

## Item 1

### Cover Page

Part 2A of Form ADV: Firm Brochure

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April 17, 2020

This brochure provides information about the qualifications and business practices of Raith Capital Partners, LLC (together with its relying advisers, “**Raith**,” “**we**,” “**us**,” or “**our**”). If you have any questions regarding the contents of this brochure, please contact our Chief Compliance Officer (the “**CCO**”), Terri Ambron Liftin, at 212-938-6956. 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.

Raith is a registered investment adviser under the Investment Advisers Act of 1940, as amended (the “**Advisers Act**”). Our registration under the Advisers Act does not imply any level of training or skill.

Additional information about Raith is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2**

### **Material Changes**

This brochure dated April 17, 2020 has been prepared by Raith in accordance with the SEC's requirements and rules pertaining to Form ADV, Part 2A. The prior annual amendment to this brochure was dated March 29, 2019 (the "**Prior Brochure**"). There have been no material changes from the Prior Brochure. This year the updated items reflect employee count, assets under management, clients, and compensation at year end, as well as a new risk factor associated with the Coronavirus pandemic.

### **Item 3**

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## Item 4

### Advisory Business

Raith is a Delaware limited liability company formed in 2012 and is headquartered in New York, NY. Raith is wholly owned by its two founding principals William W. Landis III and Nelson Hioe. At the end of 2019, Raith had seventeen employees, twelve of whom perform investment advisory functions.

Raith currently provides investment advisory services to Raith CMBS Fund I LP (“Raith CMBS”), Raith Real Estate Fund I LP (“RREF-I”), Raith Real Estate Fund I-A LP (“RREF-IA”), and Raith Real Estate Fund II, LP (“RREF II”), each of which invests in real estate or debt-related instruments. Raith CMBS, RREF-I, RREF- IA, and RREF II, are individually referred to as a “**Fund**,” or collectively as the “**Funds**.”

Raith also provides investment advisory services to managed accounts (each a “**Managed Account**,” and collectively, the “**Managed Accounts**”). The investment mandates, restrictions, and level of discretion for each Managed Account are decided in consultation with the investor. Managed Accounts may be structured as limited partnerships, with a single limited partner or a group of affiliated limited partners. Each Managed Account investor is an institutional investor.

We collectively refer to the Funds, together with the Managed Accounts, as our “**Clients**.”

We provide investment management, advisory and certain administrative services, as well as other related services (collectively, the “**investment advisory services**”) typically pursuant to an investment management agreement or other document (including servicing agreements) that describes the terms of the engagement (each, an “**IMA**”). In addition, we operate under basic policies and principles applicable to the conduct of our investment advisory business. These policies and principles are based upon general concepts of fiduciary duty, the specific requirements of the Advisers Act, the rules and regulations thereunder, and our internal policies.

Raith’s advisory and investment business is focused on investing in a range of debt-related instruments, including distressed whole loans, commercial mortgage backed securities, and value-add investment opportunities, including asset management, workout and turnaround situations. Our goal is to provide superior, risk-adjusted returns for our Clients by focusing on real estate opportunities that meet our targeted returns. We seek to deliver these returns through our abilities to source, underwrite, price, work out, and ultimately monetize distressed or otherwise opportunistic real estate assets in markets across the United States.

Raith may in the future provide investment advisory services to additional separate accounts and private investment funds on a discretionary or non-discretionary basis.

The terms for each separate account or private investment fund will be disclosed in detail in the relevant offering or account documents that are provided to prospective investors prior to investment. Clients’ assets are managed in accordance with the investment objectives, strategies, guidelines, as well as the terms and conditions of investment, set out in their respective private placement memoranda, organizational, governing, and other related account documents, as applicable (together, the “**Governing Documents**”). Raith may tailor its services by entering into “side letter” arrangements with investors in cases where

investors are subject to additional needs or restrictions, or if they have negotiated a different economic arrangement. Side letters might supplement the existing Governing Documents, address issues such as fees, reporting or confidentiality, regulatory or tax considerations applicable to an investor, and clarify the application of specified sections of the Fund's Governing Documents. Each investor in a Fund will typically have the right to receive, subject to the same terms and conditions, the benefit of side letter provisions extended to other investors. Early investors in a Fund and investors who increase their commitment in subsequent Funds may receive an economic benefit that other investors are not entitled to receive. The legal cost of negotiating side letters with investors is paid by the respective Fund. Managed Account investors may negotiate different fee and expense arrangements, which are agreed to by Raith in its discretion and usually tied to the level of services provided and the amount invested. Moreover, the Governing Documents for a Managed Account may include a most-favored-nation clause. This type of clause provides the investor, under certain circumstances, the right to receive the same benefits as other future investors.

A prospective investor must consider whether a separate account or private investment fund is an appropriate investment, including with respect to such investor's investment objectives and risk tolerance.

Raith does not participate in wrap fee programs.

As of December 31, 2019, assets under management are:

Discretionary Assets Under Management:       \$724,872,859

Non-discretionary Assets Under Management:   \$443,953,714

## Item 5

### Fees and Compensation

#### A. General

As noted above, the Governing Documents (including side letters) govern the terms of compensation and the manner in which we charge fees to each of our Clients. The following discussion provides an overview of our current fee and compensation arrangements.

We charge our Clients an annual base management fee (the “**Management Fee**”) generally ranging from 0.15% to 1.5% of assets under management for that Client or commitments to a Fund. The Management Fee structure varies by Client, and we may negotiate lesser or different fee schedules for Clients (or the underlying investors if the Client is a Fund) based on a variety of factors, including the size of the Client’s (or underlying investor’s) account or commitment, whether an investor has commitments to multiple Raith products, and the nature of the proposed services and investments. Investors in a co-investment structure typically will not pay any management fees, and an investor in a non-discretionary Managed Account may pay a Management Fee only on invested capital.

We receive performance or incentive fees paid on realized gains from investments that exceed a performance benchmark or performance or incentive fees/allocations based solely on gain above a specified cumulative return, as described below under “Performance-Based Fees and Side-by-Side Management.”

Subject to the specific terms of the Governing Documents, Raith typically deducts its fees directly from the Clients’ assets and bills its Management Fees quarterly in advance. An investor in a non-discretionary Managed Account may pay fees in arrears. Client funds and accounts initiated or terminated during a payment period will typically be charged a prorated base management fee and incentive fee. Upon termination of any Client fund or account, we will promptly refund any unearned, prepaid fees and any earned, unpaid fees will remain due and payable.

Each Client will usually bear its reasonable and properly incurred operating costs and expenses. Operating costs include: charges imposed by custodians, administrators, brokers, and other third parties, including custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Additionally, Clients will incur additional fees and expenses including, certain professional fees relating to particular investments, research related to investments and travel expenses incurred in connection with due diligence and monitoring, other out-of-pocket expenses directly related to the investigation of investment opportunities (whether or not consummated), acquisition and ownership expenses including all expenses relating to the servicing or monitoring of investments post-acquisition (including industry-related events and/or conferences related to the specific investment mandate), legal expenses, systems and technology, audit and tax preparation expenses, organizational expenses and extraordinary expenses. Certain Funds may bear the reasonable cost of Raith’s in-house legal and asset management accounting services, in each case if the arrangement is disclosed at the outset of the advisory relationship and then on regular basis to the Fund’s advisory committee. Moreover, because certain investors are unable to pay expenses associated with placement agents in connection with marketing the Funds, other investors will pay a disproportionate share of these expenses which amount may be subject to a cap. For certain Managed Accounts, where Raith’s

services are limited or non-discretionary, an investor may not be charged for certain expenses or may be charged to a lesser extent in the case of insurance premia. In those cases, Raith will pay the cost of the allocated expense in place of that investor if these expenses relate to a product or service utilized by such Managed Account. Raith does not utilize as many products or services, and has a different level of responsibility, for non-discretionary Managed Accounts as it does for the Funds.

For a detailed discussion of the factors that we consider in selecting or recommending broker-dealers for Client transactions and determining the reasonableness of commissions and compensation for such broker-dealers, please see Item 12 “Brokerage Practices.” We typically bear our own overhead expenses, including any expenses associated with the employment of any at-will employees; however, Clients may pay for certain employee expenses to the extent such employee is performing a function that is outside Raith’s advisory mandate and/or would otherwise be performed by a third party. These expenses are billed at market rates without a mark-up or premium.

Certain investors in the Funds, who are generally connected to Raith and/or are the general partner or managing member of that Fund, or who may provide a service to a particular Fund, may not be subject to a Management Fee and/or Performance Allocation in connection with their investment in the Fund. Raith may allow certain friends and family of the firm to invest in a similar way. Such investors will still either pay their *pro rata* share of certain Fund expenses, or the *pro rata* amount of such expenses will be allocated to the relevant general partner or managing member.

Neither Raith nor any of its supervised persons or personnel receives, directly or indirectly, any brokerage commission or any other compensation attributable to the sale of securities or investment products. However, from time to time, Raith will enter into agreements with third party firms to solicit Fund investors. Commission-based compensation to these third-party marketing firms is borne entirely by Raith unless otherwise disclosed. **It is critical that prospective investors refer to the relevant Managed Account’s or Fund’s Governing Documents for a complete understanding of how Raith is compensated for its advisory services. The information contained in this Item 5 is a summary only and is qualified in its entirety by the relevant Governing Documents.**

## Item 6

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

An affiliate of Raith serves as general partner of each Client organized as a partnership. The general partner may receive performance-based fees or allocations from our Clients. The terms and conditions of any such fee arrangements are subject to individualized negotiations with each Client, and are structured in accordance with Section 205(a)(1) of the Advisers Act, which permits performance-based fee arrangements with “qualified clients.”

Certain Managed Accounts and the Funds will allocate a portion of their investment profits (generally between 10% and 20%) to their respective managers or general partners, as set forth in the Governing Documents (such allocation being the “**Performance Allocation**”). The Performance Allocation is generally subject to achieving a specified cumulative annual return on the amount of the unreturned capital contributions of investors with respect to a transaction, as of the date of determination. A Performance Allocation, when applicable, is made upon the distribution of proceeds generated by the disposition of portfolio investments pursuant to a priority distribution waterfall after the return of invested capital and a preferred return. Performance Allocations may further be subject to clawback arrangements and structured otherwise as negotiated in the Governing Documents.

Raith believes that its Performance Allocation arrangements can serve to align better our interests with those of our investors. The potential to receive a Performance Allocation, however, might create an incentive for us or our related persons to make riskier investments on behalf of investors than otherwise would be the case under a different fee arrangement. Moreover, Clients with different fee arrangements might have similar investment strategies. In the allocation of investment opportunities, these differences could create an incentive to favor Clients that have greater performance fee arrangements over other Clients that have lesser or no performance fee arrangements.

A number of factors mitigate these potential conflicts of interest. First, Raith is committed to fulfilling its fiduciary duty to its Clients. Second, Raith’s principals generally invest their own capital in every investment and would suffer losses from unwise investment decisions alongside Raith’s Clients. Third, Raith’s ability to raise capital in the future is dependent on its delivering favorable results to all of its Clients. Finally, Raith will endeavor to make a good faith determination to allocate investment opportunities in accordance with the Clients’ Governing Documents and will adopt additional procedures as necessary to ensure that all Clients are treated on a fair and equitable basis over time.



## Item 7

### Types of Clients

We provide investment advisory services to the Funds and Managed Accounts whose investors may include high net worth individuals, insurance companies, state or municipal government entities, pension and profit sharing plans, private funds, and institutional investors.

Investors in the Funds must be (i) “qualified purchasers” within the meaning of the 1940 Act (or “knowledgeable employees”) and (ii) “accredited investors” as defined in Rule 501(a) of Regulation D of the Securities Act of 1933, as amended.

The minimum commitment for an investor in a Fund is typically \$5 million and the minimum commitment to a Managed Account is generally \$10 million. Depending on the circumstances (including fund size, investment strategy, and level of required portfolio servicing), Raith may impose or waive minimum investment requirements that might otherwise apply to a particular Fund, in particular for qualified high net worth individuals, or Managed Account.

This brochure is available to current or prospective Clients, together with the applicable Governing Documents, prior to or in connection with a Client’s consideration or execution of an investment, and may subsequently be provided periodically to existing Fund investors and Managed Account clients. Investors and other recipients should be aware that while this brochure may include information about private investment funds or managed accounts, as necessary or appropriate, it should not be considered to represent a complete discussion of the features, risks or conflicts associated with any fund or managed account. More complete information about the Funds and Managed Accounts is included in the Governing Documents, which may be provided to current and eligible prospective investors only by Raith or another authorized party.

**In no event should this brochure be considered to be an offer of interests or shares in a private investment fund or relied upon in determining whether to invest. It is also not an offer of, or agreement to provide, advisory services directly to any recipient.** Rather, this brochure is designed solely to provide information about Raith for the purpose of compliance with certain obligations under the Advisers Act and, as such, responds to relevant regulatory requirements under the Advisers Act, which may differ from the information provided in the Governing Documents. **To the extent that there is any conflict between discussions herein and similar or related discussions in any of the Governing Documents, the Governing Documents shall control.**

## Item 8

### Methods of Analysis, Investment Strategies and Risk of Loss

Raith's advisory and investment business is focused on investing in commercial real estate equity and debt secured by commercial property. Our goal is to provide superior, risk-adjusted returns for our Clients by focusing on real estate opportunities that meet our targeted returns. While there can never be a guarantee as to returns, we seek to deliver these returns through our abilities to source, underwrite, price, work out, and ultimately monetize real estate assets in markets across the United States.

We invest in two primary real estate strategies. The first involves a range of debt instruments secured by commercial real estate, including investment grade and non-investment grade CMBS, whole loans, and mezzanine loans. The second is a deep value approach to commercial real estate investing, targeting opportunistic and special situations investments.

Raith seeks to mitigate risk by relying on a well-developed set of principles and disciplines honed from years of experience in the real estate capital markets as well as the broader financial markets. We apply a bottom-up, fundamental analysis to each investment – quantifying the intrinsic value of the underlying assets and evaluating the inherent risks of each transaction. Although each real estate downturn has different characteristics and any recovery can take very different paths, we believe we will be able to draw upon the experience of our senior management to identify and access new opportunities and maximize returns while effectively managing downside risk. Our workout and asset management expertise combined with our ability to value a broad range of asset types in different geographic regions across the U.S. allows for the construction of a well-diversified investment pool.

All investments involve the risk of complete loss. Each investor should be prepared to bear the risk of losing its entire investment. A basic premise of real estate investing is the acceptance of illiquidity and the higher degree of risk associated with higher returns. There can be no assurance that any return will ultimately be achieved. The risks listed below are not intended to serve as an exhaustive list or a comprehensive description of all the risks and conflicts that may arise in connection with an investment. Prospective investors should carefully review the applicable Governing Documents before deciding to invest with us.

#### ***General Risks Relating to an Investment in A Fund or Managed Account***

***No Assurance of Investment Return.*** Raith cannot provide assurance that it will be able to identify, choose, make or realize investments of the type targeted for a particular Client, or that a Client will be able to invest fully its capital. There can be no assurance that Raith will be able to generate returns for Fund or Managed Account investors, or that returns will be commensurate with the level of risk. There can be no assurance that a Client's investment objectives or targeted returns will be achieved or that there will be any return of capital. Therefore, an investor should only invest if it can withstand a total loss of its investment. The past investment performance of Raith should not be construed as an indication of future results of any investment.

***No Investor Control; Reliance on Raith.*** Investors will have no control over, or influence in the management of, the Client. Subject to the provisions of the Governing Documents, Raith may have the full, exclusive and complete power and authority to make all decisions affecting the business of the Client. In light of the foregoing, the successful operation of a Client's investment program will be dependent almost

entirely upon the management and operational skills of Raith and its investment team. No assurance can be given that such persons will be able to successfully acquire investments that will be profitable for the Client.

***Limitations on Transfer and Withdrawal; No Market for Interests.*** Interests in a Fund represent highly illiquid investments and should only be acquired by investors able to commit funds and hold such interests for an indefinite period of time. The transferability of interests in a Fund will be subject to certain restrictions contained in the Governing Documents and will be affected by restrictions on resale imposed under applicable securities and tax laws. Furthermore, Fund interests will not be registered under any securities laws. Consequently, a Fund investor may not be able to liquidate its investment prior to the end of the Fund's term. This holds true for Managed Accounts organized as limited partnerships.

***Lack of Liquidity.*** The securities and other assets in which a Fund or Managed Account may invest may consist of significant amounts of securities and other financial instruments or obligations which are very thinly traded, for which no market exists, or which are restricted as to their transferability under U.S. federal or state or non-U.S. securities laws. In some cases, a Fund or Managed Account may also be prohibited by law or contract from selling such securities for a period of time or otherwise be restricted from disposing of such securities. In other cases, the types of investments may require a substantial length of time to liquidate. CMBS, loans or other real estate assets in particular do not have a (or have only a limited) liquid market and none may exist in the future. Restrictions may also be imposed in the future to facilitate compliance with applicable rules and regulations. Such restrictions on the transfer of the applicable CMBS B-piece will further limit its liquidity. There is no active secondary market for certain types of loans or for certain equity or debt participation rights of the kind that Raith plans to acquire and no such markets are expected to develop. Consequently, there is a significant risk that a particular Client will be unable to realize its investment objective by sale or other disposition of securities at attractive prices or will otherwise be unable to complete any exit strategy with respect to such securities.

***Due Diligence Considerations.*** Raith will conduct due diligence which it believes is adequate to select investments for its Clients. Due diligence is not foolproof, however, and may not uncover problems associated with a particular investment. Raith may rely upon representations made by the borrower or the seller in respect of a particular loan or property, as well as accountants, attorneys, or other investment professionals. Any such representations which prove misleading, incomplete, or false may result in the selection of investments which might have otherwise been eliminated from consideration had fully accurate and complete information been made available to Raith. Even exhaustive due diligence, however, may not protect against subsequent fraud by property owners or managers.

***Leverage.*** On behalf of a Client, Raith may acquire investments subject to existing financing or may obtain new financing and may incur secured or unsecured indebtedness at the asset level and/or a Client level. It may be difficult or impossible to obtain financing on terms that would otherwise deem favorable. Further, the state of the credit markets at any time may limit the amount of leverage available to finance investments, which may, in turn, have a material adverse effect on the ability to achieve a targeted rate of return. If borrowed funds are not then available or are not then available on favorable terms, a Client may not have the working capital which it requires to conduct operations as anticipated, or may not have the capital needed to participate in attractive investment opportunities. Should a Client obtain substantial leverage, such leverage will increase the Client's exposure to adverse economic factors, such as significantly rising interest rates, severe economic downturns, further real estate downturns or deteriorations in the condition of its investments or one or more geographic markets in which investments are located. In the event the

investments are unable to generate sufficient cash flow to meet principal and interest payments on the Client's indebtedness, as well as pay other operating expenses of the Client (most of which will be fixed in nature), the Client's return would likely be significantly reduced or even eliminated. Moreover, the presence of debt creates significant additional risks, such as: (i) lending institutions may have rights to participate in certain decisions relating to the management of the Client or its investments; (ii) financial obligations of the Client will have to be repaid before the investors will be able to receive a return, if any, on their interests; and (iii) cash flow from operations may be insufficient to pay the debt service, potentially resulting in capital calls being made on the investors or foreclosure on the collateral given by the Client to secure its obligations under such debt. Any inability of to repay such borrowings could result in a reduction or complete loss of the Client's investment.

***Conflicts between Raith's Clients.*** Raith, on behalf of certain Clients investing in the B-piece or lowest rated class of CMBS securities, may be appointed and act as controlling class representative ("CCR"). As CCR, Raith will have rights and responsibilities that are defined in each trust's pooling and servicing agreement, including the ability in certain circumstances to direct the special servicer to take actions on behalf of the trust with respect to loan workouts. For example, Raith would be able to influence decisions regarding loan workout strategies, foreclosure, and asset/loan liquidation. The outcome of these types of decisions could ultimately be to the detriment of the more senior bondholders, some of whom may be other Raith Clients. In addition, Raith's appointment as CCR may be based on the fact that the aggregate B-piece investment held by its Clients comprise a majority of the total class. Certain of these Clients could have the ability to remove Raith from managing their investment or to direct Raith to sell their investment. If Raith were removed or had to sell a portion of the B-piece, it may lose its designation as CCR. The subsequent loss of control could disadvantage the remaining Clients. Furthermore, to the extent that an investment opportunity is suitable for more than one Client, Raith will allocate the opportunity in a fair and equitable manner. The allocation of opportunities may result in one Client participating in an investment to a lesser extent than would otherwise have been the case. Because some of the factors used in making allocation decisions are subjective, investors are reliant on Raith to make fair and suitable allocation decisions.

***Placement Agent Fees and Indemnification.*** Eaton Partners, a Stifel Company, and Oderoche, a division of Galileo Securities, were engaged as placement agents in respect of the interests in RREF II, and in such capacity may receive fees in connection with the placement of those interests. Raith may also engage other placement agents from time to time in connection with the placement of other interests. The prospect of receiving, or the receipt of, fees may provide placement agents with an incentive to favor sales of interests in the fund they are placing over sales of other investment products for which the placement agents receive lower or no fees. Prospective investors may wish to take such fee arrangements into account when considering and evaluating any recommendations relating to acquiring an interest in a fund for which a placement agent is engaged. In addition, in the event that any claim is asserted against any of the placement agents with respect to their services as placement agents for RREF II, Raith, RREF II, and its affiliates may be obligated to indemnify such placement agents against any loss, damages or expense asserted against them in respect of such claim.

## ***Risks Relating to Raith's Investment Strategy and Investments***

***General Economic and Market Conditions.*** The success of Raith's investment activities will be affected by general economic and market conditions, such as interest rates, availability of credit, credit defaults, inflation rates, economic uncertainty, changes in laws (including laws relating to taxation of a Client's investments), trade barriers, currency exchange controls, and national and international political circumstances (including wars, terrorist acts, pandemics or security operations). These factors may affect the level and volatility of financial instruments' prices and the liquidity of a Client's investments. Volatility or illiquidity could impair a Client's profitability or result in losses. Raith may maintain substantial positions that can be adversely affected by the level of volatility in the financial markets — the larger the positions, the greater the potential for loss.

***Deterioration in the Mortgage, Real Estate or Financial Markets or the Economy.*** Any future downturn in the general economy as a result of COVID-19 (see specific risk factor below) could affect the financial strength of many commercial and multifamily real estate tenants and result in increased vacancies, decreased rents and/or other declines in income from, or in the value of, commercial and multifamily real estate. This may lead to decreased occupancy, decreased rents or other declines in income from, or the value of, commercial and multifamily real estate, which would likely have an adverse effect on the value and/or liquidity of CMBS that are backed by loans secured by such commercial and multifamily real estate.

***Investments in Real Estate in General.*** There is no assurance that the investments made by Raith will be profitable or that cash flow will be available for distribution to investors. An investment's operating revenues may include rental payments received from tenants under leases. From time to time, these tenants may experience a downturn in their respective businesses, which downturn may weaken their financial condition and result in the failure to make rental payments when due. In such case, a real estate investment's financial condition would be adversely affected, and its revenues may be insufficient to pay its operating expenses and obligations (including its debt service obligations). In addition, at any time, a tenant may seek the protection of bankruptcy or insolvency laws, which could result in the rejection and termination of such tenant's lease and thereby cause a reduction in the distributable cash flow of an investment. No assurance can be given that tenants will not file for bankruptcy protection in the future or, if any tenants file, that they will affirm their leases and continue to make rental payments in a timely manner. If a tenant's lease is not affirmed following bankruptcy or if a tenant's financial condition weakens, a real estate investment's net operating income may be adversely affected.

Furthermore, because real estate, like many other long-term investments, historically has experienced significant fluctuation and cycles in value, specific market conditions may result in occasional or permanent reductions in the value of Raith's real estate investments. The cash flow and value of the investments will depend on many factors beyond the control of Raith, including: changes in general economic or local conditions; changes in supply of or demand for competing properties in an area; changes in interest rates, which may affect, among other things, Raith's ability to enter into a favorable transaction or Raith's ability to sell all or part of an investment; the promulgation and enforcement of governmental regulations relating to land-use and zoning restrictions, environmental protection and tenant safety; unavailability or cost of mortgage funds which may render the construction, leasing, sale or refinancing of a property difficult; the financial condition of borrowers and of tenants, buyers and sellers of property; changes in tax rates and other operating expenses (including the cost and availability of insurance of all types (particularly

windstorm and flood insurance)); the imposition of rent controls; energy, materials and/or labor shortages or the cost thereof; various uninsured or uninsurable risks; natural disasters; war; and terrorism.

***Risks Related to Debt Instruments in General.*** Raith's investment strategy often includes acquiring performing, sub-performing and/or non-performing debt interests, and it may acquire debt interests that become sub-performing or non-performing in the future. In addition to the risks of borrower default, the collateral may be mismanaged or otherwise may have declined in value and/or may in the future decline or further decline in value. Investments in debt are subject to the risk that, upon maturity of the real estate loans, replacement "takeout" financing will not be available. This is a significant risk for investors because, depending upon the state of the U.S. credit markets at a given time, it may prove difficult for borrowers to refinance loans. In addition, borrowers may contest enforcement of foreclosure or other remedies, seek bankruptcy protection against such enforcement, and/or bring claims for lender liability in response to actions to enforce mortgage obligations. Moreover, in certain situations, because Raith, in the exercise of its remedies or rights under loan documents, may obtain contractual rights to participate in or to influence the management of properties by borrowers, the likelihood is increased that a borrower may claim that Raith interfered with the borrower's business, acted in bad faith in exercising its management rights or otherwise acted in a manner giving rise to a claim for lender liability. Often the exercise of remedies will not be led or controlled by Raith, but may be led or controlled by a holder of a different class of securities which may be in conflict with the interests of Raith and its Clients. As a lender, Raith may also be subject to penalties for violations of state usury limitations, which may result in penalties assessed against a Client or other liability to Clients.

***Risks Related with Commercial Mortgage Loans.*** Raith is expected to invest directly in commercial mortgage loans. Commercial lending is generally viewed as exposing a lender to a greater risk of loss than lending which is secured by single-family residences, in part because it typically involves making larger loans to a single borrower or groups of related borrowers. In addition, unlike loans which are secured by single-family residences, repayment of loans secured by commercial properties often depends upon (i) the ability of the related real estate project to generate income sufficient to pay debt service, operating expenses and leasing commissions and to make necessary repairs, tenant improvements and capital improvements and (ii) in the case of commercial loans that do not fully amortize over their terms, to retain sufficient value to permit the borrower to pay off the loan at maturity through a sale or refinancing of the mortgaged property. The ability of borrowers to repay commercial mortgage loans typically depends upon the successful operation and/or, if applicable, construction or rehabilitation, of the related real estate project and the availability of financing. Any factor that affects the ability of the project to generate sufficient cash flow could have a material adverse effect on the value of such loans. These factors include: (i) the uncertainty of cash flow to meet fixed obligations; (ii) adverse changes in general and local economic conditions, including interest rates and other local market conditions; (iii) tenant credit risks; (iv) the unavailability of financing, which may make the operation, sale or refinancing of a property difficult or unattractive; (v) vacancy and occupancy rates; (vi) fluctuation of construction and operating costs; (vii) regulatory requirements, including zoning and rent control; (viii) environmental concerns; (ix) project and borrower diversification; (x) vandalism (with attendant security costs); (xi) uninsured losses; (xii) restrictions and compliance costs imposed by the Americans with Disabilities Act, the Fair Housing Act, as amended, and similar laws; (xiii) general non-recourse status; and (xiv) real and personal property tax laws, rates and assessments.

**General CMBS Risks.** CMBS are backed by one or more commercial or multifamily mortgage loans. Each of the mortgage loans will specify the terms on which the related borrower must repay the outstanding principal amount of the loan. The rate, timing and amount of scheduled payments of principal may vary, and may vary significantly, from mortgage loan to mortgage loan. The rate at which the underlying mortgage loans amortize will directly affect the rate at which the principal balance or notional amount of CMBS is paid down or otherwise reduced. Repayment of a commercial or multifamily mortgage loan depends on the performance and value of the underlying real property, which may decline over time, and the related borrower's ability to refinance the property, of which there is no assurance.

**Risks of Investments in Junior or Subordinate Loans and Mezzanine Debt.** Certain loans may be in a junior or subordinate position to senior financing either because the loans are a second lien on the real estate or are secured by a direct or indirect lien on the equity of the owner of the underlying real estate (i.e., mezzanine debt). In certain circumstances, in order to protect an investment, Raith may decide to repay all or a portion of the senior indebtedness relating to the particular loan or to cure defaults with respect to such senior indebtedness. In a bankruptcy of a borrower, those loans that are not secured by a lien on the underlying real estate would have a priority no greater than other general creditors of the borrower. In addition to repayment risks, these subordinate positions may be "soft," meaning subject to restrictions on enforcement rights prior to maturity or foreclosure of the senior position. These restrictions may adversely affect a Client's rights to realize upon or control the underlying assets.

**Risks Related to Investments in Restructurings.** Raith may make investments in restructurings that involve companies that are experiencing or are expected to experience financial difficulties. These financial difficulties may never be overcome and may cause such company to become subject to bankruptcy proceedings. Such investments could, in certain circumstances, subject Raith and its Clients to certain additional potential liabilities which may exceed the value of the original investment therein. For example, under certain circumstances, a lender who has inappropriately exercised control over the management and policies of a debtor may have its claims subordinated or disallowed or may be found liable for damages suffered by parties as a result of such actions. In addition, under certain circumstances, payments to Raith and its Clients and distributions to investors may be reclaimed if any such payment or distribution is later determined to have been a fraudulent conveyance, preferential payment or similar transaction under applicable bankruptcy and insolvency laws. Furthermore, investments in restructurings may be adversely affected by laws relating to, among other things, fraudulent conveyances, voidable preferences, lender liability and the bankruptcy court's discretionary power to disallow, subordinate or disenfranchise particular claims or re-characterize investments made in the form of debt as equity contributions.

**Risks Associated with Originating Loans to Entities in Distressed Situations.** As part of its investment activities, Raith may originate loans to entities that are experiencing significant financial or business difficulties, including entities involved in bankruptcy or other reorganization and liquidation proceedings. Although the terms of such financing may result in significant financial returns to Raith's Clients, they involve a substantial degree of risk. The level of analytical sophistication, both financial and legal, necessary for successful financing to entities experiencing significant business and financial difficulties is unusually high. There is no assurance that Raith will correctly evaluate the value of the assets collateralizing loans or the prospects for a successful reorganization or similar action. In any reorganization or liquidation proceeding relating to an entity that a Client funds, the Client may lose all or part of the amounts advanced

to the borrower or may be required to accept collateral with a value less than the amount of the loan advanced by the Client to the borrower.

***Risks Related to the Coronavirus (“COVID-19”) and Public Health Emergency.*** As of the date of this Form ADV, there is an outbreak of a novel and highly contagious coronavirus, COVID-19, which the World Health Organization has declared a “Public Health Emergency of International Concern.” COVID-19 has caused numerous deaths, adversely affected global commercial activity, and contributed to significant volatility in debt and equity markets. The impact of COVID-19 is evolving, and many governments have instituted quarantines, prohibitions on travel, and the closure of all nonessential activities including schools, retail stores, and other public areas. The uncertainty surrounding the dangers and impact of COVID-19 is creating significant disruption in economic activity and is having a particularly adverse impact on transportation, hospitality, tourism, entertainment, and other industries. At this time, it is difficult to predict the potential for a global or regional recession. However, any public health emergency, including COVID-19, poses numerous risks, and the extent of the impact will depend on many factors. These factors include the duration of the public health emergency, the extent of restrictions imposed, particularly on travel and shipping, and the impact on overall supply and demand driven by consumer confidence and economic activity, all of which could have adverse consequences on Raith, its Clients, and their investments.

The magnitude of COVID-19 effects could be significant, impairing the Client’s ability to generate cash flow, meet loan covenants, source new investments, and /or carry out sales of existing investments. All of these effects could disrupt the ability of Clients to achieve their investment objectives, which would result in losses.

Raith’s personnel and its important service providers may also suffer due to the public health emergency. As governmental quarantine measures were implemented, firms including Raith implemented restrictions on travel and in-person meetings. The impact of working remotely and other factors related to a public health emergency, such as employee health and even efficiency, may cause operational disruptions.

***As mentioned at the beginning of this Section 8, the risk factors listed above are meant to provide a general overview of the risks associated with Raith’s strategies. Prospective investors should review the associated Governing Documents before making a decision to invest with Raith.***



## **Item 9**

### **Disciplinary Information**

There are no legal or disciplinary events that are material to our Clients' evaluation of our advisory business or the integrity of our management.

## Item 10

### Other Financial Industry Activities and Affiliations

#### A. Broker-Dealer Registration

Raith is neither registered as a broker-dealer, nor has any application pending to register with the SEC as a broker-dealer.

#### B. Futures Commission Merchant, Commodity Pool Operator, or Commodity Trading Advisor Registration

Raith is neither registered with the Commodity Futures Trading Commission as a futures commission merchant, commodity pool operator or commodity trading advisor, nor has any application pending for such registrations.

Raith's affiliate, Raith Capital Investors, LLC, the general partner of RREF-I and RREF-IA, and Raith Capital Investors II, LLC, the general partner of RREF II, operate under a current exemption from registration as a commodity pool operator (CFTC Rule 4.13(a)(3)) because, among other things, the investors in those Funds meet certain eligibility requirements and the Funds trade in a de minimis amount of commodity interests.

#### C. Material Relationships and Conflicts of Interests with Industry Participants

In the future, Raith may sponsor one or more private investment funds. In connection with those funds, Raith currently expects to form one or more affiliates to serve as general partner of each such fund. In addition, Raith may form a joint venture or other collaborative venture with a third party to pursue similar investment opportunities and strategies as the Funds and/or Managed Accounts. In such a structure, Raith would serve as the investment adviser to the venture.

Raith may also seek to engage in a variety of other businesses including but not limited to: the acquisition of whole loans (both performing and non-performing loans), and the servicing/asset management of loans, including acting as an adviser or operating partner to companies that own or are involved with the servicing/asset management of loans on a third-party basis.

Raith may, from time to time, act as the Controlling Class Representative ("CCR") with respect to certain loans or securities held by a Client. Generally, acting as the CCR provides Raith with the ability to direct the servicer to take certain actions with respect to distressed or defaulted loans. Raith believes that serving as the CCR of such loans or securities permits it to have greater control over the loan assets and is beneficial to Raith's Clients. Raith does not receive any additional compensation for serving as the CCR, but in some cases the Client and Raith participate in a portion of the special servicers' fees.

Certain principals of Raith have a 15% minority ownership interest in Mount Street US LLP (“Mount Street”), a US-based loan servicer that entitles them to fifteen percent (15%) of the profits and losses of Mount Street. Lenders who provide loan financing to assets acquired by a Fund may engage Mount Street to service such loan, a decision made in the Lender’s discretion. In the case of a Managed Account, however, the Account itself could engage Mount Street to service loans held in such Account. This would be the case only if the underlying investor approved of engaging Mount Street. There is no guarantee that Mount Street is the best or most effective loan servicer.

Other than as set forth above, Raith has no other material relationships or arrangements with any related persons that are material to Raith’s advisory business or its current Clients.

**D. Material Relationships and Conflicts of Interests relating to Other Investment Advisers**

Raith does not recommend or select other investment advisers for Clients and it does not have any other relationship or arrangement with other investment advisers.

## Item 11

### **Code of Ethics, Participation or Interests in Client Transactions and Personal Trading**

#### **A. Code of Ethics**

Pursuant to Rule 204A-1 of the Advisers Act, we have adopted a Code of Ethics to establish applicable policies, guidelines and procedures that promote ethical practices and conduct by all of our personnel and to prevent violations of the federal securities laws, including the Advisers Act. Our Code of Ethics is predicated on the principle that we owe a fiduciary duty to our Clients. It consists of several policies primarily designed to address potential conflicts of interest, including a Personal Investment Policy as well as Gifts, Entertainment, Political Contributions and Outside Activities Policies.

Our personnel must observe the applicable standards of care set forth in our Code of Ethics and may not seek to evade the policies and procedures set forth therein in any way, including through indirect acts by family members or other associates. The obligations set forth in our Code of Ethics are in addition to any other policies and procedures we adopt in respect of the conduct of our business. Our personnel must certify at least annually that they have read, understand, and are subject to, and have complied with our Code of Ethics and our Compliance Manual.

We will provide a copy of our Code of Ethics to any Client or investor or any prospective Client or prospective investor upon request.

#### **B. Recommending, Buying, or Selling Securities in Which We Have a Material Financial Interest; Invest, or Buy and Sell at the Same Time; Conflicts of Interest**

Raith does not recommend to Clients, nor do we buy or sell for Client accounts, securities in which we have a material financial interest, other than with the approval of the CCO and in accordance with applicable law. Our Code of Ethics and Personal Investment Policy have been designed to address any conflicts of interest that may arise.

Generally, Raith does not invest in the same securities that we recommend to Clients. However, Raith and its personnel might, from time to time, co-invest by investing in the same securities as a Client. Absent special circumstances, Raith and its personnel would acquire and dispose of the securities at the same time, and on the same terms, as the Client. Aside from the co-investment described above, Raith personnel are only permitted to invest in the same securities as a Client with the prior approval of the CCO. In reviewing such a request, the CCO would consider whether the proposed co-investment could adversely affect the price or quantity available to the Client.

Raith's management fees are typically charged based on a percentage of assets under management. The management fee will generally be payable without regard to the overall success or income earned by the Client and therefore may create an incentive on the part of Raith to raise or otherwise increase assets under management to a higher level than would be the case if Raith were receiving a lower or no management fee.

Furthermore, Raith and its affiliates are not restricted from forming additional accounts or investment funds, from entering into other investment advisory relationships, or from engaging in other business activities, even though such activities may be in competition with the existing Client accounts and/or may involve substantial time and resources of Raith. These activities could be viewed as creating a conflict of interest in that the time and effort of the members of Raith and its affiliates are not devoted exclusively to the business of the existing Clients, but are allocated between the business of the existing Clients and the management of future funds and accounts managed by Raith. Raith uses its best judgment to be fair and equitable to all Clients to minimize this conflict of interest.

## **Item 12**

### **Brokerage Practices**

Due to the nature of Raith's investment strategies, Raith does not generally utilize broker-dealers for transactions as contemplated by this Item 12. If, in the future, Raith uses broker-dealers for transactions, such broker-dealers will be selected by Raith on the basis of best execution, which Raith expects to determine based on a variety of factors, including the ability to achieve prompt and reliable executions at favorable prices; the operational efficiency with which transactions are effected; the financial strength, integrity and stability of the broker; the quality, comprehensiveness and frequency of available research and related services considered to be of value; and the competitiveness of commission rates or spreads in comparison with other brokers satisfying Raith's other selection criteria. While Raith generally will seek reasonably competitive commission rates or spreads, Clients will not necessarily pay the lowest commission or spread available.

Raith receives access to research products from various broker-dealers that are consistent with the business that Raith conducts with these various firms. However, Raith does not believe that these benefits create conflicts of interest because Raith does not utilize broker-dealers as service providers on transactions in the manner contemplated by this Item 12. Moreover, Raith either receives industry products for free or pays for them with hard dollars (the cost of which, depending on the product, may be allocated to Client accounts).

## **Item 13**

### **Review of Accounts**

Raith's investment team reviews and monitors all investments made on behalf of Clients on an ongoing basis through continuous communication with the Managing Partners, attending conferences, conducting site visits to the properties, and reviewing research and industry reports. Each quarter, the Managing Partners together with the investment team discuss the composition and performance of each investment. A more frequent review is initiated for any investment that is deviating from its expected performance. In addition, on an annual basis, Raith updates written business plans for each investment. Finally, before making a new investment, Raith's Investment Committee thoroughly reviews the respective Client's investment policy and restrictions to ensure that the potential investment is compliant therewith.

Raith provides quarterly written reports to its investors that generally include, as applicable, unaudited financial statements, a letter describing each investment and highlighting significant developments, and valuation and other statistical information. On an annual basis, Fund investors receive audited financial statements (prepared in accordance with GAAP).

Representatives of Raith may be made available for discussions with investors on a periodic or agreed upon basis.

## **Item 14**

### **Client Referrals and Other Compensation**

#### **A. Economic Benefit for Providing Investment Advice or Other Advisory Services to Clients**

We do not receive economic benefits from third parties for providing investment advice or other advisory services to our Clients. Currently, our only Clients are the Funds and the Managed Accounts.

#### **B. Compensation to Non-Supervised Persons for Client Referrals**

From time to time, Raith enters into agreements with third party firms to solicit investors to invest in one or more Client. A third-party marketing firm generally is paid based on the extent to which it secures investors, calculated on the management fees paid by the investors it successfully solicits. While the travel and marketing expenses may be paid by the respective Client, the placement fees are borne by Raith and not by the investor or the Client unless otherwise disclosed.



## **Item 15**

### **Custody**

Rule 206(4)-2 of the Advisers Act (the “Custody Rule”) and related rules and regulations under the Advisers Act, impose certain obligations on registered investment advisers that have custody or possession of any funds or securities in which any client has any beneficial interest. An investment adviser is deemed to have custody or possession of client funds or securities if the adviser directly or indirectly holds client funds or securities or has the authority to obtain possession of them (regardless of whether the exercise of that authority or ability would be lawful).

Investment advisers are required to maintain the funds and securities (except for securities that meet the privately offered securities exemption in the Custody Rule) over which they have custody with a “qualified custodian.” Qualified custodians include banks, broker-dealers, futures commission merchants, and certain foreign financial institutions.

Rule 206(4)-2 generally imposes on advisers with custody of clients’ funds or securities certain requirements concerning reports to such clients (including underlying investors in certain circumstances) and surprise examinations relating to such clients’ funds or securities. However, advisers need not comply with such requirements with respect to pooled investment vehicles if the pooled investment vehicle: (i) is audited at least annually by an independent public accountant and (ii) distributes its audited financial statements prepared in accordance with generally accepted accounting principles to the client, or in certain circumstances, to all limited partners, members, or other beneficial owners, within 120 days (180 days in the case of a fund of fund adviser) of its fiscal year end.

We are deemed to have custody of the Funds we manage and must comply with the requirements of the Custody Rule. We will distribute the audited financial statements to the investors in the Funds within the 120-day time period, and therefore are exempt from the Rule 206(4)-2 reporting and examination requirements. Raith may also be deemed to have custody over certain Managed Accounts because of our original authority under a standing letter of authorization. Raith has taken steps to ensure that the standing letter of authorization is in accordance with the guidance provided by the staff of the SEC.

## **Item 16**

### **Investment Discretion**

We exercise investment discretion in a manner consistent with the investment objectives, strategies, guidelines, and terms and conditions of investment as stated in the Governing Documents and according to applicable tax and securities laws. In the case of certain Clients, Raith is responsible for continuous oversight over the investments and makes recommendations to any investment committees established in respect of a particular Client regarding new investments or disposition of current investments. For other Clients, Raith has absolute discretion over the allocation of capital into and the disposition of specific investments.

## **Item 17**

### **Voting Client Securities**

Raith's investment strategy generally does not involve the acquisition of public securities with voting authority. If Raith were to vote a public proxy, it would do so in the best interests of its Client(s) as determined on a case-by-case basis.

Raith has adopted policies with respect to the granting or withholding of consents, amendments or waivers under participation agreements or indentures relating to any CMBS securities or mortgage loans held for Client accounts. To the extent Raith acts as the CCR with respect to securities that are acquired on behalf of a Client, Raith will exercise such rights in the best interest of its Client(s) in accordance with its policies.

Raith will provide a complete copy of its proxy voting policy to any Client or investor upon request. Clients or investors may also request information regarding how any prior proxy or consent solicitation was actually voted for their account or investment fund. The foregoing information may be obtained by contacting our Chief Compliance Officer, Terri Ambron Liftin at (212) 938-6956.

## **Item 18**

### **Financial Information**

#### **A. Balance Sheet**

We are not required to attach a balance sheet because we will not be requiring or soliciting the payment of fees six months or more in advance.

#### **B. Contractual Commitments to Our Clients**

We have no financial condition that is reasonably likely to impair our ability to meet contractual and fiduciary commitments to our Clients.

#### **C. Bankruptcy Petitions**

We have never been the subject of a bankruptcy petition.