to negotiate the rates and commissions its clients will pay. When engaging the services of brokers, BCM

may, subject to best execution, if applicable, take into consideration a variety of factors, including, to the extent applicable, competitive pricing, transaction costs, operational efficiency with which transactions are effected, access to deal flow and precedent transactions, and the financial stability and reputation of the particular broker, as well as other factors that BCM deems appropriate to consider under the circumstances. Brokers may provide other services that are beneficial to BCM and its affiliates, but that are not necessarily beneficial to the Fund, including capital introductions, other marketing assistance, client and personnel referrals, consulting services, and research-related services. These other services and items may influence BCM's selection of brokers.

**Research and Other Soft Dollar Benefits.** BCM currently has no soft dollar arrangements with any broker in connection with securities transactions undertaken on behalf of its clients and does not expect to utilize any soft dollars. However, BCM may receive proprietary research from broker-dealers used to execute securities transactions. To the best of BCM's knowledge, these services are generally made available to all institutional investors doing business with such broker-dealers. BCM will not separately compensate such broker-dealers for the research.

**Aggregation and Allocation of Client Orders/Investments.** As noted above, BCM's investments on behalf of its clients do not customarily involve the execution of securities transactions by a broker-dealer or prime broker. With respect to the privately negotiated financing transactions undertaken by BCM, BCM has an established methodology for the allocation of such investments, which includes certain exclusivity rights in favor of the Fund with respect to investments within its investment mandate. See "*Types of Clients*" and "*Other Financial Industry Activities and Affiliations*" above.

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## REVIEW OF ACCOUNTS

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**Account Reviews.** The Fund has engaged a third-party fund administrator to provide day-to-day administrative and bookkeeping services to the funds. BCM conducts quarterly reviews of the investment positions held by the Fund (although BCM monitors these investments on an informal basis regularly). These formal reviews are conducted by the Chief Compliance Officer in conjunction with other key employees of Bentham Capital, including the Chief Executive and Chief Investment Officer.

**Client Reporting.** BCM will furnish audited financial statements annually to all investors in the Fund. Such investors are also provided with quarterly unaudited reports including information regarding the Fund's assets and performance.

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## CLIENT REFERRALS AND OTHER COMPENSATION

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BCM currently has no arrangements whereby it receives an economic benefit from any person who is not a client for providing investment advice or other advisory services to clients, and BCM does not directly or indirectly compensate any third parties for client referrals. However, BCM may in the future engage, duly qualified placement agents to solicit prospective investors for the Fund.

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## CUSTODY

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BCM will be deemed to have “custody” of the funds and securities of the Fund and may be deemed to have “custody” of the funds and securities of its “co-investor” clients, within the meaning of Rule 206(4)-2 under the Advisers Act (the “Custody Rule”). In light of the Fund’s intended investment program and nature of “co-investments,” it is anticipated that a significant portion of the Fund’s and the co-investors’ assets will be invested either in assets other than securities and/or in “privately offered securities,” meaning securities that are acquired from the issuer in a transaction or chain of transactions not involving any public offering, and transferable only with prior consent of the issuer or holders of the outstanding securities of the issuer. In addition, such privately offered securities may be either (i) uncertificated, with ownership thereof recorded only on the books of the issuer or its transfer agent in the name of the Fund; or (ii) evidenced by a non-transferable note or other “certificated” interest (A) that cannot be used to effect a change in beneficial ownership of the underlying security, (B) the existence (or non-existence) of which does not impact the holder’s ownership interest in such security, and (C) that can be replaced by the issuer if lost or destroyed because the holder’s ownership of the relevant security is reflected on the books and records of the issuer or its transfer agent.

Privately offered securities of the type described above and investments other than securities generally are not required to be held with a “qualified custodian,” as defined under the Custody Rule. However, to the extent that the Fund or any co-investor client holds other funds or securities (not otherwise exempt from such requirement) of which BCM is deemed to have “custody” under the Custody Rule, such funds and securities will be maintained at one or more “qualified custodians.” A “qualified custodian” generally is a bank or savings association that has deposits insured by the U.S. Federal Deposit Insurance Corporation, an SEC-registered broker-dealer, a futures commission merchant or a foreign financial institution that holds segregated customer assets. An independent public accountant will audit the Fund (and, when BCM has custody of a co-investor’s funds or securities, the co-investment vehicle) on an annual basis, and copies of the audited financial statements will be sent to the investors in the Fund (or co-investment vehicle, as applicable), as described above in “Review of Accounts.”

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## INVESTMENT DISCRETION

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BCM exercises discretionary authority over the assets of the Fund. BCM will receive discretionary authority from the Fund at the outset of the advisory relationship by means of investment advisory or similar agreement and/or through the constituent documents of the Fund, granting a power of attorney in favor of BCM to select the identity and amount of any investments to be bought or sold for the Fund. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the Fund and the Fund’s governing documents. BCM is similarly expected to exercise discretionary authority over the accounts of its co-investor clients, subject to such terms and objectives as may be agreed with each such client.

## **VOTING CLIENT SECURITIES**

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BCM generally will control any voting or consent rights that may be included in the transaction documentation for the investments BCM makes on behalf of its clients (for example, in relation to modifications to loan terms and exercise of default rights). However, because BCM intends to primarily enter into private financing transactions on behalf of its clients to which proxy voting rights would be inapplicable, BCM does not expect to receive or cast proxy votes on behalf of its clients.

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## **FINANCIAL INFORMATION**

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BCM is required to provide certain financial information or disclosures about its financial condition. BCM has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to its clients and has not been the subject of a bankruptcy proceeding.

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