



Chicago Atlantic Advisers, LLC

FORM ADV PART 2A: FIRM BROCHURE

This brochure provides information about the qualifications and business practices of Chicago Atlantic Advisers, LLC (the “Adviser”). If you have any questions about the contents of this brochure, please contact us at compliance@chicagoatlantic.com or (312) 809-7002. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

Additional information about Chicago Atlantic Advisers, LLC is also available on the SEC’s website at www.adviserinfo.sec.gov.

An investment adviser’s registration with the SEC does not imply a certain level of skill or training.

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Item 2. Material Changes

Not applicable.

IMPORTANT NOTE ABOUT THIS BROCHURE

This brochure is not:

- *an offer or agreement to provide advisory services to any person;*
- *an offer to sell interests (or a solicitation of an offer to purchase interests) in any investment vehicle; or*
- *a complete discussion of the features, risks or conflicts associated with any investment vehicle or advisory service.*

As required by the Investment Advisers Act of 1940, as amended (“**Advisers Act**”), the Adviser provides this brochure to current and prospective clients and may also, in its discretion, provide this brochure to current or prospective investors in an investment vehicle, together with other relevant documents, such as the investment vehicle’s offering or private placement memorandum, organizational documents and related transaction documents, as applicable, prior to, or in connection with, such persons’ investment. Additionally, this brochure is available through the SEC’s Investment Adviser Public Disclosure website.

Although this publicly available brochure describes investment advisory services and products of the Adviser, persons who receive this brochure (whether or not from the Adviser) should be aware that it is designed solely to provide information about the Adviser as necessary to respond to certain disclosure obligations under the Advisers Act. As such, the information in this brochure could differ from information provided in relevant client governing documents. More complete information about each investment vehicle is included in relevant client governing documents, certain of which may be provided to current and eligible prospective investors only by the Adviser. To the extent that there is any conflict between discussions herein and similar or related discussions in any applicable client governing documents, such relevant documents shall govern and control.

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Item 4. Advisory Business

Firm Background

Chicago Atlantic Advisers, LLC (the “Adviser”) is a Delaware limited liability company that was formed in July 2019 for the purpose of providing discretionary portfolio management and investment advisory services to pooled investment vehicles. Chicago Atlantic, its affiliated entities and advisory clients are headquartered in Chicago, Illinois. Chicago Atlantic has an additional office located in Miami, Florida. Chicago Atlantic is majority owned and controlled by its managing member, Chicago Atlantic Group, LLC, a Delaware limited liability company (“CAG”), which is managed and equally owned by its founding partners, Andreas Bodmeier, John Mazarakis, and Anthony Cappell.

With respect to certain affiliated pooled investment vehicles which are advisory clients, Chicago Atlantic provides discretionary portfolio management and investment advisory services through its relying adviser, Chicago Atlantic Credit Advisers, LLC, a Delaware limited liability company (the “**Relying Adviser**”). The Relying Adviser is registered with the SEC as an investment adviser relying on Chicago Atlantic’s investment adviser registration with the SEC pursuant to Rule 203A-2(b) of the Advisors Act and the SEC’s Division of Investment Management staff guidance issued in a no-action letter, dated January 18, 2012, in response to the American Bar Association’s request for interpretive guidance (the “**ABA No-Action Letter**”). Unless otherwise stated, any reference made to Chicago Atlantic includes the Relying Adviser hereinafter.

Chicago Atlantic does not act as a general partner to any of its affiliated pooled investment vehicles. Instead, certain of Chicago Atlantic’s affiliates, including Chicago Atlantic Management, LLC, Chicago Atlantic Manager, LLC, Chicago Atlantic Shield Manager, LLC and Chicago Atlantic Offshore GP, LLC serve as general partners to one or more of the pooled investment vehicles and have delegated exclusive investment advisory and other authority with respect to such pooled investment vehicles to Chicago Atlantic. See *Item 10 – Other Financial Industry Activities and Affiliations* within this Brochure for more information regarding Chicago Atlantic’s affiliated entities. The Adviser, together (where the context permits) with its Relying Adviser (as defined below), affiliated general partners of the Funds (as defined below) and other affiliates that provide advisory services to and/or receive advisory fees in respect of the Funds are collectively referred to as the “**Firm**”, “**Chicago Atlantic**”, “**we**”, “**us**” or “**our**”.

Advisory Services

Chicago Atlantic is a credit-oriented investment platform that serves as an investment adviser to pooled investment funds (each a “**Fund**”, and collectively, the “**Funds**”), whose investors include, among others, high net worth individuals, family offices, pension and profit-sharing plans (other than plan participants), charitable organizations, and institutional investors. Chicago Atlantic and its affiliated advisors provide discretionary advisory services to their clients, which currently consist of the Funds, although Chicago Atlantic may decide in the future to sponsor or manage additional private investment funds or provide services to additional types of clients (collectively with the Funds, the “**Clients**”). In its capacity as an investment adviser, Chicago Atlantic is responsible for the day-to-day management of the Funds’ investment strategies and investment decisions.

Chicago Atlantic’s investments include loans to companies located primarily in North America. We primarily pursue transactions in such companies by investing in senior and junior secured loans, unitranche loans, mezzanine loans, structured debt and equity, and other secured debt. Our investment philosophy

seeks to capitalize on opportunities that are time-sensitive, complex, or in dislocated markets, where risk is fundamentally mispriced.

Pursuant to an investment management agreement or other similar agreement (the “**Management Agreement**”), each Fund’s respective general partner or director (the “**General Partner**”), has engaged Chicago Atlantic to provide origination, acquisition, portfolio management, and other administrative services to each respective Fund in accordance with each Fund’s respective private placement memorandum (each, a “**Memorandum**”), limited liability company agreement, and/or other similar governing documents of the Funds (together with the Memorandum, collectively, the “**Governing Documents**”). Our advisory services are tailored to achieve each Fund’s respective investment objectives. Generally, Chicago Atlantic has the authority to select which and how many securities and other instruments to buy or sell without consultation with the Funds. Chicago Atlantic’s investment advisory services typically consist of, but are not limited to, originating, negotiating, and structuring investment opportunities, managing and monitoring the performance of such investments, and executing transactions on behalf of each Fund in accordance with the investment objectives, policies, and guidelines set forth in each Fund’s respective Governing Documents. An investment in a Fund by an investor does not, in and of itself, create an advisory relationship between the investor and Chicago Atlantic. We generally do not permit investors in a Fund to impose limitations on the investment activities described in a Fund’s respective Governing Documents; however, the General Partner of a Fund reserves the right to enter into side letter agreements or arrangements with one or more investors in a Fund that alter, modify or change the terms of the interests held by such investors.

Any prospective client and/or prospective client investor must consider whether Chicago Atlantic’s advisory services are appropriate for their own circumstances based on all relevant factors, including, but not limited to, such prospective client’s and/or prospective client investor’s own investment objectives, liquidity requirements, tax situation and risk tolerance. Prior to making an investment decision or committing to a service provided by Chicago Atlantic, prospective clients and prospective client investors are strongly encouraged to undertake appropriate due diligence, including, but not limited to, reviewing applicable governing documents relating to any proposed investment and investigating additional details about Chicago Atlantic’s investment strategies, methods of analysis and related risks. See *Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss* of this Brochure for a more detailed discussion on our investment strategies and the risks associated with such strategies.

ALL INFORMATION RELATING TO THE FUNDS CONTAINED IN THIS BROCHURE, INCLUDING, BUT NOT LIMITED TO, EACH FUND’S RESPECTIVE INVESTMENTS, THE STRATEGIES USED IN MANAGING THE FUNDS, AND CONFLICTS OF INTEREST FACED BY CHICAGO ATLANTIC IN CONNECTION WITH THE MANAGEMENT OF THE FUNDS IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO EACH RESPECTIVE FUND’S GOVERNING DOCUMENTS.

Wrap Fee Disclosure

Chicago Atlantic does not participate in or sponsor any wrap fee programs.

Regulatory Assets Under Management

As of June 30, 2021, Chicago Atlantic managed approximately \$191,537,759 of advisory assets, all of which were managed on a discretionary basis and none of which were managed on a non-discretionary basis. The SEC has adopted a uniform method for advisers to calculate assets under management for

regulatory purposes, which it refers to as an adviser's "regulatory assets under management." Regulatory assets under management are generally an adviser's gross assets, i.e., assets under management without deduction for outstanding indebtedness or other accrued but unpaid liabilities. Chicago Atlantic reports its regulatory assets under management in Item 5 of Part 1 of Chicago Atlantic's Form ADV, which you can find at www.adviserinfo.sec.gov.

Item 5. Fees and Compensation

In consideration for Chicago Atlantic's advisory and other services, we and/or certain of our affiliates are entitled to receive management fees, and affiliated general partners are permitted to receive performance allocations, with respect to the Funds. While the fees and compensation applicable to each Fund are described in further detail in each Fund's respective Governing Documents, side letters and/or fee agreements, an overview of Chicago Atlantic's basic fee schedule is summarized below.

Management Fees

In consideration for its advisory services to the Funds, Chicago Atlantic receives a "**Management Fee**" from each respective Fund. The terms and other conditions of the Management Fees payable to Chicago Atlantic are outlined in each Fund's respective Governing Documents, side letters and/or other fee agreements. The Management Fees are generally calculated pro-rata, based upon an investor's capital account balance, as a percentage of the Funds' gross assets under management, on the applicable measurement date. The Management Fees are payable quarterly in arrears and subject to waiver or reduction in Chicago Atlantic's sole discretion. Management Fees are generally paid to Chicago Atlantic by deducting such fees from the applicable Fund's assets, and such fees cannot be prepaid. We may assign our rights to receive all or any portion of the Management Fee to an affiliate of Chicago Atlantic or any other third party in our sole discretion.

Upon the termination of Chicago Atlantic's Management Agreement with a Fund, we will refund the pro-rated portion of any Management Fee already received by Chicago Atlantic for the period following the effective date of such termination.

Performance-Based Compensation

The General Partner for each Fund is generally permitted to receive "**Performance-Based Fees**" in connection with the management of each respective Fund. The specific payment terms and conditions of such fees available to a General Partner are set forth in the applicable Fund's Governing Documents, which may be subject to side letters and/or fee agreements with certain investors in our sole discretion. Generally, Performance-Based Fees payable to the applicable General Partner are payable quarterly in arrears. All Performance-Based Fees payable to the General Partners of the Funds are consistent with the requirements of Section 205 of the Advisers Act and Rule 205-3 thereunder.

Performance-Based Fees payable to a General Partner on investment gains may create an incentive for the General Partner's affiliate, Chicago Atlantic, to cause the applicable Fund to make investments that are riskier or more speculative than would be the case if a performance-based compensation arrangement were not in effect. The Performance-Based Fees may create an incentive for Chicago Atlantic to make investment decisions, and/or effect realization events to maximize Performance-Based Fees, rather than the returns of the applicable Fund.

Other Fees and Expenses

Each Fund reimburses Chicago Atlantic under its Governing Documents, as applicable, for all formation and offering expenses incurred on behalf of such Fund, including, without limitation: brokerage fees (see Item 12 “Brokerage Practices” below); legal fees, including the time (billed at standard hourly rates) and expenses of any internal legal counsel employed by Chicago Atlantic; insurance expenses of such Fund; audit and accounting fees; broker’s fees relating to investments; third party consulting fees relating to investments or proposed investments; costs (whether direct or indirect) incurred in connection with investigating, evaluating, conducting due diligence, travel expenses, structuring, asset managing and negotiating with respect to investments and proposed investments, whether or not consummated (excluding salaries and wages, benefits and overhead of all employees directly involved in the performance of acquisition services); expenses for pursuing remedies under credit agreements with respect to investments; taxes applicable to such Fund on account of its operations; fees incurred in connection with the maintenance of bank or custodian accounts; expenses and costs related to the preparation and delivery of any reports, certificates or opinions required by such Fund’s Governing Documents; expenses related to such Fund’s exercise of its remedies in pursuing defaulting members; expenses incurred in connection with the repurchase of units; and all expenses incurred in connection with such Fund’s compliance with applicable securities laws or regulations.

All fees, costs and expenses incurred by Chicago Atlantic’s employees for travel, accommodations, meals, events, entertainment and other similar fees, costs and expenses are subject to Chicago Atlantic’s Travel & Expense Reimbursement Policies. The expenses listed above may vary from Fund to Fund and not all Funds are subject to the same costs, fees, and expenses. Please reference the applicable Fund’s Governing Documents for additional information regarding such expenses.

Transaction Fees and Management Fee Offsets

Some transaction fees and other consideration related to the Fund’s pro rata portions (i.e., based upon the Fund’s respective ownership percentages) of certain investments will be received Chicago Atlantic or its affiliates and will be directly or indirectly retained by Chicago Atlantic or its affiliates, and some will be for the benefit of the Fund or other holders of the investments. Amounts that are for the benefit of the Fund may be paid directly to the Fund or its subsidiaries, or may be paid to Chicago Atlantic or its affiliates and benefit the Fund as a reduction of the Management Fee, and expense reimbursements for organizational expenses and other operational expenses. Chicago Atlantic will exercise its reasonable discretion in determining whether a particular amount is of a type that is for the benefit of Chicago Atlantic or the Fund, subject to the following principles.

Transaction fees and other upfront consideration may be received from borrowers or other persons in connection with the making of an investment by the Fund, or, if applicable, by other holders of the investment or in connection with the syndication of part of an investment. Such upfront consideration in connection with an investment may come in various forms, including documentation fees, structuring fees, closing fees, syndication fees, underwriting fees, or original issue discount built into the price of the investment. Such upfront consideration with respect to the Fund’s pro rata portion of investments are shared evenly between the Fund and Chicago Atlantic or its affiliates; provided that Chicago Atlantic, in its discretion, may allow a larger share for the Fund.

Credits are applied against the Management Fee otherwise payable in the quarterly period that follows receipt of such fees by the General Partner or its affiliates, or by any partners or employees of the General

Partner or its affiliates, and, if necessary, are carried forward to future quarterly periods. In each instance, the amount of any fees subject to offset shall be net of any direct expenses relating thereto (including expenses incurred in the process of earning such fees).

Chicago Atlantic may also receive fees or profit in connection with investments made by parties other than the Fund in connection with investments in which the Fund is also a participant. For example, the Fund may only invest in a portion of a loan, and Chicago Atlantic its affiliates may receive fees from other Funds and accounts managed by Chicago Atlantic, from funds and accounts not managed by the Investment Manager and its affiliates, or from the syndication of a portion of an investment not retained by Clients of Chicago Atlantic.

In addition, amendment fees, waiver fees, prepayment amounts and unused fees with respect to a Fund's pro rata portion of an investment are for the benefit of such Fund. One or more of these fees may be fully or partially waived by Chicago Atlantic if determined to be generally in the best interest of all Clients, whether or not all Clients are affected equally by such waiver. In a transaction for which such a waiver is provided, upfront consideration may be generated, and Chicago Atlantic may receive its share of such upfront consideration. Agency or servicing fees will be retained by the party serving as administrative agent or collateral agent, including the Investment Manager or an affiliate when serving as agent and providing collateral management, collateral administration and collateral monitoring services.

Chicago Atlantic and its affiliates do not receive sales commissions in connection with sales of interests in a Fund.

Item 6. Performance-Based Fees and Side-By-Side Management

As discussed in Item 5 of this Brochure, the General Partner for each Fund is generally permitted to receive quarterly and annual "Performance-Based Fees" in connection with the management of the applicable Fund. Such performance-based compensation is subject to the relevant loss carryforward mechanism applicable to a Fund. From time to time, we reduce or modify our performance compensation for certain investors in the Funds, including our affiliates and employees, in our discretion. Performance-based compensation arrangements create an incentive for us to recommend investments that may be riskier or more speculative than those that would be recommended under a different compensation arrangement. Performance-based compensation arrangements also create an incentive for us to favor accounts with higher compensation rates over other accounts when allocating investments. We have adopted procedures designed and implemented to ensure that all clients are treated fairly and equitably, and to prevent this conflict from influencing the allocation of investment opportunities among them (see Item 12 "Brokerage Practices" below).

In addition, because the Funds' management fees and performance-based compensation are generally based on the Funds' net asset values, we have a conflict of interest in valuing the Funds' assets. The performance on which Performance-Based Fees are calculated may, in certain circumstances, include unrealized appreciation and depreciation of investments that may not ultimately be realized. As a result, this may create an incentive for Chicago Atlantic to time investments and the realization of such investments, to maximize Performance-Based Fees, rather than the returns of the applicable Fund. To mitigate this conflict, we follow our documented valuation policies and periodically consult with auditors and the third-party administrator to each Fund. In addition, we use third-party valuation service providers from time to time.

Item 7. Types of Clients

As discussed in Item 4 of this Brochure, investors in the Funds are generally high net worth individuals, family offices, pension and profit-sharing plans (other than plan participants), charitable organizations, and institutional investors. Generally, investors participating in the Funds are required to meet certain suitability qualifications, such as being either (i) an “accredited investor” within the meaning of Rule 501(a) of Regulation D under the Securities Act of 1933, as amended (the “**Securities Act**”), and, for some Funds a “qualified purchaser” as defined in Section 2(a)(51) of the Investment Company Act of 1940, as amended (the “**1940 Act**”); or (ii) a non-U.S. person in accordance with the requirements of Regulation S under the Securities Act and applicable eligibility requirements of the respective Fund; and (iii) in accordance with any other applicable law. As such, the Funds that Chicago Atlantic manages are exempt from registration as an investment company through the exemptions provided by Sections 3(c)(1) and 3(c)(7) of the 1940 Act.

The minimum initial investment in the Funds is stated in each Fund’s respective Governing Documents. Each Fund’s respective General Partner may waive such minimum under certain circumstances and in such General Partner’s sole discretion. If we determine to require a minimum investment for any separately managed account, we make that determination on a case-by-case basis.

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

Chicago Atlantic employs a flexible investment strategy and method of analysis on behalf of Clients that is designed to meet the investment objectives set forth in each Funds’ respective Governing Documents. We may offer additional advisory services, provide advice with respect to other investment strategies and make any investments that we consider appropriate and in compliance with each Fund’s respective investment objectives, including those that may not be described in this Brochure. However, there can be no assurance that the investment objectives of any Client will be achieved. A summary of such methods and strategies are described below. This summary should not be interpreted to limit in any way Chicago Atlantic’s investment activities.

Methods of Analysis

Our investment process is a crucial tool in achieving our Client’s investment objectives. We have built a disciplined, repeatable, and scalable investment process to identify, underwrite, structure, and monitor high-quality loan investments. Investment opportunities are identified, preliminarily screened, fully underwritten, thoroughly reviewed, documented and approved substantially in accordance with the process outlined below.

- **Origination** - Chicago Atlantic’s team of investment professionals employs a proactive sourcing model not reliant on one individual source or type of source. We have developed an active pipeline of high-quality opportunities using proprietary and nonproprietary sourcing and then filtered appropriately to ensure the highest probability of successful execution. Our team has established and blossomed relationships with industry centers of influence, including law and accounting firms, construction firms, investment bankers, brokers, consultants, and other professional referral sources. We aim to further increase brand awareness and source additional opportunities by speaking at industry events and conferences. In addition, we employ modern digital marketing techniques to directly reach decision makers at target firms.

- **Underwriting and Due Diligence** – Prior to entering into a new investment on behalf of Clients, Chicago Atlantic’s investment professionals perform a robust financial and operational underwriting and due diligence process to evaluate the viability of each investment opportunity. Chicago Atlantic considers the location and market characteristics of the portfolio company, collateral coverage and quality, senior management’s operational experience, key performance metrics, its risk/return characteristics, as well as its role with respect to the existing or desired portfolio. Information collected during the underwriting process includes, if applicable and available, (i) the borrower’s current and historical financial performance, (ii) a current equipment listing and quotes of future purchases, (iii) a current equity cap table and debt schedule, (iv) sources and uses of capital, (v) equipment and real estate appraisals performed by third-party specialists, and (vi) any other materials necessary to evaluate the feasibility of a given investment opportunity.

Investment Strategy

Each Client’s investment strategy is outlined in its applicable Governing Documents. Chicago Atlantic’s investment objective seeks to capitalize on regulatory arbitrage to deliver above-market returns and reduced credit risk. We seek to achieve our investment objective by investing in downside-protected opportunities in under-followed areas by making loans and leases primarily to U.S. borrowers that due to complexity, regulation, or speed do not have access to traditional debt financing. We believe in the importance of targeting areas of market inefficiencies where traditional capital sources are largely absent and leveraging our deal structuring expertise to protect investor capital while creatively finding solutions for companies’ capital needs.

The Funds invest primarily in debt securities in companies seeking capital infusion, liquidity for real estate acquisition(s), and other capital needs. Depending on the circumstances, investments include senior secured loans, junior secured loans, unsecured loans, convertible debt or preferred equity instruments, common shares, warrants or other contractual obligations. These investments may be negotiated directly with the borrower, through an intermediary or part of a syndication, are often illiquid and have no secondary market. Where secured, these investments are often secured with a first lien on all or some assets, a mortgage, and/or a pledge of stock. These investments frequently have an “equity kicker” in the form of stock, warrants or convertible securities that may provide additional upside if the company succeeds.

The Funds may invest in such other instruments as Chicago Atlantic may determine to be attractive investment opportunities. Client strategies may involve a high degree of uncertainty and risk of loss that Clients and investors should be prepared to bear.

Risk of Loss

The following risk factors are those generally applicable to Chicago Atlantic’s Clients. However, additional risk factors, including risk factors that are specific to a particular Fund’s investment strategy, may be described in such Fund’s respective Governing Documents.

- **Client Returns:** Chicago Atlantic cannot provide assurance to Clients that investments will generate returns or that returns will be commensurate with the risks of investing in the type of companies and transactions that fall within such Clients’ individual investment objectives.
- **Credit Risk:** A portion of each Client’s investments may consist of loans made to public and private companies, some of which have a nominal or no net worth. Extending credit involves the risk that

some loans will not be repaid. Since a Client's borrowers may include businesses with more limited financial resources than larger, more established companies, a Client may assume a greater risk of loss than might otherwise be the case if it had made loans to larger companies. Making loans is subject to the further risk that the loan documents of the borrowers include accurate and complete disclosure regarding all relevant issues.

- **Business Risk:** Our investments may involve a high degree of financial and business risk, which could result in substantial loss to a Client. These risks could arise from changes in the financial condition or prospects of the entity in which the investment is made, changes in national or international economic and market conditions, and changes in laws, regulations, fiscal policies, or political conditions of countries in which investments are made.
- **General Economic and Market Risk.** Chicago Atlantic's Clients may be affected by general economic and market conditions, including, among others, interest rates, availability of credit, inflation rates, economic uncertainty, changes in laws and trade barriers. These factors may affect the level and volatility of securities prices and the liquidity of investments. Volatility or illiquidity could impair profitability or result in losses. These factors may also affect the availability or cost of leverage, which may result in lower returns.
- **Concentration:** Although we generally aim to spread a Client's capital among a number of investments pursuant to the respective Client's applicable Governing Documents, each Client may occasionally hold a few relatively large securities positions in relation to its capital. The result of such concentration of investment is that a loss in any such position could materially reduce such Client's returns and net asset value.
- **Valuation:** For a substantial number of investments held in Client portfolios, there will be no readily available market or observable fair value which makes such investments difficult to value. While Chicago Atlantic will monitor the performance of each Client's investment, we may, in our sole discretion, engage the services of an independent third-party valuation specialist to provide valuation services to Chicago Atlantic's Clients. The valuation specialist would be responsible for providing valuation opinions and analyses with respect to the fair value of a Client's investments for purposes of determining the applicable Client's net asset value. There can be no assurance that our valuation will accurately reflect the value that will be realized by Clients upon the eventual disposition of such investments.
- **Brokers and Custodians:** A Client's assets may be held in accounts maintained for such Client by certain banks and other financial institutions. These financial institutions are subject to applicable laws and regulations in various jurisdictions, some of which are designed to protect their customers in the event of their insolvency. However, the practical effect of these laws and regulations and their application to a Client's assets are subject to substantial limitations and uncertainties. Investors should assume that the insolvency of any one of the Client's service providers could result in the loss of all or a substantial portion of such Client's assets held by or through such entity.
- **Cybersecurity:** Chicago Atlantic, our Clients and our respective service providers may be subject to information security risks resulting from cybersecurity attacks. Cyberattacks include, among other behaviors, phishing, stealing or corrupting data maintained online or on hosted cloud

platforms, denial of service attacks on websites, the unauthorized release of confidential information or various other forms of cybersecurity breaches. Cyberattacks affecting us and/or our service providers may adversely impact Clients. Cyberattacks are viewed as an emerging risk and the scope of the risk and related mitigation techniques are not yet fully understood and are subject to continuing change.

- ***Prior Investment Performance Not Indicative of Future Results.*** The performance of prior investments by Chicago Atlantic or its affiliates is not necessarily indicative of a Fund's future results. While Chicago Atlantic and its affiliates intend to make investments that have potential returns commensurate with the risks undertaken, there can be no assurance that the targeted returns will be achieved. On any given investment, total loss of the investment is possible.

THE FOREGOING RISK FACTORS DO NOT PURPORT TO BE A COMPLETE EXPLANATION OF ALL OF THE INVESTMENT RISKS CHICAGO ATLANTIC AND ITS CLIENTS ARE EXPOSED TO AS A PART OF OUR BUSINESS.

Item 9. Disciplinary Information

There are no reportable legal or disciplinary events that are material to a Client's or prospective client's evaluation of our advisory business or the integrity of our management.

Item 10. Other Financial Industry Activities and Affiliations

Neither Chicago Atlantic nor its management persons are registered, or have an application pending to register, as a broker-dealer or broker-dealer representative. Further, neither Chicago Atlantic nor its management persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, commodity trading advisor or an associated person of the foregoing entities.

Chicago Atlantic and its principals, members, employees, and related parties are not prohibited from participating in other business ventures which may compete with our Clients, including serving in similar capacities for other investment accounts or other investment management companies or investment funds. Although Chicago Atlantic intends to devote substantial time and attention to the business activities of its Clients, it reserves the right and is free to devote significant time and attention to other business activities, including those related to securities and investments. In providing investment advice to any such other pooled investment vehicles and managed accounts, Chicago Atlantic will act in good faith in the best interest of its Clients and in a manner which it considers fair and equitable to such Clients.

Chicago Atlantic organizes certain of the Funds, which in certain cases are limited partnerships or limited liability companies for which the Chicago Atlantic (including its affiliates) serves as general partner or managing member. For a description of material conflicts of interest created by these relationships, as well as a description of how such conflicts are addressed, please see Item 11 below.

As stated in Item 4 of this Brochure, the Adviser is affiliated with the Relying Adviser. The Relying Adviser is registered with the SEC as an investment adviser relying on the Adviser's investment adviser registration with the SEC pursuant to Rule 203A-2(b) of the Advisors Act and the SEC's ABA No-Action Letter. The Relying Adviser intends to conduct its activities in accordance with the Advisors Act and the rules thereunder.

Affiliates of Chicago Atlantic may be engaged in the loan origination and/or servicing businesses. In connection with their lending activities, such loan origination and/or servicing businesses may receive certain fees, including, director's fees, commitment fees, investment banking fees, financial consulting fees, break-up fees, termination fees, closing fees, collateral monitoring fees, debt placement fees and other similar fees received as part of such loan origination and/or servicing businesses. Such fees may be charged on a cost reimbursement or on a cost-plus basis. The Client or the issuers of financial instruments held by the Client may acquire loans originated, structured, arranged and/or placed and/or arranged by such affiliated loan origination and/or servicing businesses and in respect of which such businesses receive fees. To the extent set forth in the governing documents of a Client, some or all of these fees will not be applied to reduce Management Fees or other fees payable by the Client or any of its investments or otherwise directly or indirectly benefit the Client or any of its investors. Such fees will otherwise be borne by the Client or by the issuers of financial instruments held by the Client. See *Item 5 – Fees and Compensation* of this Brochure for more information regarding Transaction Fees and Management Fee Offsets.

Chicago Atlantic does not utilize or select other advisers or third-party managers, and all assets are managed by Chicago Atlantic.

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

We have adopted a Code of Ethics, which is designed to help ensure that we conduct our business in accordance with all applicable laws and regulations and in an ethical and professional manner. In addition, the Code of Ethics sets forth standards of conduct for our employees to ensure that they conduct business on our behalf in a manner that enables us to fulfill our fiduciary duty to our Clients. Among other things, our Code of Ethics: (i) governs personal trading by our employees, (ii) contains our policies with respect to gifts and entertainment, (iii) contains our policies regarding certain outside activities of our employees, (iv) sets forth our policies and procedures relating to insider trading, and (v) sets forth the manner in which employees may report violations of law or our policies and procedures. We will provide a copy of our Code of Ethics to any Client or prospective client upon request.

Employees are generally prohibited from engaging in personal trading without the prior written consent of both our Chief Compliance Officer and one of our partners. As a result, we have a conflict of interest in allocating investment opportunities among the Funds. To mitigate this conflict, we will generally follow documented procedures in allocating investment opportunities among Funds. (See *Item 12 – “Brokerage Practices”*). We will not engage in any principal transactions unless we have determined that the transaction is in the relevant Client's best interests and have obtained such Client's consent in accordance with our written procedures and applicable law.

Item 12. Brokerage Practices

Research and Other Soft Dollar Benefits

We do not currently have any formal soft dollar arrangements, but we occasionally receive bundled products or services from broker-dealers. To our knowledge, such products and services are generally made available to all institutional clients doing business with these broker-dealers. If we determine to engage in soft dollar transactions in the future, we intend to comply with the safe harbor provided by Section 28(e) of the Securities Exchange Act of 1934, as amended.

Allocation of Investments

We will seek to allocate investment opportunities among Clients on a fair and equitable basis under the circumstances existing at such time based upon a number of factors, including, but not limited to: (i) each Client's investment or risk restrictions or guidelines (including with respect to concentration), (ii) legal, regulatory and tax considerations, (iii) relative amounts of capital available for new investments, (iv) minimum participation thresholds we deem appropriate, (v) the overall portfolio composition of each Client, and (vi) liquidity.

In the event that we desire to make a particular investment opportunity on behalf of our Clients that is in excess of the aggregate amount that we deem reasonable and appropriate to allocate to such Clients, we may offer and allocate such investment opportunity to one or more investors or other persons (including our principals) as a co-investment opportunity. In determining how to offer and allocate such a co-investment opportunity, we will take into consideration a variety of factors, including, but not limited to: (i) expressed interest in co-investment opportunities, (ii) expertise of the prospective co-investor in the industry to which the investment opportunity relates, (iii) perceived ability to quickly execute on transactions, (iv) tax, regulatory, securities laws and/or other legal considerations, (v) confidentiality concerns that may arise in connection with providing the prospective co-investor with specific information relating to the investment opportunity, (vi) perceived ease of process in coordinating or completing the investment with the prospective co-investor, (vii) our perception of whether the investment opportunity may subject the prospective co-investor to legal, regulatory, reporting or other burdens that make it less likely that the prospective co-investor would act upon the investment opportunity if offered or would impair our ability to execute the relevant transaction in the desired time or on desired terms, (viii) size of the investment allocation and practicality of dividing it up among multiple co-investors, and (ix) whether we believe that allocating investment opportunities to an investor or person will help establish, recognize, strengthen and/or cultivate relationships that have the potential to provide longer-term benefits to our Clients or us.

Item 13. Review of Accounts

Oversight and Monitoring

Chicago Atlantic's Investment Committee has the responsibility to exercise and maintain prudent supervision and control of a Client's portfolio of investments. As stated in Item 8 of this brochure, the Investment Committee is responsible for overseeing the investment process from the origination of each investment transaction (including deal sourcing, underwriting and acquisition), through asset management and ultimately the realization of the investment. The Investment Committee periodically reviews and ensures the investment policies, guidelines, and objectives of the Client's general investment strategy are achieved and attained per the Client's Governing Documents. The Investment Committee maintains prudence and effectiveness of each portfolio investment of the Client and formulates and oversees the investment policies and management of the Client's assets, and periodically reviews investment strategies and investment performance. In carrying out its duties the Investment Committee provides recommendations on investment opportunities through a stringent due diligence process to identify investment opportunities that meet the Client's stated investment objective and goals; reviews individual investment performance and recommends changes when appropriate; and works closely with staff to ensure that the investment objectives are being met as stated in the Client's governing documents. In monitoring a Client's portfolio of investments, the Investment Committee ensures (i) the management of investments and capital actions are consistent and comply with attainment of the Client's investment policy, objectives and strategy goals, and (ii) the Client's portfolio is in compliance with legal and regulatory requirements.

Chicago Atlantic's Finance, Accounting, Compliance and Operations Team (the "**Central Functions Team**") meets on a periodic basis to review portfolio management, investment processes and related documents evidencing compliance with written policies and procedures for all Clients. Generally, the Central Functions Team provides oversight of issues relating to the investment and trading of Clients, such as allocations and best execution. The Central Functions Team ensures certain management reports and certifications are reviewed by members of Investment Committee.

The Investment Committee includes Andreas Bodmeier, Anthony Cappell, and John Mazarakis. The Investment Committee meets frequently, if not daily, by meeting in person, telephone conference, or other interactive electronic communication to discuss market conditions, portfolio analysis, and investment transaction matters.

Nature and Frequency of Reporting

Chicago Atlantic will furnish to all Fund investors within 120 days after the Fund's fiscal year end an audited, written annual report, which typically includes financial statements prepared in accordance with GAAP and a report of the activities of the Fund during the year. The annual report is prepared and the delivery of it are intended to comply with the SEC's custody rule, as described in more detail below in Item 15 of this brochure. In addition, Chicago Atlantic will cause annually the delivery of tax information necessary for the completion of income tax returns. On a quarterly basis, each Fund investor will be furnished with investor statements. Fund investors will also receive descriptive information concerning the Private Fund's investments on a quarterly basis.

Chicago Atlantic may hold annual meetings to review with Fund investors the investments made on their behalf.

Item 14. Client Referrals and Other Compensation

From time to time, we may engage unaffiliated third parties to act as a placement agent for our Funds and for investor referrals. Such persons generally will receive a fee in an amount equal to a percentage of the capital commitments made by such potential investors to a Fund that are subsequently accepted. Such fees are paid by the Firm and not the Clients.

Item 15. Custody

For purposes of Rule 206(4)-2 under the Advisers Act (the "**Custody Rule**"), Chicago Atlantic is deemed to have custody of the assets of the Funds. In order to comply with the Custody Rule, Chicago Atlantic utilizes the services of "qualified custodians" (e.g., banks) to hold and maintain all cash and securities of the Clients (except with respect to privately offered securities). In accordance with the Custody Rule, Chicago Atlantic also (i) has engaged independent public accounting firms that are members of, and examined by, the Public Company Accounting Oversight Board ("**PCAOB**") to conduct annual audits of each Client with assets over which Chicago Atlantic is deemed to have custody; and (ii) distributes audited annual financial statements of such Clients, prepared in accordance with GAAP, to all investors within at least 120 days after the Client's fiscal year end. In addition, upon the final liquidation of any such Client, Chicago Atlantic will obtain a final audit and distribute audited financial statements prepared in accordance with GAAP with respect to such Client to all investors promptly after completion of the audit. Qualified custodians are not expected to provide account statements directly to investors in the Clients.

Chicago Atlantic's Agency Account

The loans held in Chicago Atlantic Funds' portfolios that are originated or otherwise sourced by Chicago Atlantic are typically funded by a loan syndicate organized by Chicago Atlantic (a "**Loan Syndicate**"). In most cases, Chicago Atlantic serves as the administrative agent to such Loan Syndicates. The participants in a Loan Syndicate (the "**Loan Syndicate Participants**") generally include Chicago Atlantic and its affiliates, Chicago Atlantic's Funds, and other bank and non-bank lenders.

As the administrative agent to the Loan Syndicates, Chicago Atlantic performs the duties and responsibilities typically assigned to an administrative agent for and on behalf of each Loan Syndicate. Each Loan Syndicate's credit agreement requires Chicago Atlantic to follow negotiated guidelines or formulas regarding the movement of cash to and from the lenders and the borrower, as applicable, for the Loan Syndicate (e.g., the collection of loan proceeds from lenders and their disbursement to the borrower, as well as the use and distribution of payments received from the borrower). Accordingly, Chicago Atlantic, in its capacity as the administrative agent, applies the terms of each credit agreement and has no authority to determine how the cash is used, allocated or disbursed.

A single bank account (the "**Agency Account**"), established by Chicago Atlantic and maintained by a U.S. bank that meets the definition of a "qualified custodian" under the Custody Rule, facilitates the movement of cash to and from the lenders and the borrowers, as applicable, for all of the Loan Syndicates. The Agency Account was opened by and in the name of Chicago Atlantic as agent for the Loan Syndicate Participants (i.e., the funds related to the Loan Syndicates are not held in separate accounts or sub-accounts for each Loan Syndicate Participant under the Loan Syndicate Participant's name, but are commingled in the Agency Account). The qualified custodian of the Agency Account does not send Agency Account statements to the Loan Syndicate Participants.

Under SEC guidance, Chicago Atlantic is deemed to have custody over Client assets in the Agency Account because of Chicago Atlantic's role as administrative agent to the Loan Syndicate Participants, which include our Clients. In such role, Chicago Atlantic has access to, and authority over, monies in the Agency Account, although MC Management has no authority to determine how the cash is used, allocated or disbursed.

In light of the foregoing, Chicago Atlantic must rely on alternative means of complying with the Custody Rule. Recent guidance from the SEC under a No-Action Letter issued in December 2018 to Madison Capital Funding LLC (the "**Madison Capital No-Action Letter**") provides such alternative means. Accordingly, Chicago Atlantic has implemented measures to satisfy the requirements set forth in the Madison Capital No-Action Letter. By satisfying such requirements, Chicago Atlantic's dual activity as administrative agent and investment adviser, meet the conditions to be in compliance with Rule 206(4)-2(a)(1) and 206(4)-2(a)(3).

Item 16. Investment Discretion

We provide investment advice directly or indirectly to the Funds, and not individually to the investors in such Funds. We have discretionary authority to manage securities and other investments on behalf of the Funds. Chicago Atlantic assumes discretionary authority to manage the Funds in accordance with the Governing Documents and through the execution of management or similar advisory agreements. The investors in the Funds generally may not place any limits on our authority beyond the limitations set forth in the respective Funds' Governing Documents.

Item 17. Voting Client Securities

Chicago Atlantic specializes in investing in loans and other securities of private issuers, and does not generally receive proxies for securities held in Client portfolios. However, should Chicago Atlantic receive proxies for securities held in Client portfolios it understands and appreciates the importance of proxy voting and will generally manage the receipt of incoming proxies, maintain a log of all proxies, and place votes based on established policies and guidelines. In the course of exercising discretion to vote a proxy, the Firm will vote any such proxies in the best interests of the Clients and in accordance with the procedures outlined below (as applicable). The guiding principle by which the Firm votes any proxies is to vote in the best interests of each Client by maximizing the economic value of the relevant Client's holdings, taking into account the relevant Client's investment horizon, the contractual obligations to the Client, and all other relevant facts and circumstances at the time of the vote.

Clients generally cannot direct the Firm's votes. It is the Firm's general policy to vote or give consent on all matters presented to security holders in any vote. However, the Firm reserves the right to abstain on any particular vote or otherwise withhold its vote or consent on any matter if, in the judgment of the CCO or the relevant Firm investment professional, the costs associated with voting such vote outweigh the benefits to the relevant Clients or if the circumstances make such an abstention or withholding otherwise advisable and in the best interests of the relevant Clients.

All voting decisions initially are the responsibility of the Firm's investment professionals in accordance with the principles set forth above, unless there is a material conflict of interest, in which case they must raise it with the CCO. In most cases, the Firm's investment professionals will make the decision as to the appropriate vote for any particular vote. In making such decision, they may rely on any of the information and/or research available to them. In the event of a material conflict of interest, if the investment professional and the CCO are unable to arrive at an agreement as to how to vote, then the CCO may consult with the Firm's Operational Risk Committee as to the appropriate vote, who will then review the issues and arrive at a decision based on the overriding principle of seeking the maximization of the economic value of the relevant Clients' holdings.

Copies of relevant proxy logs, identifying how proxies were voted in connection with a Client and copies of proxy voting policies are available to any client or prospective client by contacting compliance@chicagoatlantic.com.

Item 18. Financial Information

We are not required to include a balance sheet for our most recent fiscal year, are not aware of any financial condition reasonably likely to impair our ability to meet contractual commitments to our Clients, and have not been the subject of a bankruptcy petition at any time during the past ten years.