

Arcadia Brochure (Part  
2A of Form ADV)

ARCADIA FUNDS, LLC

20 Burlington Mall Road, Suite 420  
Burlington, Massachusetts, 01803-4121

Compliance Phone Number: 781-418-1049

[www.arcadiafunds.com](http://www.arcadiafunds.com)

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This Form ADV Part 2A Brochure ("Disclosure Brochure") provides information about the qualifications and business practices of Arcadia Funds, LLC ("Arcadia Funds" or the "Adviser"). If you have any additional questions about the contents of this brochure, please contact us at 781-418-1031. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.

Arcadia Funds is a registered investment adviser. Registration as an investment adviser does not imply a certain level of skill or training.

This Brochure does not constitute an offer to sell or the solicitation of an offer to purchase any securities of any entities described herein. Any such offer or solicitation will be made solely to qualified investors and Knowledgeable Employees by means of a private placement memorandum and related subscription materials.

Additional information about Arcadia Funds is available on the SEC's website at <http://www.adviserinfo.sec.gov>. The SEC's web site also provides information about any of our affiliated persons who are registered, or are required to be registered, as investment adviser representatives of Arcadia Funds.

## Item 2.     Material Changes

From time to time, Arcadia Funds may amend this Disclosure Brochure to reflect changes in its business practices, changes in regulations and routine annual updates as required under the Investment Advisers Act of 1940, as amended (the “Advisers Act”) or the rules adopted thereunder by the SEC. This Disclosure Brochure shall be provided to each client annually and if a material change occurs.

This Disclosure Brochure dated March 31, 2023 amends the previous Disclosure Brochure dated March 31, 2022. Below is a summary of the material changes to this Brochure:

There were no material changes made to this brochure.

The Disclosure Brochure may be requested by contacting Arcadia Funds at 781-418-1031 or emailing your request to [astpierre@arcadiafunds.com](mailto:astpierre@arcadiafunds.com).

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## Item 4.      Advisory Business

### Arcadia Funds

Arcadia Funds is a federally registered investment adviser that provides investment management services to clients, as further described below. Arcadia Funds is a Delaware limited liability company with its principal place of business in Massachusetts. Arcadia has been in business since 2012.

Arcadia Funds is wholly owned by Andrew Hallowell (Managing Director and Chief Executive Officer), Brent Clark (Managing Director), and Jonathan Green (Managing Director).

Arcadia Funds provides investment advisory services and investment management sub- advisory services to pooled investment vehicles that are exempt from registration under the Investment Company Act of 1940, as amended (the “1940 Act”) and whose securities are not registered under the Securities Act of 1933, as amended (the “Securities Act”). Cirrix Capital LP, Cirrix Capital TE, L.P., Cirrix Capital IDF / SALI Multi Series Shares (insurance dedicated fund) and AF Specialty Finance Partners, L.P. (collectively, the “Funds”) are structured as limited partnerships. Arcadia Funds may in the future provide investment advisory services to investment vehicles that are registered under the 1940 Act and the Securities Act.

From time to time, Arcadia Funds also provides investment advisory services to institutional clients through separate accounts.

The Funds and the separate accounts historically primarily purchased prime consumer and small business installment loans and loan participations. These loans included, but were not limited to, consumer installment loans and loans made to private businesses. Starting in 2017-2018, per our disclosure to our investors, Arcadia Funds pursued a strategy of redeploying the Funds’ capital away from a primarily unsecured consumer lending to a broader mandate, as described further below.

The Funds, except for AF Specialty Finance Partners, LP, and Cirrix Capital IDF Series, invest all their assets in Cirrix Investments, LLC, which in turn invests in Cirrix Capital, LLC, Cirrix IV Trust, Cirrix Finance, LLC and Arcadia Receivables Credit Trust 2021-CRED (together, the “SPEs” or “Portfolio Companies”), all of which are managed by Arcadia Funds. When deemed appropriate by Arcadia Funds, debt is employed by some of the Portfolio Companies to help enhance returns to the investors. Arcadia Funds foresees establishing future SPEs to invest in loan platforms and other specialty finance/fintech opportunities.

Arcadia Funds provides investment advisory services to each of the Funds and any separate accounts pursuant to separate investment and advisory agreements (each, an “Advisory Agreement”). Investment guidelines for each Fund, if any, are generally established in its organizational or offering documents and side letter agreements may be negotiated with certain

investors. Investment advice will be provided directly to the separate accounts and to each Fund and not individually to the investors in the Funds.

As described more fully in Item 11 below, Arcadia Funds may enter into side letter agreements with certain investors in the Funds that provide them with customized terms, which may result in preferential treatment.

The Funds and the separate accounts invest in credit opportunities in which Arcadia Funds believes attractive risk adjusted returns can be realized. Such opportunities include, among other things, acquiring an interest in loans to, or guaranteeing the debt obligations of, individuals or businesses. Attractive risk adjusted returns refers to expected returns sufficient, in the estimation Arcadia Funds, to compensate for expected credit losses and other operating expenses and result in net returns providing appropriate compensation for the inherent risks of the investment.

The Fund's primary investment objective is to achieve a high level of current income and attractive risk-adjusted returns, with an emphasis on preservation of capital, through exposure to specialty finance assets often originated by "digital lending" platforms. "Specialty finance," in this context, means fixed income interests arising from "digital lending" programs typically designed to address underserved areas of consumer and small business borrowing.

The Funds seek to achieve its objective primarily through a strategy employing sophisticated analysis and modeling to select, purchase and curate pools of fixed income interests arising from digital lending programs that would generally be considered specialty finance in that they are typically designed to address underserved areas of business and consumer borrowing. A Fund's holdings may include, but are not limited to, loans, both secured and unsecured, interests in loans, leases, receivables financing and receivables supported by legal settlements. The primary investment vehicles are discussed in more detail below.

The Funds will target participation in digital lending programs where they either (a) have structural enhancement via a subordinate layer provided by the platform or another party, (b) is participating in secured assets, or (c) it is provided with contractual credit enhancement. The Funds may seek equity or warrants in a platform as a potential enhancement to its investments, though it is expected that the investment under consideration should meet the Funds' return targets without factoring in potential return of any equity position.

To evaluate potential investment opportunities, the Investment Manager will use a combination of analyses and due diligence to assess the underlying loan programs and platforms, including:

- Quantitative analysis of loans originated by the platform, including modeling of expected go-forward loss-adjusted yields based on underwriting trends and credit outlook;
- Fundamental analysis of the platform as a business, establishing its financial stability as an ongoing concern for future originations and servicing;
- Analysis of opportunities in a given specialty finance market and expected evolution of available yields and credit performance; and
- Analysis of primary and secondary financial and credit models.

The Investment Manager will typically use analytical tools developed in-house that rely on our extensive performance databases designed to underwrite and select large portfolios of consumer and business loans.

#### Sub-advisory Agreement

Under an Investment Subadvisor Agreement dated November 18, 2014 between Arcadia Funds and SALI Fund Management, LLC, SALI Fund Management appointed Arcadia Funds to act as an investment sub-adviser to the SALI Multi-Series Fund, L.P. (“Series Fund”).

Pursuant to the Subadvisor Agreement, Arcadia Funds is responsible for, among other things: constructing an investment portfolio that may include investments in credit opportunities funds, (including credit opportunities funds managed by Arcadia Funds) whole loans, and individual securities, conduct ongoing due diligence on the underlying investments selected; monitoring the performance of all underlying investments and suggesting changes to the investments, including allocations, as necessary; selecting investments in according with the Series Fund’s investment mandate; providing an investment mandate that describes the investment style of the Series Fund and the potential risks associated with an investment in the Series Fund; and ensuring the actual investments made through the Series Fund have been consistent with the investment mandate.

Investments in the Series Funds are available only to insurance company investors on behalf of certain of their segregated separate accounts for owners of variable life insurance and variable annuity contracts. While an insurance company, not a policy owner, will become a limited partner in the Series Funds, it is expected that policy owners will be able to allocate a portion of their investment held in the separate account to the Series Fund as one of the investment options of the policies.

As of December 31, 2022 Arcadia Funds had \$342,739,784 in discretionary assets under management and approximately \$21,728,025 in non-discretionary AUM.

Arcadia Funds does not participate in wrap fee programs.

### Item 5. Fees and Compensation

As compensation for investment advisory services provided to the Funds, Arcadia Funds bills the Funds and receives a monthly investment management fee. Management fees are deducted directly from the clients’ accounts and paid directly to Arcadia Funds. Arcadia Funds may enter into different fee arrangements on a client-by-client basis pursuant to side letters or otherwise.

#### Management Fee

The fees and expenses with each separate account are negotiated with each separate account and will be described in detail in each separate account’s investment management agreement.

The precise amount, and the manner and calculation of, the management fee for each Fund will be established by Arcadia Funds and set forth in the applicable Advisory Agreement, limited

partnership agreement (or analogous organizational document) and/or other documentation received by each investor prior to investing in a Fund. Fees may differ from one Fund to another and there may be waivers or reductions for certain investor accounts.

Upon the termination of an Advisory Agreement, appropriate treatment, including, where applicable, returning prepaid management fees on a prorated basis, will be given to all management fees collected in advance.

Arcadia Funds may, in its sole and absolute discretion and from time to time, agree to waive or rebate all or a portion of a management fee, or, with the consent of the affected limited partner, charge a Management Fee on a different basis or at a different rate, all without the consent or approval of, or notice to, any limited partner. Any management fees payable by the partnership will be reduced by 100% of any placement fees paid by the partnership, such reduction to be applied from time to time against the aggregate installments of management fees to the extent that any items of placement fees paid by the partnership have not been previously applied to reduce prior management fee payments.

Arcadia Funds and the General Partner of the Cirrix Funds, Cirrix Management GP, LLC, and AFSP, GP, LLC, General Partner of AF Specialty Partners, LP, are entitled to receive consulting fees, advisory fees, or any other fees for service paid to the General Partner or its affiliates by any party in connection with the facilitation, completion, management, holding, disposition, termination, cancellation, or abandonment of any consummated or proposed investment or other transaction by the partnership, as determined by the General Partner in its sole discretion; provided that any such fees or compensation will be on customary terms and at competitive market rates for comparable services, as determined by the General Partner in its reasonable discretion. These fees will not offset or otherwise reduce the Management Fee payable by the partnership.

#### Other Fees

Arcadia Funds has entered into arrangements pursuant to which it compensates third parties/wholesalers for gathering assets into the Funds. Any fees charged to, or expenses incurred by Arcadia Funds in connection with these arrangements will be charged to the investors in the Funds.

Arcadia Funds has also entered into an agreement pursuant to which it compensates a third party for soliciting clients to invest with Arcadia Funds through individual investment management or investment advisory accounts.

Although Arcadia Funds does not intend to generally utilize the services of broker-dealers for transaction related services, in the event that it chooses to use a broker-dealer for limited purposes relating to a particular Fund, the Fund will incur brokerage and other transaction costs. For additional information regarding brokerage practices, please see Item 12 below.

#### Expenses

All Fund expenses not covered by Arcadia Funds or the General Partner are borne by the

partnership or Fund, as applicable (“Expenses”), including: (i) the reasonable costs and expenses, including legal and accounting fees, incurred in the investigation, diligence, negotiation, purchase, holding, trading, management, administration, sale, or exchange of securities or underwriting commitment, as applicable, acquired or proposed to be acquired, arranged, or financed by the partnership or Fund, including without limitation proposed but unconsummated transactions (whether the partnership or Fund has submitted a term sheet, executed a letter of intent, or otherwise formally expressed an interest therein); (ii) agency, intermediary, or brokerage fees, and commissions; (iii) organizational expenses and the fees and expenses (including legal and accounting) incurred in connection with the operation, dissolution, and liquidation of the partnership; (iv) interest on borrowed money or margin accounts of the partnership or Fund (but not of any portfolio company); (v) real property or personal property taxes on investments or taxes applicable to the partnership or Fund on account of operations; (vi) fees incurred in connection with the maintenance of bank or custodian accounts; (vii) expenses incurred in connection with the registration of securities acquired by the partnership under the Securities Act or other applicable securities laws or regulations; (viii) expenses incurred in connection with the financing or arrangement of any guarantees, security arrangements, or underwriting commitments (but excluding any finder’s fees); (ix) all expenses incurred in connection with the resolutions of claims or disputes involving existing or potential portfolio securities, to the extent such expenses are not paid by the issuers of securities or shared with other investors; (x) expenses associated with the preparation of the partnership’s financial statements and tax returns and the annual audit of the partnership’s books and records; (xi) the cost of directors and officers, professional liability, and other similar insurance premiums (to the extent that the partnership is named as a beneficiary); (xii) the costs associated with Fund meetings and mailings; (xiii) the Management Fees; the partnership’s indemnification obligations and any extraordinary expenses such as legal fees and expenses of defending or prosecuting legal claims in accordance with the terms of the partnership agreement; and (xv) private placement and finder’s fees and commissions paid to unaffiliated third parties in respect of subscriptions for interests by any limited partner other than an affiliate of Arcadia Funds.

Arcadia Funds (or any other person designated by the General Partner to receive Management Fees) will bear all fees and expenses relating to the ordinary day-to-day operation of Arcadia Funds and the General Partner incurred in connection with the management of the partnership or Fund other than partnership expenses. Such operating expenses will include, without limitation, expenditures on account of salaries, wages, benefits, travel, and other expenses of the members, agents, and employees of the General Partner, lease payments for space used by the General Partner, bookkeeping services and office equipment, preparation of annual and ordinary audit, and legal expenses of the General Partner. If Arcadia Funds or the General Partner makes any payment of partnership expenses, the partnership will reimburse Arcadia Funds or General Partner for such payments upon request.

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

In addition to the fees described above in Item 5, Arcadia Funds receives incentive-based allocations, which are based on the performance of the Funds. To the extent Arcadia Funds



charges a performance fee, the investor must be eligible and the performance fee must generally comply with the requirements of Section 205 of the Advisers Act and Rule 205-3 thereunder.

Performance-based fees, in general, may create an incentive for Arcadia Funds or its supervised persons to make investments that are riskier and more speculative than would be the case in the absence of a performance-based fee. They may also create an incentive for Arcadia Funds to favor the performance-based fee accounts over the accounts that are assessed an asset-based fee only.

With respect to any investment by the Funds in a deferred profit recognition investment, incentive allocations, if any with respect to such investment, will be made only at or after the time the Funds recognize realized proceeds from such investments, or, in the General Partner's discretion, in connection with withdrawals, monetization events and certain other events.

With respect to the Funds that are structured as limited partnerships, any profit or loss will be allocated to all partners (including the General Partner) in proportion to their respective opening capital account balances for such period.

For example, with specific regard to Cirrix Capital, LP, at the end of each fiscal quarter, and in connection with withdrawals and certain other events, profit and loss allocated to the Capital Account of a limited partner for such fiscal quarter will be reallocated (the "Incentive Allocation") to the Capital Account of the General Partner based on an allocation of profit and loss made between each limited partner and the General Partner in the following order of priority:

- (a) 4% Preferred Return: First, 100% to the limited partner until the cumulative amount of items of profit and loss allocated to the limited partner pursuant to this clause (a) is sufficient to provide the limited partner with a 4% cumulative annual rate of return (compounded annually) on the sum of its capital contributions.
- (b) General Partner "Catch-Up": Second, 100% to the General Partner until the cumulative amount of items of profit and loss allocated to the General Partner in accordance with this clause (b) equals 20% of the cumulative items of profits and loss allocated to the limited partner pursuant to clause (a) above and the General Partner pursuant to this clause (b) (solely with respect to such limited partner); and
- (c) 80/20 Split: Third, (i) 80% to the limited partner, and (ii) 20% to the General Partner. (Clause (c) does not apply to Arcadia Funds' Subadvisor Agreement.)

The General Partner of each fund is controlled by Messrs. Hallowell, Clark, and Green, who also control Arcadia Funds.

Notwithstanding any of the fees described above, the General Partner of the Funds also receives a Monetization Event Allocation on a Monetization Event, which includes an initial public offering, merger, consolidation or sale of all or substantially all of the stock or assets of one or more Portfolio Companies (or any combination thereof).

Arcadia Funds may also offer performance incentive-based compensation to its employees.

The existence of incentive fees, an incentive account allocation, or a Monetization Event Allocation creates an incentive for Arcadia Funds to make riskier or more speculative investments on behalf of the Funds than would be the case in the absence of these arrangements.

For more information about potential conflicts of interest, see Item 11.

## Item 7.        Types of Clients

As stated in Item 4 above, Arcadia Funds provides investment advisory and sub-advisory services to private funds for sophisticated, accredited and qualified investors, including high net worth individuals, funds of funds, family offices, endowments and other institutions and provides advisory services through separately managed accounts.

Fund documents may include certain stated minimum investment amounts, although Arcadia Funds may accept investments in a lesser amount at its sole discretion.

## Item 8.        Method of Analysis, Investment Strategies and Risk of Loss

### Investment Strategy

Arcadia Funds' goal is to maximize return on its investments within the insurance, consumer and business lending and other financial service industries. To achieve this, Arcadia Funds applies a private equity mindset with extensive insurance underwriting and financial services expertise, bringing together a group of professionals who possess complementary skill sets, strategic relationships and operating expertise that, in combination, seek to deliver value added capabilities, a broad network of resources and deal sourcing capabilities. Arcadia Funds uses a three-pronged approach:

1. Assembling an internal team of senior executives with a range of professional experience including private equity investing, creating and building insurance/financial services companies and applying proven underwriting strategies;
2. Leveraging an advisory group of insurance and financial services executives who have led in critical areas of insurance operations, including underwriting, policy construction, claims management and catastrophe modeling, and on the financial services side have managed risk management, credit policy, underwriting, business development and mergers & acquisitions ("Industry Advisors"); and

The Funds typically invest in credit opportunities through SPEs. This structure allows the Funds to commit a discrete amount of equity capital to a given SPE. It also accommodates the utilization of debt by permitting the assets of the SPE to be isolated from the other SPEs and to be pledged as collateral for the SPE's debt obligations. Debt at the SPE level is used to increase the expected

return on the SPE while limiting the risk of the specific investment program undertaken by the SPE to the amount of equity that the Funds invest in the SPE.

For each SPE, the Funds will contribute equity capital, and, where appropriate, arrange for the SPE to borrow additional funds to help enhance the investment return of an SPE. The Funds will maintain equity capital in each SPE of at least the minimum amount required under any debt facilities utilized by the SPE. Debt may be obtained from banks or other lenders in the form of term or revolving loan facilities, or through the issuance of debt securities issued in compliance with applicable securities regulations. The general objective of the Funds in arranging debt facilities for the SPEs will be to achieve the lowest cost of capital reasonably possible under the circumstances at any given point in time in order to enhance the SPE's returns.

The Funds may consider and opportunistically implement facilities to mitigate the credit risk associated with the investments made by a given Portfolio Company if such facilities are available and are deemed by the Funds to be cost effective. The SPE will be able to draw on this credit enhancement program to the extent that actual credit losses exceed a defined threshold.

#### Risks

An investment in the Funds and other investment vehicles (collectively the "investments") managed by Arcadia Funds can involve a significant degree of risk. There can be no assurance that the investments' objectives will be achieved or that there will be any return of capital. Past performance provides no assurance of future success. The environment for the type of investments that the investments are seeking to make is increasingly competitive and an investor should only invest if the investor can withstand a total loss of its investment. The following are the risks related to Arcadia Funds' investment activities and to Arcadia Funds. The risks associated with a particular Fund are detailed in each Fund's offering documents.

#### Risks Associated with Arcadia Funds

##### Reliance on Management of the Investment Adviser

The Funds and separate accounts are dependent on the activities of the key persons at the General Partner (as applicable) and Arcadia Funds. Should one or more of the key persons become incapacitated or in some way cease to participate in Arcadia Funds or the General Partner, the Funds' and separate accounts' performance could be adversely affected. No assurances can be given that each of Arcadia Funds' principals will continue to be affiliated with the firm. Notwithstanding any prior experience that members of the General Partner or Arcadia Funds may have in making investments of the type expected to be made by the Funds and separate accounts, any such prior experience necessarily was obtained under different market conditions and with different technologies at the forefront of development. There can be no assurance that Arcadia Funds or the General Partner will be able to duplicate prior levels of success.

##### Potential Liabilities

The Funds will indemnify the General Partner (as applicable) and the managing directors of Arcadia Funds, among others, for liabilities incurred in connection with operations of the Funds. Such indemnification obligations and other liabilities could be substantial.

### Tax Laws and Foreign Investor Considerations

Arcadia Funds will attempt to structure the Funds in a manner that is tax-efficient for U.S. investors. However, there can be no assurance that such structure will be tax-efficient for any particular investor or that any particular tax result will be achieved. Furthermore, in general, tax laws, rules and procedures are extremely complex and are subject to change, which in some cases may have retroactive effect. Prospective investors are urged to consult with their tax advisors for further information about the tax consequences of purchasing an interest in the Funds. Prospective non-U.S. investors should consult with their tax advisors for information about the tax consequences of purchasing an interest in the Funds. Under certain circumstances, investors could be required to recognize taxable income in a taxable year, even if the Funds have not made distributions in an amount to cover taxes that might result from such taxable income.

### Regulatory and Legal Risks.

It is impossible to predict what, if any, changes in regulation or adverse legal proceedings will be applicable to Arcadia Funds, the separate accounts, the Funds, Portfolio Companies and the markets in which they trade or invest. The effect of any future regulatory change or legal proceeding could be substantial and adverse. Investors should understand that the Funds' business is dynamic and is expected to change over time. Therefore, Arcadia Funds, the separate accounts, the Funds, and/or Portfolio Companies may be subject to new or additional regulatory constraints or adverse legal proceedings in the future.

### RISKS RELATING TO INVESTMENTS

Nature of Investments. There can be no assurance that the Investment Manager will correctly evaluate the nature or magnitude of the various factors that could affect the value of and return on investments. Prices of investments may be volatile. A variety of factors that are inherently difficult to predict, such as domestic or international economic and political developments, may detrimentally impact Investments. These factors and others may significantly affect the results of the Fund's activities and the value of its investments.

Economic Recessions or Downturns. In the event of an economic slowdown or recession the portfolio companies in which the Adviser makes loans, may be unable to repay the loans during such periods. In such event, the number of our non-performing assets is likely to increase and the value of a Fund's portfolio is likely to decrease during such periods. Adverse economic conditions may decrease the value of collateral securing some of a Fund's loans and debt securities and the value of the Fund's equity investments. Economic slowdowns or recessions could lead to financial losses in the Fund's portfolio and a decrease in revenues, net income and assets. Unfavorable economic conditions also could increase the Fund's funding costs. These events could prevent a Fund from increasing its investments and harm the Fund's operating results. A portfolio company's failure to satisfy financial or operating covenants imposed by the Fund or other lenders could lead to defaults and, potentially, termination of the portfolio company's loans and foreclosure on its assets, which could trigger cross-defaults under other agreements and jeopardize the portfolio company's ability to meet its obligations under the loans and debt securities that a Fund holds. Funds will incur expenses to the extent necessary to seek recovery upon default or to negotiate new terms with a

defaulting portfolio company.

Digital Lending Platforms. Investments in loans facilitated on digital lending platforms involve a high degree of business and financial risk and can result in substantial loss. Among those risks are the general risks associated with investing in consumer or small business loans. While targeted returns should reflect the perceived level of risk in any investment situation, there can be no assurance that a Fund will be adequately compensated for risks taken. A loss of principal is possible. The timing of profit realization is uncertain. The Investment Manager's task of identifying investment opportunities, managing such investments and realizing a return for investors is difficult. Many organizations operated by persons of competence and integrity have been unable to make, manage and realize such investments successfully. In making its investment decisions, the Investment Manager may rely upon its own or a consultant's projections concerning future growth and performance; such projections are inherently subject to uncertainty and to certain factors beyond the control of the Investment Manager or the consultant.

Insufficient Supply. Arcadia Funds' investment program is dependent upon a sufficient supply of borrowers, which is outside of the control of the Investment Manager, and if there is insufficient supply to meet a Fund's demand, and the Fund will be unable to fulfill its investment program. In such cases, a Fund may hold cash positions, potentially reducing the returns of the Fund.

Prepayment Risks. The terms of loans in which a Fund invests may permit the borrowers to voluntarily prepay loans at any time, either with no or a nominal prepayment premium. This prepayment right could result in the borrower repaying the principal on an obligation held by the Fund earlier than expected. This may happen when there is a decline in interest rates, when the borrower's improved credit or operating or financial performance allows the refinancing of certain classes of debt with lower cost debt. The yield of any Fund's investment assets may be affected by the rate of prepayments differing from the Investment Manager's expectations. Assuming an improvement in the credit market conditions, early repayments of the debt held by the Fund could increase. To the extent early prepayments increase, they may have a material adverse effect on a Fund's investment objectives and profits. In addition, if the Fund is unable to reinvest the proceeds of such prepayments received in investments expected to be as profitable, the proceeds generated by a Fund will decline as compared to the Investment Manager's expectations.

Second Lien and Subordinated Loans. The Investment Manager may invest a portion of a Funds' capital in second lien and subordinated loans issued by a Fund's portfolio companies, if provided for by the specific Fund's private offering memorandum. The portfolio companies usually have, or may be permitted to incur, other debt that ranks equally with, or senior to, the loans in which the Fund invests. By their terms, such debt instruments may provide that the holders are entitled to receive payment of interest or principal on or before the dates on which the Fund is entitled to receive payments in respect of the loans in which the Fund invests. Also, in the event of insolvency, liquidation, dissolution, reorganization or bankruptcy of a portfolio company, holders of debt instruments ranking senior to the Fund's investment in that portfolio company would typically be entitled to receive payment in full before the Fund receives any distribution in respect of its investment. After repaying senior creditors, a portfolio company may not have any remaining assets to use for repaying its obligation to the Fund. In the case of debt ranking equally with loans in which

the Fund invests, the Fund would have to share any distributions on an equal and ratable basis with other creditors holding such debt in the event of an insolvency, liquidation, dissolution, reorganization or bankruptcy of the relevant portfolio company. Additionally, certain loans that a Fund may make to portfolio companies may be secured on a second priority basis by the same collateral securing senior secured debt of such companies. The first priority liens on the collateral will secure the portfolio company's obligations under any outstanding senior debt and may secure certain other future debt that may be permitted to be incurred by the portfolio company under the agreements governing the loans. The holders of obligations secured by first priority liens on the collateral will generally control the liquidation of, and be entitled to receive proceeds from, any realization of the collateral to repay their obligations in full before the Fund. In addition, the value of the collateral in the event of liquidation will depend on market and economic conditions, the availability of buyers and other factors. There can be no assurance that the proceeds, if any, from sales of all of the collateral would be sufficient to satisfy the loan obligations secured by the second priority liens after payment in full of all obligations secured by the first priority liens on the collateral. If such proceeds were not sufficient to repay amounts outstanding under the loan obligations secured by the second priority liens, then the Fund, to the extent not repaid from the proceeds of the sale of the collateral, will only have an unsecured claim against the portfolio company's remaining assets, if any. The rights the Fund may have with respect to the collateral securing the loans the Fund makes to its portfolio companies with senior debt outstanding may also be limited pursuant to the terms of one or more intercreditor agreements that the Fund may enter into with the holders of such senior debt. Under a typical intercreditor agreement, at any time that obligations that have the benefit of the first priority liens are outstanding, any of the following actions that may be taken in respect of the collateral will be at the direction of the holders of the obligations secured by the first priority liens: (i) the ability to cause the commencement of enforcement proceedings against the collateral; (ii) the ability to control the conduct of such proceedings; (iii) the approval of amendments to collateral documents; (iv) releases of liens on the collateral; and (v) waivers of past defaults under collateral documents. The Fund may not have the ability to control or direct such actions, even if the Fund's rights are adversely affected.

Unsecured Loans. A Fund may make unsecured loans to portfolio companies, meaning that such loans will not benefit from any interest in collateral of such companies. Liens on such portfolio companies' collateral, if any, will secure the portfolio company's obligations under its outstanding secured debt and may secure certain future debt that is permitted to be incurred by the portfolio company under its secured loan agreements. The holders of obligations secured by such liens will generally control the liquidation of, and be entitled to receive proceeds from, any realization of such collateral to repay their obligations in full before the Fund. In addition, the value of such collateral in the event of liquidation will depend on market and economic conditions, the availability of buyers and other factors. There can be no assurance that the proceeds, if any, from sales of such collateral would be sufficient to satisfy the Fund's unsecured loan obligations after payment in full of all secured loan obligations. If such proceeds were not sufficient to repay the outstanding secured loan obligations, then the Fund's unsecured claims would rank equally with the unpaid portion of such secured creditors' claims against the portfolio company's remaining assets, if any.

Risks Associated with Bankruptcy Cases. As part of some Funds' lending activities, the Fund may originate loans to portfolio companies that are experiencing significant financial or business

difficulties, including portfolio companies involved in bankruptcy or other reorganization and liquidation proceedings. Although the terms of such financing may result in significant financial returns to the Fund, they involve a substantial degree of risk. The level of analytical sophistication, both financial and legal, necessary for successful financing to companies experiencing significant business and financial difficulties is unusually high. There is no assurance that a Fund will correctly evaluate the value of the assets collateralizing the Fund's loans or the prospects for a successful reorganization or similar action. In any reorganization or liquidation proceeding relating to a company that the Fund invests in, the Fund may lose all or part of the amounts advanced to the borrower or may be required to accept collateral with a value less than the amount of the loan advanced by the Fund to the borrower. Many of the events within a bankruptcy case are adversarial and often beyond the control of the creditors. While creditors generally are afforded an opportunity to object to significant actions, there can be no assurance that a bankruptcy court would not approve actions that may be contrary to the interests of the Fund. Furthermore, there are instances where creditors and equity holders lose their ranking and priority as such if they are considered to have taken over management and functional operation of a debtor. In those cases where the Fund, by virtue of such action, is found to exercise "domination and control" of a debtor, the Fund may lose its priority if the debtor can demonstrate that its business was adversely impacted or other creditors and equity holders were harmed by the Fund.

Generally, the duration of a bankruptcy case can only be roughly estimated. The reorganization of a company usually involves the development and negotiation of a plan of reorganization, plan approval by the creditors and confirmation by a bankruptcy court. This process can involve substantial legal, professional and administrative costs to the debtor company and a Fund; it is subject to unpredictable and lengthy delays; and during the process the Fund's competitive position may erode, key management may depart and the debtor company may not be able to invest adequately. In some cases, the debtor company may not be able to reorganize and may be required to liquidate assets. The debt of companies in financial reorganization will, in most cases, not pay current interest, may not accrue interest during reorganization and may be adversely affected by an erosion of the issuer's fundamental value. Such investments can result in a total loss of principal. U.S. bankruptcy law permits the classification of "substantially similar" claims in determining the classification of claims in reorganization for purposes of voting on a plan of reorganization. Because the standard for classification is vague, there exists a significant risk that the Fund's influence with respect to a class of securities can be lost by the inflation of the number and amount of claims in, or other gerrymandering of, the class. In addition, certain administrative costs and claims that have priority by law over the claims of certain creditors (for example, claims for taxes) may be quite high.

Contingent Liabilities. Substantially all of any Fund's investments will involve loans and private securities. In connection with the disposition of such an investment, the Fund may be required to make representations about the business and financial affairs of the portfolio company typical of those made in connection with the sale of a business. The Fund may also be required to indemnify the purchasers of such investment to the extent that any such representations turn out to be inaccurate or with respect to potential liabilities. These arrangements may result in contingent liabilities that ultimately result in funding obligations that the Fund must satisfy through the return of distributions previously made to the Fund.

Equity Investments. When a Fund invests in loans and debt securities, the Fund may acquire warrants or other equity securities of portfolio companies as well. The Fund may also invest in equity securities directly. To the extent the Fund holds equity investments, the Fund will attempt to dispose of them and realize gains upon the disposition of such equity investments. However, the equity interests the Fund receives may not appreciate in value and, may decline in value. As a result, the Fund may not be able to realize gains from its equity interests, and any gains that the Fund does realize on the disposition of any equity interests may not be sufficient to offset any other losses the Fund experience.

Hedging Transactions. The Investment Manager anticipates that a Fund may, subject to invest restrictions pertinent to the individual Fund, engage in hedging transactions. The Investment Manager may utilize instruments such as forward contracts, currency options and interest rate swaps, caps, collars and floors to seek to hedge against fluctuations in the relative values of the Fund's portfolio positions from changes in currency exchange rates and market interest rates. Hedging against a decline in the values of the Fund's portfolio positions does not eliminate the possibility of fluctuations in the values of such positions or prevent losses if the values of such positions decline. However, such hedging can establish other positions designed to gain from those same developments, thereby offsetting the decline in the value of such portfolio positions. Such hedging transactions may also limit the opportunity for gain if the values of the underlying portfolio positions should increase. Moreover, it may not be possible to hedge against an exchange rate or interest rate fluctuation that is so generally anticipated that the Fund is not able to enter into a hedging transaction at an acceptable price. The success of the Fund's hedging transactions will depend on the Investment Manager's ability to correctly predict movements in currencies and interest rates. Therefore, while a Fund may enter into such transactions to seek to reduce currency exchange rate and interest rate risks, unanticipated changes in currency exchange rates or interest rates may result in poorer overall investment performance than if the Fund had not engaged in any such hedging transactions. In addition, the degree of correlation between price movements of the instruments used in a hedging strategy and price movements in the portfolio positions being hedged may vary. Moreover, for a variety of reasons, the Investment Manager may not seek to establish a perfect correlation between such hedging instruments and the portfolio holdings being hedged. Any such imperfect correlation may prevent the Fund from achieving the intended hedge and expose the Fund to risk of loss. In addition, it may not be possible to hedge fully or perfectly against currency fluctuations affecting the value of securities denominated in non-U.S. currencies because the value of those securities is likely to fluctuate as a result of factors not related to currency fluctuations.

Illiquidity of Fund Investments. The market value of the investments will fluctuate with, among other things, changes in market rates of interest, general economic conditions, economic conditions in particular industries, the condition of financial markets and the financial condition of the platforms. In addition, the lack of an established, liquid secondary market for some investments may have an adverse effect on the market value of those investments and on the Investment Manager's ability to dispose of them. Additionally, a Fund's investments may be subject to certain other transfer restrictions that may contribute to illiquidity. Therefore, no assurance can be given that, if the Investment Manager decides to dispose of a particular investment, it will be able to dispose of such investment at the prevailing market price.



Potential Lack of Diversification. A Fund's investments may be concentrated in a limited number of portfolio companies and industries. The Fund may not have fixed guidelines for diversification, and while the Investment Manager is not targeting any specific industries, our Fund's investments may be concentrated in relatively few industries. As a result, the aggregate returns for a Fund may be significantly and adversely affected if a small number of investments perform poorly or if the Fund needs to write down the value of any one investment. Additionally, a downturn in any particular industry in which the Fund is invested could significantly affect the Fund's aggregate returns. In addition, if only the minimum amount of Interests offered hereby are sold, the Fund's financings and investments may be even less diversified, and the types of financings and investments available to the Fund may be more limited than if additional proceeds are obtained. This may have an adverse impact on the ability of the Fund to achieve its investment objectives.

Non-Controlling Interests. The Investment Manager does not anticipate holding controlling equity positions in any of its portfolio companies. As a result, a Fund will be subject to the risk that a portfolio company may make business decisions with which the Investment Manager disagrees, and that the management and/or stockholders of a portfolio company may take risks or otherwise act in ways that are adverse to the Fund's interests. Due to the lack of liquidity of the debt and equity investments that the Fund expects to hold in its portfolio companies, the Fund may not be able to dispose of its investments in the event the Investment Manager disagrees with the actions of a portfolio company and the Fund may therefore suffer a decrease in the value of its investments.

Need for Follow-On Investments. Following its initial investment in a given portfolio company, a Fund may decide to provide additional funds to such portfolio company or may have the opportunity to increase its investment in a successful portfolio company. There is no assurance that the Fund will make follow-on investments or that the Fund will have sufficient funds to make all or any of such investments. Any decision by the Fund not to make follow-on investments or its inability to make such investments may have a substantial negative effect on a portfolio company in need of such an investment. Additionally, such failure to make such investments may result in a lost opportunity for the Fund to increase its participation in a successful portfolio company or the dilution of the Fund's ownership in a portfolio company if a third party invests in such portfolio company.

Force Majeure. Investments may be affected by force majeure events (*i.e.*, events beyond the control of the party claiming that the event has occurred, including, without limitation, acts of God, fire, flood, earthquakes, war, terrorism and labor strikes). Some force majeure events may adversely affect the ability of a party (including a portfolio company or a counterparty to the Fund or a portfolio company) to perform its obligations until it is able to remedy the force majeure event. In addition, the cost to a portfolio company of repairing or replacing damaged assets resulting from such force majeure event could be considerable. Additionally, a major governmental intervention into industry, including the nationalization of an industry or the assertion of control over one or more companies or its assets, could result in a loss to the Fund, including if its investment in such issuer is cancelled, unwound or acquired (which could be without what the Fund considers to be adequate compensation). To the extent the Fund is exposed to investments in portfolio companies that as a group are exposed to such force majeure events, the risks and potential losses to the Fund are enhanced.

Leverage. Upon the prior approval of at least a majority in interest of the Partners (including the Strategic Partner in the case of Cirrix Capital, LP) a Fund may employ leverage to increase investment exposure with a view to achieving its target return. The use of leverage magnifies the potential for gain or loss on amounts invested. The use of leverage is generally considered a speculative investment technique and increases the risks associated with investing in the Fund. Securing such indebtedness may require the pledge or subordination of Fund assets as well as pledges from each Limited Partner with regard to such Limited Partner's Capital Commitment. Any such leverage increases the risk of any investment in the Fund. The more leverage that the Fund deploys, the more substantial the change, either up or down, in the value of the Fund upon the occurrence of certain events. The amount of borrowings that the Fund may have outstanding at any time may be substantial in relation to its capital.

Through the use of leverage, a Fund may be able to enhance the returns to its Partners; however, if portfolio companies are unable to service their debt obligations and default on payments to the Fund, the use of leverage has the effect of increasing the Fund's losses. The cumulative effect of the use of leverage by the Fund could result in a substantial loss to the Fund if the Fund's portfolio companies are unable to service their debt obligations, such losses being greater than those incurred if the Fund was not leveraged. Any debt facility into which the Fund may enter may impose financial and operating covenants that restrict the Fund's business activities, the Fund's ability to call capital, remedies on default and similar matters. In connection with borrowings, the Fund's lenders may also require the Fund to pledge assets, subscription commitments and/or the proceeds of the Fund's capital calls. Upon the occurrence of an event of default under any credit agreement with a lender, the lender may accelerate the maturity date of its loan and declare the principal amount, together with accrued interest, to be immediately due and payable by the Fund. The leverage provided will result in interest expense and other costs incurred in connection with such borrowings, which may not be covered by available cash flow. While use of leverage may enhance returns to Partners if the Fund meets its investment objectives, returns to Partners may be reduced or eliminated if the returns on Investments are less than the cost of operating the Fund, including the costs attributable to using leverage from various lenders. The Fund has no assurance that a lender will provide leverage to the Fund with respect to any or all investment opportunities as the lender will have discretion with respect to providing funds for any transaction in which the Fund seeks to invest.

Default Under a Credit Facility. In the event a Fund defaults under a credit facility, the Fund's business could be adversely affected as the Fund may be forced to sell a portion of its Investments quickly and prematurely at prices that may be disadvantageous to the Fund in order to meet its outstanding payment obligations and/or support working capital requirements under the credit facility or such future borrowing facility, any of which would have a material adverse effect on the Fund's business, financial condition, results of operations and cash flows. In addition, following any such default, the agent for the lenders under a credit facility could assume control of the disposition of any or all of the Fund's assets, including the selection of such assets to be disposed and the timing of such disposition, which would have a material adverse effect on the Fund's business, financial condition, results of operations and cash flows.

Compliance and Regulation – Usury Laws. If the loans originated through a platform were found to violate a state's usury laws, the platform and the Fund may have to alter their respective

business models, and the Fund's operations and results could be harmed. The interest rates that are charged to borrowers and that form the basis of payments to the Fund are enabled by legal principles including (i) the application of federal law to enable an issuing bank that originates the loan to export the interest rates of the jurisdiction where it is located, and (ii) the application of common law "choice of law" principles based upon factors such as the loan document's terms and where the loan transaction is completed to provide uniform rates to borrowers, and (iii) the application of principles that allow the transferee of a loan to continue to collect interest as provided in the loan document. If a borrower were to successfully bring claims against the Fund for state usury law violations, and the rate on that borrower's personal loan was greater than that allowed under applicable state law, the Fund could potentially be subject to fines and penalties, including the voiding of loans and repayment of principal and interest to borrowers and investors.

Compliance and Regulation – Evolving Regulatory Framework. The regulatory framework for marketplace lending is evolving and uncertain as federal and state governments consider new laws to regulate online marketplaces. New laws and regulations, including taxes on services provided by marketplace lenders, as well as continued uncertainty regarding potential new laws or regulations, may negatively affect marketplace lenders' business and, in turn, a Fund's results. It is also possible that new laws and regulations will be adopted in the United States and internationally, or that existing laws and regulations may be interpreted in new ways, that would affect the operation of the lending marketplace and the way in which lenders interact with borrowers and investors. Such changes could have unexpected or adverse effects on the Fund's operations.

Interest Rate Risk. Interest rate changes may affect the value of a debt instrument indirectly (especially in the case of fixed rate securities) and directly (especially in the case of instruments whose rates are adjustable). In general, rising interest rates will negatively impact the price of a fixed rate debt instrument and falling interest rates will have a positive effect on price. Adjustable rate instruments also react to interest rate changes in a similar manner although generally to a lesser degree (depending, however, on the characteristics of the reset terms, including the index chosen, frequency of reset and reset caps or floors, among other factors). Interest rate sensitivity is generally more pronounced and less predictable in instruments with uncertain payment or prepayment schedules.

Prepayment Risks. The terms of loans in which a Fund invests may permit the borrowers to voluntarily prepay loans at any time, either with no or a nominal prepayment premium. This prepayment right could result in the borrower repaying the principal on an obligation held by the Fund earlier than expected. This may happen when there is a decline in interest rates, when the borrower's improved credit or operating or financial performance allows the refinancing of certain classes of debt with lower cost debt. The yield of the Fund's investment assets may be affected by the rate of prepayments differing from the Investment Manager's expectations. Assuming an improvement in the credit market conditions, early repayments of the debt held by the Fund could increase. To the extent early prepayments increase, they may have a material adverse effect on the Fund's investment objectives and profits. In addition, if the Fund is unable to reinvest the proceeds of such prepayments received in investments expected to be as profitable, the proceeds generated by the Fund will decline as compared to the Investment Manager's expectations.

Contingent Liabilities. Substantially all of our Fund's investments will involve loans and private securities. In connection with the disposition of such an investment, a Fund may be required to make representations about the business and financial affairs of the portfolio company typical of those made in connection with the sale of a business. The Fund may also be required to indemnify the purchasers of such investment to the extent that any such representations turn out to be inaccurate or with respect to potential liabilities. These arrangements may result in contingent liabilities that ultimately result in funding obligations that the Fund must satisfy through the return of distributions previously made to the Fund.

#### Conflicts of Interest

There are potential conflicts of interest in the Funds' structure and operation, particularly with respect to activities of management outside of their activities on behalf of the Funds (including with respect to their activities on behalf of prior Funds) and receipt by management of compensation from Portfolio Companies with respect to certain services provided by management. Furthermore, the key persons and their respective affiliates do now, and are permitted to in the future, organize, offer interests in and provide services to, as well as invest in, other funds that may or may not be in the same investment field as the Funds, which activities may conflict with their duty to or interest in the Funds. The Funds may have no interest in these activities. As a result of the foregoing, Arcadia Funds and its key persons may be engaged in substantial activities other than on behalf of the Funds, may have differing economic interests in respect of such activities, and may have conflicts of interest in allocating their time and activity between the Funds and other funds or undertakings.

A Funds' return from investing will be affected by the management fees payable to Arcadia Funds and the incentive fees payable to the General Partner.

In the event that there is a conflict between the separate accounts, the Funds and prior Funds with regard to an investment opportunity, Arcadia Funds will use its reasonable discretion, in good faith, to resolve the conflict.

For more information about conflicts of interest, see Item 11 below.

#### Item 9.            Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of Arcadia Funds or the integrity of its management. There are no material legal or disciplinary events to disclose related to Arcadia Funds' business or its management.

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

As described in Item 4, Arcadia Funds is Delaware limited liability company that is wholly- owned by Messrs. Hallowell, Clark, and Green. Arcadia Funds organizes and sponsors Funds, which are  
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private partnerships. These partnerships are managed by Arcadia Funds and controlled by affiliated partner entities. Messrs. Hallowell, Clark, and Green serve as the General Partners of these Funds.

Arcadia Funds is not affiliated with any broker-dealer, nor does it have personnel who are registered representatives of a broker-dealer. Neither Arcadia Funds nor its representatives are registered as a Futures Commission Merchant, Commodity Pool Operator or Commodity Trading Advisor.

Arcadia Funds does not recommend or select other investment advisers. It does not receive compensation from any advisers or third parties.

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

Code of Ethics

Arcadia Funds has adopted a Code of Ethics that complies with Rule 204A-1 under the Advisers Act. The Code of Ethics applies to all of Arcadia Funds' Access Persons. The term "Access Person" means: (i) every Director or officer of the Adviser, (ii) every covered person of the Adviser who, in connection with his or her regular functions or duties, makes, participates in or obtains information regarding the purchase or sale of a Security for any client, or has access to nonpublic information about the portfolio holdings of any client, or whose functions relate to the making of any recommendations with respect to purchases and sales, and (iii) every other person (whether or not a covered person of Adviser, such as consultants) who is subject to Adviser's supervision and control who has access to nonpublic information regarding any purchase or sale of securities of any client, or has access to nonpublic information about the portfolio holdings of any client.

Arcadia Funds' Code of Ethics addresses the following areas: acting as a fiduciary by placing the interests of the clients first, avoidance of conflicts of interest, disclosure of outside business activities, reporting of certain gifts and entertainment, treatment of confidential information, political contributions, prohibition against insider trading, and procedures for personal securities transactions of Arcadia Funds' Access Persons and pre-clearance of initial public offerings, limited offerings and private offerings. Each Access Person is required to certify annually that he or she has read and understands the Code of Ethics. Arcadia Funds will provide a copy of its Code of Ethics to any client or prospective client upon request. Please contact Andrew St Pierre at [astpierre@arcadiafunds.com](mailto:astpierre@arcadiafunds.com) for a copy.

Arcadia Funds' Chief Compliance Officer ("CCO") is responsible for ensuring that Arcadia Funds, through its third-party compliance consultant, receives duplicate brokerage account statements for anyone associated with Arcadia Funds who has a securities account with a broker-dealer. A review of the trading activity of Arcadia Funds personnel with such securities accounts is

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conducted quarterly to ensure that the personnel comply with Arcadia Funds' personal trading policy.

#### Conflicts of Interest

The conflicts of interest that may be encountered by Arcadia Funds include those discussed below, although these discussions do not describe all conflicts that may be faced by Arcadia Funds and its clients. Dealing with conflicts of interest is complex and difficult, and new and different types of conflicts are likely to subsequently arise.

The discussion below reflects the intended practices of Arcadia Funds and the Funds and separate accounts.

#### Potential Conflicts of Interest

There are potential conflicts of interest in the Funds' structure and operation, particularly with respect to activities of management outside of their activities on behalf of the Funds (including with respect to their activities on behalf of prior Funds and the separate accounts) and receipt by management of compensation from Portfolio Companies with respect to certain services provided by management. Furthermore, the key persons and their respective affiliates do now, and are permitted to in the future, organize, offer interests in and provide services to, as well as invest in, other funds and separate accounts that may or may not be in the same investment field as the Funds, which activities may conflict with their duty to or interest in the Funds. The Funds may have no interest in these activities. As a result of the foregoing, Arcadia Funds and its key persons may be engaged in substantial activities other than on behalf of the Funds, may have differing economic interests in respect of such activities, and may have conflicts of interest in allocating their time and activity between the separate accounts, the Funds, and other funds or undertakings.

In the event that there is a conflict between the Funds, the separate accounts, and prior Funds with regard to an investment opportunity, Arcadia Funds will use its reasonable discretion, in good faith, to resolve the conflict.

In the event that there is a conflict between the Fund, the separate account and a prior fund with regard to an investment opportunity, the General Partner will use its reasonable discretion, in good faith, to resolve the conflict. Furthermore, Arcadia Funds has an Investment Committee consisting of the managing partners to oversee Arcadia Funds' investment program.

Investors in the Funds may have conflicting investment, tax, and other interests. These conflicting interests may be related to, or arise from, among other matters, the acquisition or structuring of investments and the timing and disposition of investments. Conflicts of interest may arise in connection with decisions made by a General Partner or Arcadia Funds that may be more beneficial for one investor than for another (for example with respect to investors' particular tax situations). In addition, the Funds may make investments that may have a negative impact on related or unrelated investments.

#### Side Letters

Arcadia Funds routinely enters into side letter agreements with certain investors in the Funds. These Side Letters contain terms, which often results in preferential treatment, with respect to, among other things:

- The fee structure, including reduced advisory fees and/or changes to the incentive allocation that are more favorable to the Limited Partnership Agreement.
- Designation as an “Excluded Partner” that excludes the investor’s capital contributions from certain of the Funds’ investments.
- The right to request withdrawals at specific times and in amounts that differ from the Limited Partnership Agreement.

Arcadia Funds will consider many factors in deciding whether to accord investors customized terms via a side letter and expect to grant preferential treatment to the following types of investors:

- investors that have made or have proposed to make relatively large commitments to the Funds or that are anticipated to be important to future fundraising efforts;
- investors that are subject to specific legal, tax or regulatory status or other requirements or policies applicable to them; and
- other investors meeting other criteria we consider reasonable in our discretion.

Arcadia Funds has no obligation to offer any such additional rights, terms or conditions to any other investor in the Funds, except to the extent required by the governing documents of the applicable Fund.

#### Allocation of Opportunities

Although Arcadia Funds advises separate accounts and Funds with a similar investment focus, each separate account and Fund holds a unique collection of loans. As basic rule, Arcadia follows an allocation policy where circumstances fitting with client objectives will primarily drive allocation. Accordingly, the Adviser retains some discretion based on factors such as size, leverage needs, risk tolerance and yield targets. Within this policy, the separate accounts and Funds will not generally, but may co-invest in certain investments alongside each other. If an allocation or co-investment opportunity were to arise, such investment would be done in accordance with the relevant Fund Documents and Arcadia Funds would seek to ensure as much as practicable that each Fund and separate account participates on comparable terms. With regard to non-consumer platform sourced specialty finance opportunities, Arcadia Funds follows an allocation policy that will attempt to apply a pro-rata methodology, taking into account a number of circumstances which may cause the Manager to need to allocate using another methodology.

#### Item 12. Brokerage Practices

Given the nature of Arcadia Funds’ business, it does not block trades nor does it recommend,

request or require that its Funds and separate accounts direct Arcadia Funds to execute transactions through a specified broker-dealer.

Arcadia Funds does not receive research, products or services other than execution from broker-dealers or third parties in connection with client securities transactions in publicly traded securities.

Arcadia Funds does not engage in cross trades.

To the extent Arcadia Funds is required by applicable law, and in the event Arcadia Funds invests in a marketable security where the involvement of a broker is required, Arcadia Funds has a fiduciary duty to seek to obtain best execution. Brokers will be selected with a view to obtaining best execution of transactions. Arcadia Funds believes that best execution is typically achieved not necessarily by negotiating the lowest commission rate but by seeking to obtain the best overall result. Arcadia Funds will consider all factors it deems relevant including execution capabilities, financial stability of the broker, responsiveness, confidentiality, promptness, clearance, settlement, and price.

#### Item 13. Review of Accounts

Arcadia Funds intends to closely monitor the Portfolio Companies of each Fund and will generally maintain an ongoing oversight position in such Portfolio Companies. The holdings of each Fund are generally illiquid and long-term in nature and accordingly, Arcadia Funds' review of them is not directed towards a short-term decision to dispose of securities.

Arcadia Funds reviews client accounts on a monthly basis and through valuation committee meetings as needed. The valuation committee is composed of Messrs. Hallowell, Clark, Goodman, and Green and St Pierre. Investment models and capital markets are monitored on a continuous basis. Additional reviews may occur when market conditions change or there are material events that would impact the assets in a Fund or separate account or the way it should be managed.

#### Item 14. Client Referrals and Other Compensation

This Item requires an investment adviser to provide information relating to its arrangements with third-parties through which it: (a) receives compensation from a third-party for providing investment management services to the adviser's clients; or (b) it provides compensation to third-parties for client referrals.

As stated in Item 5 above, Arcadia Funds and its affiliates will be entitled to receive consulting fees, advisory fees, or any other fees for service in connection with the facilitation, completion, management, holding, disposition, termination, cancellation, or abandonment of any consummated or proposed investment or other transaction by the Funds; provided that any such fees or compensation will be on customary terms and at competitive market rates for comparable services, as determined by the Fund's General Partner in its reasonable discretion. Such fees shall



not offset or otherwise reduce the management fee payable by the Funds. The General Partner to the Funds anticipates charging transactional fees in connection with the closing of senior credit facilities on behalf of the Funds' Portfolio Companies.

Arcadia Funds and its affiliated General Partners have entered into selling agreements with selling agents under which they engage broker-dealer selling agents on a non-exclusive basis, to sell the Funds. Pursuant to these agreements, Arcadia Funds will pay a commission to the selling agent upon initial funding of a Fund and a trailing commission of distributions received by the General Partner.

Arcadia Funds has also entered into a solicitation agreement with a third party pursuant to which it pays the third party to solicit persons who may have an interest in establishing individual investment management or investment advisory accounts with Arcadia Funds.

#### Item 15.      Custody

Arcadia Funds uses U.S. Bank National Association as a third-party custodian for certain of the Funds' securities that are required and able to be maintained at a qualified custodian pursuant to Rule 206(4)-2 under the Adviser's Act. For other securities that exist in uncertificated form that cannot, and are not required, to be maintained at a qualified custodian, LC acts as custodian if possible. All loan documentation and proof of ownership are held by LC. U.S. Bancorp Fund Services, LLC ("US Bancorp") performs fund administration, including fund accounting and investor reporting services for the Funds.

Arcadia Funds, as the investment manager of Cirrix Capital L.P., is deemed to have custody of investors' assets pursuant to the Advisers Act, as a result of the fact that Arcadia Funds has the authority and ability to deduct advisory fees and securities directly from investors' accounts. To mitigate any potential conflicts of interests due to this arrangement, all our client account assets that include cash and certificated securities are maintained with an independent non-affiliated qualified bank custodian.

Cirrix Capital L.P.'s assets, Cirrix Capital, LLC and Cirrix Capital IV LLC, (the SPEs), are privately offered interests exempt from the requirement under the Advisers Act that they be held at a qualified custodian.

#### Item 16.      Investment Discretion

Arcadia Funds has discretionary authority to manage investments on behalf of its clients. Arcadia Funds assumes this discretionary authority pursuant to the terms of the relevant Advisory Agreement. Investment advice is provided by Arcadia Funds directly to the Funds, subject to the direction and control of the affiliated General Partner of each Fund and not individually to the investors in the Funds. Investment advice is provided directly to the owner of the separately managed accounts.

The General Partner and Arcadia Funds expressly acknowledge and agree that the General Partner shall have the exclusive power and authority to make decisions on behalf of the Funds, to establish and maintain investment and other policies of the Funds, and to control the acquisition and disposition of investments by the Funds. The General Partner shall have no obligation to accept or otherwise act in accordance with any recommendations made by Arcadia Funds.

### Item 17. Voting Client Securities

Arcadia Funds has adopted Proxy Voting Policies and Procedures (the “Proxy Policy”) to address how it will vote proxies, as applicable, for each Fund’s portfolio investments.

Arcadia Funds’ proxy voting policy for equity securities is to not vote for this class of securities since this class is not an investment target of any client. Arcadia Funds as a matter of policy does not accept responsibility for voting proxies for portfolio securities held within Client accounts, with the exception of ERISA accounts. Currently, Arcadia Funds does not have any ERISA clients.

Clients may discuss proxies and/or receive a copy of Arcadia Funds’ Proxy Policy by calling 781.418.1031.

### Item 18. Financial Information

This Item requires investment advisers to provide certain financial information or disclosures about their financial condition. Arcadia Funds does not require prepayment of fees six months or more in advance. Therefore, it is not required to include a balance sheet with this brochure. Arcadia Funds has no financial hardships or other conditions that might impair its ability to meet its contractual obligations to clients. Arcadia Funds has not been the subject of a bankruptcy proceeding.