

## **Firm Brochure**

(Part 2A of Form ADV)

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This brochure provides information about the qualifications and business practices of ALBION INVESTORS LLC. If you have any questions about the contents of this brochure, please contact us at: 212-277-7520, or by email at: [eleiher@albioninvestors.com](mailto:eleiher@albioninvestors.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission, or by any state securities authority.

Additional information about ALBION INVESTORS LLC is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)

**March 18, 2020**

## Item 2 Material Changes

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### Annual Update

The Material Changes section of this brochure will be updated annually or when material changes occur since the previous release of the Firm Brochure.

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### Material Changes since the Last Update

Since our last Annual Updating Amendment dates March 25, 2019, we have material changes to report:

- ALBION no longer provides private capital to middle market companies nor does it facilitates access to these markets for qualified investors through limited partnership interests to its clients.
- In addition, ALBION no longer provides investment advisory service to companies interested in investing in private limited partnerships.
- ALBION no longer provides investment management advice and services to pooled investment vehicle (Albion Mezzanine Fund II, L.P.) which invested primarily in private illiquid, domestic and foreign securities, loans and similar financial investments. The Fund has been liquidated and no management fees are being charged.
- Lastly, as of January 2020, ALBION's advisory client, AXA Equitable Life Insurance Company will now go by Equitable Life Insurance Company.

The ADV has been amended accordingly throughout to reflect all changes listed above.

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### Full Brochure Available

Whenever you would like to receive a complete copy of our Firm Brochure, please contact us by telephone at: 212-277-7520 or by email at: [eleiher@albioninvestors.com](mailto:eleiher@albioninvestors.com).

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## Item 4 Advisory Business

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### Firm Description

ALBION INVESTORS LLC was founded on August 15, 1996 under the name of Albion Alliance LLC. In 2005 it changed its name to Albion Investors LLC ("ALBION").

Albion provides investment sub-advisory services to its advisory client, Equitable Life Insurance Company.

ALBION is strictly a fee-only investment management firm. The firm does not sell annuities, insurance, stocks, bonds, mutual funds, or other commissioned products. The firm is not affiliated with entities that sell financial products or securities. No commissions in any form are accepted. No finder's fees are accepted. No financial planning services are provided.

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### Principal Owners

Mark Arnold and Alastair Tedford are managing members, each with 50% ownership of the LLC.

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### Types of Advisory Services

Albion evaluates potential Fund investments and recommends to Equitable Life Insurance Company's investment committee if approved, Albion administers such investments until matured or sold. These services are non-discretionary and are provided based on an investment advisory agreement, which is automatically renewed each year and may be terminated by either Albion or the client with 180 days written notice.

As of December 31, 2019, ALBION manages approximately \$626.5 million in only non-discretionary assets.

## Item 5 Fees and Compensation

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### Description

Albion is compensated on the basis of fees calculated as a percentage of assets under management. Fees are charged quarterly based upon the assets at the beginning of each quarter. In the event a client terminates its advisory contract during the quarter, the client will be entitled to a pro rata refund of that portion of the quarterly fee for the remaining balance of the quarter. The fees calculated as a percentage are negotiable and range from 32 to 37 basis points per annum.

## Item 6 Performance-Based Fees

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### Description

Albion does not accept performance-based fees or participate in side-by-side management. Performance-based fees are fees that are based on a share of a capital gains or capital appreciation of a client's account. Side-by-side management refers to the practice of managing accounts that are charged performance-based fees while at the same time managing accounts that are not charged performance-based fees. Albion fees are calculated as described in the *Fees and Compensation* section above, and are not charged on the basis of a share of capital gains upon, or capital appreciation of, the funds in your advisory account.

## Item 7 Types of Clients

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### Description

ALBION generally provides investment advice to Equitable Life Insurance Company.

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### Account Minimums

Albion does not enforce a minimum on account balances.

## Item 8 Methods of Analysis, Investment Strategies and Risk of Loss

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### Methods of Analysis

Security analysis methods may include charting, fundamental analysis, technical analysis, and cyclical analysis.

The main sources of information include company prepared private placement memoranda, financial newspapers and magazines, inspections of corporate activities, research materials prepared by others, corporate rating services, timing services, annual reports, prospectuses, filings with the Securities and Exchange Commission, and company press releases.

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### Investment Strategies

The investment strategy for non-discretionary clients is based upon the objectives stated by the client during consultations. The client may change these objectives at any time.

Other strategies may include long-term purchases and short-term purchases.

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## **Risk of Loss**

All investment programs have certain risks that are borne by the investor. Our investment approach constantly keeps the risk of loss in mind. Investors face the following investment risks:

- **Interest-rate Risk:** Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- **Market Risk:** The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.
- **Inflation Risk:** When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.
- **Currency Risk:** Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- **Reinvestment Risk:** This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.
- **Business Risk:** These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.
- **Liquidity Risk:** Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.
- **Financial Risk:** Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

## **Item 9 Disciplinary Information**

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### **Legal and Disciplinary**

The firm and its employees have not been involved in legal or disciplinary events related to past or present investment clients.

## **Item 10 Other Financial Industry Activities and Affiliations**

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### **Financial Industry Activities**

ALBION is a registered investment advisor and is not a securities broker dealer, futures merchant, commodity pool operator or commodity trader, nor are any applications pending for such entities.

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### **Affiliations**

ALBION does not have any arrangements that are material to its clients with a related person who is a broker-dealer, investment company, other investment advisor, financial planning firm, commodity pool operator, commodity trading adviser or futures commission merchant, banking or thrift institution, accounting firm, law firm, insurance company or agency, pension consultant, real estate broker or dealer, or an entity that creates or packages limited partnerships.

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## **Item 11 Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

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### **Code of Ethics**

The employees of ALBION have committed to a Code of Ethics that is available for review by clients and prospective clients upon request. The firm will provide a copy of the Code of Ethics to any client or prospective client upon request.

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### **Participation or Interest in Client Transactions**

ALBION, its affiliates and equity holders, and officers, principals and employees of ALBION and its affiliates do not have any material financial interest in client transactions beyond the provision of investment advisory services as disclosed in this brochure.

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### **Personal Trading**

The Chief Compliance Officer of ALBION is Edina Leiher. She reviews any employee trades each quarter. Her trades, if any, are reviewed by Mark Arnold, Managing Member of Albion. The personal trading reviews ensure that the personal trading of employees does not affect the markets, and that clients of the firm receive preferential treatment. Since most employee trades are small mutual fund trades or exchange-traded fund trades, the trades do not affect the securities markets.

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## **Item 12 Brokerage Practices**

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### **Selecting Brokerage Firms**

For non-discretionary clients, the client chooses a custodian for custody under its own name.

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**Best Execution**

Since ALBION does not use brokerage firms, there are no brokerage fees charged to any accounts under ALBION'S management.

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**Soft Dollars**

ALBION does not have any soft dollar arrangements with any Broker dealers.

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**Item 13 Review of Accounts**

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**Periodic Reviews**

Albion reviews and evaluates accounts to insure compliance with client objectives, policies and restrictions as investments are purchased and sold.

For non-discretionary clients, the client makes the investment decisions within its own restrictions.

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**Review Triggers**

Other conditions that may trigger a review are changes in the tax laws, new investment information, and changes in a client's own situation.

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**Regular Reports**

For non-discretionary clients reports are provided as requested or needed by the client.

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**Item 14 Client Referrals and Other Compensation**

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**Referrals Out**

ALBION does not accept referral fees or any form of remuneration from other professionals when a prospect or client is referred to them.

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**Other Compensation**

Albion does not receive any other compensation except as described in the Fees and Compensation section.



## Item 15 Custody

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### Account Statements

For non-discretionary accounts, clients maintain their own assets in a custodian account of their choosing.

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### Performance Reports

For non-discretionary clients, reports are provided as requested.

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### Net Worth Statements

For non-discretionary clients, reports are provided as requested.

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## Item 16 Investment Discretion

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### Discretionary Authority for Trading

Form ADV Part 2A requires registered investment advisers to disclose whether or not they accept discretionary authority to manage client accounts. ALBION does not provide discretionary management services.

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## Item 17 Voting Client Securities

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### Proxy Votes

Albion will not vote proxies on behalf of your advisory accounts. At your request, Albion may offer you advice regarding corporate actions and the exercise of your proxy voting rights. If you own shares of applicable securities, you are responsible for exercising your right to vote as a shareholder.

In most cases, you will receive proxy materials directly from the account custodian. However, in the event Albion were to receive any written or electronic proxy materials, Albion would forward them directly to you by mail, unless you have authorized our firm to contact you by electronic mail, in which case, Albion would forward any electronic solicitations to vote proxies.

## Item 18 Financial Information

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### Financial Condition

ALBION does not have any financial impairment that will preclude the firm from meeting contractual commitments to clients.

## Item 19 Business Continuity Plan

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### General

ALBION has a Business Continuity Plan in place that provides detailed steps to mitigate and recover from the loss of office space, communications or services.

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### Disasters

The Business Continuity Plan covers natural disasters such as snow storms, hurricanes, tornados, and flooding. The Plan covers man-made disasters such as loss of electrical power, loss of water pressure, fire, bomb threat, nuclear emergency, chemical event, biological event, T-1 communications line outage, Internet outage, railway accident and aircraft accident. Electronic files are backed up daily and archived offsite.

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### Loss of Key Personnel

ALBION does not have a Business Continuation Agreement with another financial advisory firm to support ALBION in the event of the owners' serious disability or death.

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## Item 20 Information Security Program

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### Information Security

Information regarding ALBION's clients are stored on a secured server and the access is password protected.

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### Privacy Notice

ALBION is committed to maintaining the confidentiality, integrity and security of the personal information that is entrusted to us.

The categories of nonpublic information that we collect from you is minimal and does not include information about your personal finances, information about your health , information about transactions between you and third parties, and information from consumer reporting agencies, e.g., credit reports.

We disclose limited information to attorneys and accountants.

We maintain a secure office to ensure that your information is not placed at unreasonable risk. We employ a firewall barrier, secure data encryption techniques and authentication procedures in our computer environment.

We do not provide your personal information to mailing list vendors or solicitors. We require strict confidentiality in our agreements with unaffiliated third parties that require access to your personal information, including financial service companies, consultants, and auditors. Federal and state securities regulators may review our records and your personal records as permitted by law.

Personally identifiable information about you will be maintained while you are a client, and for the required period thereafter that records are required to be maintained by federal and state securities laws. After that time, information may be destroyed.

We will notify you in advance if our privacy policy is expected to change. We are required by law to deliver this *Privacy Notice* to you annually, in writing.