

Emerald Direct Lending Advisers, LLC

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Form ADV, Part 2A Brochure

December 31, 2019

This brochure provides information about the qualifications and business practices of Emerald Direct Lending Advisers, LLC (or “Emerald DLA” or the “Company”). If you have any questions about the contents of this brochure, please contact us at 717-556-8900 or sreh@teamemerald.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.

Emerald Direct Lending Advisers, LLC is a registered investment adviser. Registration as an investment adviser does not imply any level of skill or training.

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

ITEM 2 - MATERIAL CHANGES

December 31, 2019

The purpose of this page is to inform you on an ongoing basis of material changes since the last update to our brochure which was published on September 30, 2019. Changes herein include annual updates to assets under management.

Material Developments at Emerald DLA

This section of the brochure will be used to address material changes since our last delivery or posting on the SEC's public website. Consistent with the new rules, we will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business' fiscal year. Additionally, we will provide you with other interim disclosure about material changes as necessary.

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ITEM 4 - ADVISORY BUSINESS

Description of Advisory Firm

Emerald Direct Lending Advisers, LLC (or “Emerald DLA”) is an investment adviser registered with the U.S. Securities and Exchange Commission. Emerald DLA is a subsidiary of Emerald Direct Lending Capital, LLC, a subsidiary of Emerald Separate Account Management, LLC, which is a registered investment adviser and a subsidiary of Emerald Asset Management PA, LLC (“or “Emerald”). Emerald is owned by an affiliate of 1251 Capital Group and Emerald Asset Management, Inc. Emerald Asset Management, Inc. was formed in 1991 and is owned by the Emerald Asset Management Employee Stock Ownership Trust, with all vested Emerald employees participating.

Emerald DLA’s principal business is to advise its clients about, and facilitate the investment of its clients in whole loans, loan certificates, promissory notes and interests in promissory notes (collectively “Note(s)”) underwritten, issued by, or connected with, one or more operators of internet-based lending platforms (“Platforms”), or special purpose vehicles organized by these Platforms. Platforms enable borrowers to apply for fully-amortizing, short-term, unsecured and secured loans that are purchased or funded by investors and lenders like Emerald DLA in an open, transparent marketplace. Each Note (as appropriate) is collateralized by a whole or fractional interest in an underlying loan.

Advisory Services Offered

Private Fund Management

Emerald DLA provides continuous and regular investment management services on a discretionary basis to one or more private investment funds (collectively, the “Funds”) that we have organized. These Funds are available only to accredited investors and only by a private offering memorandum. Under the securities laws, investors are considered “accredited” if they meet certain minimum net worth and/or income requirements. For information about net worth and/or income requirements, see the applicable Funds’ offering documents.

While this brochure may include information about the Funds, it does not represent a complete discussion of the features, risks or conflicts associated with the Funds. Additional information regarding each Fund is provided in the private placement memorandum and subscription agreement (the “Offering Documents”) for such Fund. Prospective investors in the Funds are provided with the Offering Documents. This Form ADV Part 2A Brochure is not an offer to sell, or a solicitation of an offer to purchase, partnership interests in any Fund. Such an offer can only occur when the prospective investor receives the Offering Documents.

We describe the Fees charged for investment supervisory services below under ***Item 5 - Fees and Compensation***.

Separate Account Management

Emerald DLA may also provide continuous and regular investment management services on a discretionary basis to individuals and institutions through separately managed accounts. Emerald DLA typically explores a potential client’s investment experience, investment objectives, risk tolerance and general financial condition in order to determine the appropriate strategy recommendations which will help Emerald DLA to

create a client's specific investment profile. Each client will enter into an agreement with Emerald DLA setting forth terms and conditions of the advisory services relationship, including terms regarding advisory and other account fees to be charged. Each client will receive a copy of Emerald DLA's Form ADV 2. Each client will also enter into separate custodial/clearing agreements with an applicable custodian.

Limited Types of Investments

Emerald DLA provides investment advice only with respect to investments in whole loans, loan certificates, promissory notes and interests in promissory notes underwritten, issued by, or connected with, one or more operators of internet-based lending platforms, or special purpose vehicles organized by internet lending platforms. Platforms enable borrowers to apply for fully-amortizing, short-term, unsecured and secured loans that are purchased or funded by investors and lenders like Emerald DLA in an open, transparent marketplace. Each Note (as appropriate) is collateralized by a whole or fractional interest in an underlying loan.

Tailored Advisory Services and Client Imposed Restrictions

Emerald DLA utilizes proprietary screening methodologies to select loans or certificates representing loans that provide income generated by the loans, consistent with each client's investment strategies and guidelines. Individual investors are not given the option to impose account investment restrictions beyond those inherent in the general selected investment strategy. Separate account clients execute a client agreement that specifies the desired risk and return levels, creating a desired allocation of loans to meet the client's needs. Clients can elect to reinvest principal or interest, or withdraw interest payments or principal at periodic intervals. Such withdrawals may be reduced, among other things, by fees or losses from loans that have defaulted.

Wrap Fee Programs

Emerald DLA does not currently manage accounts as part of a wrap or bundled fee program.

Assets Under Management

Emerald DLA manages client assets on a continuous and regular basis. As of 12/31/2019, the total amount of assets under our management was:

Discretionary Assets	\$ 638,940
<u>Non-Discretionary Assets</u>	<u>\$ 0</u>
Total Assets	\$ 638,940

ITEM 5 - FEES AND COMPENSATION

Investment Advisory Fees and Billing Method

PRIVATE FUND MANAGEMENT

Emerald DLA receives investment advisory fees from the Funds we advise. These fees are paid by the Fund but are ultimately borne by the Fund's investors. The offering documents of the Fund set forth the applicable investment advisory fees.

SEPARATE ACCOUNT MANAGEMENT

Emerald DLA's fees are based on a percentage of assets under management and are billed quarterly in arrears. Fees are based on the total portfolio values, including accruals, as of the last business day of the month. Client payment is due to the adviser promptly after billing, which is generally mailed at the beginning of the next calendar quarter. Emerald DLA may request payment directly from a client's account provided that the client has agreed to the arrangement by signing the management agreement and the client receives copies of all invoices paid. Bills for new accounts activated during the calendar quarter will be pro-rated so that the client pays only for the period of time during which the account was actually managed by the adviser. The management agreement can be terminated by either party with thirty days written notice to the other party by regular U.S mail or other acceptable means. No fee will be charged if a new client terminates within five business days after signing the management agreement.

Our current general fee schedule is:

For the first \$2,000,000 in assets: .50% per quarter

For the next \$8,000,000 in assets: .475% per quarter

For assets over \$10,000,000: .375% per quarter

Due to the specific nature of certain client investment programs, these fees can be negotiated depending on the objectives and relative complexity of managing the account.

See **Item 10 – Other Financial Industry Activities and Affiliations** for more information about private investment funds managed by Emerald DLA and our affiliates. Information about fees and compensation relating to these funds are contained in each fund's specific private placement offering memorandum, limited partnership agreement and related subscription documents.

Other Fees and Expenses

Emerald DLA's fees do not include custodian fees. Emerald DLA may charge clients a reasonable fee for certain administrative and/or legal services performed on behalf of clients, which may include custody fees.

A discussion of brokerage practices is not applicable as Emerald DLA does not select or recommend any broker-dealers for client transactions and its primary business – transactions involving loans – does not currently involve orders placed with or through any broker-dealer.

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

Emerald DLA does not charge performance-based fees on client accounts or in private funds that we manage.

ITEM 7 - TYPES OF CLIENTS

Emerald DLA offers and/or provides advisory services to the following types of clients:

- Pooled Investment Funds (other than registered investment companies)
- Corporations
- Pension and Profit Sharing Plans
- Trusts, Estates, and Charitable Organizations
- Individuals.

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

Methods of Analysis and Investment Strategies

Investment Strategies

Emerald DLA's principal business is to advise its clients about, and facilitate the investment of its clients in whole loans, loan certificates, promissory notes and interests in promissory notes (collectively "Note(s)") underwritten, issued by, or connected with, one or more operators ("Platform Operators") of internet-based lending platforms ("Platforms"), or special purpose vehicles ("SPVs") organized by these Platforms. Platforms enable consumer borrowers to apply for fully-amortizing, one to five year term, unsecured loans and lender members, including parties advised by Emerald DLA (or "the Adviser") to lend money to borrowers in an open, transparent marketplace. Each Note will be collateralized (as appropriate) by a whole or fractional interest in an underlying loan. Emerald DLA seeks to invest in Notes that provide opportunities to generate favorable risk adjusted returns.

Primary Investment Strategies

Emerald DLA's principal business is to advise the purchase of Notes issued by one or more Platform Operators of Platforms or SPVs organized by these Platforms that allow members to lend money to borrowers in an open, transparent marketplace. Each Note will be collateralized by a whole or fractional interest in an underlying loan. Emerald DLA may elect to advise its clients as to the purchase of individual Notes, groups of Notes meeting certain criteria, or a percentage of all Notes originated by certain Platforms. Emerald DLA develops and maintains its own credit standards and establishes gross yield criteria and expected loan default parameters with which it analyzes various Platforms and the loans and Notes offered by them.

Consumer Lending: Driven by technological innovation, the rapid proliferation of Internet usage across broad segments of the U.S. population, and multiple diverse economic trends, various innovative business models have proliferated in the credit markets. Notably, Emerald DLA seeks to capitalize on the disintermediation of traditional sources of consumer credit, and lend directly to borrowers thereby participating in high risk adjusted returns otherwise captured by banks and credit card companies.

Platforms: A growing number of Platforms originate and price fully-amortizing, unsecured and secured term loans to borrowers after performing various credit evaluations and fraud checks and facilitate

an open and transparent marketplace where various investors bid to purchase fractional interests in these loans which are represented by Notes. Platforms also service the loans they originate by billing and collecting the monthly payments of interest and other charges along with the return of principal from borrowers. Emerald DLA will initially focus on Internet lending platforms that allow investors to lend money to individual borrowers in an open, transparent marketplace. Platform Operators have grown rapidly since 2005. As of December, 2015, the Internet lending industry has originated approximately \$15 billion of direct consumer loans since 2005.

How Platforms Work: A Platform is an online marketplace that typically enables borrower members to borrow money and lender members to purchase promissory notes, the proceeds of which facilitate the funding of specific loans made to borrower members. Listings on the Platform are posted by individual consumer borrower members requesting individual consumer loans, which are referred to variously as “*borrower listings*”, “*listings*” or “*borrower loans*.” In the beginning of Internet lending, Platforms did not provide credit ratings for borrowers and the resulting credit default rates and lender member returns were adversely affected. Today, all Platforms have their own internal credit rating process.

Borrower Listing: Each borrower listing sets forth the desired loan amount, interest rate and corresponding yield percentage, the minimum amount of total bids required for the loan to fund, the Rating (as defined below) and estimated loss rate for the listing, debt-to-income ratio, certain credit information from the borrower’s credit report, the borrower’s numerical credit score range, the borrower’s self-reported annual income range, occupation and employment status, and the borrower’s group affiliation, if known.

Borrower Loans: All borrower loans are unsecured obligations of individual borrower members with a fixed interest rate set by the Platforms and a loan term typically set at one, three or five years. Lender members may access the Platforms and bid by indicating that they are willing to purchase Notes relating to the borrower loan in the principal amounts of their respective bids. If at the end of the bidding period the listing has received bids equal to or exceeding the minimum amount required for the loan to fund, a loan will be made to the borrower in an amount equal to the total amount of all winning bids, at the interest rate set by the Platforms.

Rating: Each borrower listing is assigned a proprietary credit rating by Platform Operators, referred to as the “*Rating*.” The Rating is a letter that indicates the level of risk associated with a listing and corresponds to an estimated average annualized loss rate range for the listing. Each Platform Operator has their own unique Rating, but this, as well as the loss ranges associated with each, may change over time. The estimated loss rate for each borrower listing is based on unique criteria for each Platform Operator which typically includes a consumer reporting agency score and custom score calculated using the historical performance of previous borrower loans with similar characteristics. Emerald DLA invests client funds in borrower loans where the FICO credit rating varies in accordance with that client’s specific investment strategy and/or investment policy. Borrower loans with lower FICO credit ratings may experience higher default rates.

Verification and other Borrower Information: Each Platform Operator has its own unique method of verifying self-reported borrower information and publically available information. Most Platform Operators verify a borrower’s credit score range and information obtained from a credit report, such as number of accounts delinquent, public records, and other such borrower credit information. Information such as the borrower’s income, financial status, or self-reported credit history may or may not be verified by the Platforms. Platform Operators typically indicate whether such information has been verified. Borrower listings may include the borrower’s narrative description of why the loan is being requested and the borrower’s financial situation.

Pricing: Platform Operators typically set the interest rates for borrower loans based on their proprietary credit rating process, as well as additional factors, such as estimated loss rates, loan terms, group affiliations, the general economic environment and competitive conditions. The yield percentage on each series of Notes is equal to the interest rate on the related borrower loan, minus each Platform's servicing fee.

Origination Fees: The typical Platform charges borrowers an origination fee on successfully funded loans. Origination fees vary up to 5% of the initial borrowed amount based on credit score, size of loan, term length, and other unique criteria.

Bidding Process: Typically, lender members bid on individual Notes or a group of Notes with certain characteristics. In certain cases, a Fund or other client account will directly bid for Notes in this manner. In other cases, a Fund or other client account may negotiate with Platform Operators to purchase a pre-determined percentage of each Note meeting Emerald DLA's investment criteria.

Collateral & Securitization: Some Platforms permit certain investors to hold a fractional "whole loan interest" in a larger borrower loan. Other Platforms sell registered "*Borrower Payment Dependent Notes*" issued in the name of the Platforms, which are dependent for payment on payments the Platforms receive on the corresponding borrower loans. The Borrower Payment Dependent Notes are special, limited obligations of the Platforms or their SPVs only and not obligations of any borrower. The Notes are unsecured and holders of the Notes do not have a security interest in the corresponding borrower loans or the proceeds of those corresponding borrower loans. If the Platforms were to become subject to a bankruptcy or similar proceeding, the holder of Borrower Payment Dependent Notes would generally have a general unsecured claim against the Platforms that may or may not be limited in recovery to such borrower payments.

Loan Servicing: Typically, borrower loans are serviced by each originating Platform Operator. The Platform Operators pay principal and interest on each series of Notes in an amount equal to each such Note's *pro rata* portion of the principal and interest payments, if any, the Platforms receives on the corresponding borrower loan, net of the Platform Operators servicing fee, which is typically 1% subject to change in certain circumstances. Typically, the Platforms pay lender members any other amounts they receive on each corresponding borrower loan, including late fees and prepayments, subject to the servicing fee, except that they will not pay to lender members any non-sufficient funds fees for failed borrower payments or collection fees they or a third-party collection agency charge. Lender members must enter into a lender member registration agreement with a Platform Operator, which agreement governs all sales of the Platform Operator's Notes to lender members. Under the lender member registration agreement, in the event of a material default under a series of Notes due to verifiable identity theft of the named borrower's identity, the Platform Operator will typically repurchase the Notes from the lender members. In the event the Platform Operator breaches any of its other representations and warranties in the lender member registration agreement pertaining to the Notes, and such breach materially and adversely affects a series of Notes, it will indemnify the lender members, repurchase that series of Notes or cure the breach.

Funding: Platforms are not banks. In all cases, borrower loans are funded by an independent bank with whom a Platform has a negotiated agreement. To date, most Platforms utilize WebBank, a Federal Deposit Insurance Corporation ("*FDIC*") insured, Utah-chartered industrial bank. After funding a loan, WebBank sells and assigns the loan to the respective originating Platforms, without recourse to WebBank, in exchange for the principal amount of the borrower loan. WebBank has no obligation to purchasers of the Notes.

Collections, Bad Debt, and Defaults: Each Platform has its own process for collecting on borrower loans which are past due. In most cases, Platforms continue to attempt to collect from borrowers until 120 days after a loan becomes past due. Thereafter, the loan is typically charged off as a default. Some

Platforms handle collections in house and other Platforms use third party consumer debt collection firms. All servicing arrangements are currently in compliance with various federally-mandated loan origination and collection procedures.

Holding Period and Exit Strategy: Emerald DLA intends to advise its clients to purchase Notes from Platforms with maturity dates between three and five years. Thus the projected holding period for an advisory client for any given Note is three to five years. This figure represents Emerald DLA's goal based on its investment strategy, however, the actual returns earned and paid to advisory clients could vary greatly due to market and other conditions, many of which are outside of Emerald DLA's control.

An investment made in an Emerald DLA advised Fund or separate account cannot be viewed as a liquid investment nor should an investor anticipate any accelerated liquidity in case of emergency. Neither Emerald DLA nor any other party can guarantee or imply that the invested amount would be available to the investor in any schedule other than the principal and interest repayment schedule discussed above.

Should an investor in an Emerald DLA advised Fund or separate account wish to request an early distribution of principal, they may do so by submitting a written letter requesting such a distribution with an explanation of the reason or cause for the request. Emerald DLA has no obligation to meet such a request, but will consider the request and may, in its sole discretion, choose to offer an accelerated payout. Such a payout would be based on a variety of factors and as such no probability of acceptance can be implied. Investors should be sure they have sufficient liquid assets available to them in order to meet all cash flow needs.

Private Investment Funds

Emerald DLA may recommend private investment funds to clients based on factors including the client's accreditation status, the level of interest clients express during meetings with Emerald DLA, and whether the program would offer diversification to the client. We consider these types of investments to carry a higher degree of risk, and will only recommend them to clients where we believe they are suitable to the client's financial situation and risk tolerance. These securities are only available to appropriate investors. Investments in private funds will only occur after conducting additional consultation with the client and after the client has approved of the investment and strategy for his/her/its portfolio.

Emerald DLA, our personnel, and/or related firms own interests in and/or participate in the management of various private funds. Emerald DLA may recommend these funds to clients for which Emerald DLA believes the investment is suitable. See ***Related Fund Interests*** under ***Item 11***. Also, because investments in these private funds are illiquid, even if the investor desires to withdraw from the fund, the investor may be required to pay fees for an extended length of time while the Fund attempts to liquidate the investor's position in the Fund.

Prospective investors in a private fund are provided with the fund's offering documents. This Form ADV Part 2A Brochure is not an offer to sell, or a solicitation of an offer to purchase, membership interests in any private fund. Such an offer can only occur when the prospective investor receives the offering documents.

Investing Involves Risk

As with any investment strategy, there is no guarantee that our strategies will be successful. Emerald DLA makes no guarantees or promises that our market analysis will be accurate or the investment

strategies we use will be successful.

Emerald DLA has a limited operating history. The investments Emerald DLA recommends can involve a high degree of uncertainty and may be considered speculative. Purchase of an Interest in an Emerald DLA advised Fund or separate account is not intended as a complete investment program. Emerald DLA's investment strategies are for sophisticated investors who can accept a high degree of risk in their investment and can accept a potential loss of a substantial portion of their investment. Each prospective Investor should make such investigation and evaluation of such risks as it concludes is appropriate.

Emerald DLA exercises its discretionary authority to invest in products that it believe are appropriate for its clients, based on our understanding of our clients' risk tolerances and investment objectives. We have generally summarized below what we feel are relevant risks broadly relating to the types of investments we primarily invest in for client accounts; however, products may be subject to additional risks that are specific to that product or issuer, and we cannot and do not attempt to cover all risks that clients may be exposed to within their portfolios. Clients are strongly encouraged to review the disclosures and offering documents relating to the products held in their portfolios if they have any questions, as these documents discuss in more detail the risks relating to the particular product. Clients with questions regarding a particular security or other product should contact Emerald DLA or the custodian.

Investments in private funds are speculative and involve a substantial degree of risk, which is why investing in private funds may not be suitable for all investors and are intended for sophisticated investors who can accept the risks associated with these investments. Such investments may lose all or a substantial portion of their value and investors must be prepared to bear the risk of loss of their investments. Investors will not have recourse except with respect to the assets of the fund. Documents for Funds advised by Emerald DLA outline important information for investors. Investors should review all Fund document(s) carefully and should consider conducting additional due diligence before investing.

Specific Security Risks

Risks of Investing in Notes

Investments Primarily in Notes

Other than cash investments, Emerald DLA expects that the accounts its advise (or account portions thereof) will invest exclusively in (a) Notes, or (b) other similar Platform originated or directly originated securities, loans, notes, or other commercial obligations generating currently payable interest income with a full repayment term of no more than five years.

Limited Diversification

As noted above, other than cash investments, Emerald DLA expects that the accounts its advise (or account portions thereof) Emerald DLA will invest primarily in Notes. Accordingly, a client's portfolio will not be diversified beyond Notes and cash investments. Therefore, the client's portfolio may be subject to more risk than would be the case if Emerald DLA maintained a wider diversification among types of securities.

Illiquidity of Notes

The Notes will not be listed on any securities exchange. Notes will be held by a Platform Operator's lender members (in the case of Fund clients advised by Emerald DLA, by the qualified custodians of such Funds).

The Notes will not be transferable except through a Platform Operator's Note trader platform and there can be no assurance that a market for Notes will continue to develop on the Note trader platform, or that the Note trader platform will continue in operation. Therefore, each client must be prepared to hold its Notes to maturity.

Notes Not Directly Secured by Collateral, Guaranteed or Insured

In certain circumstances, the Notes may not represent an obligation of borrowers or any other party except the applicable Platform Operator, and are special, limited obligations of such Platform Operator. In other circumstances, the Notes may represent an obligation of an SPV organized by a Platform Operator to own borrower loans and issue related Notes, and are special, limited obligations of such SPV. Neither the Notes nor the underlying loans are secured by any collateral and they are not guaranteed or insured by any governmental agency or instrumentality or any third party. The client, as a Note holder, will not, except under certain circumstances, have a security interest in the borrower loans or the right to payment thereunder.

Limited Historical Performance Data

A Platform Operator may be in the early stages of its development and may have a limited operating history. As a result of a limited operational history, a Platform Operator may not have significant historical data regarding the performance of the Platform Operator's borrower members under the borrower loans, and the Platform Operator will not yet know what the long-term loan loss experience will be. The estimated loss rates a Platform Operator displays on its website and the estimated loss rates a Platform Operator uses to determine the Platform Operator's rating have been developed from the Platform Operator's loss histories. Moreover, some of the information a Platform Operator has on the historical loss rates under the borrower loans occurred prior to the recent contraction in the global financial and credit markets and significant downturn in the U.S. economy. Accordingly, borrower loans originated on a Platform may default more often than similar loans have defaulted in the past, which increases the risk to the client of investing in the Notes.

Private Funds Risk

A private fund is an investment vehicle that pools capital from a number of investors and invests in securities and other instruments. In almost all cases, a private fund is a private investment vehicle that is typically not registered under federal or state securities laws. So that private funds do not have to register under these laws, issuers make the funds available only to certain sophisticated or accredited investors and cannot be offered or sold to the general public. Private funds are generally smaller than mutual funds because they are often limited to a small number of investors and have a more limited number of eligible investors. Many but not all private funds use leverage as part of their investment strategies. Private funds management fees typically include a base management fee and may include a performance component. In many cases, the fund's managers, affiliates, and/or key personnel may become "partners" with their clients by making personal investments of their own assets in the fund. Most private funds offer their securities by providing an offering memorandum or private placement memorandum, known as "PPM" for short. For funds advised by Emerald DLA, Fund PPMs cover important information for investors and investors should review this document carefully and should consider conducting additional due diligence before investing in such Funds. Risks of private funds include the following:

1. Private funds do not sell publicly and often impose other significant redemption/transfer restrictions

and are therefore illiquid. An investor may not be able to exit a private fund or sell its interests in the fund before the fund closes.

2. Private funds are subject to various other risks, including risks associated with the types of securities in which the private fund invests.

ITEM 9 - DISCIPLINARY INFORMATION

We are required to disclose any disciplinary events that are material to a client's or prospective client's evaluation of Emerald DLA as an investment adviser. Emerald DLA does not have any disciplinary history to report.

ITEM 10 - OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Related Firms and Private Funds

Emerald DLA serves as the Investment Adviser of Emerald Direct Lending Fund I, LP.

The Emerald Direct Lending Fund is not publicly offered or traded and is available to appropriate investors only, as described in more detail in ***Proprietary Private Funds*** under ***Item 4***, above. As described under ***Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss***, above, Emerald DLA may recommend this Fund to certain clients for whom we believe the Fund would be suitable. This creates a conflict of interest, as Emerald DLA, our personnel, and/or related firms benefit by our recommendation of related private funds. Our policies to address this conflict are described in ***Related Fund Interests*** under ***Item 11***. Note: The Fund is currently closed to new investors and is engaged in a wind down of its business activities under Article IX, Section 8.2(d) of the Limited Partnership Agreement—the Dissolution, Liquidation and Termination of the Fund.

Any transactions conducted through the various related entities are conducted pursuant to policies and procedures Emerald DLA believes are reasonably designed to comply with applicable rules and regulations, and reasonably designed to treat all clients fairly and equitably over time and to provide appropriate disclosures to each client such as, but not limited to, compensation received by Emerald DLA, its registered representatives and IARs.

Certain management or adviser personnel are Series 7 licensed registered representatives with ALPS Fund Distributors for the sole purpose of wholesaling the Emerald Mutual Funds which are advised by an affiliate of Emerald DLA. Emerald DLA is one of several investment advisory firms owned by Emerald Asset Management:

- Emerald DLA and Emerald Direct Lending Partners, LLC are wholly-owned subsidiaries of Emerald Direct Lending Capital, LLC.
- Emerald Direct Lending Capital, LLC is a subsidiary of Emerald Separate Account Management LLC, (EMSAM) which is an adviser to primarily equity separate accounts. EMSAM is a wholly-owned subsidiary of Emerald Asset Management PA, LLC.
- Emerald Advisers, LLC is also a wholly-owned subsidiary of Emerald Asset Management PA, LLC and is the parent company of Emerald Mutual Fund Advisers Trust (EMFAT). EMFAT acts as an investment adviser registered investment companies. EMFAT acts as adviser to the Emerald Mutual Funds. Emerald Advisers, LLC is a minority owner in EmStone Advisers (EmStone). EmStone acts as an investment adviser for clients investing in fixed income.

ITEM 11 - CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

Code of Ethics

Emerald DLA maintains and enforces a Code of Ethics which establishes the standards of business conduct that we require of our employees, including compliance with applicable securities laws. The Emerald DLA Code of Ethics and Compliance Manual detail Emerald DLA procedures for managing conflicts of interest in Personal Trading, Material Non- Public Information and giving and receiving gifts. Employees must acknowledge in writing each year their commitment to the terms of the Code of Ethics. To receive a copy of our Code of Ethics, contact Scott Rehr at 717-556-8900 or by email at sreh@teamemerald.com.

Personal Trading Practices

Emerald DLA personnel may purchase for their personal accounts the same securities that Emerald DLA purchases for client accounts. Emerald DLA personnel must pre-clear all securities transactions. Emerald DLA prohibits gains on the purchase and sale of any such securities within 60 days. There is a possibility that employees might benefit from market activity from our client's accounts.

Participation or Interest in Client Transactions

Related Fund Interests

Emerald DLA, our personnel, and/or related firms own interests in and/or participate in the management of various private funds. Emerald DLA may recommend these funds to clients for which Emerald DLA believes the investment is suitable. Emerald DLA only recommends such securities to clients who meet the requisite income and/or net worth requirements and where Emerald DLA believes that the investment is appropriate for the client based on the client's ability to accept the risk.

A conflict exists when Emerald DLA and/or closely related firms or personnel stand to benefit from additional investment in funds that we own, advise or manage. When recommending related private funds to advisory clients, clients will not be charged Emerald DLA's investment management asset-based fees on the portion of the client's assets invested in such a fund (to the extent that such an investment would otherwise result in duplication of fees to Emerald DLA or entities under common ownership with Emerald DLA). Further, the potential for conflict exists where Emerald DLA could seek to dispose of (or share the burden of) underperforming assets from proprietary portfolios. Clients will receive the offering memorandum (to the extent available) and disclosure of key known risks before investing. In addition, Emerald DLA will disclose material proprietary or related interest in the fund to the client.

ITEM 12 - BROKERAGE PRACTICES

A discussion of brokerage practices is not applicable as Emerald DLA does not select or recommend any broker-dealers for client transactions and its primary business – transactions in loans – does not currently involve orders placed with or through any broker-dealer.

ITEM 13 - REVIEW OF ACCOUNTS

Client Account Reviews

Client accounts are reviewed each calendar month or at such other time as the client requests. Major economic events may also trigger a review of all accounts. There are no different levels of reviews.

An investment professional reviews all client accounts. A Principal of the Company reviews the performance of client accounts and any changes to their financial situation, investment goals, and/or objectives.

The Funds are reviewed on an ongoing basis.

Account Reporting

Each client receives a written statement from the custodian that includes an accounting of all holdings and transactions in the account for the reporting period. Emerald DLA does not provide additional reporting on the separate accounts we manage.

Fund investors will receive statements as required by the Fund documents.

ITEM 14 - CLIENT REFERRALS AND OTHER COMPENSATION

Emerald DLA may enter into written agreements with certain persons pursuant to which we pay a non-supervised person a cash referral fee for soliciting clients on our behalf. This is in accordance with Rule 206 (4)-3 of the Investment Advisers Act. If we pay a referral fee, the client is informed under separate disclosure that includes the following:

- The Solicitor's name and relationship to the firm
- That the Solicitor is being paid a referral fee
- The amount of the fee
- The effect the Solicitor's fee will have on the client's fee.

Emerald DLA may also compensate persons for the introduction of investors to the private funds we manage.

ITEM 15 - CUSTODY

Clients are responsible for selecting custodians to hold funds and securities within investment accounts managed on their behalf. Emerald DLA prepares quarterly statements for our clients showing portfolio holdings, transactions and performance. As the custodian's statements are considered to be the official record for client accounts, each client should compare statements from Emerald DLA and their custodian. Emerald DLA client reports may vary from custodian reports due to accounting procedures, reporting dates or security valuation.

An affiliated entity of Emerald DLA serves as the General Partner to a Fund advised by Emerald DLA. Emerald DLA has put controls in place, in compliance with applicable securities laws, to protect clients' assets in such Fund. A qualified custodian holds the Fund's assets. As a consequence of this relationship, Emerald DLA has retained Millennium Trust Company, LLC to serve as custodian of the Funds' assets. Clients receive quarterly statements directly from the custodian and are urged to carefully review these statements. In addition, an independent accountant audits the Fund each year, and we send copies of the audited financial statements to all investors in the Fund.

ITEM 16 - INVESTMENT DISCRETION

Emerald DLA has discretionary authority over the investments of the private funds and separate accounts we manage. This authority is granted in the Fund and/or account documents.

Upon executing the client agreement, the client and adviser determine general investment guidelines. Factors taken into consideration include a client's particular circumstances such as risk tolerance, time horizon, income needs, tax liability and other times which may have a bearing on investment approach utilized. Emerald DLA will then have full discretionary authority to pursue client objectives as set forth in the management agreement. If a client imposes restrictions which limit discretion, performance may deviate from other accounts managed in the same style.

ITEM 17 - VOTING CLIENT SECURITIES

Proxy Voting

Emerald DLA's investment advisory services currently relate exclusively to non-voting securities and loan products. As a result, Emerald DLA does not exercise voting authority over any client proxies.

ITEM 18 - FINANCIAL INFORMATION

As an SEC-registered investment adviser, we are required to disclose certain information regarding our financial condition. We have no financial obligation that impairs our capacity to meet contractual or fiduciary commitments to our clients. We have not been the subject of a bankruptcy proceeding. An independent accounting firm prepares our financial audit.

Emerald Direct Lending Advisers, LLC

3175 Oregon Pike,

Leola, PA 17540

Tel: 717-556-8900

www.teamemerald.com

Form ADV, Part 2B Brochure Supplement

Individuals covered by this Supplement:

Andrew Smith
Steven E. Russell, Esq.
Joseph Besecker

December 31, 2019

This brochure supplement provides information about Andrew Smith, Steven Russell and Joseph Besecker that supplements the Emerald Direct Lending Advisers, LLC (“or “Emerald DLA”) brochure. You should have already received a copy of that brochure. Please contact us at 717-556-8900 if you did not receive our brochure or if you have any questions about the contents of this supplement.

Additional information about Andrew Smith, Steven Russell and Joseph Besecker is available on the SEC’s website at www.adviserinfo.sec.gov.

Andrew A. Smith

Portfolio Manager &

Senior Research Analyst

Member – Investment Committee

ITEM 2 - EDUCATIONAL BACKGROUND AND BUSINESS EXPERIENCE

- Year of Birth 1972
- Alvernia University – Reading, PA - Bachelor of Arts in Business Administration and Marketing - 1994
- Lebanon Valley College – Annville, PA – MBA – 1999
- UGI Energy Services, Inc., Regional Sales Manager and Energy Trader/Coordinator – 11/95 through 7/00
- Emerald Asset Management, Assistant Portfolio Manager and Senior Research Analyst - 08/00 to 7/09
- Emerald Separate Account Management, Assistant Portfolio Manager and Senior Research Analyst – 7/09 to present
- Emerald Direct Lending Advisers, Portfolio Manager and Research Analyst – 7/13 – present
- EmStone Advisers, Portfolio Manager – 3/2017 to present

ITEM 3 - DISCIPLINARY INFORMATION

There are no existing disciplinary actions against Andrew Smith.

ITEM 4 - OTHER BUSINESS ACTIVITIES

Mr. Smith is also a portfolio manager for Emerald Separate Account Management, LLC and EmStone Advisers, LLC as noted above. Both are affiliated advisory firms under common control with Emerald DLA.

ITEM 5 - ADDITIONAL COMPENSATION

None.

ITEM 6 - SUPERVISION**Supervision**

Mr. Smith is an employee of Emerald DLA. Mr. Smith certifies annually to compliance and adheres to Emerald DLA policies, procedures and Code of Ethics. He reports directly to Joseph E. Besecker, President of Emerald DLA. Joseph Besecker can be reached at 717-556-8900.

Steven E. Russell, Esq.

Portfolio Manager

Member – Investment Committee

ITEM 2 - EDUCATIONAL BACKGROUND AND BUSINESS EXPERIENCE

- Year of Birth 1968
- Morehouse College, Bachelor of Arts in Banking and Finance - 1991
- Temple University, JD & MBA - 1995
- Pennsylvania Public School Employees' Retirement System, Senior Private Equity Analyst, Manager - Developmental Fund Program, Portfolio Manager - Absolute Return Fund - 1996-1998
- Emerald Advisers - Vice President and Portfolio Manager - 1998 - 2002
- Emerald Venture Capital - Principal - 2000 - 2002
- iNetworks, LLC - Principal and Managing Director - 2002-2003
- Greenwood Advisors, LLC - President and Chief Investment Officer - 2003-2005
- Emerald Advisers, LLC – 2005 – Present (Senior Research Analyst 2005 – Present; Portfolio Manager 2011 - Present)
- Emerald Direct Lending Advisers, Portfolio Manager 7/2014 – Present
- EmStone Advisers, Portfolio Manager – 3/2017 – Present
- Emerald Separate Account Management, LLC, Portfolio Manager – 10/2018 – Present

ITEM 3 - DISCIPLINARY INFORMATION

There are no existing disciplinary actions against Steven Russell.

ITEM 4 - OTHER BUSINESS ACTIVITIES

Mr. Russell is also a portfolio manager and senior research analyst for Emerald Advisers, LLC and a portfolio manager for Emerald Separate Account Management, LLC and EmStone Advisers, LLC as noted above. All are affiliated advisory firms under common control with Emerald DLA.

ITEM 5 - ADDITIONAL COMPENSATION

None.

ITEM 6 - SUPERVISION

Supervision

Mr. Russell is an employee of Emerald DLA. Mr. Russell certifies annually to compliance and adheres to Emerald DLA policies, procedures and Code of Ethics. He reports directly to Joseph E. Besecker, President of Emerald DLA. Joseph Besecker can be reached at 717-556-8900.

Joseph E. Besecker

President & Chief Executive Officer

Member – Investment Committee

ITEM 2 - EDUCATIONAL BACKGROUND AND BUSINESS EXPERIENCE

- Year of Birth 1956
- Attended St. Joseph's University
- Emerald Asset Management, President – 1991 to Present
- Emerald Separate Account Management, LLC – President and Portfolio Manager – 2009 to Present

ITEM 3 - DISCIPLINARY INFORMATION

There are no material events against Mr. Besecker within last 10 years.

ITEM 4 - OTHER BUSINESS ACTIVITIES

Mr. Besecker is engaged in other non-portfolio management related business activities and is also a portfolio manager for Emerald Separate Account Management, LLC as noted above. Emerald Separate Account Management is an affiliated advisory firm under common control with Emerald DLA.

ITEM 5 - ADDITIONAL COMPENSATION

None.

ITEM 6 - SUPERVISION

Mr. Besecker is the President and CEO of Emerald Direct Lending Advisers. Mr. Besecker certifies annually to compliance and adheres to Emerald DLA policies, procedures and Code of Ethics. He maintains close communication with Scott Rehr, Chief Compliance Officer for Emerald DLA (contact number 717-556-8900) who is responsible for oversight; and outside counsel, Pepper Hamilton LLP.