



MONTICELLOAM, LLC

PART 2A OF FORM ADV: FIRM BROCHURE

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This brochure provides information about the qualifications and business practices of MONTICELLOAM, LLC (“MONTICELLOAM” or the “Firm”). If you have any questions about the contents of this brochure, please contact Jonathan Litt, the Firm’s Chief Compliance Officer, at 646-844-3603 or jlitt@monticelloam.com. Additional information about Part 2A Form ADV is available on the SEC’s website at <https://www.sec.gov/about/forms/formadv-part2.pdf>. 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.

Any reference to MONTICELLOAM as a registered investment adviser does not imply a certain level of skill or training.

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

ITEM 2: MATERIAL CHANGES

MONTICELLOAM has amended this brochure to reflect the following material changes:

- Item 5. The brochure has been amended to accurately reflect fees and compensation.
- Item 8. The brochure has been amended to accurately reflect methods of analysis, investment strategies, and material risks.

Since the Firm's last Form ADV Amendment, which was filed January 7, 2020, there have been no other material changes.

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ITEM 4: ADVISORY BUSINESS

Item 4.A. General Description of Advisory Firm

MONTICELLOAM, LLC (“**MONTICELLOAM**” or the “**Firm**”), a Delaware limited liability company, was formed in September 2014. Alan Litt, Jonathan Litt, and Thomas Lally are the founding Principals of the Firm. Thomas Lally owns 50% of MONTICELLOAM and Alan and Jonathan Litt each own 25%, indirectly through the jointly owned holding company L2 Associates, LLC.

Item 4.B. Description of Advisory Services

MONTICELLOAM is an investment management firm that provides advisory services to a Real Estate Investment Trust (the “**REIT**”) and a number of privately offered pooled investment vehicles that provide short-term, long-term and working capital loans generally to skilled nursing facilities, assisted living facilities, affordable housing facilities, real estate, renewable energy and other projects (each, individually, a “**Fund**,” and together the “**Funds**” or “**Advisory Clients**”). The Firm also performs active, hands-on servicing for each of its loans.

Each Advisory Clients’ investment objective is to provide an opportunity for current distribution and strong overall risk-adjusted returns through the origination and holding of short-term, long-term, and/or working capital loans. MONTICELLOAM focuses on private commercial financing opportunities including, but not limited to, multifamily, assisted-living, and skilled nursing home properties, and sectors of the commercial real estate market that, in MONTICELLOAM’s view, have strong long-term demand and demographic drivers, can benefit from specialized knowledge and experience to value the underlying properties, can provide government guarantees, and are expected to produce stable cash flows.

Based upon the strategy disclosed in its respective governing documents, or advisory agreement as applicable, each Advisory Client will provide short-term, long term and working capital loans generally to skilled nursing facilities, assisted living facilities, affordable housing facilities, real estate, and renewable energy and other projects throughout the United States for the purpose of acquisition financing, improvements and/or refinancing of existing debt. Certain of the short-term loans, the bridge loans, are expected to be repaid/refinanced with permanent financing within two to three years (“**Bridge Lending**”). Loans are expected to bear interest at rates floating over an index. Each such loan will typically be underwritten by reviewing the borrower, the real estate or other collateral assets, the capital structure of the transaction, project government support, the local real estate market, regulations affecting the asset, financing exit scenarios, and the macro economic environment, focusing on the exit strategy of permanent financing. Additionally, a Fund may provide longer term loans, financing, or working capital loans for specified purposes, to owners or operators of real estate assets and also to the facilities to which an Advisory Client has previously provided a loan.

Item 4.C. Availability of Customized Services for Individual Clients

The Firm’s investment management and advisory services to each Advisory Client are provided pursuant to the terms of their respective offering memoranda and investment management agreements. The Firm may enter into side letters with investors to the Funds to allow them to obtain services tailored to their individual specific needs or impose individual restrictions on investing in certain securities or types of securities.

Item 4.D. *Wrap Fee Programs*

MONTICELLOAM does not participate in a wrap fee program.

Item 4.E. *Regulatory Assets Under Management*

As of December 31, 2019, MONTICELLOAM manages approximately \$1,420,904,141 in regulatory assets under management on a discretionary basis. Currently, MONTICELLOAM does not manage any Advisory Client assets on a non-discretionary basis, but it may choose to do so in the future.

ITEM 5: FEES AND COMPENSATION

Item 5.A. *Description of Compensation Arrangements*

Management Fees:

The Firm will typically be entitled to receive a management fee from each Advisory Client, in its capacity as investment manager for such Client, in an amount up to 2.0% per annum. Management fees will typically be calculated as a percentage of the capital allocated to the Advisor for investment by each Advisory Client in the Funds in accordance with the advisory agreement or the Fund's governing documents.

Management fees are typically accrued in arrears and paid quarterly. The Firm may, in its capacity as investment manager to a Fund, in its sole discretion, waive, reduce or modify the management fee payable with respect to any investor in a Fund (but without any concurrent increase in any other Fund investor's share of such management fees).

Carried Interest:

For loans originated by the Funds, the Managing Member of each Fund is typically entitled to receive an incentive distribution or 'carried interest' in an amount equal to a specified percentage for each Fund. The specific percentage and amount of the incentive distribution or 'carried interest' will vary depending on the terms arranged for each Fund. Generally, Fund investors will receive a stated "preferred return" (based on cumulative distributions) per annum as described in each Fund's offering documents. The Managing Member of a Fund may be entitled to a "Catch-up" carried interest distribution over such preferred return until the Managing Member has received an amount equal to its specified carried interest percentage of the aggregate of the preferred return distributions to the Fund investor and the carried interest catch-up distributions to the Managing Member, after which distributions shall be distributed to the Managing Member in the specified carried interest percentage with the balance distributed to Fund investors in accordance with the Fund's governing documents. The Managing Member may, in its sole discretion, cause the Fund to waive, reduce or modify the carried interest applicable to any investor, including the share of carried interest allocated to certain investors in any Fund (but without any concurrent increase in any other Fund investor's share of such carried interest). Carried interest will ordinarily be calculated on a monthly basis and allocated quarterly, with reconciliation after year-end. The carried interest will generally be determined separately with respect to each calendar year and, among other things, will not be reversible even if a Fund or a Fund investor suffers a net loss in a subsequent calendar year. As certain other provisions may apply, prospective investors are urged to review the relevant Fund offering documents for specific information related to fees and, particularly, carried interest.

The Firm may also provide advisory services to Funds or investment vehicles for the selection of specific loan investments or participations. Compensation due to the Firm with respect to any such account will be calculated in accordance with the terms of the applicable investment advisory agreement and will be

negotiated in conjunction with the drafting of such agreement. In addition, the Firm therefore may, under the execution of its investment discretion and authority for those Funds on investment vehicles direct the investment into a Fund structure under which an affiliate, acting as the Managing Member of that Fund or investment, may collect carried interest on such investments.

Item 5.B. *Manner of Fee Payment*

Management fees as described in Item 5.A. are included in the Funds' expenses and are allocated against the capital account of each investor with all other Fund expenses.

Item 5.C. *Other Fees Clients May be Charged*

MONTICELLOAM or its affiliates may receive acquisition, disposition, financing, leasing, origination, servicing or other fees from transactions initiated by MONTICELLOAM or its affiliates for its Advisory Clients. Generally, management fees and or carried interest payable by a Fund or investor to the Firm are not reduced or offset by the Firm's receipt of any fees of that nature.

The Firm shall be entitled to reimbursement from each Fund or Advisory Client for any expenses which are incurred by the Firm on behalf of the Fund or Advisory Client, consistent with the terms of that advisory agreement or Fund's governing documents.

Item 5.D. *Timing of Fee Payments*

Each Fund will typically pay a management fee to the Firm which will be accrued in arrears and paid as set forth in Item 5.A. above. Origination fees may be paid at the time of each respective closing of a loan. Fees related to the servicing of each loan are due monthly during the time period that MONTICELLOAM provides servicing.

Item 5.E. *Receipt of Compensation for Sales*

Not applicable. Neither MONTICELLOAM nor its supervised persons are compensated for the sale of securities or other investment products.

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

MONTICELLOAM understands that there exist certain potential conflicts of interest associated with the presence of a performance-based fee (including carried interest payments). Such a fee may create an incentive for the Firm to cause an Advisory Client to make investments that are riskier or more speculative than would be the case if there were no performance fee or where the performance fees of different Advisory Clients are set at different rates. However, MONTICELLOAM advises each Advisory Client in accordance with its investment strategy and any allocation restrictions set forth in each Advisory Client's organizational documents or advisory agreement such that Clients or investors in the Funds are aware of the applicable investment strategy, restrictions, and risks.

ITEM 7: TYPES OF CLIENTS

MONTICELLOAM provides discretionary investment management services to pooled investment vehicles in which interests may be offered to other private funds, high-net worth individuals and institutions, as described in Item 4.B.

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

Item 8.A. Methods of Analysis and Investment Strategies Generally

Each Advisory Client's investment objective is to provide a prospect for current distribution and strong overall return, while seeking to reduce downside risk, by originating and holding loans that are anticipated to be repaid by the borrowers and/or refinanced with permanent financing. There can be no assurance that any such investment objectives will be achieved, and investments involve risk of loss that Fund investors should be prepared to bear.

Bridge Lending

Based upon the strategy disclosed in its respective governing documents, as applicable, certain Funds advised by the Firm will provide or invest in short-term bridge financing for real estate assets that are eligible to obtain permanent financing from state and federal programs. The Firm believes that bridge lending can provide exposure to the real estate market that is more stable due to the fact that a higher percentage of loans that go to HUD are approved than are rejected and those loans typically have a lower default rate than non-HUD loans. MONTICELLOAM believes that an attractive market opportunity exists due to increasing consolidation within the skilled nursing facility industry as larger scale super regional and regional operators, with strong balance sheets, continue to acquire facilities and grow their portfolio; Recent revisions to industry related U.S. Government regulations may lead to an increase acquisition volume; and an aging "Baby Boomer" population increases demand for skilled nursing facilities, far exceeding current supply. Additionally, a Fund may provide financing, for working capital or other purposes, to owners or operators of the facilities to which a Fund or Funds have previously provided a real estate-related loan.

Loans are expected to be made on multifamily and healthcare assets throughout the United States.

Loans are expected to bear interest at rates floating over an index. Loan terms will typically be 18 to 36 months.

Loans are generally expected to be leveraged at up to approximately 5 to 1 with one or more financial institutions with which the Firm has relationships.

In the case of each loan, the Firm expects to review the borrower, the real estate, the capital structure of the transaction, project government support, the local real estate market, regulations affecting the asset, and potential financing exit scenarios, focusing on an anticipated exit strategy of permanent financing from HUD and other state and federal programs, as well as from alternative lenders and certain affiliates of MONTICELLOAM's permanent financing program.

Working Capital Financing

A Fund may also provide financing for working capital purposes, to owners or operators of the facilities to which it, or another Fund, has provided a real estate-related loan. The loans will generally be lines of credit with terms of 12-36 months and expected to bear interest at rates floating over an index. Loans are expected to be participated out to one or more financial institutions with which the Firm has relationships. Additionally, a Fund may provide financing, in the form of personal loans that are backed by a personal guaranty.

Permanent Financing

Based upon the strategy disclosed in the prospective governing documents, as applicable, the Firm anticipates that certain Funds advised by the Firm will provide longer term financing for eligible assets, with loan terms ranging from 5 to 10 years. Loans are expected to be made on real estate assets, including but not limited to commercial real estate, multifamily, skilled nursing, affordable housing and assisted living facilities, throughout the United States. Loans are expected to bear interest at rates fixed over an index. Loans are expected to be syndicated 100% to participant banks or other financial institutions.

In the case of each loan, the Firm expects to review the borrower, the real estate, the capital structure of the transaction, project government support, the local real estate market, regulations affecting the asset, and potential financing exit scenarios.

Commercial Real Estate Financing

Based upon the strategy disclosed in the prospective governing documents, as applicable, the Firm anticipates that certain Funds advised by the Firm and its affiliates may provide construction, bridge and longer term financing for commercial real estate assets, including but not limited to, multifamily, for-sale condominiums, offices, industrial properties and retail properties. Loans are expected to be secured by a first-mortgage or a mezzanine position on the property or borrower. Loans are expected to bear interest at rates that are floating or fixed over an index. Loan terms will typically range from 18 to 120 months. Loans are generally expected to be participated out with one or more financial institutions or qualified investors with which the Firm has relationships.

In the case of each loan, the Firm expects to review the borrower, the real estate, the capital structure of the transaction, the local real estate market, regulations affecting the asset, and potential financing exit scenarios.

Renewable Energy Financing and Project Development

Based upon the strategy disclosed in the prospective governing documents, as applicable, affiliated entities of the Firm anticipate acting as project developers for and/or originators of financing through special purpose vehicles organized as pooled investment vehicles for renewable energy infrastructure projects throughout the United States, capitalizing on fragmented and niche capital markets and the regulatory complexities in underwriting these projects. A Fund may originate various forms of financing including construction loans, bridge loans to government backed loans, mini-permanent financing, permanent financing loans, and tax credit equity.

Loans are expected to bear interest at rates floating over an index. Loan terms will typically be 15 to 25 years. The other investments, such as the tax credits, may be in the form of equity investments.

In the case of each loan, the Firm expects to review the borrower, the property, the capital structure of the transaction, government support, the local real estate market, regulations affecting the asset, potential financing exit scenarios, and the macro economic environment.

Item 8.B and Item 8.C. *Material Risks Involved for MONTICELLOAM's Strategies*

Co-Investment Structure: Advisory Clients generally will “co-invest” in loans arranged by MONTICELLOAM alongside one or more Advisory Clients and other investors, through pooled special purpose vehicles that will originate and hold a specific loan (such entity, a “Pooled SPV”). This structure may involve additional risks which may not be present in investments which do not involve multiple Advisory Clients co-investing on a pooled basis, including the possibility that one or more Advisory Clients may at any time have economic interests that are not consistent with those of other Advisory Clients or

investors, which may result in MONTICELLOAM having to take action for the Pooled SPV that is inconsistent with an Advisory Client's individual interests. MONTICELLOAM and its affiliates may have duties and/or contractual requirements to Advisory Clients pursuant to their respective governing documents that result in additional potential conflicts of interest. While MONTICELLOAM seeks to structure the participation of Advisory Clients in each Pooled SPV in a manner it believes is fair and equitable to each of the participating Advisory Clients, there can be no assurance that it will be successful in doing so. Advisory Clients that participate in each Pooled SPV are required to bear their pro rata share of broken deal expenses that are paid or incurred by the the Pooled SPV and MONTICELLOAM and its affiliates. The Advisory Clients will have no opportunity to control the day-to-day operations of a Pooled SPV, including investment and disposition decisions. The Advisory Clients must rely entirely on the MONTICELLOAM and its affiliates to conduct and manage, respectively, the affairs of a Pooled SPV. Some Advisory Clients or other investors in a Pooled SPV or co-investment vehicles formed by the MONTICELLOAM or its affiliates may be subject to different terms, which may be more favorable than those received by other Advisory Clients.

Diversification: Although each Fund that invests in that area intends to diversify its investments within the bridge-to-HUD lending arena, the limited degree of diversification of types of investments may result in the performance of each Fund to be more susceptible to a single economic, political or social event.

Future Investments; Inability to Invest Committed Capital: Fund Investors should be aware that the activity of identifying, completing and realizing attractive loan origination opportunities and investments is highly competitive and involves a high degree of uncertainty. Each Fund is likely to compete for desirable loan opportunities with third parties with similar investment objectives, some or all of which may have capital and resources in excess of those of each Fund. Specifically, each Fund expects to encounter significant competition from real estate investment trusts, banks, conduits, pension funds, public and private lending companies and mortgage bankers. These third parties may invest in promising opportunities before a Fund is able to do so or their competitive offers to invest may thereby limit suitable investment opportunities for each Fund. In addition, some of the Funds' competitors will have substantially greater assets and therefore will have the ability to offer non-recourse bridge loans that MONTICELLOAM does not. An increase in the funds available to lenders, or a decrease in borrowing activity, may increase competition for making loans and may result in loans available to each Fund having a greater risk or lower returns. As a result, Fund investors face risks and uncertainties with respect to the selection of loans by the Funds and will be relying on the ability of the Firm to find and close suitable future loans. There is no assurance that suitable lending opportunities will be identified that satisfy the investment objectives of each Fund.

Risks of Real Estate Loans: Real estate loans may become nonperforming for a wide variety of reasons. Nonperforming real estate loans may require a substantial amount of workout negotiations and/or restructuring, which may require, among other things, a substantial reduction in the interest rate and/or a substantial write-down of the principal of such loan. Even if a restructuring were successfully accomplished, moreover, there is a risk that upon maturity of such real estate loan replacement "takeout" financing will not be available. It is possible that the Firm may find it necessary or desirable to foreclose on collateral securing one or more loans by a Fund. The foreclosure process can be lengthy and expensive. Borrowers often resist foreclosure actions by asserting numerous claims, counterclaims and defenses against the holder of a real estate loan including, lender liability claims and defenses, even when such assertions may have no basis in fact, in an effort to prolong the foreclosure action. In some states, foreclosure actions can take up to several years or more to conclude. The borrower may file for bankruptcy at any time during the foreclosure proceedings, staying the foreclosure action and further delaying the foreclosure process. Foreclosure litigation tends to create a negative public image of the collateral property and may result in disrupting ongoing leasing and management of the property.

Real estate loans may also be impacted by changes in the political climate that may seek to change HUD, as well as other federal and state, programs. Changes in policy could negatively impact the borrowers and their ability to obtain permanent financing.

Risks of Working Capital Loans: Given that working capital loans are secured by the government receivables, cash flow of the operating facility and the personal guaranty of the sponsor, there is inherent risk in working capital loans for a variety of reasons. Should the operator fail to collect the government receivables in an efficient or timely manner, there is a risk that the operator will not be able to cover its obligations under the revolving line of credit. Additionally, should the sponsor need to provide additional liquidity to a facility or operation, there is a risk that the sponsor fails to act on his personal guaranty further delaying the operation or facility from settling its obligations due under the revolving line of credit.

Senior Participations: The Funds may assign a portion of a loan or a portion of its interest in a loan to a third party and retain an interest which is junior to the interest assigned to such third party. In such a case, the Funds' right to receive payments of principal and interest from the borrower would be subordinate to certain rights of the senior lender. Any payments made by the borrower would be applied in accordance with the terms of the applicable subordination, inter-creditor or other agreements governing the respective rights of the lenders, which may provide for payment in whole or in part of amounts then due to the senior lender before any payments to the Funds. If payments from the borrower are insufficient, the Funds might not be paid in full, or at all. Moreover, the Funds' security interest in the real estate or other collateral for such loan would generally be junior to the security interest of the senior lender. The senior lender would typically control when and whether to foreclose and liquidate such collateral, and the proceeds of liquidation would be applied in accordance with the terms of the applicable agreements, which may provide for payment in whole or in part of amounts due to the senior lender before any such proceeds would be available to pay the Funds.

Lending Risk/Borrower Fraud: The potential for material misrepresentation or omission on the part of the borrower in the origination of loans, whether real estate-related or for other purposes, may adversely affect the valuation of the underlying collateral or may adversely affect the ability of the Fund to perfect or effectuate a lien on the collateral securing such loans, as applicable. Notwithstanding the diligence efforts of MONTICELLOAM, representations made by borrowers may be incomplete or inaccurate. In addition, under certain circumstances, payments by a borrower to the Fund may be reclaimed if such payment or distribution is later determined to have been a fraudulent conveyance or a preferential payment by the borrower.

Assignments of Loans; Participations in Loans: The Fund may acquire interests in loans either directly (by way of novation or assignment) or indirectly (by way of participation in the loans originated by other parties). Each institution from which such an interest is acquired is referred to herein as a "Selling Institution". Interests in loans acquired directly by way of novation or assignment are each referred to as an "Assignment". Interests in loans acquired indirectly by way of participation or sub-participation are each referred to herein as a "Participation". Assignments and Participations are sold without recourse to the Selling Institution and the Selling Institution will generally make no representations or warranties about the underlying loan, the obligors thereunder, the documentation or any collateral securing the loans. In addition, the Fund will be bound by provisions of the underlying loan agreements, if any, that require the preservation of the confidentiality of information provided by the obligor.

Risk of Government Intervention: Interest rates are subject to certain risks arising from government regulation of, or intervention in, the interest rate markets through regulation of the local exchange market, limits on inflows of funds or changes in the general level of interest rates. Such regulation or intervention could adversely affect the performance of each Fund.

Leverage: Although described herein as "leverage," Advisory Clients do not actually borrow or incur indebtedness related to MONTICELLOAM's investment activity. Rather, third party banks and other institutions participate alongside Advisory Client's via "senior" participations in the underlying loan. While such senior participation holders have no recourse against Advisory Clients on such participations (as they would in the case of debt), these senior participations do have the effect of subordinating the repayment of Advisory Clients' investments in a loan.

Prepayment and Reinvestment Risk: The loans may be pre-payable in whole or in part at any time at the option of the borrower, and such loans may or may not provide for the payment of a prepayment premium. Prepayment on loans may be caused by a variety of factors which are often difficult to predict, including the prevailing level of interest rates as well as economic, demographic, tax, social, legal and other factors. For example, during periods of declining interest rates or for other reasons, borrowers may exercise their option to prepay principal on debt obligations earlier than scheduled. Principal proceeds received upon such a prepayment are subject to reinvestment risk. Any inability of the Firm to reinvest payments or other proceeds in satisfactory financial assets may adversely affect the yield of each Fund. Moreover, there is no assurance that the Firm will be able to reinvest proceeds in assets with comparable interest rates or (if it is able to make such reinvestments) as to the length of any delays before such investments are made.

Inability of Borrowers to Refinance or Sell the Underlying Real Property: Each Fund intends to invest primarily in short-term senior bridge loans secured by multifamily and healthcare real estate assets which will typically be due within 18 to 36 months. Borrowers will be required to pay all or substantially all of the principal balance of the loans at maturity, in most cases with little or no amortization of principal over the term of the loan. Accordingly, in order to satisfy this obligation, at the maturity of a loan, a borrower may be required to refinance or sell the property or otherwise raise a substantial amount of cash. While each Fund expects to provide financing primarily for real estate assets that are in the process of obtaining permanent financing from HUD or other state or federal programs, there is no assurance that such permanent financing will be available, or will be obtained in amounts and at times sufficient to fully and timely repay the bridge loans. The ability to refinance or sell or otherwise raise a substantial amount of cash is dependent upon factors which neither a Fund nor the borrowers control, such as national, local and regional business and economic conditions, government economic policies, and the level of interest rates. If a borrower is not able to pay the balance due at maturity, the loan will be in default, and a Fund is not willing to extend or restructure the loan, the Fund will in most cases be required to foreclose on the property, which can be expensive and time consuming and could adversely affect the return for the Fund.

Risk of Decline in Value of Real Estate Collateral: The value of the real estate which underlies loans is subject to market conditions. Changes in the real estate market may adversely affect the value of the collateral and thereby lower the value to be derived from a liquidation. In addition, adverse changes in the real estate market increase the probability of default, as the incentive of the borrower to retain equity in the property declines. Loans may become non-performing for a variety of reasons, including, without limitation, because the underlying property is too highly leveraged (and, therefore, the property is unable to generate sufficient income to meet its debt service payments), is poorly managed, or has not been fully completed. Such non-performing loans may require a substantial amount of workout negotiations and/or restructuring, which may entail, among other things, a substantial reduction in the interest rate, capitalization or interest payments and/or a substantial write-down of the principal of the loan. Moreover, even if such restructuring were successfully accomplished, a risk exists that upon maturity of such loans, replacement “take-out” financing will not be available.

General Real Estate Risks: With respect to any properties that may be acquired by a Fund through foreclosure or otherwise, the Fund will incur the burdens of ownership of real property, which include paying expenses and taxes, maintaining such property and any improvements thereon, and ultimately disposing of such property. In addition, real estate investments generally will be subject to the risks incident to the ownership and operation of such real estate and/or risks incident to the making of nonrecourse loans secured by real estate, including (i) risks associated with both the general economic climate and local real estate conditions; (ii) risks due to dependence on cash flow; (iii) risks and operating problems arising out of the absence of certain construction materials; (iv) changes in supply of, or demand for, competing properties in an area (as a result, for instance, of over-building); (v) the financial condition of tenants, buyers and sellers of properties; (vi) changes in availability of debt financing; (vii) energy and supply shortages; (viii) changes in the tax, real estate, environmental and zoning laws and regulations; (ix) various insured or uninsurable risks; (x) natural disasters; and (xi) the ability of the Fund, or third party borrowers, to manage such properties.

Impact of Economic and Financial Crises. Our investment strategies focus on residential and commercial mortgage loans, and other structured assets. These types of credit assets can be materially affected by conditions in the global financial markets and economic conditions in the United States, in particular, such as interest rates, the availability and cost of credit, inflation rates, economic uncertainty, political uncertainty, changes in laws (including laws relating to taxation) and commodity prices. Recent financial crises demonstrate that the global financial markets are susceptible to periods of extreme volatility, which can trigger sudden shifts in interest rates and growing debt loads, as well as uncertainty about the consequences of the U.S. and other governments applying or withdrawing monetary stimulus measures. Such volatility in the debt financing market offers investment opportunities but can also negatively impact our investment strategies.

Force Majeure Events. Our investment strategies are sensitive to instability in the U.S. or global financial markets, or changes in market and economic conditions, resulting from pandemics and other force majeure-type events. In particular, interest rates and general economic disruptions affect the value of credit investments that our clients can acquire under our management. Disruptions in the global debt markets can impact the price of, as well as the ability to dispose of, mortgages and related securities. Instability in the financial system could result in the commercial borrowers being incapable or unwilling to repay their debts and obligations when due.

For example, a novel coronavirus (SARS-CoV) that first surfaced in Wuhan, China in 2019 has developed into a global pandemic that represents a significant global public health threat. The spread of SARS-CoV, and its related disease (COVID-19), has resulted in indefinite and widespread suspensions of both international and domestic travel, as well as the imposition by governments around the world of restrictions on ordinary social and commercial activities, including national and regional quarantines, shelter-in-place orders and lockdowns, restrictions on group assembly and business closures. These preventative measures have triggered unprecedented levels of stress and illiquidity across global financial markets, including global credit markets. Although temporary in nature, these responses to COVID-19 are expected to have an adverse impact on global business and the general economic environment for an indefinite period. The long term impact of COVID-19 on credit markets, in particular, remains uncertain, but it may materially and adversely impact the value of credit assets that we manage for our clients.

Equitable Subordination: Investments in properties operating in workout modes or under Chapter 11 of the U.S. Bankruptcy Code are, in certain circumstances, subject to certain additional potential liabilities which may exceed the value of the Fund's original investment. For example, under certain circumstances, lenders who have inappropriately exercised control of the management and policies of a debtor may have their claims subordinated or disallowed or may be found liable for damages suffered by parties as a result of such actions.

Commitment Risk: It is standard practice in real estate finance for the lender to issue a commitment to fund, prior to the completion of due diligence. In the ordinary course of events, the lender would then complete the necessary work and make the decision to fund based on the information gained. Should the lender choose not to fund, it may be claimed that the lender is liable for that decision.

Interest Rate Risk: The loans will generally bear interest at a floating rate. Each Fund will be taking on interest rate risk to the extent that the floating rate applicable to the financial assets in which the Fund invests decrease, reducing the cash flow available to the Fund. In addition, such floating-rate investments may fluctuate in value due to changes in interest rates because of a time lag between the period when interest rates rise and when rates on the investments are reset.

Credit Risk: There can be no assurance that any borrower will not default with respect to a loan, or that an event that has an immediate and significant adverse effect on the value of a loan will not occur, and that a Fund will not sustain a loss on a transaction as a result.

ITEM 9: DISCIPLINARY INFORMATION

MONTICELLOAM and its supervised persons have no reportable disciplinary events to disclose.

ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Item 10.A. *Broker-Dealer Activities*

Not applicable. MONTICELLOAM is currently not applying to register as a broker-dealer and does not intend to do so.

Item 10.B. *Commodity or Futures Industry Affiliations*

Not applicable at this time. Neither MONTICELLOAM, nor any of its management persons, are applying to register with the National Futures Association.

Item 10.C. *Affiliate Relationships*

KL2 Partners, LLC serves as the Managing Member of each of the Funds. KLLB Holdings, LLC (“**KLLB**”) is a private investment entity owned by Alan Litt and Jonathan Litt. KLLB has made private loans and invested in similar sectors as the Funds or Advisory Clients. In order to address any potential conflicts of interest, the Firm requires any housing market or renewable energy transactions made by private investment entities owned by Access Persons to be pre-cleared with the Chief Compliance Officer.

Item 10.D. *Investment Adviser Recommendations*

Not applicable. MONTICELLOAM does not recommend or select other investment advisers for its clients.

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

Item 11.A. *Code of Ethics Generally*

Employees of MONTICELLOAM may only purchase and sell securities in accordance with the Firm’s Code of Ethics to which all employees are subject. This policy is monitored by the Chief Compliance Officer.

Employees are permitted to maintain personal brokerage accounts, subject to the Code of Ethics and personal trading policy.

The Code of Ethics includes the following:

- A statement of the standard of business conduct.
- Limits on gifts and entertainment.
- Limits on political contributions.
- All employees are required to pre-clear any purchases or sales in any security of an issuer on the Firm’s restricted list, including contemplated investments, and/or any investments where material non-public information may be gained, in any of his or her personal accounts.

- Additionally, employees are subject to strict reporting requirements regarding personal holdings.
- Employees must acknowledge in writing having received and read a copy of the Code of Ethics.
- Any exceptions to the above need prior approval of the Chief Compliance Officer.

A copy of the Firm's Code of Ethics is available to Advisory Clients, Fund investors and prospective Fund investors upon request.

Item 11.B. Participation or Interest in Client Transactions

To minimize conflicts of interest, and to maintain the fiduciary responsibility MONTICELLOAM has to its clients, the Firm has established policies to monitor the following types of transactions.

Participation or interest in client transactions

From time to time, the Firm may recommend securities to clients that it, or an affiliate, acts as managing member, and/or invests clients in the same securities as the Firm and/or its related persons. Furthermore, MONTICELLOAM and/or their affiliates will typically make an investment in the Funds alongside third party investors. Because MONTICELLOAM decides which loans to offer to Advisory Clients and investors in the Funds and in what proportions, a conflict of interest may arise whereby MONTICELLOAM may have an interest in offering greater proportions of those Funds with investments that they find less attractive, while retaining a greater proportion of those Funds owning what they consider to be more attractive investments.

Furthermore, the Firm offers working capital lines of credit to borrowers through special purpose vehicles organized as pooled investment vehicles. In connection with these lines of credit, as well as other loans offered to Advisory Clients and Fund investors, the Firm or its affiliates receives management fees, origination fees, transaction fees, or other fees related the use of the working capital lines by borrowers. Because fees will typically be based upon the availability as well as the level of use of the working capital line following the closing of a loan, these arrangements may create an incentive to offer loans through the Funds or to Advisory Clients when the Firm may not otherwise have done so, or in situations which may not be in the best interests of Fund investors or Advisory Clients.

Principal Transactions

From time to time, the Firm may execute principal transactions between clients and an affiliate of the Firm. With respect to principal transactions, MONTICELLOAM discloses to the client in writing before the completion of the transaction the capacity in which the Firm is acting with respect to this transaction, and obtains the client's consent to such transaction as required by Section 206(3) of the Investment Advisers Act of 1940, as amended.

Affiliated Loans

The Firm generally does not intend to allow employees or affiliated entities to make loans, either directly or indirectly, to any of the Firm's clients ("**Affiliated Loans**"), however, such Affiliated Loans have occurred in the past. Affiliated Loans may present conflicts of interest between the affiliated party making the loan and MONTICELLOAM's clients. With respect to Affiliated Loans, MONTICELLOAM discloses to the client in writing before the completion of the loan the details of the loan and the affiliated parties' interest.

Fee Structure

MONTICELLOAM or its affiliates may earn performance-based fees from or receive "carried interest" in its Funds. Under these payment structures, MONTICELLOAM generally would participate in the property

or portfolio return once the Fund receives a total return in excess of a specified threshold, which is usually based on an internal rate of return. These performance-based fees or carried interest may create an incentive for the Firm to pursue investments that are riskier or more speculative than would have been the case in the absence of such allocation to the Firm.

Item 11.B. through Item 11.D. *Related Person Transactions*

MONTICELLOAM, as a fiduciary to its clients and endeavoring to be honest and truthful to its clients at all times, prohibits investments in the personal account of any Firm personnel or related person in a security that is currently held or intended to be held by the applicable Fund, except for investment by MONTICELLOAM and its affiliates (including the Principals) in Funds alongside other investors.

ITEM 12: BROKERAGE PRACTICES

Item 12.A.1. *Research and Other Soft Dollar Benefits*

The Funds invest primarily in private equity investments, although they may acquire, sell or distribute public securities in the future. As set forth in the Fund's governing documents, MONTICELLOAM retains full discretion to determine the broker or dealer to be used for each securities transaction for Fund accounts and seeks to obtain best execution for its clients by placing orders for the purchase and sale of securities with brokers and dealers based on the Firm's evaluation of the ability of the broker or dealer to execute orders in a prompt and effective manner as well as a consideration of factors as, including but not limited to, the financial stability and reputation of brokerage firms, and the brokerage or other services provided by such brokers.

MONTICELLOAM does not currently engage in the use of soft dollars.

Item 12.A.2. *Brokerage for Client Referrals*

MONTICELLOAM does not participate in selecting or recommending broker-dealers in exchange for client referrals.

Item 12.A.3. *Directed Brokerage*

Not applicable. MONTICELLOAM does not allow directed brokerage by its clients.

Item 12.B. *Aggregation and Allocation*

MONTICELLOAM recognizes its duty to treat all Advisory Clients fairly and equitably. Typically, investments pursued by MONTICELLOAM on behalf of its Funds are capacity constrained by the amount of the loan contemplated through the investment transaction. To the extent possible, the Firm will allocate investment opportunities that are appropriate for more than one Fund or Client according to policies designed by the Firm to distribute investment opportunities on a fair and equitable basis guided by attributes of each specific loan and Fund, as well as other factors including, but not limited to: standing commitments from investors; cash flow changes (including available cash, redemptions, exchanges, capital additions and capital withdrawals) may provide a basis to deviate from a pre-established allocation as long as it does not result in an unfair advantage to specific Clients over time; Clients with specialized investment objectives or restrictions emphasizing investment in a specific investments or types of specified borrowers or collateral may be given priority over other Clients in allocating such investments; Clients may have specific investment size restrictions that affect allocations; prior investments in other Funds or special purpose vehicles; each Client's investment objectives and investment focus; each Client's appropriate risk profile;

each Client's liquidity and reserves; each Client's risk appetite; each Client's diversification; each Client's targeted rate of return; anticipated holding period and/or liquidity of the investment; composition of each Client's portfolio; tax implications; legal, contractual or regulatory constraints; timeliness of an investment commitment; and size of an investor's commitment relative to the proposed loan investment.

The Firm does not anticipate trading public securities, however, in circumstances where the Firm is trading public securities and the Firm determines to buy or sell the same security on behalf of more than one Advisory Client account, it may, but shall be under no obligation to, aggregate (to the extent permitted by applicable law and regulations) the securities to be purchased or sold in order to seek more favorable prices, lower brokerage commissions or more efficient execution. In such case, the Firm will place an aggregate order with the broker on behalf of all such accounts to confirm that accounts for which no directed brokerage arrangement is in place are treated fairly; provided, however, that trading shall be reviewed periodically to confirm that accounts are not systematically disadvantaged by this policy. The Firm will determine the appropriate number of securities to place with brokers and will select the appropriate brokers based upon the determination of who will likely provide best execution.

ITEM 13: REVIEW OF ACCOUNTS

Item 13.A. and 13.B. *Review of Accounts*

The portfolio investments of the Funds are continuously reviewed by a team of investment professionals. The team generally includes Alan Litt, Thomas Lally, and other investment professionals of MONTICELLOAM. MONTICELLOAM actively monitors the portfolios of each Fund and has established the MONTICELLOAM Credit Committee to formalize its monitoring process.

Item 13.C. *Client Reports*

Investors in each Fund will receive, among other things, a copy of audited financial statements of the relevant Fund within 120 days after the fiscal year end of such Fund. In addition, investors in each Fund will typically receive written reports containing unaudited summary financial information regarding their Fund investments quarterly.

ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION

Item 14.A. *Other Compensation*

Not applicable. MONTICELLOAM does not receive a direct economic benefit from any third party for providing investment advice or other advisory services to any Fund related to the selection or recommendation of broker-dealers.

Item 14.B. *Client Referrals*

MONTICELLOAM does not currently compensate any person, directly or indirectly, for client referrals.

ITEM 15: CUSTODY

Under Rule 206(4)-2 of the Advisers Act (the “**Custody Rule**”), MONTICELLOAM and certain affiliated entities are deemed to have custody of the cash and/or securities of certain Funds. MONTICELLOAM and its affiliates are exempt from many of the requirements of the Custody Rule because (i) the Funds are audited in accordance with U.S. generally accepted accounting principles on an annual basis by an independent public accountant that is registered with, and subject to regular inspection by the Public Company Accounting Oversight Board, and (ii) the Firm distributes the Fund’s audited financial statements to investors in such Fund within 120 days of the Fund’s fiscal year end. Some of the loan documents, which the Firm does not consider securities for purposes of complying with the Custody Rule, are held with an unaffiliated attorney as opposed to a qualified custodian.

ITEM 16: INVESTMENT DISCRETION

MONTICELLOAM has full discretion to manage each Fund. This authority is granted pursuant to an Investment Management Agreement (“**IMA**”) between MONTICELLOAM and that Fund. Individual Fund investors will grant authority to the Fund to enter into or be party to an IMA with MONTICELLOAM by signing a subscription agreement.

ITEM 17: VOTING CLIENT SECURITIES

MONTICELLOAM has voting authority due to the fact that it has discretionary authority over the securities held by its clients. Accordingly, although it is unlikely that MONTICELLOAM will receive proxies based on its current and anticipated investments, the Firm understands its fiduciary responsibility to monitor corporate events, to vote proxies and cast votes in the best economic interests of its clients, and to not put client interests second to its own economic interests. MONTICELLOAM has adopted the proxy voting policies and procedures set forth in its Compliance Manual. Under the Firm’s proxy voting policy:

- MONTICELLOAM will vote proxies in the best interests of each particular Advisory Client. The Firm’s policy is to vote all proxies for a specific issuer in the same way for each Advisory Client, absent some qualifying restrictions or a material conflict of interest.
- MONTICELLOAM will generally vote with recommendations on routine corporate housekeeping matters.
- MONTICELLOAM will generally vote against proposals that cause board members to become entrenched or cause unequal voting rights.
- MONTICELLOAM may choose not to vote in certain instances where the Firm’s interest may be deemed too small to make an impact. Such determination will be documented by way of a proxy voting log and maintained by the Chief Compliance Officer.
- In reviewing proposals, the Firm may also consider the opinion of management, the effect on management, the effect on shareholder value and the issuer’s business practices.

ITEM 18: FINANCIAL INFORMATION

Item 18.A. *Balance Sheet*

Not applicable. MONTICELLOAM does not require nor solicit prepayment of more than \$1,200 in fees per client, six months or more in advance.

Item 18.B. *Financial Condition*

MONTICELLOAM is not aware of any financial condition that is reasonably likely to impact its ability to meet its contractual commitments to clients.

Item 18.C. *Bankruptcy Petitions*

Not applicable. MONTICELLOAM has not been the subject of a bankruptcy petition at any time during the past ten years.