



**FIRM BROCHURE**  
(Part 2A of Form ADV)

**January 29, 2021**

**Altisource Asset Management  
Corporation**

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**This Brochure provides information about the qualifications and business practices of Altisource Asset Management Corporation. If you have any questions about the contents of this Brochure, please contact us at (980) 393-3767. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.**

**Additional information about Altisource Asset Management Corporation is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

## ITEM 2: MATERIAL CHANGES

### Summary of Material Changes

This Brochure dated January 29, 2021, retires the Adviser's amended Brochure dated March 30, 2020 (the "Former Brochure"). A Summary of the Material Changes since the Former Brochure follows:

1. In Item 4, the Brochure has been amended to update new advisory services offered to the Adviser's primary client, AAMC Real Estate Strategies Fund (the "Fund"), and ceasing providing investment advisory services to Front Yard Residential Corporation ("Front Yard").
2. In Item 4, the Brochure has been amended to update details of the AAMC Real Estate Strategies Fund Offering Memorandum.
3. Item numbers 5, 6, 7, 8, 10, 13 and 16 of the Brochure have been amended to update new advisory services offered to the Adviser's primary client, the Fund, and removed information related to providing investment advisory services to Front Yard.

The Adviser, within 120 days after its fiscal year end of December 31, will ensure that its client receives either a Brochure along with a Summary of Material Changes, or a Summary of Material Changes accompanied by an offer to provide a full copy of this Brochure. To the extent that the Adviser experiences material changes in the future, client will receive the Summary of Material Changes with a copy of this Brochure, or the Summary of Material Changes accompanied by an offer to provide a full copy of this Brochure.

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## ITEM 4: ADVISORY BUSINESS

### *Description of Firm*

Altisource Asset Management Corporation (the “Adviser”) is a United States Virgin Islands publicly traded corporation (NYSE American: AAMC) and SEC registered investment adviser that provides investment advisory services to AAMC Real Estate Strategies Fund, a private fund, its only client, effective January 1, 2021.

The Adviser was organized in May 2012 but did not commence operations until December 21, 2012. On December 31, 2020, the Adviser ceased providing investment advisory services to Front Yard Residential Corporation (“Front Yard”), a publicly traded real estate investment trust (NYSE: RESI).

The Adviser is committed to providing investment advisory services to the Fund with a view to providing consistent returns and long-term growth for investors of the Fund.

### *Principal Owners of the Adviser*

The Adviser originally was formed as a subsidiary of Altisource Portfolio Solutions N.A. (“ASPS”). On December 21, 2012, the Adviser separated from ASPS to become a separate, stand-alone publicly traded company. ASPS contributed \$5 million of equity capital to the Adviser and distributed shares of the common stock of the Adviser to the then-current stockholders of ASPS.

William C. Erbey, the Adviser’s former Chairman of the Board of Directors from inception to January 16, 2015 (when Mr. Erbey stepped down as the Chairman of the Board of the Adviser and owns approximately 49.4% of the outstanding common stock of the Adviser. Other than Mr. Erbey, no stockholder owns more than 25% of the outstanding common stock of the Adviser. No one in the Adviser’s senior management owns more than 25% of the Adviser.

### *Description of Advisory Services Offered*

The adviser provides investment advisory services to AAMC Real Estate Strategies Fund, its only client.

The Fund consists of two feeder funds, AAMC Real Estate Strategies Onshore Fund 1 (DE), LP (the “Onshore Partnership”) and AAMC Real Estate Strategies Offshore Fund 1 (Cayman), LP (the “Offshore Partnership”), each of which will invest all or substantially all of its assets in AAMC Real Estate Strategies Master Fund, LP (the “Master Partnership”). The Onshore Partnership is a Delaware limited partnership and is being formed principally for U.S. taxable investors. The Offshore Partnership is a Cayman Islands exempted limited partnership, which is being formed principally for non-U.S. investors and U.S. tax-exempt investors. The Onshore Partnership and the Offshore Partnership are both feeder funds in a master-feeder fund structure and will pursue their respective investment programs by investing all or substantially all of their respective assets in the Master Partnership. It is anticipated that the Master Partnership will be the primary means by which the Feeder Funds will invest, although the Onshore Partnership and

Offshore Partnership will have the ability to make investments directly in order to address the legal, tax, regulatory or other considerations of such funds.

### ***Advisory Agreements***

The Adviser tailors its advisory services to the terms set forth in a confidential Subscription Agreement and Limited Partnership Agreement (“LPA”) provided to the private fund investor. The Fund will not generally tailor its advisory services to the individual needs of the individual private fund investors, nor does it generally accept investment restrictions from private fund investors. There may be agreements with certain clients in the Fund (“Side Letters”) that may provide for terms of investment that are more favorable than the terms described in the applicable Subscription Agreement. Such Side Letter terms may include, among other things, different notice periods, minimum investment amounts or fees, valuation or reporting, other rights or terms in light of particular legal, regulatory, public policy or other characteristics of that investor. When a client is granted different or additional terms as described above, those terms might be more favorable than the comparable terms described in the Subscription Agreement, they don’t need to be offered to any other client in the Fund, and they do not need to be communicated/approved by other investors. In the event of a conflict between a Side Letter and the relevant Subscription Agreement, the terms of the Side Letter with the investor shall control with respect to that client only.

It is of utmost importance for any potential private fund investor who decides to establish a limited partnership interest in that private fund, to fully review the contents of the Private Placement Memorandum (“PPM”) which discusses the Subscription Agreement and LPA’s, to verify the accuracy of the information within. Any potential qualified investor reviewing the PPM also has the opportunity to request and receive additional information necessary to verify the accuracy of the information in the PPM.

**Investors of the Fund need to refer and rely entirely on the PPM for complete detail regarding advisory services and agreements.**

### ***Amount of Client Assets Managed***

As of December 31, 2019, the Adviser managed approximately \$103,140,000 of regulatory assets under management, on a non-discretionary basis.

## **ITEM 5: FEES AND COMPENSATION**

Clients also known as Limited Partners in the Fund, pay the Adviser a quarterly management fee (the “Management Fee”). With respect to each Limited Partner, the Adviser will be entitled to receive an annual management fee, beginning on the Initial Closing and continuing until the termination of the Fund, equal to 1.50% of Net Invested Capital of such Limited Partner excluding affiliates of the Adviser.

“Net Invested Capital” means, with respect to each Limited Partner, the aggregate capital contributions made by a Limited Partner used to fund the cost of Portfolio Investments (including expenses allocated to such Portfolio Investments), less the sum of (i) any capital contributions returned to such Limited Partner due to a realization (or deemed realization) of any Portfolio Investments and (ii) the amount of any write-down or write-off (in whole or in part) with respect to Portfolio Investments, in each case through the end of the relevant quarter.

The Management Fee will be a Partnership expense and will be paid quarterly in advance and pro-rated for periods of less than a full calendar quarter.

For avoidance of doubt, the Adviser may in its sole discretion determine to waive, delay, reduce, rebate or calculate differently the Management Fee charged to any Limited Partner, including any respective affiliates.

**Investors of the Fund need to refer and rely entirely on the PPM for complete detail regarding fees and compensation collected by the Adviser.**

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

Clients investing in the Fund will pay the Adviser a performance-based fee (the “Performance Allocation”) equal to twenty percent (20%) per annum of the net appreciation earned above the hurdle rate of seven percent (7%) per annum, calculated separately for each Client on a rolling year based on when such client subscribes to the Fund.

## **ITEM 7: TYPES OF CLIENTS**

The Adviser provides investment advisory services to AAMC Real Estate Strategies Fund, its only client and does not generally offer services to the public.

Regarding the Fund offered, the Adviser may waive or reduce the minimum investment in its sole discretion on a negotiated basis with selected clients. In particular, the minimum account size may be waived at the Advisers discretion for certain Fund clients who are knowledgeable employees of the Adviser, family members of such employees, and affiliates.

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

### ***Methods of Analysis and Investment Strategies***

The Fund will attempt to deliver attractive risk-adjusted returns to its investors by implementing a strategy that focuses primarily on real estate related products, including but not limited to construction loans for the commercial and residential market, mortgage servicing rights (“MSRs”), and individual real properties.

Initially, the Adviser intends to invest in “private” and “hard” money loans to businesses engaged in fix and flip investments and other short-term real estate investments (“Bridge Loans”). The Adviser believes that its history, knowledge, and experience with non-performing loans enables the Adviser to effectively underwrite loan acquisitions, target new markets, and mitigate defaults resulting in an attractive risk-adjusted return for investors. Furthermore, the Adviser intends to utilize its offshore operations and information technology team to offer a lower exit price for loan sellers potentially resulting in additional yield to investors.

While Bridge Loans will be the initial investment of the Fund, the Adviser expects to quickly expand into related areas of lending, which may include, ground up construction loans, long term rental loans, home improvement loans, and other related products. These products have experienced significantly increased demand as a result of the tightening of credit and lending

requirements on traditional residential loan products. These loans may consist of a first or second lien on the subject real estate, an ownership interest in the applicable property, or, among other things, an unsecured loan used for the improvement of real property. In each case, the Adviser believes that if it applies its knowledge and experience, the result will produce attractive risk-adjusted returns for the Fund.

The Adviser believes that this market presents a compelling investment opportunity for the Fund, due to multiple macro-economic changes, including shifting demographics, geographic mobility, interest rate and monetary policy, cultural and economic changes resulting from COVID-19. The Adviser believes these changes benefit the overall residential real estate market, while reducing yields available to investors elsewhere. However, given the long-term uncertainties created by recent monetary policy and the equity markets, the Adviser intends to focus on short-term investments initially, with the goal of creating a nimble investment portfolio that can react effectively and efficiently to market changes to maximize returns to investors.

The Adviser expects that its access to and sourcing capabilities arising from its relationship with developers, lenders and other market participants will allow it to benefit from this opportunity set, while seeking diversification across different asset classes, geographies and credit profiles. The Fund will seek to provide investors with an actively managed portfolio that will use diversification in order to manage risks (*e.g.*, interest rate; underwriting etc.) and seek absolute returns. The Adviser will seek portfolio diversification through a mix of asset types (*e.g.*, construction loans, MSRs and real property), property types (*e.g.*, commercial, residential and specialty purpose) and underwriting risks.

The Adviser has the full discretion to manage the Fund's investment portfolio and investment strategy as described in the PPM. Except as described in "*Investment Guidelines*" in the PPM, there are no investment restrictions or guidelines, such as concentration limits or diversification requirements, which will apply to the Advisers management of the Fund's portfolio. Investments will be made at the Advisers discretion from time to time, if the Adviser deems such investments to be consistent with the Fund's investment objective, at which time, the Adviser expects to identify investments by assessing various criteria including, and not limited to, suitability for the Fund, investment performance, risk and volatility.

### ***Material Risks***

Set forth below is a general summary of risks applicable to the Fund's investment portfolio:

- *Risk of Loss.* No guarantee or representation is made that the Fund's investment program, including, without limitation, the Fund's investment objective, diversification strategies or risk monitoring goals, will be successful. Investment results may vary substantially over time. No assurance can be made that profits will be achieved or that substantial or complete losses will not be incurred.
- *Business Risk.* The Fund will compete with other investment funds and market participants for investment opportunities. Such competitors may be substantially larger and have considerably greater financial, technical and marketing resources than are available to the Fund. They may also have a lower cost of capital and access to funding sources that are not available to the Fund. Such factors may result in the Fund being at a

competitive disadvantage with respect to investment opportunities. In addition, the number of investment funds and market participants and the scale of the assets managed by such entities is increasing. The effect of such increase may be to reduce the opportunities available for the Fund to generate returns.

- *Dependence on Key Personnel Risk.* The investment performance of the Fund may be substantially dependent on the expertise of the Adviser, its principals and employees. In particular, the departure for any reason of the key individuals who will be primarily responsible for the managing of the investment of the assets of the Fund may have a material adverse impact on the performance of the Fund.
- *Limited Liability and Indemnification Risk.* The Partnership Agreement limits the circumstances under which the Adviser and their respective affiliates, including officers, partners, employees, shareholders, members, managers and other agents, can be held liable to the Fund and the Limited Partners. As a result, investors may have a more limited right of action in certain cases than they would have in the absence of such a limitation. The Fund will indemnify the Adviser and their members and officers with respect to any losses or damages incurred by them in connection with their services to the Fund, except to the extent that any losses or damages incurred by the Fund are established by a court order of final adjudication to be primarily attributable to such parties' gross negligence, willful misconduct, breach of fiduciary duty of loyalty or bad faith.
- *Feeder Fund Investor Risk.* Each Feeder Fund has been formed and structured to address certain regulatory, tax and other commercial considerations of its investors, and as a result the performance associated with an investment in a Feeder Fund will differ from the performance that might be achieved if a direct investment in the Master Fund were made. Potential investors are urged to consult their own tax advisors regarding the appropriateness of an investment in either Feeder Fund.
- *Failure to Make Capital Contributions Risk.* If a Limited Partner defaults on its obligation to make required capital contributions, and the contributions made by non-Defaulting Limited Partners and borrowings by the Fund are inadequate to cover the defaulted capital contribution, the Fund may be unable to pay its obligations when due.
- *Limited Partners Returning Distributions Risk.* The Fund may require a Limited Partner, including any former Limited Partner, to return any or all of the distributions made to them, subject to certain limitations, if the assets of the Fund are insufficient to satisfy its liabilities, including indemnification obligations.
- *Transfer and Withdrawal Risk.* A Fund client invests in Limited Partnership Interests ("Interests"). Interests have not been and will not be registered under the Securities Act or applicable state securities laws and may not be resold unless an exemption from such registration is available. The Fund is not under any obligation to cause such an exemption (whether pursuant to Rule 144 under the Securities Act or otherwise) to be available. Accordingly, there is no secondary market for the Interests and such market is not expected to develop. Transfer of the Interests is also subject to numerous restrictions set forth in the Partnership Agreement and in the Subscription Agreement. Fund clients



will not have any right to transfer their Interests without consent as set forth in the Partnership Agreement and may not withdraw from the Fund or require the Fund to redeem or repurchase their Interests.

- *Illiquidity of Interests Risk.* No market exists for the Interests and none is expected to develop. Investment in the Fund requires a long-term commitment, with no certainty of return. The Limited Partners may not be able to liquidate their Interests prior to the end of the Fund's term. An investment in the Fund is suitable only for certain sophisticated investors who have no need for liquidity in their investment in the Fund.
- *Absence of Regulatory Oversight Risk.* Although the Offshore Partnership will be a regulated private fund under the Private Funds Law (Revised) of the Cayman Islands, it is not required to, nor does it intend to, register under the laws of any other jurisdiction. As a consequence, the securities laws of other jurisdictions (which may provide certain regulatory safeguards to investors) generally will not apply. Accordingly, Limited Partners may not have the benefit of all the protections afforded to them by the securities laws of their home jurisdiction or other relevant jurisdictions.
- *No Fund Track Record Risk.* While the investment professionals of the Adviser have experience with residential real estate-related investments they do not have any operating history upon which prospective investors may evaluate their performance. There can be no assurance that the Fund will be able to implement its investment strategy and investment approach or achieve its investment objective or that an investor will receive a return of its capital.
- *Fund Investment Involves a High Degree of Risk.* An investment in the Fund requires a long-term commitment, with no certainty of return. The Fund is a discretionary fund. Accordingly, investors will not have an opportunity to evaluate or approve specific investments prior to investing. Investors will be relying on the ability of the managers to identify, consummate and manage those investments. The Limited Partners have no right or power to take part in the Fund's management, other than by voting on certain limited matters as provided in the Partnership Agreement.
- *Market Condition Risk.* Market conditions could negatively impact the Fund's business, results of operations, cash flows and financial condition. The market in which the Fund operates is affected by a number of factors that are largely beyond its control but can nonetheless have a potentially significant, negative impact on the Fund. These factors include, among other things: interest rates and credit spreads; the availability and terms of credit, including the price, terms and conditions under which it can be obtained; credit defaults; inflation rates; the quality, pricing and availability of suitable investments; the ability to obtain accurate market-based valuations; the ability of securities dealers to make markets in relevant securities and loans; loan values relative to the value of the underlying real estate assets; default rates on the mortgage loans underlying the Fund's investments and the amount of the related losses, and credit losses with respect to the Fund's investments; prepayment and repayment rates, delinquency rates, forbearances, payment deferrals and legislative/regulatory changes with respect to the Fund's investments, and the timing and amount of servicer advances; the availability and cost of quality Servicing Partners, and advance, recovery and recapture rates; competition; the

actual and perceived state of the real estate markets, bond markets, market for dividend-paying stocks and public capital markets generally; unemployment rates; regulatory interventions and changes in regulations; changes in fiscal and monetary policies; and the attractiveness of other types of investments relative to investments in real estate.

- *Operating Deficit Risk.* The expenses of operating the Fund may exceed its income, thereby requiring that the difference be paid out of the Fund's capital, or requiring a capital call and reducing the amount available to the Fund for investment and therefore its potential for profitability.
- *Investments Longer than Term Risk.* While the Fund expects that most of its investments will have a term of twelve to thirty-six months, the Fund may make investments in assets in which the optimal holding period for such asset will be later than the date on which the Fund will be dissolved, either by expiration of the Fund's term or otherwise. The Fund may have to sell or otherwise dispose of such Portfolio Investments at a disadvantageous time as a result of dissolution.
- *Early Termination Risk.* In the event of the early termination of the Fund, the Fund may have to distribute to the Limited Partners their *pro rata* interests in the Fund's assets. Assets held by the Fund are expected to be highly illiquid and might have little or no marketable value. It is possible that at the time of the liquidation or distribution in-kind in connection with such early termination, certain assets held by the Fund would be worth less than the initial cost of such assets, resulting in a loss to the Limited Partners, and proceeds of any such assets when ultimately disposed of by a Limited Partner may be less than the value attributed thereto when distributed in-kind from the Fund.
- *Resignation or Removal of Fund Management Risk.* Management may resign or be removed in certain circumstances. There can be no assurance that any successor to the Adviser upon the resignation or removal in such capacity will have the same level of skill in performing the obligations of the Fund, which could have a material adverse effect on the Fund.
- *Service Providers and Limited Partner's Rights Risk.* Limited Partners in the Fund generally have no direct rights against the Fund's service providers, including, without limitation, the auditor. In the absence of any direct contractual relationship between the Limited Partners and the Fund's service providers, there are only very limited circumstances in which a Limited Partner may bring a direct claim against any such service provider.
- *Operational Risk.* Operational risks arising from transactions not being properly booked, evaluated or accounted for or other similar disruption in the Fund's operations may cause the Fund to suffer financial losses, the disruption of its business, liability to third parties, regulatory intervention or damage to its reputation. The Fund depends on management to maintain appropriate systems and procedures to control operational risk, and the Fund will rely heavily on their financial, accounting and other data processing systems. Generally, management will not be liable to the Fund for losses incurred due to the occurrence of any such errors.

- *Risk of Fraud.* The Fund could be subject to losses due to fraudulent and negligent acts on the part of third parties, including, without limitation, borrowers, brokers, sellers and vendors. For example, of paramount concern in purchasing debt securities and obligations is the possibility of material misrepresentation or omission on the part of the borrower or on the part of the seller of such securities and obligations. The Fund is likely to rely upon the accuracy and completeness of representations made by such parties but cannot guarantee such accuracy or completeness.
- *Cybersecurity Breaches and Identity Theft Risk.* Cybersecurity incidents and cyber-attacks have been occurring globally at a more frequent and severe level and will likely continue to increase in frequency in the future. The information and technology systems of the Adviser and its affiliates may be vulnerable to damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches, usage errors by their respective professionals, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquakes. There can be no guarantee that the Adviser will be able to prevent or mitigate such incidents, its affiliates or the Fund's investments. If systems and measures to manage risks relating to these types of events are compromised, become inoperable for extended periods of time or cease to function properly, the Adviser and/or the Fund may have to make a significant investment to fix or replace them. The failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in the Adviser's and/or the Fund's operations and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information relating to investors (and the beneficial owners of investors) and residents. A cybersecurity incident could have numerous material adverse effects, including on the operations, liquidity and financial condition of the Fund. Cyber threats and/or incidents could cause financial costs from the theft of Fund assets (including proprietary information and intellectual property) as well as numerous unforeseen costs including, but not limited to: litigation costs, preventative and protective costs, remediation costs and costs associated with reputational damage, any one of which, could be materially adverse to the Fund.
- *Uncertainty of Projected Return Risk.* The Fund will make investments based on the Adviser's estimates or projections of internal rates of return and current returns, which, in turn are based on, among other considerations, assumptions regarding the performance of the Fund's investments, the amount and terms of available financing, and the manner and timing of dispositions, including possible asset recovery and remediation strategies, all of which are subject to significant uncertainty. In addition, events or conditions that have not been anticipated may occur and may have a significant effect on the actual rate of return on the Fund's investments.
- *Epidemics and Other Health Risks.* The outbreak of COVID-19 has resulted in numerous deaths, adversely impacted global commercial activity and contributed to significant volatility in certain equity and debt markets. The global impact of the outbreak is rapidly evolving, and many countries, states, provinces, districts, departments and municipalities have reacted by instituting quarantines, curfews, prohibitions on travel and the closure of offices, businesses, schools, retail stores and other public venues, including certain infrastructure structures and facilities. Businesses are also implementing similar

precautionary measures. Such measures, as well as the general uncertainty surrounding the dangers and impact of COVID-19, are creating significant disruption in supply chains and economic activity and are having a particularly adverse impact on transportation, hospitality, tourism and entertainment, among other industries. As COVID-19 continues to spread, the potential impacts, including a global, regional or other economic recession, are increasingly uncertain and difficult to assess. Any public health emergency, including existing or new epidemic diseases, or the threat thereof, could have a significant adverse impact on the Fund and its investments and could adversely affect the Fund's ability to fulfill its investment objectives.

**Investors of the Fund need to refer and rely entirely on the PPM for complete detail regarding Methods of Analysis, Investment Strategy and Material Risks.**

## **ITEM 9: DISCIPLINARY INFORMATION**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to a client's or prospective client's evaluation of an adviser or the integrity of its management. Neither the Adviser nor any of its personnel have been subject to any disciplinary events related to securities regulations or the management of investments.

## **ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

### ***Financial Industry Activities***

As stated in Item 4 above, the Adviser is a United States Virgin Islands publicly traded corporation (NYSE American: AAMC) and SEC registered investment adviser that provides investment advisory services to AAMC Real Estate Strategies Fund, a private fund, its only client, effective January 1, 2021.

The Adviser originally was formed as a subsidiary of Altisource Portfolio Solutions N.A. ("ASPS"). On December 21, 2012, the Adviser separated from ASPS to become a separate, stand-alone publicly traded company. ASPS contributed \$5 million of equity capital to the Adviser and distributed shares of the common stock of the Adviser to the then-current stockholders of ASPS. The Adviser then began providing investment advisory services to its primary client Front Yard.

On December 31, 2020, the Adviser ceased providing investment advisory services to its primary client, Front Yard.

The Adviser is committed to providing investment advisory services to the Fund with a view to providing consistent returns and long-term growth, for investors of the Fund.

### ***Affiliations***

The Adviser and affiliates (and their families) may, directly or through investments in other investment funds or otherwise, have personal or other interests in the securities in which a client invests as well as interests in investments in which a Client does not invest. The Adviser and affiliates (and their families) may also have personal or business relationships with brokers, service providers, fund investors, corporate management, directors or other parties with whom

the Adviser or the clients themselves have relationships. As a result, the Adviser may have conflicts of interest in allocating their time and activity between the client and other entities, in allocating investments among the client and other entities, and in effecting transactions, evaluating investments or potential investments, or retaining or evaluating services for the client and other entities, including ones in which the Adviser (and their families) may be employed or have a greater financial interest. Although the Adviser will seek to limit any such conflicts and will act in a manner that is in accordance with their fiduciary duties to its client, these potential conflicts of interest may have an impact on an employee's ability to perform his responsibilities on behalf of the client.

#### **ITEM 11: CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

As an investment adviser, the Adviser owes a fiduciary duty to its client. Accordingly, the Adviser and its employees will not act or behave in any manner or engage in any activity that (i) creates even the suspicion or appearance of the misuse of material non-public information, (ii) gives rise to, or appears to give rise to, any breach of a duty owed to any client or (iii) creates any undisclosed and/or unaddressed conflict of interest, between any client, on the one hand, and the Adviser or any employee, on the other hand, or between clients. The Adviser seeks to foster and maintain a reputation for honesty, integrity and professionalism.

The Adviser has adopted a Code of Business Conduct and Ethics that sets forth standards of ethical and business conduct expected of the Adviser's personnel and addresses conflicts that may arise from personal trading by such personnel. The Code of Business Conduct and Ethics, among other things, requires compliance with the federal securities laws, reflects the Adviser's fiduciary responsibilities and those of their advisory personnel, prohibits certain personal securities transactions, require the Adviser's personnel to periodically report their personal securities transactions and addresses prevention of the misuse of material non-public information. The Code of Business Conduct and Ethics is publicly available on the Adviser's website and will be provided to any Client upon request.

#### **ITEM 12: BROKERAGE PRACTICES**

Not Applicable.

#### **ITEM 13: REVIEW OF ACCOUNTS**

Private Fund clients will receive account statements, no less frequently than quarterly, from their fund administrator. Statements can be provided via electronic reporting.

Each Private Fund investor will generally be provided as of the end of that fiscal year, audited financial statements and, as applicable, a copy of Schedule K-1 to the relevant Private Fund investor's federal income tax return for the preceding fiscal year.

#### **ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION**

The Adviser does not currently have any relationship with any third-party firm or individual whose purpose is marketing and/or gathering assets for us.

#### **ITEM 15: CUSTODY**

As the Adviser acts as an investment manager to the Private Fund and has related persons that act as general partner to the Private Fund and because the Adviser or an affiliate has the authority to obtain client funds or securities, the Adviser is deemed to have custody of client assets under the provisions of the Custody Rule.

To the extent that the Adviser is subject to the Custody Rule, it will comply with the provisions of the “Pooled Vehicle Annual Audit Exception”, which, among other things, requires that each Private Fund be subject to audit at least annually by an independent public accountant that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board, and requires that each Private Fund distribute its audited financial statements to all investors within 120 days of the end of its fiscal year. Private Fund investors should carefully review such statements. The Private Fund will also be subject to audit upon liquidation and the audited financial statements will be distributed to all investors promptly after the completion of such audit.

#### **ITEM 16: INVESTMENT DISCRETION**

Private Fund investors do not have authority to impose restrictions on the Adviser’s investment discretion. By completing a Subscription Agreement to acquire an interest in the Private Fund, these clients give the Adviser complete authority to manage their investments in accordance with the Subscription Agreement.

#### **ITEM 17: VOTING CLIENT SECURITIES**

The Adviser does not vote proxies for its client, AAMC Real Estate Strategies Fund.

#### **ITEM 18: FINANCIAL INFORMATION**

The Adviser does not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance and therefore is not required to provide, and has not provided, a balance sheet.

The Adviser does not have any financial commitments that impair its ability to meet contractual and fiduciary obligations to clients and has not been the subject of a bankruptcy proceeding.