
ITEM 1: COVER PAGE



Wedgewood Asset Management, LLC

PART 2A OF FORM ADV: FIRM BROCHURE

**Wedgewood Asset Management, LLC
2015 Manhattan Beach Boulevard, Suite 220
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March 30, 2022

This brochure provides information about the qualifications and business practices of Wedgewood Asset Management, LLC (“WAM” or the “Firm”). If you have any questions about the contents of this brochure, please contact the Firm’s Chief Compliance Officer, Kate Jones, at (310) 640-3070 or wedgewoodcompliance@wedgewood-inc.com. Additional information about the Form ADV Part 2A is available on the SEC’s website at <https://www.sec.gov/about/forms/formadv-part2.pdf>. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

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

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

ITEM 2: MATERIAL CHANGES

This Brochure has been prepared and submitted as part of WAM's initial registration as a registered investment adviser with the United States Securities and Exchange Commission (the "**SEC**"). As such, there are no material changes to report.

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ITEM 4: ADVISORY BUSINESS

Item 4.A. General Description of Advisory Firm

WedgeWood Asset Management, LLC (“**WAM**” or the “**Firm**”), a Delaware limited liability company, was formed in 2020. The Firm’s principal owner is Wedgewood, LLC.

Item 4.B. Description of Advisory Services

WAM is an investment management firm that intends to provide advisory services to a privately offered pooled investment vehicle (collectively with any future private investment vehicles to which the Firm or its affiliates provide investment advisory services, the “**Funds**” and each, a “**Fund**,” or the “**Clients**” and each, a “**Client**”) that focuses on real estate investments. WAM primarily invests in residential real estate, commercial real estate, and mortgages secured by real property.

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

The Firm’s investment management and advisory services to the Funds are detailed in the applicable confidential private placement memoranda or other offering documents (each, as amended, restated, supplemented or otherwise modified from time to time, a “**Memorandum**”), management services agreements, limited liability or other operating agreements and governing documents (each as amended, restated, supplemented, waived or otherwise modified from time to time, a “**Limited Liability Company Agreement**” and as applicable, together with a relevant Memorandum, the “**Governing Documents**”). The Firm may enter into side letters with investors in the Funds (each, an “**Investor**” and collectively, the “**Investors**”) to provide different preferred return rates, allow them to obtain certain services tailored to their individual specific needs or impose individual restrictions on investing in certain securities or types of securities.

Item 4.D. Wrap Fee Programs

WAM does not participate in a wrap fee program.

Item 4.E. Regulatory Assets Under Management

As of December 31, 2021, WAM manages approximately \$167,860,238 in regulatory assets under management on a discretionary basis. WAM expects to advise all of its assets on a discretionary basis.

ITEM 5: FEES AND COMPENSATION

Item 5.A. Description of Compensation Arrangements

The Firm will not receive compensation or fees for its management and advisory services to the Funds. An affiliate, however, will reimburse the Firm for the cost of operating the Funds in the amount of 0.35%. Additionally, the Funds will provide mezzanine loans to affiliates of the Firm (“**Intercompany Loans**”) to finance the affiliates’ business lines and investment strategies (“**Operating Business Lines**”). Certain of the Firm’s ultimate beneficial owners (the “**Principals**”) currently manage affiliates of the Firm to whom the Funds will provide Intercompany Loans and may manage additional affiliates in the future. As such,

certain of the Firm's affiliates and the Principals may be compensated and benefit as a result of the Intercompany Loans.

Item 5.B. *Manner of Fee Payment*

The Firm will not receive any fees for its management and advisory services to the Funds and investors will not be charged a fee for investing in the Funds.

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

The Firm is entitled to reimbursement from an affiliate for any expenses which are incurred by the Firm on behalf of the Funds.

These include without limitation: (i) investment-related expenses (i.e., costs and expenses associated with the negotiating, financing, acquiring, holding, and disposing of its Intercompany Loans), (ii) expenses incurred in collection of monies owed to the Funds, (iii) legal, auditing, and accounting expenses (including expenses associated with the preparation of the Funds' financial statements), (iv) tax costs and expenses (including tax planning, preparations of tax returns and schedules K-1, and foreign and FATCA-related documentation), (v) insurance expenses (including directors' and officers' insurance, errors and omissions insurance, "key man" life insurance and other similar policies), (vi) organizational expenses, (vii) regulatory and compliance expenses (including the Client's registration and licensing in any jurisdiction in which it does business (including as a lender)), (viii) expenses relating to the ongoing offer and sale of interests and withdrawals and transfers thereof, including printing and mailing costs, (ix) the expenses and costs relating to the Firm's management of the Funds, (x) any entity-level taxes, fees, or other governmental charges levied against the Funds, the Firm, or any special purpose vehicle, (xi) all litigation related and indemnification expenses, (xii) wind-up and liquidation expenses, and (xiii) expenses comparable to any of the foregoing.

The information contained herein this Item 5 is a summary only and is qualified in its entirety by the Funds' offering documents.

Item 5.D. *Timing of Fee Payments*

As noted in Item 5.A, the Firm will not receive any compensation or fees for its management and advisory services to the Funds. The Firm charges its affiliate any allocable expenses to the Funds on an ongoing basis as they are incurred.

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

Neither WAM nor its supervised persons are compensated for the sale of securities or other investment products.

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

WAM does not charge any performance-based fees to the Funds.

The Principals and officers of the Firm may carry on investment activities for their own accounts and for those of affiliates' businesses (including other business lines that may be wholly or principally owned by affiliates of WAM or the Principals). The compensation paid to Wedgewood, LLC and certain of the Firm's Principals and officers through other affiliated businesses is substantial, creating an incentive for certain of

the Firm's Principals and officers to focus more on the affiliates' businesses rather than on their duties to the Firm and the Client.

In the event of a conflict between the interests of the Operating Business Lines and the Client, the Principals have an incentive to favor the interests of the Operating Business Lines at the expense of the interests of the Client. In effect, the Principals earn no income from the operation of the Client. Thus, the Firm's Principals have an incentive to ensure that any conflict that may arise between the Client and the Operating Business Lines will be resolved in the benefit of the Operating Business Lines at the expense of the Client as there is no economic benefit to the Principals through the Client and all economic gain achieved by the Principals is through their interests in the Firm's affiliates, including through the Operating Business Lines to whom the Client is providing financing.

However, WAM will advise the Client in accordance with its Governing Documents and strives to ensure that the Client is treated fairly in accordance with the Firm's fiduciary duty.

ITEM 7: TYPES OF CLIENTS

WAM provides discretionary investment management services to the Funds in which interests may be offered to other private funds, high-net worth individuals, family offices, trusts, estates, other corporations, and institutions.

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

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

The Funds will invest in the following main Operating Business Lines: (i) the business line operating through multiple special purpose vehicles which acquires, rehabilitates and disposes primarily single family and one-to-four family homes, condominiums, manufactured homes, and 5+ multi-family buildings (such business line, "**FlipCo**"), (ii) the business line operating through multiple special purpose vehicles which primarily purchases non-performing mortgage loans secured by first liens on single family and one-to-four family homes, condominiums and manufactured homes (such business line, "**Loan Assets**"), and (iii) the business line that acquires, holds, and rents single family properties, multi-family properties and commercial properties (such business line, "**Commercial Holdings**"). The Operating Business Lines will focus (primarily and potentially exclusively) on investing in real property and mortgages secured by real property.

The Funds will make unsecured, mezzanine Intercompany Loans to the Operating Business Lines, FlipCo, Loan Assets, and Commercial Holdings, with the proceeds of the Client offering. The Funds' strategies are to serve as a source of mezzanine financing for the Operating Business Lines. It is expected that all of the Funds' investments will be in the Intercompany Loans.

Although the Funds expects to make monthly "**preferred return**" distributions to Investors, as more fully described in the Funds' offering documents, there are no guarantees on such preferred return distributions, and the Funds will only be able to make such preferred return distributions to the extent that sufficient revenues are generated from the Intercompany Loans to the Operating Business Lines.

Item 8.B and Item 8.C. Material Risks Involved for WAM's Strategy

General and Structural Risks

Risk of Loss. Investment in the Funds involves a high degree of risk, including the risk of substantial losses. Investment in the Funds is suitable only for sophisticated investors who have the financial wherewithal to absorb the loss of all or a substantial part of their investment.

Concentrated Portfolio. The Funds will exclusively invest its portfolio in mezzanine loans, the Intercompany Loans, to the Operating Business Lines. Due to the structural similarities among the Intercompany Loans certain market conditions could adversely affect the bulk of the Funds' Intercompany Loans as a group. This could lead to more vulnerability in the Funds as compared with a portfolio that is more diversified in its investment assets.

Limited Withdrawal Rights. An investment is suitable for certain sophisticated investors who have no need for immediate liquidity in their investment. Interests may only be withdrawn on withdrawal dates with due notice and subject to the restrictions set out in the offering documents. No partial withdrawals will be permitted if, immediately thereafter, the value of a withdrawing Investor's holding would be less than the minimum stated in the offering documents, unless approved by the Firm in its sole and absolute discretion.

Market Risks. The Funds' strategies are subject to market risk. The Funds can only be successful if each of the Operating Business Lines is able to invest successfully and efficiently, and there can be no assurance that this will be the case. Certain general market conditions, such as an unanticipated change in the volatility or pricing inefficiencies of the markets in which the Operating Business Lines is active could materially reduce the Funds' profit potential or lead to substantial losses. Additionally, unanticipated illiquidity or continuation of the current illiquidity in the securitization markets could lead to substantial losses.

In December 2019, it was first reported that there had been an outbreak of a new coronavirus ("COVID-19"), and in March 2020, the World Health Organization categorized COVID-19 as a pandemic. COVID-19 resulted in volatile economic conditions, business disruptions across the globe and reductions in consumer spending. COVID-19's extensive impact on the overall economy and on the real estate market in particular has had an adverse impact on the business of the Operating Business Lines.

The uncertainty surrounding COVID-19 has resulted in significant governmental intervention in providing capital to financial institutions and other businesses, in some cases taking control of such institutions. There can be no assurance that this intervention will improve market conditions, that such conditions will not continue to deteriorate, or that further government intervention will or will not occur. In addition, many states have implemented foreclosure restrictions. These restrictions have had a material negative impact on the operating results of the Operating Business Lines and are expected to have a continuing negative impact until the removal of such moratoriums.

Competition. The activities in which the Operating Business Lines engages are highly competitive. There is no assurance that the Operating Business Lines will be able to compete successfully against competitors.

Potentially Subjective Valuation of the Client's Assets. The Firm's judgment as to the fair market value of Fund assets is predicated on a variety of assumptions and estimates that may ultimately prove to be incorrect, causing unanticipated increases or decreases in the Funds' net asset value in future periods.

Reliance on the Operating Business Lines and its Affiliates. The Funds have no employees and must rely on the management, administrative and other services provided by WAM and its affiliates.

The performance of the Funds depends to a large degree on the efforts of the individuals employed by the Operating Business Lines and/or its affiliates, and competition among real estate operators is intense for the most highly skilled individuals. Any circumstances that might result in a diminution of service levels provided by the Operating Business Lines and/or its affiliates could materially adversely affect the Funds.

The professionals responsible for the activities undertaken on behalf of the Funds have other responsibilities on behalf of the Operating Business Lines and/or its affiliates and conflicts of interest may arise as a result in the allocation of personnel. None of the Firm and/or its affiliates or the Operating Business Lines currently intends to maintain “key person” insurance with respect to any employees, although they may in the future carry such insurance.

Past Performance Not Indicative of Future Results. Past performance investing in real estate assets is not necessarily indicative of the Funds’ prospects and there can be no assurance that the Funds will achieve their objectives or avoid substantial losses.

Possibility of Additional Government or Market Regulation. Market disruptions and the dramatic increase in the capital allocated to alternative investment strategies during recent years have led to increased governmental as well as self-regulatory scrutiny of the “real estate” industry in general, and certain legislation for greater regulation of the industry periodically is considered by the U.S. Congress. It is impossible to predict what, if any, changes in the regulations applicable to the Funds, the Firm, the markets in which they trade and invest or the counterparties with which they do business may be instituted in the future. Any such regulations could have a material adverse impact on the profit potential of the Funds.

Limited Regulatory Oversight. The Funds are not registered as investment companies under the Investment Company Act of 1940, as amended (the “**Investment Company Act**”) in reliance upon the exemptive provisions of Section 3(c)(1) thereof. Accordingly, the provisions of such regulations, which among other things generally require investment companies to have a majority of disinterested directors, require securities held in custody at all times to be maintained in segregated accounts and regulate the relationship between the investment company and it’s the Firm, are not applicable to an investment in the Funds.

No Market for the Interests and Timing of Withdrawals. Although interests in the Funds may be withdrawn, they may be subject to charges and restrictions on withdrawal, including the availability of net distributable cash. There is no secondary market for interests in the Funds. Investors may only recover their preferred return or unpaid capital contributions or limit their losses on their investments by exercising their limited withdrawal rights. Further, Investors who exercise withdrawal rights after other Investors who are distributed their entire unpaid capital contribution may not receive the same pro rata portion of unpaid capital contributions and may lose their entire investment.

Side Letters. As a result of any side letters, certain investors may receive additional benefits (including, but not limited to, increased preferred return rates, waiver of the withdrawal limitations, the ability to withdraw on shorter notice and/or expanded informational rights) that other investors will not receive. The Funds will not be required to notify any or all of the other investors of any such side letters or any of the rights and/or terms or provisions thereof, nor will the Funds be required to offer such additional and/or different rights and/or terms to any or all of the other investors. The Funds may enter into such side letters with any party as the Funds may determine in its sole and absolute discretion at any time. The other investors will have no recourse against the Funds, the Firm, and/or any of their affiliates in the event that certain Investors receive additional and/or different rights and/or terms as a result of such side letters.

General Portfolio Risks

Projections. The Funds rely upon projections developed by the Firm concerning an investment’s future performance and cash flow. Projections are inherently subject to uncertainty and factors beyond the control of the Firm. The inaccuracy of assumptions, the failure to satisfy certain financial requirements and the occurrence of other unforeseen events could impair the ability of the Operating Business Lines to realize projected values and cash flow, leading to a default under the Intercompany Loans, which, in turn, could lead to the Funds’ inability to meet its obligations.

Illiquid Investments. The Intercompany Loans held by the Funds will not have an active market or any readily ascertainable values and the securitization market has been prone to sustained periods of almost complete illiquidity. The Operating Business Lines have relied and may rely on securitization markets as a source of financing for their business and operations. To the extent that the securitization markets become illiquid, the Operating Business Lines may be unable to pay the interest and principal on their Intercompany Loans to the Funds, and the Funds' investors may not be able to recoup their unpaid capital contributions and preferred return or may lose their entire investment in the Funds.

Risk Management. The Operating Business Lines attempt to identify, measure and monitor risks associated with their activities. However, these attempts may fail to identify or anticipate a wide variety of risks that may adversely affect the Funds.

Priority of Payments. Repayment of any investment in the Funds and any payment of Preferred Return thereon is conditioned upon the Firm making distributions with respect to the Funds' investments in the Firm. Such distributions are subject to debt and other obligations that are senior in priority to such distributions, meaning distributions with respect to the investments only occur if and to the extent the Firm's debt and other senior obligations permit such distributions. Further, the Firm may in the future grant or issue equity interests that have rights that are senior to the investments (including but not limited to with respect to rights distributions from the Firm).

Long Term Investment. An investment in the Funds is a long-term commitment and there is no assurance of any distribution to Investors.

No Individual Investor Advice; No Investment Advisor. The Funds are not intended to be a complete investment strategy for any Investor or its beneficial owners. Fund investors will be personally responsible for their overall investment strategy, including arranging any hedging strategies to mitigate the effect of poor performance of the Funds' Intercompany Loans to the Operating Business Lines. In considering or structuring any hedge or other investment strategies to address his, her or its exposure to the Operating Business Lines indirectly through the Funds, each investor should seek guidance from its own investment adviser, including for purposes of valuing their interests and assessing the appropriateness of any hedge transaction to mitigate any potential losses on his, her or its investment in the Funds. None of the Funds, WAM, or any of their respective affiliates, directors, officers, or agents intend to implement or advise on any hedging strategies for use by the Funds or any individual Investor, nor will they provide any information, including any valuation of interests or the underlying Intercompany Loans to the Operating Business Lines, for the purpose of assisting any investor in planning or implementing any separate investment strategies or hedging strategies, whether related to the Fund or otherwise.

If Reserves are Exhausted, Sufficient Capital to Fund Operations May Not Be Available, If At All. The Funds are obligated to bear the costs of its extraordinary expenses (e.g. those expenses not otherwise anticipated or incurred in the ordinary course of the business of the Company). Neither of the Funds nor the WAM have taken any step to ensure that capital in the form of equity or debt will be available to the Funds, and no assurance can be given that any borrowing or subsequent investment in the Funds can be arranged on commercially reasonable terms, or in a manner that does not dilute or impair current Fund investments. In the event that reserves are exhausted and no additional equity capital can be raised, the Funds may be technically insolvent, which may affect the Funds' abilities to continue operations and enter into certain types of transactions. Additionally, the amount of the reserves has not been designed to ensure that they will be sufficient.

Mezzanine Securities Risks. The Funds' strategies are to serve as a source of mezzanine financing for the Operating Business Lines, which will each be subject to substantial amounts of senior debt facilities financed by banks that will be senior in priority to the Fund's mezzanine financing. Therefore, in the event that the Operating Business Lines are unable to meet their obligations, the Funds may have no recourse against the Operating Business Lines, whose assets will be pledged as collateral to the banks pursuant to

the senior debt facilities. As such, the yield and payment characteristics of unsecured “mezzanine” loans differ from traditional debt securities.

Subordinated Securities. The Funds’ Intercompany Loans to the Operating Business Lines are subordinated, or “junior”, to more senior securities is thus entitled to payment only after the holders of more senior securities. Subordinated securities (“first loss securities”) absorb all losses from default before any other class of securities is at risk, and many of the default-related risks of real estate loans will be magnified in subordinated securities. Such securities therefore possess some of the attributes typically associated with equity investments and are considered to be highly speculative investments. Investments in unsecured, junior loans involve greater credit risk of default than the senior classes of the issue or series.

The risk of declining real estate values, in particular, is amplified in subordinated securities such as the Intercompany Loans, as are the risks associated with possible changes in the market’s perception of the entity issuing or guaranteeing them, or by changes in government regulations and tax policies. Accordingly, the Intercompany Loans may experience significant performance volatility relative to more senior securities and they are subject to greater risk of loss than more senior securities which, if realized, could materially adversely affect the Operating Business Lines to make interest payments pursuant to the Intercompany Loans to the Funds, which, in turn, will materially and adversely affect the Fund’s ability to make distributions of preferred return and repayment of the capital contributions of Investors.

Preferred Equity Risks. Investment in preferred securities involves certain risks. Preferred securities may contain provisions that allow an issuer under certain conditions to skip or defer distributions for a stated period without any adverse consequences to the issuer. Preferred securities often are subject to legal provisions that allow for redemption in the event of certain tax or legal changes or at the issuer's discretion which may result in the Funds being unable to reinvest the proceeds at comparable rates of return.

Litigation and Regulatory Risks

Litigation. From time to time the Firm and its affiliates may be subject to litigation and arbitration, which can be costly and consume resources of the Firm and/or its affiliates.

Regulatory Actions. From time to time, certain of the Funds’ activities may be subject to regulatory inquiries, investigations and/or enforcement proceedings from U.S. and non-U.S. governmental agencies, regulatory bodies and securities commissions, which can be costly and occupy significant staff time and resources of the Firm and/or its affiliates.

Certain Legal Aspects of Mortgage Loans and Interests in Real Property

General. All of the mortgage loans are loans evidenced by a note or bond and secured by instruments granting a security interest in real property which may be mortgages, deeds of trust, security deeds or deeds to secure debt, depending upon the prevailing practice and law in the state in which the mortgaged property is located. Mortgages, deeds of trust, security deeds, and deeds to secure debt are in Fund documents collectively referred to as “mortgages.” Any of the foregoing types of mortgages will create a lien upon, or grant a title interest in, the subject property, the priority of which will depend on the terms of the particular security instrument, as well as separate, recorded, contractual arrangements with others holding interests in the mortgaged property, the knowledge of the parties to such instrument as well as the order of recordation of the instrument in the appropriate public recording office. However, recording does not generally establish priority over governmental claims for real estate taxes and assessments and other charges imposed under governmental police powers.

Foreclosure

General. Foreclosure is a legal procedure that allows the mortgagee to recover its mortgage debt by enforcing its rights and available legal remedies under the mortgage. If the mortgagor defaults in payment or performance of its obligations under the note or mortgage, the mortgagee has the right to institute foreclosure proceedings to sell the mortgaged property at public auction to satisfy the indebtedness. Foreclosure procedures with respect to the enforcement of a mortgage vary from state to state. Two primary methods of foreclosing a mortgage are judicial foreclosure and non-judicial foreclosure pursuant to a power of sale granted in the mortgage instrument. There are several other foreclosure procedures available in some states that are either infrequently used or available only in certain limited circumstances, such as strict foreclosure.

Judicial Foreclosure. A judicial foreclosure proceeding is conducted in a court having jurisdiction over the mortgaged property. Generally, the action is initiated by the service of legal pleadings upon all parties having an interest of record in the real property. Delays in completion of the foreclosure may occasionally result from difficulties in locating defendants. When the mortgagee's right to foreclose is contested, the legal proceedings can be time-consuming. Upon successful completion of a judicial foreclosure proceeding, the court generally issues a judgment of foreclosure and appoints a referee or other officer to conduct a public sale of the mortgaged property, the proceeds of which are used to satisfy the judgment. Such sales are made in accordance with procedures that vary from state to state.

Equitable Limitations on Enforceability of Certain Provisions. U.S. courts have traditionally imposed general equitable principles to limit the remedies available to a mortgagee in connection with foreclosure. These equitable principles are generally designed to relieve the mortgagor from the legal effect of mortgage defaults, to the extent that such effect is perceived as harsh or unfair. A court may alter the specific terms of a loan to the extent it considers necessary to prevent or remedy an injustice, undue oppression or overreaching, or may require the mortgagee to undertake affirmative and expensive actions to determine the cause of the mortgagor's default and the likelihood that the mortgagor will be able to reinstate the loan. In some cases, courts have substituted their judgment for the mortgagee's and have required that mortgagees reinstate loans or recast payment schedules in order to accommodate mortgagors who are suffering from a temporary financial disability. In other cases, courts have limited the right of the mortgagee to foreclose if the default under the mortgage is not monetary, *e.g.*, the mortgagor failed to maintain the mortgaged property adequately or the mortgagor executed a junior mortgage on the mortgaged property. The exercise by the court of its equity powers will depend on the individual circumstances of each case presented to it. Finally, some courts have been faced with the issue of whether federal or state constitutional provisions reflecting due process concerns for adequate notice require that a mortgagor receive notice in addition to statutorily-prescribed minimum notice. For the most part, these cases have upheld the reasonableness of the notice provisions or have found that a public sale under a mortgage providing for a power of sale does not involve sufficient state action to afford constitutional protections to the mortgagor.

Non-Judicial Foreclosure/Power of Sale. Foreclosure of a deed of trust is generally accomplished by a non-judicial trustee's sale pursuant to the power of sale granted in the deed of trust. A power of sale is typically granted in a deed of trust. It may also be contained in any other type of mortgage instrument. A power of sale allows a non-judicial public sale to be conducted generally following a request from the beneficiary/mortgagee to the trustee to sell the property upon any default by the mortgagor under the terms of the mortgage note or the mortgage instrument and after notice of sale is given in accordance with the terms of the mortgage instrument, as well as applicable state law. Foreclosure of a deed to secure debt is also generally accomplished by a non-judicial sale similar to that required by a deed of trust, except that the mortgagee or its agent, rather than a trustee, is typically empowered to perform the sale in accordance with the terms of the deed to secure debt and applicable law.

Public Sale. A third party may be unwilling to purchase a mortgaged property at a public sale because of the difficulty in determining the value of such property at the time of sale, due to, among other things, redemption rights which may exist and the possibility of physical deterioration of the property during the foreclosure proceedings. For these reasons, it is common for the mortgagee to purchase the mortgaged

property for an amount equal to or less than the underlying debt and accrued and unpaid interest plus the expenses of foreclosure. Generally, state law controls the amount of foreclosure costs and expenses which may be recovered by a mortgagee. Thereafter, subject to the mortgagor's right in some states to remain in possession during a redemption period, if applicable, the mortgagee will become the owner of the property and have both the benefits and burdens of ownership of the mortgaged property. Depending upon market conditions, the ultimate proceeds of the sale of the property may not equal the mortgagee's investment in the property. Moreover, a mortgagee commonly incurs substantial legal fees and court costs in acquiring a mortgaged property through contested foreclosure and/or bankruptcy proceedings. Generally, state law controls the amount of foreclosure expenses and costs that may be recovered by a mortgagee.

Right of Redemption. The purposes of a foreclosure action are to enable the mortgagee to realize upon its security and to bar the mortgagor, and all persons who have an interest in the property which is subordinate to the mortgage being foreclosed, from exercise of their "equity of redemption." The doctrine of equity of redemption provides that, until the property covered by a mortgage has been sold in accordance with a properly conducted foreclosure and foreclosure sale, those having an interest which is subordinate to that of the foreclosing mortgagee may redeem the property by paying the entire debt with interest.

Anti-Deficiency Legislation, the Bankruptcy Code and Other Limitations on Mortgagees. Statutes in some states limit the beneficiary's right under a deed of trust or a mortgagee under a mortgage to obtain a deficiency judgment against the mortgagor following foreclosure or sale under a deed of trust. A deficiency judgment would be a personal judgment against the former mortgagor equal to the difference between the net amount realized upon the public sale of the real property and the amount due to the mortgagee.

The Bankruptcy Code permits a mortgage loan secured by property that does not consist solely of the debtor's principal residence to be modified without the consent of the mortgagee provided certain safeguards are met. Under the Bankruptcy Code, the mortgagee's security interest may be reduced to the then-current value of the property as determined by the court if the value is less than the amount due on the loan, thereby leaving the mortgagee as a general unsecured creditor for the difference between the value of the collateral and the outstanding balance of the mortgage loan. A mortgagor's unsecured indebtedness will typically be discharged in full upon payment of a substantially reduced amount.

The Home Ownership and Equity Protection Act of 1994, which amended the Truth-in-Lending Act, provides requirements applicable to loans that exceed certain interest rates and/or points and fees thresholds. Purchasers or assignees of any high cost loans originated in violation of this Act could be liable under federal law for all claims and subject to all defenses that the borrower could assert against the originator of the high cost loan. Remedies available to the borrower include monetary penalties, as well as rescission rights if the appropriate disclosures were not given as required. The maximum damages that may be recovered under these provisions from an assignee is the remaining amount of indebtedness, plus the total amount paid by the borrower in connection with the mortgage loan and plus attorneys' fees.

Lawsuits have been brought in various states making claims against assignees of high cost loans for violations of federal, state and local law allegedly committed by the originator. Named defendants in these cases include participants within the secondary mortgage market, including some securitization issuers.

Servicemembers Civil Relief Act. The Servicemembers Civil Relief Act (the "Relief Act") provides broad discretion for a court to modify a mortgage loan while a mortgagor is on active duty as a member of the military service upon application of the mortgagor. Certain states have enacted legislation which may lead to the modification of a mortgage loan or interfere with or affect the ability of the Operating Business Lines to timely collect payments of principal and interest on, or to foreclose on, mortgage loans of mortgagors in such states who are active or reserve members of the armed services or the national guard. It is possible that such legislation could have an effect on the ability of the Operating Business Line to collect full amounts of interest on certain of the mortgage loans. Any shortfall in interest collections resulting from the

application of the Relief Act or any amendment to it will make it more likely that the Operating Business Lines will not have sufficient capital to repay all principal and interest owed to the Company.

Environmental Considerations. A mortgagee may be subject to unforeseen environmental risks when taking a security interest in real or personal property or by owning real property, as the case may be. Properties may be subject to federal, state, and local laws and regulations relating to environmental protection. Failure to comply with such laws and regulations may result in significant penalties, including civil and criminal fines. Under the laws of certain states, environmental contamination on a property may give rise to a lien on the property to ensure the availability and/or reimbursement of cleanup costs. Generally all subsequent liens on such property are subordinated to such a lien and, in some states, even prior recorded liens are subordinated to such liens (“Superliens”). The security interest in a property that is subject to such a Superlien could be adversely affected.

Subordinate Financing. Where a mortgagor encumbers mortgaged property with one or more junior liens, the senior mortgagee is subjected to additional risk. First, the mortgagor may have difficulty servicing and repaying multiple loans. In addition, if the junior loan permits recourse to the mortgagor (as junior loans often do) and the senior loan does not, a mortgagor may be more likely to repay sums due on the junior loan than those on the senior loan. Second, acts of the senior mortgagee that prejudice the junior mortgagee or impair the junior mortgagee’s security may create a superior equity in favor of the junior mortgagee. Third, if the mortgagor defaults on the senior loan and/or any junior loan or loans, the existence of junior loans and actions taken by junior mortgagees can impair the security available to the senior mortgagee and can interfere with or delay the taking of action by the senior mortgagee. Moreover, the bankruptcy of a junior mortgagee may operate to stay foreclosure or similar proceedings by the senior mortgagee.

Applicability of Usury Laws. Title V of the Depository Institutions Deregulation and Monetary Control Act of 1980, enacted in March 1980 (“Title V”), provides that state usury limitations do not apply to certain types of residential first mortgage loans originated by certain mortgagees after March 31, 1980. The OTS as successor to the FHLBB is authorized to issue rules and regulations and to publish interpretations governing implementation of Title V. The statute authorized any state to reimpose interest rate limits by adopting before April 1, 1983, a law or constitutional provision which expressly rejects application of the federal law. Fifteen states have adopted laws reimposing or reserving the right to reimpose interest rate limits. In addition, even where Title V is not so rejected, any state is authorized to adopt a provision limiting certain other loan charges.

Consumer Protection Laws. Numerous federal and state consumer protection laws impose substantial requirements on creditors involved in consumer finance. These federal and state laws can impose specific statutory liabilities on creditors who fail to comply with their provisions and may affect the enforceability of a residential mortgage loan. Courts have imposed general equitable principles upon repossession and litigation involving deficiency balances. These equitable principles are generally designed to relieve a consumer from the legal consequences of a default.

Enforceability of Certain Provisions. Standard forms of note, mortgage and deed of trust generally contain provisions obligating the mortgagor to pay a late charge if payments are not timely made and in some circumstances may provide for prepayment fees or penalties if the obligation is paid prior to maturity. In certain states, there are or may be specific limitations upon late charges which a mortgagee may collect from a mortgagor for delinquent payments. Certain states also limit the amounts that a mortgagee may collect from a mortgagor as an additional charge if the loan is prepaid.

Risks Related to Properties

General Economic Conditions Will Affect Proceeds Received in Respect of Properties. Adverse economic conditions and other factors, such as excessive building resulting in an oversupply of housing in a particular area, a decrease in employment reducing the demand for housing in an area, may result in

depressed real estate values in a geographic area in which properties are located which could adversely affect the proceeds from the sales of such properties.

Geographic Concentration May Increase Risk of Loss Because of Adverse Economic Conditions or Natural Disasters. Certain regions of the United States will experience, weaker economic conditions, higher unemployment, weaker housing markets and lower property values. Such regions, consequently, will experience reduced rates of home sales at reduced prices as compared to the housing markets nationally and higher rates of delinquency, foreclosure and loss than on mortgage loans nationally.

Properties May Experience Delays in Liquidation. Property liquidation will depend primarily on the prevailing economic conditions in the geographic area in which the property is located, the residential real estate market in such geographic area and the ability of prospective purchasers to obtain financing. These delays could increase to the extent that housing prices and economic conditions decline.

Liquidation Expenses Will Reduce Proceeds. Liquidation expenses with respect to the properties may vary directly with the underlying property value. Additionally, liquidation expenses will reduce proceeds available for repayment on the investments.

Risks Relating to Properties Acquired in Foreclosure Proceedings. When a mortgage loan is foreclosed upon, title to the related mortgaged property passes to a bidder at a foreclosure sale. However, SB 1079 provides an exception to this rule by providing certain tenants and NGOs the right to purchase property by matching or exceeding the highest auction bid. Foreclosed upon real property may have been poorly maintained or damaged. The longer a property sits unoccupied prior to acquisition in a foreclosure sale, the greater the likelihood of additional damage being incurred and the cost of maintenance increases.

Risks Related to Loan Assets

General Economic Conditions Will Affect Proceeds Received in Respect of Loan Assets. General adverse economic conditions may also affect mortgagors' ability to pay principal and interest on their mortgage loans, as well as the ability of Loan Assets to liquidate non-performing mortgage loans. Loss of earnings, reduction of available credit, illness and other similar factors may lead to an increase in delinquencies and bankruptcy filings by mortgagors.

Government Actions May Affect Foreclosures. The federal government, state and local governments, consumer advocacy groups and others continue to urge servicers to be aggressive in modifying mortgage loans to avoid foreclosure and have proposed and enacted numerous laws, regulations and rules relating to mortgage loans generally, including the servicing of mortgage loans, and foreclosure actions particularly. Any of these laws, regulations and rules may provide new defenses to foreclosure or otherwise delay the foreclosure process, insulate the Servicers from liability for modification of loans or result in limitations on upward adjustment of mortgage interest rates, reduced payments by mortgagors, permanent forgiveness of debt, increased prepayments due to the availability of government-sponsored refinancing initiatives and/or increased reimbursable servicing expenses, all of which are likely to result in delays and may result in reductions in the repayment on the investments.

Risks Related to Rental Properties

Real Estate Ownership Risks in General. The Funds will be impacted by the performance of the residential and commercial real estate market. The value of the Funds' real estate portfolio is expected to be affected by the risks inherent in the ownership of real estate assets.

Investments in Distressed Assets. The Funds may make real estate investments in residential or commercial properties that are experiencing, or are expected to experience, severe financial difficulties, including weak financial conditions, poor operating results, substantial financing needs, negative net worth

and/or special competitive problems. Portfolio investments of this type may involve substantial financial, legal and business risks that can result in substantial, or at times even total, losses.

Investments in Highly Leveraged Properties. Real estate investments in leveraged residential and commercial properties involve a number of significant risks. Leveraged properties in which the Funds invest may have limited financial resources and may be unable to meet their debt obligations. Such developments may be accompanied by a deterioration in the value of any collateral and a reduction in the likelihood of realizing any guarantees that it may have obtained in connection with its investment.

Inaccurate appraisals may negatively impact the rental business. Appraisals may prove to be insufficiently supported or incorrect. This may result in poor investment returns and may negatively affect the Funds' ability to make repayment of the investments.

Rental returns and loss rates on real estate investments are uncertain. WAM cannot predict what the long-term rates of return will be on any given real estate investment, which could increase or decrease as a result of factors beyond the control of WAM. Such factors may include prevailing interest rates, the rate of unemployment, the level of consumer confidence, decline in property values, degradation of specific properties, the value of the U.S. dollar, energy prices, changes in consumer spending or sentiment, the number of personal bankruptcies, disruptions in the credit markets and other factors.

Real estate investments may be subject to indirect or direct environmental risks. Environmental issues may affect the operation or value of the residential and commercial properties in which the Funds invest. If toxic environmental contamination is discovered to exist on a property underlying a real estate investment, such contamination might affect the viability of and returns generated by such property, and the associated real estate investment could, in turn, be devalued or become worthless.

Real estate investments may be subject to risks of natural disasters, terrorist acts and similar dislocations. In the event of a natural disaster, or upon an incident of war, riot or civil unrest, or terrorism the impacted country or region may not efficiently and quickly recover from such event, which can have a material adverse effect on the Funds' real estate investments.

Conflicts of Interest. Conflicts of interest may arise with respect to WAM based upon the common ownership of the Funds and the Operating Business Lines and the Funds' intention to solely provide financing to the Operating Business Lines.

Conflicts of interest may arise with respect to WAM based upon the Funds' intention to solely finance the Operating Business Lines. Due to the common ownership of the Funds and the Operating Business Lines, there can be no assurance that the Funds will negotiate on an "arms-length" basis consistent with market practices, and no assurance can be given that the Intercompany Loans made by the Funds to the Operating Business Lines will be on terms that might be achieved by an unaffiliated lender (i.e., Wedgewood, LLC).

The Firm, Wedgewood, LLC and other entities managed by the Firm and/or Wedgewood, LLC in the future may engage in transactions directly with the Funds, and may be selling or acquiring the same, or comparable, positions as those that the Funds are acquiring or selling at or about the same time. Other entities directed by Wedgewood, LLC may be given priority or exclusive access to certain positions and certain of such entities may materially outperform the Funds.

The foregoing list of risk factors does not purport to be a complete enumeration or explanation of the risks involved in an investment in the Funds. Prospective investors should refer to the Funds' offering documents and consult with their own advisers before deciding to invest. In addition, as the Funds' and Operating Business Lines' investment programs develop and change over time, an investment in the Fund may be subject to additional and different risk factors not discussed herein.

ITEM 9: DISCIPLINARY INFORMATION

Neither WAM nor any of its management persons have any reportable disciplinary events to disclose.

ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Item 10.A. *Broker-Dealer Activities*

Not applicable. Neither WAM, nor any of its management persons, are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.

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

Not applicable at this time. Neither WAM, nor any of its management persons, are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

Item 10.C. *Affiliate Relationships*

As outlined in Items 5.A and 8.A, the Funds' investment strategies are to provide Intercompany Loans to the Operating Business Lines. In addition, certain of the Principals manage the Operating Business Lines and may manage additional affiliates in the future. This creates a potential conflict of interest as the Operating Business Lines and the Principals may be compensated and benefit as a result of the Intercompany Loans from the Funds. However, the Firm and its investment personnel manage the Funds' investments in accordance with their investment strategies and offering documents, as well as the Firm's fiduciary duty to the Funds to mitigate this potential conflict of interest.

Item 10.D. *Investment Adviser Recommendations*

Not applicable. WAM does not recommend or select other investment advisers for the Funds.

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

Item 11.A. *Code of Ethics Generally*

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

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

The Code of Ethics includes the following:

- A statement of WAM's standard of business conduct.
- Limits on gifts and entertainment.
- Limits on political contributions.

- Employees are required to pre-clear any purchases or sales in any security of an issuer on the Firm's restricted list, including contemplated investments on behalf of the Funds, and/or any investments where material non-public information may be gained, in any of his or her personal accounts.
- Additionally, employees are subject to strict periodic reporting requirements regarding personal securities transactions and holdings.
- Employees annually acknowledge in writing having received and read a copy of the Code of Ethics.
- Any exceptions to the above require the prior approval of the Firm's Chief Compliance Officer.

A copy of the Firm's Code of Ethics is available to Clients, Investors and prospective Investors upon request at wedgewoodcompliance@wedgewood-inc.com.

Items 11.B through Item 11.D. *Participation or Interest in Client Transactions and Related Person Transactions*

To minimize conflicts of interest, and to maintain WAM's fiduciary duty to the Funds, the Firm has established policies to monitor the following types of transactions.

Participation or Interest in Client Transactions

The Funds' sole purposes and investment strategies are to provide Intercompany Loans to Operating Business Lines for whom certain Principals act as officers and have a beneficial interest in. Furthermore, WAM, its affiliates, the Principals, and/or employees may make an investment in the Fund alongside third party investors. These potential conflicts of interest are outlined in the Funds' offering documents, and by signing the subscription documents and becoming an Investor in the Funds, Investors acknowledge that they have received and understand the potential conflicts of interest.

In addition, as outlined earlier in the Brochure, WAM employees are required to abide by the Firm's personal trading policy, including the requirement to obtain the Chief Compliance Officer's pre-approval for any transactions in private securities, and the Firm manages the Funds in accordance with their investment strategies and offering documents, as well as the Firm's fiduciary duty to the Funds to minimize these potential conflicts of interest.

Principal Transactions

The Firm through the Funds and Wedgewood LLC, from time to time, will engage in principal transactions. In such cases, consent may be obtained by approval of the Funds' Advisory Boards, or any other method consistent with disclosures made in the Client's offering documents.

ITEM 12: BROKERAGE PRACTICES

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

The Funds invest primarily in private investments. As such, the Firm does not current utilize any broker-dealers or intend to utilize any broker-dealers in the future. However, as set forth in the Funds' governing documents, WAM retains full discretion to determine the broker or dealer to be used for each securities transaction for the Funds' accounts should the Firm need to utilize a broker-dealer in the future. In such a situation, the Firm shall seek to obtain best execution for the Funds by placing orders for the purchase and sale of securities with brokers and dealers based on the Firm's evaluation of the ability of the broker or dealer to execute orders in a prompt and effective manner as well as a consideration of factors as, including but not limited to, the financial stability and reputation of brokerage firms, and the brokerage or other services provided by such brokers. WAM does not currently engage in the use of soft dollars.

Item 12.A.2. Brokerage for Client Referrals

Not applicable. WAM does not participate in selecting or recommending broker-dealers in exchange for client referrals.

Item 12.A.3. Directed Brokerage

Not applicable. WAM does not allow directed brokerage by Clients.

Item 12.B. Aggregation and Allocation

WAM recognizes its duty to treat all clients fairly and equitably. WAM plans to allocate investment opportunities that are appropriate for more than one Client according to policies designed by the Firm to distribute investment opportunities on a fair and equitable basis guided by attributes of each specific investment opportunity and Client.

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

ITEM 13: REVIEW OF ACCOUNTS

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

Fund portfolio investments are continuously reviewed by a team of investment professionals. WAM's investment personnel actively monitor the Funds' portfolio on a monthly basis. WAM's Director is responsible for investment decisions for the Funds. WAM's Director utilizes an advisory board comprised of senior executives to consult with on investment decisions.

Item 13.C. Client Reports

Investors in each Fund will receive a copy of the Fund's audited financial statements within 120 days after the Fund's fiscal year end. In addition, investors in each Fund will typically receive written quarterly capital account statements and portfolio updates regarding their Fund investments.

ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION

Item 14.A. Other Compensation

Not applicable. WAM does not receive a direct economic benefit from any third party for providing investment advice or other advisory services to any Clients.

Item 14.B. Client Referrals

Not applicable. WAM does not currently compensate any person, directly or indirectly, for Client referrals.

ITEM 15: CUSTODY

Under Rule 206(4)-2 of the Advisers Act (the “**Custody Rule**”), WAM is deemed to have custody of the cash and/or securities of the Funds. WAM is exempt from many of the requirements of the Custody Rule because (i) the Funds are audited in accordance with U.S. generally accepted accounting principles on an annual basis by an independent public accountant that is registered with, and subject to regular inspection by the Public Company Accounting Oversight Board, and (ii) the Firm distributes the Funds’ audited financial statements to Investors within 120 days of the Fund’s fiscal year end.

ITEM 16: INVESTMENT DISCRETION

WAM has full discretion to manage the Funds. This authority is granted pursuant to the Funds’ governing and offering documents. Individual Investors will grant authority to the Funds to enter into or be party to an investment management agreement with WAM by signing a subscription agreement.

ITEM 17: VOTING CLIENT SECURITIES

WAM has voting authority because it has discretionary authority over the securities held by Clients. Although it is unlikely that WAM will receive proxies due to the nature of its investments in the Intercompany Loans, the Firm understands its fiduciary responsibility to monitor corporate events, to vote proxies and cast votes in the best economic interests of its Clients, and to not put Client interests second to its own economic interests. As such, WAM has adopted proxy voting policies and procedures in the event it may vote proxies on behalf of the Client in the future. The Firm’s proxy voting policies and procedures are available upon request at wedgewoodcompliance@wedgewood-inc.com.

ITEM 18: FINANCIAL INFORMATION

Item 18.A. Balance Sheet

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

Item 18.B. Financial Condition

WAM is not aware of any financial condition that is reasonably likely to impact its ability to meet its contractual commitments to the Funds.

Item 18.C. Bankruptcy Petitions

Not applicable. WAM has not been the subject of a bankruptcy petition during the past ten years.