

# Yieldstreet

## Item 1. Cover Page

### **PART 2A OF FORM ADV: FIRM BROCHURE**

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March 28, 2023

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THIS BROCHURE PROVIDES INFORMATION ABOUT THE QUALIFICATIONS AND BUSINESS PRACTICES OF YIELDSTREET MANAGEMENT, LLC. IF YOU HAVE ANY QUESTIONS ABOUT THE CONTENTS OF THIS BROCHURE, PLEASE CONTACT YIELDSTREET MANAGEMENT, LLC BY PHONE AT (844) 943-5378 OR BY EMAIL AT [INFO@YIELDSTREET.COM](mailto:info@yieldstreet.com). THE INFORMATION IN THIS BROCHURE HAS NOT BEEN APPROVED OR VERIFIED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION OR BY ANY STATE SECURITIES AUTHORITY.

ADDITIONAL INFORMATION ABOUT YIELDSTREET MANAGEMENT, LLC ALSO IS AVAILABLE ON THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION'S WEBSITE AT [WWW.ADVISERINFO.SEC.GOV](http://WWW.ADVISERINFO.SEC.GOV).

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## **Item 2.**

### **Material Changes**

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This Form ADV Part 2A Disclosure Brochure (the “Brochure”) is an amendment of YieldStreet Management, LLC’s (the “Adviser”, “we”, “us”, and similar terms) existing Form ADV Part 2A Disclosure Brochure. We last filed an other-than-annual update to the Brochure on August 16, 2022. This update to our Brochure contains numerous changes and updates to certain information, some of which may be material changes since the last amendment to our Brochure, including:

- Item 4 has been amended to update certain aspects of our advisory business including the Advice program (as described herein) and the amount of regulatory assets under management.
- Item 5 has been amended to describe a type of fee that is charged to investors in certain Yieldstreet Funds and other compensation received by the Adviser, its affiliates or Originators.
- Item 14 has been amended to disclose that the Adviser has entered into an arrangement with a placement agent with respect to certain Yieldstreet Funds.

### **Item 3.**

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## **Item 4.**

### **Advisory Business**

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#### **A. General Description of Advisory Firm**

YieldStreet Management, LLC (the “Adviser”, “we”, “us”, and similar terms) is a Delaware limited liability company that was formed and commenced operations on March 25, 2015 with principal offices located in New York, New York. The Adviser also has offices in Miami, Florida and Athens, Greece. The Adviser is a wholly-owned subsidiary of YieldStreet Inc. (the “Website Operator”), a Delaware corporation founded in August 2014. The sole owner of the Adviser is the Website Operator.

#### **B. Description of Advisory Services**

The Website Operator operates and manages the Yieldstreet.com online platform, including mobile applications and any related URLs (the “Website”). The Website allows individuals and select entities to become investors in historically difficult to access alternative investment opportunities. Through the use of the Website, prospective investors can browse and screen alternative investment opportunities, view details of a prospective investment and then complete the investment process online. Website users that decide to invest in one or more Yieldstreet Funds (as defined below) can complete their subscription and fund their investment via the Website.

Website users may elect to receive limited, non-discretionary investment recommendations from the Adviser for guidance in their selection of investments from the alternative and private markets investment opportunities on the Website. Such services are referred to herein as “Digital Advice” and “Non-Digital Advice” (collectively, “Advice”), as more fully described below. The Adviser’s investment recommendations will consist of Yieldstreet Funds as well as certain other investment products managed, sponsored or issued by third parties (“Third-Party Products” and, together with Yieldstreet Funds, “Funds”) that are available (or soon to be available, in limited circumstances) for investment on the Website at the time recommendations are given. The Advice program is limited to recommendations of investments in one or more such Funds. Website users enrolled in the Advice program are referred to herein as “advisory clients.”

Advisory clients and Yieldstreet Funds are referred to herein collectively as “clients”. This Brochure may also from time to time refer to investors within the Yieldstreet Funds as “Fund Investors”. In its capacity as the manager or investment adviser to a Yieldstreet Fund, the Adviser provides management services and/or investment advice, as applicable, solely to the Yieldstreet Funds, and not to individual Fund Investors.

The descriptions set forth in this Brochure of specific advisory services that we offer to our clients, and investment strategies pursued and investments made by us on behalf of our clients, should not be understood to limit in any way our investment activities.

We may offer any advisory services, and, in the case of Yieldstreet Funds, engage in any investment strategy and make any investment, including any not described in this Brochure, that we consider appropriate, subject to each Yieldstreet Fund's investment objectives and guidelines. We do not provide investment advisory services to any client except pursuant to a written advisory agreement. The investment strategies we pursue are speculative and entail substantial risks.

### **Yieldstreet Funds**

The several varieties of investment vehicles managed by the Adviser are:

- Investment vehicles (operated as standalone, parallel or master-feeder-type structures) that offer exposure to alternative investment opportunities through issuing limited liability membership interests (each, an "Equity Issuer Fund"), including:
  - investment(s)-specific special purpose vehicles (each, an "SPV");
  - a real estate investment trust ("REIT"), which offers securities under Regulation A of the Securities Act of 1933, as amended (the "REIT Fund"),
  - investment vehicles that act, directly or indirectly, as access funds to investment vehicles advised by third-party investment advisers (each, an "Access Fund"), and
  - investment vehicles that hold assets other than securities (except for up to 40% of the assets of such investment vehicle) for which the Adviser acts solely as a manager (each, a "Company");
- Investment vehicles that offer exposure to alternative investment opportunities through issuing notes (each, a "Note Issuer Fund"); and
- A closed-end registered investment company (the "Closed-End Fund" and collectively with the the Equity Issuer Funds and the Note Issuer Funds, the "Yieldstreet Funds").

Each Yieldstreet Fund has an operating agreement or other organizational documents, a subscription agreement, the listing on the Website and disclosure documents, including investment memoranda or private placement memoranda, which are referred

to hereafter as “Offering Documents”. The Adviser serves as the investment adviser to each Yieldstreet Fund (except for any Yieldstreet Fund that is a Company).

**i. Equity Issuer Funds**

An Equity Issuer Fund is generally a limited liability company formed by the Adviser to serve as an investment vehicle that will fund, acquire or originate one or more investments, in accordance with its investment guidelines, either directly or through separate investment structures or vehicles that provide the Equity Issuer Fund with exposure to such investments. Equity Issuer Funds include the REIT Fund, SPVs, Access Funds and Companies. Through the Website, prospective investors meeting the required criteria (e.g., accredited investor, qualified client and/or qualified purchaser), if any, may purchase membership interests in the applicable Equity Issuer Fund to participate in the investment opportunities. Certain Equity Issuer Funds, such as SPVs, are formed specifically to make one or more particular investments, and such SPV’s investment guidelines limit the Fund to making only those investments. The assets and liabilities of each SPV are kept separate and distinct from each other SPV and there is no commingling of funds among SPVs.

The advisory services performed by the Adviser with respect to the applicable Equity Issuer Fund include: identifying and acquiring the Equity Issuer Fund’s investments, which is generally accomplished through the Adviser’s network of loan, financial asset and/or other investment originators, asset managers, sponsors and specialty finance companies, (each, an “Originator”) who provide access to potentially attractive investment opportunities (or selecting a sub-adviser to provide advice thereon); monitoring and managing each Equity Issuer Fund’s investments; and coordinating distribution of proceeds and the ultimate liquidation of each Equity Issuer Fund. Ultimately, each Fund Investor in an Equity Issuer Fund chooses to invest therein, including the amount of such investment, and the Adviser has no discretion or authority with respect to such Fund Investor’s decisions.

**ii. Note Issuer Funds**

We currently manage the following categories of Note Issuer Funds:

- Delaware limited liability companies that offer multiple series of privately-placed borrower payment dependent notes (the “ALTNOTE Funds”);

- A Delaware limited liability company that offers multiple series of privately-placed promissory notes with terms between 30 and 270 days (the “ST NOTE Fund”);
- A Delaware limited liability company that offers multiple series of privately-placed obligor payment dependent notes with terms of no more than 270 days (the “ST STRUCTURED NOTE Fund”); and

The Adviser implements the ALTNOTE Funds’ investment objectives by creating wholly-owned special purpose investment vehicles, each of which (a) corresponds to a series of notes and (b) funds, acquires or originates one or more investments. Payments on each series of notes will be dependent on payments each corresponding special purpose investment vehicle receives (and therefore, in turn, the relevant ALTNOTE Fund receives) on one or more specific investments.

The ST NOTE Fund similarly invests in Yieldstreet Funds. No note or series of notes issued by the ST NOTE Fund, however, is directly associated with any particular investment, unless specifically stated otherwise in the ST NOTE Fund’s Offering Documents. Instead, the notes are debt obligations that are secured by all of the assets of the ST NOTE Fund.

The Adviser implements the ST STRUCTURED NOTE Fund’s investment objectives by creating wholly-owned special purpose investment vehicles, each of which (a) corresponds to a series of notes and (b) acquires one or more investments in the form of structured notes. Payments on each series of notes will be dependent on payments each corresponding special purpose investment vehicle receives (and therefore, in turn, the ST STRUCTURED NOTE Fund receives) on one or more specific structured notes.

The Adviser manages Note Issuer Funds and, in the case of the ALTNOTE Funds, the ST STRUCTURED NOTE Fund, their underlying special purpose investment vehicles, and is responsible for making their investment decisions on a discretionary basis. Ultimately, each note purchaser chooses to invest therein, including the amount of such investment, and the Adviser has no discretion or authority with respect to such note purchaser’s decisions.

### **iii. The Closed-End Fund**

The Closed-End Fund is a non-diversified, closed-end management investment company that has registered as an investment company under the Investment Company Act of 1940 (the “1940 Act”). The Closed-End Fund makes investments either directly or through separate investment

structures or vehicles that provide the Closed-End Fund with exposure to such investments. Subject to oversight and monitoring by the Closed-End Fund's board of directors, the Adviser has investment discretion over the Closed-End Fund. Ultimately, each Fund Investor in the Closed-End Fund chooses to invest therein, including the amount of such investment, and the Adviser has no discretion or authority with respect to such Fund Investor's decisions. The Closed-End Fund's shares are not currently listed on an exchange for public trading, and we do not expect a secondary market in the shares to develop in the foreseeable future, if ever.

To the extent permitted by the 1940 Act and staff interpretations, the Adviser has, and in the future anticipates seeking to have, the Closed-End Fund and one or more other investment accounts managed by the Adviser or any of its affiliates participate in investment opportunities. On November 10, 2020, the Closed-End Fund received exemptive relief from the SEC to engage in co-investment transactions with the Adviser and/or its affiliates, including current and future investment vehicles on the Website, subject to certain conditions. These co-investment transactions may give rise to conflicts of interest or perceived conflicts of interest among the Closed-End Fund and the other participating accounts. To mitigate these conflicts, the Adviser and its affiliates will seek to allocate investment opportunities for all of the participating investment accounts, including the Closed-End Fund, pursuant to an allocation policy, taking into account relevant factors, such as the relative amounts of capital available for new investments, the applicable investment programs and portfolio positions, regulatory constraints, the clients for which participation is appropriate and any other factors deemed appropriate.

Certain Yieldstreet Funds invest in debt securities and other credit instruments across multiple sectors, either directly or indirectly, including in direct loans to borrowers or in participation interests or other investments in income producing assets (such as individual or pools of loans or receivables) held by a third party (collectively, "Credit Investments"). Such Credit Investments include, without limitation, the following: corporate and commercial loans, consumer loans, leases, working capital loans, asset-based financing, merchant cash advances, short-term loans, litigation financing, law firm financing, supply chain financing, purchase order financing, retail point of sale financing, marine finance, professional athlete loans, small business loans and other asset-based financing or other instruments which are typically secured by interests in, without limitation: real or personal property, equipment, vehicles and other goods and merchandise, aircraft, receivables, pre-settlement and post-settlement cases; law firm receivables, purchase orders, cash flow, oil or gas, artwork, and residential and commercial mortgages.

Certain Yieldstreet Funds acquire equity or similar ownership interests in securities and other assets including, without limitation, real estate, litigation cases, securitizations or



structured investments, merchant cash advances secured by cash flow or future earnings, aircraft, artworks, collective investment funds, common or preferred stock in private operating companies, and limited partnership or similar interests in investment vehicles managed by third-party investment advisers whose portfolio companies include, without limitation, private equity, venture capital, private credit and real estate (“Equity Investments”). Certain Yieldstreet Funds invest in both Credit Investments and Equity Investments. The Closed-End Fund may make Equity Investments, including common stocks, preferred stocks, convertible securities, warrants, depositary receipts, ETFs, equity interests in real estate investment trusts and master limited partnerships, and may enter into certain types of derivative transactions for hedging purposes or to enhance total return.

In accordance with the foregoing strategies, we will generally seek to acquire Credit Investments that (i) are believed to be sufficiently backed by collateral to preserve capital, and (ii) will generate income in accordance with our desired investment characteristics. Given the nature and risks associated with special-situation investing, we will generally seek to focus first on the collateral available for each Credit Investment in order to protect principal, and then second on obtaining an appropriate return given the term, risk and liquidity associated with each specific Credit Investment. We will generally apply similar criteria for any Equity Investment we may acquire, with a focus on our expected risk adjusted return on such Equity Investments.

### **Advice**

The Adviser provides limited, non-discretionary advisory services directly to certain individuals and entities in their selection of investments from the alternative and private markets investments offered on the Website. The Advice program is only appropriate for those investors who have independently determined that they are considering making an investment in one or more of the alternative and private markets investment opportunities on the Website and elect to receive guidance solely on selecting Funds. The Adviser provides either Digital Advice, which generates recommendations through a proprietary automated advisory service, or Non-Digital Advice, which provides recommendations developed by a representative of the Adviser’s client advisory team. Due to the non-discretionary nature of Advice, after recommendations are provided, it is the advisory client’s responsibility to decide whether to invest in any of the recommended Funds at all and to determine the amount to invest in each Fund (subject to applicable investment minimums and increments), in consideration of their own overall financial goals and needs. Further, the advisory client is responsible for effecting the desired transactions; the Adviser does not arrange or effect the recommended investment. The Adviser does not provide overall financial, retirement, estate, or tax planning to any advisory client.

**i. Digital Advice**

Through Digital Advice (referred to as “Yieldstreet Recommendations” or similar phrases on the Website), a prospective advisory client may elect to receive tailored Fund investment recommendations generated by the Adviser’s proprietary automated advisory service based on their responses to a questionnaire regarding their alternative and private markets investment preferences (the “Questionnaire”). Digital Advice is an automated and digital investment advice experience. A Website user should not participate in the Digital Advice program if they do not wish to or are unable to interact digitally and to receive program-related communications and/or documents electronically. Regular and continuous Internet access is required to enroll in Digital Advice and to access all related program documents.

Prospective advisory clients complete the Questionnaire to indicate, in the context of their alternative and private markets investment preferences, their risk tolerance, preferred investment horizon, investment style preference and eligibility status (e.g., if such prospective client is a qualified purchaser, qualified client and/or an accredited investor) (“Digital Advice Preferences”) and the range for the amount to be invested, before entering into an advisory relationship directly with the Adviser. The Questionnaire will also, for data-collection purposes only, request information from a prospective client regarding annual income, net worth and other items. The Questionnaire allows the Adviser to obtain information directly from the advisory client.

Based solely upon the prospective advisory client’s Digital Advice Preferences (notwithstanding the additional questions included in the Questionnaire), the Adviser’s automated advisory service generates a tailored investment recommendation of one or more Funds. The Adviser’s investment recommendations will consist solely of Funds that are available for investment on the Website at the time recommendations are given. The Advice program is limited to recommendations of investments in one or more such Funds. The Adviser does not provide advice as to the aggregate size of the advisory client’s Fund portfolio, amount to be invested in each Fund, or overall financial, retirement, estate, or tax planning. Each Fund is recommended as an individual investment recommendation; the Fund recommendations are not provided as a recommended portfolio of Funds. Each time Digital Advice is requested, if more than five Funds fit the Digital Advice Preferences, five Funds will be randomly selected as recommendations to the prospective advisory client. If fewer than five Funds fit the Digital Advice Preferences, additional Funds that meet some but not all of the Digital Advice Preferences will be selected as recommendations to the

prospective client, for a total of up to five recommended Funds for each request for Digital Advice. The prospective advisory client will be required to review and confirm their selected Fund(s) and investment amount(s).

The prospective advisory client may choose to accept one or more of the recommendations from the Adviser and determine the amount(s) to invest. If (and only if) a prospective advisory client decides to proceed, they will agree to a written investment advisory agreement and be directed to read and sign the relevant Fund Offering Documents and contribute the full amount(s) to be invested in the selected Fund(s) to complete the investment transaction. Such prospective advisory client will then become an advisory client of the Adviser, as well as a Fund Investor and/or an investor in a Third-Party Product.

## **ii. Non-Digital Advice**

Certain existing and prospective advisory clients may be eligible, at the Adviser's discretion, for Non-Digital Advice. Through Non-Digital Advice, such prospective advisory clients may elect to receive personalized Fund investment ideas, Fund allocation ideas and/or Fund portfolio reviews from the Adviser based on their discussions with an Adviser representative about their alternative and private markets investment preferences. While a Non-Digital Advice advisory client receives guidance from an Adviser representative, the advisory client must use the Website to complete the Fund investment process and access their online account portal. A Website user should not participate in the Non-Digital Advice program if they do not wish to or are unable to interact digitally and to receive program-related communications and/or documents electronically. Regular and continuous Internet access is required to enroll in Non-Digital Advice and to access all related program documents.

Subsequent to conversations with an Adviser representative, prospective advisory clients eligible for Non-Digital Advice can enter into an advisory relationship with the Adviser by agreeing to a written investment advisory agreement. Based on the advisory client's responses to the Questionnaire or a substantially similar survey or discussion (written or verbal) with the advisory client, a representative from the Adviser's advisory team develops Fund recommendations and/or sample Fund portfolios with allocations and/or conducts Fund portfolio reviews, depending on the scope of the services which are agreed upon between the Adviser and the advisory client. Unless otherwise agreed in writing, the Adviser does not consider the advisory client's pre-existing portfolio of Fund investments or any other investments. The Adviser's investment recommendations will consist solely of Funds that are available or may

soon become available for investment on the Website at the time recommendations are given. The Non-Digital Advice program is limited to recommendations of investments in one or more such Funds. Upon receiving Fund recommendations and/or allocation recommendations, the advisory client will be required to review and confirm their selected Fund(s) and investment amount(s). The advisory client will then be directed to read and sign the relevant Fund Offering Documents and contribute the full amount(s) to be invested in the selected Fund(s) to complete the investment transaction through the Website.

Digital Advice and Non-Digital Advice are distinct and separate services offered by the Adviser. If an advisory client elects to receive both types of services, information outside of the Questionnaire provided under Non-Digital Advice will not be considered in the provision of Digital Advice. The investment recommendations received by an advisory client pursuant to the Digital Advice program relies solely on the Digital Advice Preferences from the Questionnaire and does not take into account such advisory client's prior Fund investments made through the Website directly or through previously received Digital Advice or Non-Digital Advice. Non-Digital Advice may or may not, in the Adviser's discretion, take into consideration responses to the Questionnaire as well as various discussions and other communications between Adviser representatives and the advisory client. Recommendations made to an advisory client pursuant to Digital Advice and those made pursuant to Non-Digital Advice may differ because the Digital Advice Preferences may differ from the investment preferences provided by the advisory client to the Adviser representative, and because of the differences in the information used and differences in how that information is used and analyzed in formulating the recommendations. Use of any other interactive tools on the Website or submissions of any other questionnaire or survey on the Website or otherwise to the Adviser or its affiliates will not update an advisory client's Questionnaire responses or other account profiles used by the Adviser in providing either Advice service.

## **C. Availability of Customized Services for Individual Yieldstreet Funds and Advisory Clients**

### **i. Yieldstreet Funds**

Our investment decisions and advice with respect to each Yieldstreet Fund will be subject to each Yieldstreet Fund's investment objectives and guidelines, as set forth in its respective Offering Documents. Fund Investors and prospective Fund Investors should refer to the Offering Documents for the applicable Fund for complete information regarding the investment restrictions and other information with respect to a Fund.

## **ii. Advisory Clients**

For Digital Advice, investment recommendations for advisory clients are generated by the Adviser's software-based automated advisory service, which excludes and selects Funds based upon the advisory client's Digital Advice Preferences from the Questionnaire. The Digital Advice program builds upon the due diligence process run by the Adviser's team of investment professionals for each investment opportunity. During the due diligence process, the Adviser analyzes the characteristics for each Fund that are relevant to the Digital Advice Preferences such as investment style, investment time horizon, and risk rating. Each Fund is assigned a risk rating (i.e., Conservative, Moderate, Aggressive or Aggressive Plus) and investment style by the Adviser. For purposes of the Advice programs, any Conservative risk rating assigned to a Fund will be regarded as a Moderate risk rating. The Digital Advice service is developed and managed by the Adviser's product team in collaboration with the investment teams and the portfolio risk management team.

For Non-Digital Advice, investment recommendations are generally based on the advisory client's responses to the Questionnaire or a substantially similar survey or discussions with the advisory client. The Adviser's representatives will also utilize the risk ratings and other characteristics referenced above with respect to Digital Advice.

## **D. Other Website Operator Services**

### **i. The Yieldstreet Wallet**

The Website Operator, an affiliate of the Adviser, has entered into an arrangement (through a third-party banking services provider) with Evolve Bank, an unaffiliated FDIC insured bank, whereby Website users establish an account at Evolve Bank – entitled the Yieldstreet Wallet – to deposit funds and/or purchase investments on the Website. The Website Operator may in the future enter into similar arrangements with other third-party banking services providers and banks. Investors deposit funds in their Yieldstreet Wallet, and such money is available to be used to efficiently process investment subscriptions on the Website. The Website Operator also uses the Yieldstreet Wallet to process distributions from investments, as well as cash rewards earned by a Website user from referral programs, incentive programs and other reward opportunities. The Website Operator is a non-advisory affiliate of the Adviser, and the Yieldstreet Wallet is a service offered by the Website Operator, rather than the Adviser, in order to improve the usability of the Website. In the future, the Website Operator may offer additional services relating to the Yieldstreet Wallet, including credit card and debit card services. Please see Item 10 for further

information relating to the Yieldstreet Wallet. As used herein, the term “Yieldstreet Wallet” includes such other wallets, as the context permits.

## **ii. Individual Retirement Arrangements**

The Website Operator, an affiliate of the Adviser, provides a service - entitled the Yieldstreet IRA - to assist investors in creating Individual Retirement Arrangements (“IRAs”) with IRA custodians that are unaffiliated with either the Website Operator or the Adviser. Funds are transferred from investors’ other IRAs or rolled over from qualified plans into the IRAs to be available to invest. Funds are transferred directly into the Yieldstreet Wallet described in Item 4, Section D, in the name of a revocable trust distinctly owned by each individual IRA.

The Website Operator charges a facilitation fee for the Yieldstreet IRA in the form of an annual fee for the service. This fee generally ranges between \$299 and \$399, depending on the value of the IRA at the end of each calendar year. Annual fees may be waived for certain promotions.

Further, the Website Operator has partnered with a certain unaffiliated IRA custodian (and may in the future partner with other unaffiliated IRA custodians) to provide a service so that the holders of self-directed individual retirement accounts with that unaffiliated IRA custodian are able to direct investments in investment opportunities on the Website without a Yieldstreet Wallet or Yieldstreet IRA. Accounts held at such unaffiliated IRA custodian are subject to the fees, expenses and terms determined by the custodian or as arranged between the Website Operator and the custodian.

## **E. Wrap Fee Programs**

The Adviser does not participate in wrap fee programs.

## **F. Assets Under Management**

The Adviser managed approximately \$1,198,663,405 in regulatory assets under management on a fully discretionary basis, determined as of December 31, 2022. Pursuant to the instructions for the Form ADV, portfolios that are excluded from the definition of “securities portfolios” or accounts with respect to which we do not provide continuous and regular supervisory or management services are not included in the Adviser’s regulatory assets under management.



## **Item 5.**

### **Fees and Compensation**

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#### **A. Advisory Fees and Compensation with respect to Yieldstreet Funds**

The fees applicable to each Yieldstreet Fund are set forth in detail in such Yieldstreet Fund's Offering Documents. A brief summary of such fees is provided below. In the sole discretion of the Adviser or its affiliates, the fees and expenses discussed herein may be waived, reduced or calculated differently with respect to certain investors or clients, including Fund Investors who are Adviser personnel or affiliates.

##### **i. Note Issuer Funds**

The ALTNOTE Funds pay the Adviser a management fee that varies with each series of notes but generally ranges between 1% and 2.5% of the principal amount of the notes. Management fees are generally accrued and paid to the Adviser in accordance with the distribution methodology for payments of interest to the noteholders outlined in the relevant Yieldstreet Fund's Offering Documents.

The Adviser does not receive management fee compensation from the ST NOTE Fund for acting as manager thereof.

##### **ii. Equity Issuer Funds**

Each Equity Issuer Fund will pay the Adviser a management fee that varies as set forth in the Offering Documents of such Yieldstreet Fund, but generally ranges between 1% and 3% of the aggregate outstanding capital contributions with respect to such Yieldstreet Fund. In the case of certain SPVs, the management fee may be a variable amount linked to LIBOR, SOFR or a different index. Each SPV's fee is set before raising capital from investors. Management fees are generally accrued and paid to the Adviser as set forth in each Fund's Offering Documents. As set forth in the Offering Documents for certain of such Equity Issuer Funds, the Adviser will receive an incentive fee distribution equal to generally between 1% and 20%, in some cases, only if the applicable Yieldstreet Fund has achieved a "preferred return" hurdle generally between 6% to 15%. The Offering Documents of certain SPVs that have appointed a subadviser provide for an incentive fee distribution equal to generally around 15% (which in some cases in the future may be subject to a "preferred return" hurdle) to the sub-adviser in addition to the aforementioned fees due to the Adviser. Fund Investors must refer to the Offering Documents of each such Yieldstreet Fund for specific details as to incentive-based compensation.

### **iii. The Closed-End Fund**

The Closed-End Fund pays the Adviser a management fee that is calculated at an annual rate of 1.00% of the average of the Closed-End Fund's net assets, excluding cash and cash-equivalents, at the end of the two most recently completed calendar quarters. The Closed-End Fund pays its management fee quarterly in arrears. Management fees for any partial month or quarter will be appropriately pro-rated and adjusted for any share issuances or repurchases during the relevant month or quarter.

## **B. Additional Fees and Expenses**

Each Yieldstreet Fund will reimburse, either through a fixed fee or otherwise, the Adviser for any expenses paid by the Adviser that are properly borne by the Yieldstreet Fund, unless the Adviser elects to bear such expenses. However, any such election by the Adviser to bear such expenses shall not be deemed a waiver of the Adviser's right to seek reimbursement from the Yieldstreet Funds with respect to any future expenses of a similar nature. Subject to the Offering Documents of a Yieldstreet Fund, in the case such expenses are advanced by the Adviser to the Yieldstreet Fund, the Adviser is permitted to charge market interest rates on such advances.

Due to the fact that the Adviser manages investments on behalf of a number of the Yieldstreet Funds, certain expenses are shared by more than one Yieldstreet Fund. With respect to expenses attributable to one or more of the Yieldstreet Funds, and one or more of the Adviser or the Website Operator, the Adviser seeks to allocate such expenses fairly, taking into consideration (i) the extent of each such party's utilization of the services associated with the expense, (ii) the relative benefit to each such party that is derived from the expense, and (iii) the association of the expense with a legal, contractual or other obligation of one or more of such parties.

A summary of additional fees and expenses related to clients' investment activities, which are paid to the Adviser or its affiliates, is provided below.

### **i. Loan Origination Fee**

When a Yieldstreet Fund or a Yieldstreet Fund's underlying special purpose investment vehicle (or an affiliate thereof) charges any loan origination fee, upfront fee, exit fee and lender discount points to a borrower, the Website Operator, the Adviser or an affiliate thereof will retain such fees, except if the corresponding Offering Documents provide otherwise.

### **ii. Due Diligence Fees**

A due diligence fee is payable to the Website Operator (or an affiliate thereof) for each investment acquired, funded and/or purchased by a



Yieldstreet Fund or a Yieldstreet Fund's underlying special purpose investment vehicle. This fee is a flat fee negotiated on a case-by-case basis with the Originator of the underlying investment opportunity. This fee is sometimes waived based on the discretion of the Website Operator.

**iii. Loan Extension and Modification Fees**

Except if the Offering Documents provide otherwise, loan extension and modification fees are collected from borrowers and payable to, as applicable, the relevant Yieldstreet Fund, the relevant Yieldstreet Fund's underlying special purpose investment vehicle or the servicer of the loan, which may be a third party or an affiliate of the Adviser. Such fees are typically between one and three percent (1-3%) of the original or outstanding underlying loan amount, but could be higher depending on market rates and conditions. All or a portion of such fees will be distributed to, and retained by, the Website Operator, the Adviser or an affiliate thereof, except if the corresponding Offering Documents provide otherwise.

**iv. Loan Processing, Loan Documentation and Similar Fees**

Loan processing and loan documentation and other similar fees that are collected from the borrower are payable to a Yieldstreet Fund or a Yieldstreet Fund's special purpose investment vehicle at prevailing industry rates, if the Yieldstreet Fund or the Yieldstreet Fund's special purpose investment vehicle is entitled to such fees by virtue of being the loan's Originator or under a participation interest. Such fees are distributed to, and retained by the Website Operator, the Adviser or an affiliate thereof.

Loan processing and documentation fees include underwriting fees, appraisal fees, title fees, inspection fees, escrow fees, environmental assessment fees, construction disbursement fees, warehousing fees, administration fees and other similar charges.

**v. Other Loan Fees**

All other fees paid by borrowers on account of loans or loan participation interests are retained by the Website Operator, the Adviser or an affiliate thereof (except if the Offering Documents provide otherwise) including, but not limited to, all forbearance fees, late fees, late charges, attorneys' fees or any collection fees imposed in connection with collection efforts on a delinquent asset, prepayment penalties, default interest, and all other similarly related fees incurred by borrowers (including but not limited to, other fees authorized by loan documents for work performed regarding the subject loan).

**vi. Asset Servicing Fee**

Any asset servicing fees payable to an asset servicer are calculated as an expense to the applicable Yieldstreet Fund, unless the Yieldstreet Fund, the Yieldstreet Fund's special purpose investment vehicle or an affiliate thereof is the asset servicer in which case such fees are retained by the Website Operator, the Adviser or an affiliate thereof, and generally will not be paid to the Fund Investors.

**vii. Structuring Fee**

Any structuring fees payable by a partnership, joint venture or other entity invested in by a Yieldstreet Fund are, unless otherwise specified in the Offering Documents, retained by the Website Operator, the Adviser or an affiliate thereof, and generally will not be paid to the Fund Investors.

**viii. Access Fee**

Fund Investors in certain Yieldstreet Funds are required to pay to the Adviser a fee for services that the Website Operator provides for the benefit of Fund Investors relating to the operations of the Yieldstreet Fund and product, design and technology services the Website Operator provides in connection with offering interests in the Yieldstreet Fund on the Website (such fee, the "Access Fee"). The Access Fee will generally be equal to one quarter of one percent (0.25%) of the aggregate capital contributions of the Fund Investors for the relevant Yieldstreet Fund. The Adviser has entered into a services agreement with the Website Operator governing provision of services attributable to the Access Fee, which details the payment of the Access Fee to the Website Operator. The Access Fees are generally accrued and paid to the Adviser in accordance with the relevant Yieldstreet Fund's Offering Documents. The Adviser shall have the discretion to modify the Access Fee as an incentive to individual Fund Investors.

**ix. Additional Fund Expenses**

Certain Yieldstreet Funds are required to pay to the Adviser in each fiscal year a fixed or asset-based amount, to the extent set forth in the Offering Documents, intended to cover, inter alia, office facilities, personnel, equipment, clerical, bookkeeping and record keeping services at such facilities and such other services as the Adviser shall from time to time determine to be necessary or useful to perform its obligations under the relevant Yieldstreet Fund's Offering Documents. The Adviser shall have the discretion to modify such amount as an incentive to individual Fund Investors. These expenses generally range between a fixed amount of \$100 to \$150 annually or 0.25% to 0.50% of the outstanding investment

amount. They are required to be paid by the relevant Yieldstreet Fund regardless of the performance of such Yieldstreet Fund's investment and regardless of the actual cost to the Yieldstreet Fund, and such payments will reduce the interest distributions to Fund Investors as set forth in the Offering Documents. Where these fixed or asset-based amounts are charged to a Yieldstreet Fund, it is generally the case that the Yieldstreet Fund does not also pay an Access Fee to the Adviser.

In addition, each Yieldstreet Fund (other than the Closed-End Fund), will pay for all expenses incurred by the Adviser in connection with its operations relating to the Yieldstreet Fund and the organizational expenses of the Yieldstreet Fund other than those specifically allocated to the Fund Manager. Expenses to be borne by each Yieldstreet Fund (whether on its own behalf or on behalf of the Adviser) include, without limitation, certain administrative expenses of the Yieldstreet Fund, including legal (including blue sky compliance), accounting, tax preparation, auditing and other professional fees and expenses, insurance premiums, administrative and regulatory expenses (including fees and disbursements related to litigation, collection efforts and to investigations, examinations and proceedings of any kind, including by governmental bodies or self-regulatory organizations), trading expenses, communication and investor reporting expenses, expenses such as commissions, interest on borrowings, margin accounts and other indebtedness, bank service fees, valuation agent and appraisal fees and expenses, brokers fees, collection fees, administrative fees and other similar fees, certain technology expenses and other reasonable expenses related to the purchase, retention, sale or transmittal of Yieldstreet Fund assets as are determined by the Adviser in its discretion including, without limitation, the expenses associated with negotiating, drafting, structuring concluding and enforcing agreements with counterparties.

The Adviser and its affiliates have in-house legal, accounting, compliance, tax, administrative, operational, finance, risk, reporting, technology, investor servicing and other types of personnel or employees that provide support to the Adviser in connection with its management of the Yieldstreet Funds, their respective subsidiaries and their investments. Subject to the provisions in the relevant Yieldstreet Fund's Offering Documents, the Adviser and its affiliates may receive compensation or reimbursement from the applicable Yieldstreet Fund in connection with the provision of these in-house services that are provided to the Adviser, as a fund expense.

In considering the expenses, fees, charges and related costs borne by the relevant Yieldstreet Funds in respect of in-house support and services, the Adviser will consider the following factors:

- whether the fees, costs and other expenses of these services would be borne by the relevant Yieldstreet Fund if the services were provided by third-party service providers;
- whether the costs of providing such in-house services are less than the amount that would be charged by an unaffiliated third party providing comparable services in an arms-length transaction; and
- whether there are any other direct or indirect benefits to the applicable Yieldstreet Fund with respect to the Adviser's utilization of in-house services compared to the engagement of an unaffiliated third party.

The performance of such services and support by our employees to the Adviser may be in addition to, or as an alternative to, the outsourcing of any such services to other service providers at market rates (and includes the oversight of, and cooperation with, such third-party service providers by our employees). When our in-house professionals work alongside third-party service providers on the same matter, a Yieldstreet Fund is still expected to reimburse the Adviser and its affiliates for the work performed in-house to the extent the Adviser determines that the in-house services meet the criteria for compensation or reimbursement. The Adviser may determine to waive (in whole or in part) the fees, costs and other expenses charged to certain Yieldstreet Funds for in-house services provided to the Adviser. In making this determination, the Adviser may consider a range of factors, including, but not limited to, the size and vintage of the Yieldstreet Fund, its investment strategy, the relative complexity of the formation of the Yieldstreet Fund, the relative complexity of the making or acquisition of the Yieldstreet Fund's investment, and the amount of other expenses incurred by the applicable Yieldstreet Fund. In addition, where the Adviser determines that it would be fair and equitable based on the facts and circumstances, the Adviser may allocate the fees, costs and other expenses of in-house services to the Adviser that are incurred with respect to formation, operations or investments of one or more specific Yieldstreet Funds to one or more other Yieldstreet Funds (including future Yieldstreet Funds) that are not direct beneficiaries of such services but that are indirect beneficiaries of such services, including, for example, where other Yieldstreet Funds utilize or rely on substantially similar legal documentation or legal analysis done with respect to another Yieldstreet Fund.

A Yieldstreet Fund will, as determined by the Adviser and as permitted by its Offering Documents, bear, among other things, the cost of in-house personnel and employees in connection with the following services provided to the Adviser: (i) fund administration and accounting (including, without limitation, maintenance of a Yieldstreet Fund's books and records,

preparation of net asset value and other valuation support services, as applicable (e.g., valuation model and methodology review, review of third party due diligence conclusions and sample testing); preparation of periodic investor reporting and calculation of performance metrics; central administration and depositary oversight (e.g., periodic and ongoing due diligence and coordination of investment reconciliation and asset verification); audit support (e.g., audit planning and review of annual financial statements); risk management support services (e.g., calculation and review of investment and leverage exposure); regulatory risk reporting, data collection and modeling and risk management matters; and tax support services (e.g., annual tax and VAT returns and FATCA and CRS compliance)); and (ii) the provision of legal advice and other related services to the Adviser (including, without limitation, entity organization, formation of the fund, offering documentation (such as preparation of Offering Documents), securities law advice, structuring, due diligence, investment committee participation, document drafting and negotiation, closing preparation, post-closing activities (such as compliance with contractual terms and providing advice for investment level matters with respect to fiduciary and other obligations and issues), workout, litigation or regulatory matters, services with respect to the making and financing of investments, supervision of external counsel and service providers, communications with relevant internal and external parties and reviewing and structuring exit opportunities).

The allocations or charges of in-house services to the Adviser that are borne by the Yieldstreet Funds can be determined using any of the following methodologies (or any combination thereof): (i) by requiring personnel to periodically record or allocate their historical time spent with respect to a Yieldstreet Fund or by the Adviser or its affiliates approximating the proportion of certain personnel's time spent with respect to a Yieldstreet Fund, where the hourly rate is based on either (a) the proportionate amount of the compensation and allocable overhead of the personnel or (b) a set rate that the Adviser has determined is less than or equal to the applicable market rate, (ii) by requiring a Yieldstreet Fund to pay a fixed fee expressed as a dollar amount or a percentage of the outstanding investment amount with respect to such services that the Adviser believes represents a fair recoupment of expenses and a market rate for such services or (iii) any other similar methodology determined by the Adviser or its affiliates to be appropriate under the circumstances. The methodology utilized for one personnel group could be different from the methodology utilized by another personnel group, and different methodologies could be utilized, including within a single personnel group, at different times or in determining different types of allocations. Each of the methodologies discussed above could result in the Yieldstreet Fund being charged a different amount (including relative to another Yieldstreet

Fund), which could be higher or lower, than would be the case under a different methodology. Depending on the methodology, the amount that is reimbursed to the Adviser by the Yieldstreet Funds (either alone or as a group) may exceed the total compensation and allocable overhead applicable to one or more employees or personnel.

We will utilize processes to monitor the allocation of expenses relating to in-house services provided to the Adviser with respect to certain Yieldstreet Funds. Generally, based on the allocation methodology utilized, a monthly time allocation will be prepared for each individual in-house personnel or employee to reflect the services he or she provided to the Adviser for the benefit of a Yieldstreet Fund. Senior professionals in the relevant service group or our legal or compliance professionals will review the allocations on a quarterly basis for reasonableness and our internal compensation team may adjust recorded time as necessary. We will determine the market rate of services performed by an employee providing in-house services to the Adviser by reference to the market rates of third-party service providers with comparable expertise providing equivalent services and will review the assigned market rates against third-party benchmarks on a regular (typically annual) basis.

The relevant operating agreement for each Yieldstreet Fund also generally requires the Yieldstreet Fund to indemnify the Adviser from any loss or expense incurred by the Adviser in connection with any actions taken by the Adviser on behalf of the Yieldstreet Fund in accordance with the operating agreement.

With respect to Yieldstreet Funds, such as the Access Funds, that are invested in other pooled investment vehicles, such investment vehicles typically charge an investment management fee and/or performance based fee and, in addition, such Yieldstreet Funds will bear their pro rata share of the underlying investment vehicle's operating and other expenses.

**x. Additional Expenses related to the Closed-End Fund**

The Closed-End Fund reimburses the Adviser for the organizational and offering costs it incurs on behalf of the Closed-End Fund, to the extent that such costs do not exceed a specified percentage of the gross offering proceeds; provided further that such costs will be subject to the 0.50% annualized cap set forth below.

These organizational and offering costs include: legal, accounting, printing and other offering expenses, including costs associated with technology integration between our systems and those of our selected broker-dealers,

marketing expenses, salaries and direct expenses of our employees, employees of our affiliates and others while engaged in registering and marketing the shares, which includes development of marketing and marketing presentations and training and educational meetings and generally coordinating the marketing process for the Closed-End Fund.

In addition, the Closed-End Fund has agreed to reimburse the Adviser acting as administrator ("Administrator") for the fees, costs and expenses incurred by the Administrator in performing its obligations and providing personnel and facilities to the Closed-End Fund. In addition, the Closed-End Fund will reimburse any affiliate of the Administrator (including the Adviser, if not the Administrator) for any fees, costs and expenses incurred by such affiliate on behalf of the Administrator in connection with the Administrator's provision of services to the Closed-End Fund under the related administration agreement. The Closed-End Fund will bear all fees, costs and expenses incurred in connection with its operation, administration and transactions and that are not specifically assumed by the Administrator (or the Adviser, if not the Administrator) pursuant to the Closed-End Fund's related advisory agreement.

The aggregate amount of fees, costs and expenses that may be reimbursed by the Closed End Fund to the Administrator pursuant to the related administration agreement in any calendar quarter will be limited to no more than 0.125% (0.50% annualized) of the Closed-End Fund's net assets (excluding cash and cash equivalents), as determined as of the end of such calendar quarter, taking into account any fees, costs and expenses paid directly by the Closed-End Fund during such calendar quarter, but excluding non-administrative expenses incurred by the Closed-End Fund, including but not limited to (i) interest payable on debt, (ii) federal, state, local and foreign taxes, and (iii) management fees payable to the Adviser pursuant to its related advisory agreement; provided, that any amounts not reimbursed with respect to a given calendar quarter will remain subject to reimbursement in any subsequent calendar quarter, subject to compliance with the applicable expense reimbursement limitation for such subsequent calendar quarter.

**xi. Prepayment of Fees**

Fees are currently not paid to the Adviser in advance. If management fees are charged to a client in advance of any specified period, if a new account is established during a period or if a client makes an addition to its account during a period, the management fee will be prorated for the remainder of the period. A client may obtain a refund of a prepaid fee if the advisory contract is terminated before the end of a billing period. The amount refunded will be determined on a pro-rated basis calculated based

on the days remaining for the period or as otherwise disclosed in the Offering Documents.

**xii. Additional Compensation and Conflicts of Interest**

Neither the Adviser, the Website Operator nor any of their supervised persons receive compensation in connection with the sale of securities or other investment products.

**C. Advisory Fees and Compensation with respect to Advice**

Generally, advisory clients will not be charged a fee for recommendations of Funds, unless mutually agreed in writing between the Adviser and such advisory client. As a Fund Investor, an advisory client's investment in a Fund will be subject to the fees and expenses described above.

**Certain Expenses related to Third-Party Products**

Third-Party Products (which generally are only available on the Website to advisory clients) typically bear fees and expenses similar to those borne by the Yieldstreet Funds, as is further disclosed in the relevant offering documents of such Third-Party Products. Typically, the share class of a Third-Party Product that is a fund in which advisory clients invest are also subject to a shareholder servicing or similar fee, which is paid to the Adviser. Advisory clients are required to make an independent decision to invest in the recommended Funds (including by taking into account the fees and expenses of Third-Party Products).



## **Item 6.**

### **Performance-Based Fees and Side-by-side Management**

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Performance-based fees or carried interest profit allocations paid to an investment adviser are subject to regulation under Rule 205-3 of the Investment Advisers Act of 1940, as amended (the “Advisers Act”). The Adviser seeks to ensure that any Fund Investors that are directly or indirectly assessed performance-based fees or are subject to carried interest profit allocations satisfy the qualifications of Rule 205-3 and have been advised of such fees or allocations and their risks.

As noted in Item 5, as set forth in the Offering Documents of certain Yieldstreet Funds, the Adviser (and the sub-adviser, where relevant) or an affiliate of the Adviser may be entitled to incentive or performance-based compensation from such Yieldstreet Funds if specified investment portfolio performance conditions are met. For the Note Issuer Funds and the Closed-End Fund, the Adviser does not charge performance-based fees.

The existence of performance-based compensation has the potential to create an incentive for the Adviser (and/or the sub-adviser or third-party adviser, where relevant) to make more speculative investments on behalf of a Fund than it would otherwise make in the absence of such arrangement, although the Adviser generally considers performance-based compensation to better align its interests with those of the Fund Investors. In addition, to the extent the Adviser manages Yieldstreet Funds that have varying performance-based compensations, it may have an incentive to allocate investments or otherwise provide preferential treatment to certain Yieldstreet Funds over others if such Funds have more favorable performance-based compensation terms than other Yieldstreet Funds.

The Adviser does not charge additional performance-based fees with respect to advisory client accounts, however, the advisory clients may bear performance-based compensation to the Adviser or its affiliate through their investments in certain of the Funds. Similarly, the adviser (or an affiliate) to Third-Party Products may be entitled to incentive or performance-based compensation from such Third-Party Products. Because the Adviser only recommends the Funds to advisory clients, it faces a conflict of interest in making such recommendations; in particular, the Adviser has an incentive to recommend Yieldstreet Funds over Third-Party Products and to recommend those Yieldstreet Funds that bear greater performance-based compensation and/or asset-based compensation (such as management fees) than other Funds. The Adviser’s investment recommendations, however, will be made without consideration of the potential compensation to the Adviser (or its affiliate) from the Funds.

## **Item 7.**

### **Types of Clients**

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The Adviser's clients consist of the Yieldstreet Funds, as well as certain individuals and entities who receive investment recommendations regarding investments in one or more of the Funds (i.e., the advisory clients).

The Advice program is only appropriate for those investors who have independently determined that they will consider making an investment in one or more of the alternative and private markets investment opportunities on the Website and elect to receive guidance solely on selecting Funds. Digital Advice is not offered with respect to employee benefit or retirement plans or other types of retirement or savings accounts. Non-Digital Advice is not offered with respect to employee benefit or retirement plans.

With respect to Digital Advice, the Adviser uses its proprietary software to provide investment recommendations to advisory clients. With respect to Non-Digital Advice, while an advisory client receives guidance from an Adviser representative, the advisory client must use the Website to execute the desired Fund investment transactions and access their online account portals. Each advisory client must acknowledge their ability and willingness to conduct their relationship with the Adviser on an electronic basis. Under the terms of the investment advisory agreement, each advisory client agrees to receive all account information and account documents (including this Brochure), and any updates or changes to the same, through their access to the Website and the Advisers' electronic communications. A Website user should not participate in the program if they do not wish to or are unable to interact digitally and to receive program-related communications and/or documents electronically. Regular and continuous Internet access is required to enroll in Digital Advice and to access all related program documents.

## Item 8.

### Methods of Analysis, Investment Strategies and Risk of Loss

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#### A. Methods of Analysis and Investment Strategies

The descriptions set forth in this Brochure of specific advisory services that we offer to clients, and investment strategies pursued and investments made by us on behalf of our clients, should not be understood to limit in any way our investment activities. We may offer any advisory services, engage in any investment strategy and make any investment, including any not described in this Brochure, that we consider appropriate, subject to each client's investment objectives and guidelines. The investment strategies we pursue are speculative and entail substantial risks. Clients should be prepared to bear a substantial loss of capital. There can be no assurance that the investment objectives of any client will be achieved.

#### Yieldstreet Funds

The Adviser manages the investments of each Yieldstreet Fund according to that Fund's investment objectives and other terms as provided in the Fund's Offering Documents.

##### i. **Asset Managers / Originators**

The Adviser generally works with originators of financial assets, specialty finance companies, brokers or other asset managers (i.e., Originators) who can provide access to investment opportunities and other deal flow. We identify and cultivate relationships with experienced Originators that we believe have significant experience across the spectrum of investment opportunities, asset classes and capital structures. These Originators typically work with and perform due diligence on counterparties (e.g., potential borrowers, issuers and asset or investment managers) in connection with structuring and negotiating debt and equity financings. These Originators also generally, where appropriate, retain responsibility for servicing and assessing the investments they originate through their respective life cycles. We vet and conduct due diligence on potential Originators, including reviewing their background, investment and/or credit and underwriting policies, evaluating their existing portfolio and performance and reviewing their business policies, among other things. Once an Originator has been vetted, we will then evaluate potential investment opportunities from that Originator that may be suitable for clients and make investment decisions on a deal-by-deal basis. In addition, in certain circumstances where the Adviser has in-house

expertise or has partnered with an expert in a particular asset class, we will negotiate transactions directly with counterparties.

With respect to certain Yieldstreet Funds, the Adviser researches and selects an asset manager to serve as sub-adviser to a Yieldstreet Fund to provide investment advice in accordance with the Yieldstreet Fund's investment guidelines, pursuant to a sub-advisory agreement. The Adviser also researches and analyzes third-party fund managers in selecting pooled investment vehicles as investment opportunities for a Yieldstreet Fund in accordance with its investment guidelines.

**ii. Asset-Based Lending/Investing**

Where appropriate pursuant to a Yieldstreet Fund's investment guidelines or objectives, the Adviser generally looks for investment opportunities that are secured by underlying assets such as loans with a pledge of collateral and/or secured liens. Borrowers may provide collateral in the form of equipment, marine finance assets, art, inventory, accounts receivable, real estate, contractual agreements, intellectual property, pending legal claims and other assets.

The Adviser generally works with Originators who have expertise in asset valuation. Furthermore, the Adviser seeks to review an analysis conducted by an independent third party specializing in asset valuation, both market and distressed valuations. Additionally, with respect to investments in loans, the Adviser generally looks at investment opportunities with loan-to-value (LTV) ratios between 30% to 80%, but may be higher. In these cases, even if an investment opportunity does not perform as expected, some or all of the investment may be recoverable via a sale or other disposition of the asset.

**iii. Low Market Correlation**

The Adviser generally seeks investment offerings that provide low or relatively low correlation to the broader markets, meaning that they may be less affected by macro-economic and stock market volatility. Some historically low-correlation alternative asset classes include litigation finance, receivables funding, royalty finance, structured settlement lending, artworks and other "passion assets," real estate, venture capital, private equity and digital assets. However, certain macro-economic conditions could cause the correlation between our investment offerings and the broader market to be higher than anticipated.

**iv. Sale of Investments**

The Adviser may, and with respect to certain Yieldstreet Funds holding equity or equity-style interests, expects to, sell investments, or fractional interests in such investments, when we determine that it may be advantageous for clients to do so, based upon, to the extent applicable, then current interest rates, the length of time that the investment has been held by the client and the client's investment objective and strategies.

**v. Use of Leverage**

To seek to enhance Yieldstreet Fund returns and manage liquidity needs, the Adviser will cause Yieldstreet Funds to borrow money from time to time in the Adviser's discretion, within the levels permitted by the Yieldstreet Fund Offering Documents and applicable law, when the terms and conditions available are favorable to investing and well-aligned with the Yieldstreet Fund's investment strategy and portfolio composition. In determining whether and when to borrow money, the Adviser will analyze the maturity, covenant package and rate structure of the proposed borrowings as well as the risks of such borrowings compared to the relevant Yieldstreet Fund's investment outlook, taking into account such Yieldstreet Fund's current liquidity needs and the relative maturity dates of the Yieldstreet Fund's portfolio. The use of borrowed funds or the proceeds of preferred stock to make investments has its own specific set of benefits and risks, and all of the costs of borrowing funds or issuing preferred stock would be borne by the Yieldstreet Fund and therefore the applicable Fund Investors.

**Advice**

When constructing Digital Advice recommendations, the Adviser's automated advisory service generates a tailored investment recommendation of one or more Funds within the alternative and private markets asset investment opportunities available on the Website, taking into account a prospective advisory client's stated Digital Advice Preferences from the Questionnaire. Fund recommendations will be excluded and selected based on the Digital Advice Preferences. Each Fund is recommended as an individual investment recommendation; the Fund recommendations are not provided as a recommended portfolio of Funds. Each time Digital Advice is requested, if more than five Funds fit the Digital Advice Preferences, five Funds will be randomly selected as recommendations to the prospective advisory client. If less than five Funds fit all of the Digital Advice Preferences, additional Funds that meet some but not all of the Digital Advice Preferences will be selected as recommendations to the prospective client, for a total of up to five recommended Funds for each request for Digital Advice. For example, Funds that have a lower risk tolerance rating, different estimated time horizon and/or a different investment style than a prospective client's Digital Advice Preferences will be recommended. All

Funds that are recommended that do not match an advisory client's Digital Advice Preferences will have an equal or lower risk rating than the advisory client's stated risk tolerance. The prospective advisory client will be required to review and decide their selected Fund(s) and investment amount(s). The Adviser does not provide advice as to the aggregate size of the advisory client's Fund investment(s) or investment amount for each selected Fund. Upon acceptance of Adviser's recommendations of one or more Funds and determining the corresponding investment amounts, the advisory client is required to execute an investment advisory agreement to enter into an advisory relationship with the Adviser, read and sign the relevant Fund Offering Documents and contribute the full amount to be invested in such Fund(s) on the Website.

For Non-Digital Advice, the Adviser's advisory team develops Fund recommendations and/or sample Fund portfolios with allocations and/or conducts portfolio reviews, as applicable, depending on the agreed scope of services for each advisory client, based on the advisory client's responses to the Questionnaire or a substantially similar survey or discussions with the advisory client ("Investment Preferences"). The advisory team representative then evaluates the advisory client's alternatives and private markets investment preferences against the Funds available or that may soon be available for investment on the Website at the time recommendations are given. Unless otherwise specified by the advisory client in writing, the advisory team representative will not use Investment Preferences as investment restrictions in providing Fund recommendations; rather, the representative is able to analyze the Investment Preferences within the wider context of their discussions with the advisory client. Advisory team representatives may supplement their recommendations with their own sources of information, which may include financial newspapers, periodicals and/or research reports prepared by third parties. Each Fund is recommended as an individual investment recommendation; the Fund recommendations are not provided as a recommended portfolio of Funds. For Non-Digital Advice, the prospective advisory client will execute an investment advisory agreement, in order to enter into an advisory relationship with the Adviser. Upon receiving the recommendations from the Adviser, the advisory client will be required to review and decide their selected Fund(s) and investment amount(s). The advisory client is then required to read and sign the relevant Fund Offering Documents and contribute the full amount to be invested in such Fund(s) in order to complete the investment transaction on the Website.

There are inherent limitations in both the Digital Advice automated selection methodology and the Non-Digital Advice advisory approach, including because the suitability factors evaluated by the Digital Advice automated advisory service or by the Non-Digital Advice advisory team, as applicable, do not comprehensively address all relevant considerations when making investment suitability determinations. For example, advisory client suitability profiles do not address financial, estate or retirement planning, tax considerations or cash flow needs of clients. Neither advisory service takes into account age, annual income, net worth, overall financial condition, retirement status, or any investments or assets outside of the Website (whether in alternative products or otherwise). An advisory client may also choose to override the Adviser's recommendations (in part or in whole), in which case the

actual investments selected and made by the advisory client may not align with such advisory client's stated investment goals or preferences. Furthermore, with respect to Digital Advice, where recommendations are, to an extent, randomly selected, it may be the case that certain of the Funds not selected or shown to the advisory client could have been attractive or beneficial options for the advisory client to consider in addition to the ones that were shown.

In addition, the Advice program is only appropriate for those investors who have previously and independently determined that they will consider making an investment in one or more of the alternative and private markets investment opportunities on the Website and elect to receive guidance solely on selecting Funds. The Adviser does not engage in an independent determination as to the advisory client's appropriate risk profile, investment style, investment time horizon or appropriate investment amount in any Funds. The Adviser's recommendations for advisory clients are limited to investments in the Funds and do not consider any other available or suitable investment options. Investment ideas are sourced solely from the Funds available (or, in the case of Non-Digital Advice, that may soon be available) for investment at the time recommendations are given. Consistent with the scope of services that the Adviser offers through its Advice programs, the Adviser is not obligated to provide ongoing financial planning advice, update any analysis provided, or monitor an advisory client's progress toward a planning or investment goal or in executing the recommended Fund investments.

## **B. Material, Significant or Unusual Risks Relating to Investment Strategies**

The following risk factors do not purport to be a complete list or explanation of the risks involved in an investment in the Fund clients advised by us. These risk factors include only those risks we believe to be material, significant or unusual and relate to particular significant investment strategies or methods of analysis employed by us. Fund Investors and clients are advised to review the applicable Offering Documents for a more extensive description of the risks of investing in the Funds advised by the Adviser.

### **General Risk of Loss.**

In all cases, clients and Fund Investors are advised that:

- investing in securities involves a risk of loss, including the risk that obligors will default on the underlying Fund investments;
- the risks of investing mean that Fund Investors and advisory clients may lose all or most of their investment;
- investment performance of any kind can never be guaranteed. Investments may lose value over time and no return is guaranteed;



- investments are not guaranteed or insured by the Federal Deposit Insurance Corporation, any bank, any governmental agency or any third party;
- historical performance of a Fund and an Originator is not indicative of future performance and Fund Investors and advisory clients may lose part or all of their capital; and
- there can be no assurances that a client's desired return and risk level can, or will, be achieved.

Specific risks are disclosed in connection with the Offering Documents for each Fund. All Fund Investors (including advisory clients) are urged to review all Offering Documents and other offering materials, including disclosures, risk factors and transaction documents in their entirety and with their tax and legal advisors prior to investing.

**The Adviser relies on third-parties and FDIC-insured banks to process transactions through the Website.**

The Adviser relies on third-party and FDIC-insured depository institutions to process client transactions through the Website, including payments on client investments. Under the ACH rules, if the Website Operator or its affiliates experience a high rate of reversed transactions ("chargebacks"), the Website Operator may be subject to sanctions and potentially disqualified from using the system to process payments. In addition, if for any reason, the Website Operator's third-party vendor and/or FDIC insured bank that processes transactions, were no longer able to do so, the Adviser would be required to transition such services for its clients. In such event, clients could experience significant delay in their ability to process payments timely and their ability to receive payments on their investments will be delayed or impaired. Services offered by the Website Operator to Website users, including Fund Investors, such as the Yieldstreet Wallet are subject to similar risks.

**If the security of a client's or Fund Investor's confidential information stored on the Website's systems is breached or otherwise subjected to unauthorized access, their secure information may be stolen.**

The Website may store client or Fund Investor bank information and other personally identifiable sensitive data. The Website is compliant with payment card industry security standards and uses daily security monitoring services and intrusion detection services monitoring malicious behavior. However, any willful security breach or other unauthorized access could cause secure information to be stolen and used for criminal purposes, and clients and Fund Investors would be subject to increased risk of fraud or identity theft. Because techniques used to obtain unauthorized access or to sabotage systems change frequently and generally are not recognized until they are launched against a target, the Website and the Website Operator's third-party hosting facilities



may be unable to anticipate these techniques or to implement adequate preventative measures. In addition, many states have enacted laws requiring companies to notify individuals of data security breaches involving their personal data. These mandatory disclosures regarding a security breach are costly to implement and often lead to widespread negative publicity, which may cause clients, Fund Investors and Originators and/or borrowers to lose confidence in the effectiveness of the Website's data security measures. Any security breach, whether actual or perceived, would harm the Adviser's reputation, resulting in a loss of clients and Fund Investors, and the value of client investments could be adversely affected.

**Any significant disruption in service on the Website or in its computer systems could materially and adversely affect the Adviser's ability to perform its obligations.**

If a catastrophic event resulted in a Website outage and physical data loss, the Adviser's ability to perform its obligations would be materially and adversely affected. The satisfactory performance, reliability, and availability of the Website's technology and its underlying hosting services infrastructure are critical to the Adviser's and its client's operations, level of customer service, and reputation. The Website's hosting services infrastructure is provided by a third-party hosting provider (the "Hosting Provider"). The Website also maintains a backup system at a separate location that is owned and operated by a third party. The Hosting Provider does not guarantee that users' access to the Website will be uninterrupted, error-free or secure. The Website's operations depend on the Hosting Provider's ability to protect its and the Website's systems in its facilities against damage or interruption from natural disasters, power or telecommunications failures, air quality, temperature, humidity and other environmental concerns, computer viruses or other attempts to harm the Adviser's systems, criminal acts and similar events. If the Website's arrangement with the Hosting Provider is terminated, or there is a lapse of service or damage to its facilities, an interruption in service as well as delays and additional expense in arranging new facilities could be experienced. Any interruptions or delays in the Website's service, whether as a result of an error by the Hosting Provider or other third-party error, the Website Operator's error, natural disasters or security breaches, whether accidental or willful, could harm the Adviser's ability to perform any services with respect to client investments or maintain accurate accounts, and could harm the Adviser's relationships with its clients and its reputation. Additionally, in the event of damage or interruption, the Adviser's and clients' insurance policies may not adequately compensate clients for any losses that they may incur. The Adviser's disaster recovery plan has not been tested under actual disaster conditions, and there would be some delay in recovering data and services in the event of an outage at a facility operated by the Hosting Provider. In addition, there is no guarantee that all data would be recoverable. These factors could prevent the Adviser from processing or posting payments on client investments, divert employees' attention and damage the Adviser's brand and reputation. Services offered by the Website Operator to Website users, including Fund Investors, such as the Yieldstreet Wallet are subject to similar risks.

**If the Adviser causes a Yieldstreet Fund to borrow money, the potential for loss will be magnified and may increase the risk of Fund Investors investing in Yieldstreet Funds. Yieldstreet Funds are indirectly subject to the credit risk of investments owned by other Yieldstreet Funds**

The Adviser may cause a Yieldstreet Fund to borrow funds to make investments. The use of borrowings, also known as leverage, increases the volatility of investments and magnifies the potential for loss on invested equity capital. If a Yieldstreet Fund uses leverage to partially finance their investments, through borrowing from banks and other lenders, Fund Investors will experience increased risks of investing in such Yieldstreet Funds. If the value of a Yieldstreet Fund's assets decreases, leveraging would cause the Yieldstreet Fund's net asset value to decline more sharply than it otherwise would have had such Yieldstreet Fund not leveraged. Similarly, any decrease in a Yieldstreet Fund's income would cause net income attributable to such Yieldstreet Fund to decline more sharply than it would have had the Yieldstreet Fund not borrowed. Such a decline could negatively affect a Yieldstreet Fund's ability to make distribution payments. A Yieldstreet Fund may utilize leverage through secured term or revolving credit facilities or repurchase agreements (repos) or other similar arrangements (each, a "Leverage Facility") from one or more secured lenders (each, a "Leverage Provider") and pledging the Yieldstreet Fund's assets as collateral for the loan. Secured lenders, including affiliates of the Yieldstreet Fund, to the Yieldstreet Fund will therefore have a first priority security interest in the corresponding investment(s) owned by the Fund. Leverage is generally considered a speculative investment technique. In addition, the decision to utilize leverage will increase Yieldstreet Fund assets and, as a result, will increase the amount of management fees payable to the Adviser.

Furthermore, interests in certain Yieldstreet Funds are indirectly subject to the credit risk of investments owned by other Yieldstreet Funds. One of the Leverage Facilities that may be employed by a Yieldstreet Fund (the "Borrowing Fund") to finance the initial acquisition of the investments includes certain provisions that are related to the performance of, and actions taken by, the Website Operator, its affiliates and other Yieldstreet Funds and not, in any way, related to the performance of the Borrowing Fund or its investments. Failure to comply with any such provisions including those completely unrelated to the Borrowing Fund or its investments, but only related to the performance of other Yieldstreet Funds, could result in an event of default being declared by the Leverage Provider (a "Leverage Event of Default"). Following a Leverage Event of Default, the Leverage Provider may take a series of remedial actions relating to the Borrowing Fund, its investments and other Yieldstreet Funds including, but not limited to (x) the removal of the Adviser as investment manager to the Borrowing Fund and/or other Yieldstreet Funds and replacement with a third-party manager or an affiliate of the Leverage Provider and (y) the sale of the underlying investment for an amount less than its fair market value. Prospective Fund Investors should understand that the result of such a sale could be the complete loss of the value of the underlying investments of the Borrowing Fund and, as a result, the value of the Fund Investor's

interests in the Borrowing Fund. The effect of these provisions is that the Borrowing Fund is exposed to additional risks that do not in any way relate to the performance of the Borrowing Fund or to the nature and value of its investment but include risks that relate to the Website Operator and its affiliates, including each other Yieldstreet Fund that is utilizing the Leverage Facility, which is similar in effect to the cross collateralization of such funds. Exposure to such risks could have material adverse consequences for the underlying investments of the Borrowing Fund and value of a Fund Investor's interests in the Borrowing Fund.

**Changes in interest rates may affect clients' cost of capital and net investment income.**

If clients borrow funds to make investments, their net investment income will depend, in part, upon the difference between the rate at which they borrow funds and the rate at which they invest those funds. As a result, the Adviser can offer no assurance that a significant change in market interest rates will not have a material adverse effect on clients' net investment income. In periods of rising interest rates when clients have debt outstanding, their cost of funds will increase, which could reduce their net investment income. The Adviser expects that Yieldstreet Fund fixed-rate investments will be financed primarily with equity and debt. The Adviser may cause Yieldstreet Funds to use interest rate risk management techniques in an effort to limit their exposure to interest rate fluctuations. These techniques may include various interest rate hedging activities as set forth in, and permitted by, the Offering Documents and applicable law. These activities may limit a Yieldstreet Fund's ability to participate in the benefits of lower interest rates with respect to the hedged portfolio. Adverse developments resulting from changes in interest rates or hedging transactions could have a material adverse effect on a Yieldstreet Fund's business, financial condition and results of operations. Also, the Adviser has limited experience in entering into hedging transactions and may have to purchase or develop such expertise.

**Clients may be subject to the risk of loss arising from direct or indirect exposure to various catastrophic events, which may have a material adverse effect on the Adviser and global financial markets.**

Clients may be subject to the risk of loss arising from direct or indirect exposure to various catastrophic events, including the following: hurricanes, earthquakes and other natural disasters; terrorism; and public health crises, including the occurrence of a contagious disease or a pandemic (such as COVID-19). Disease outbreaks that affect local economies or the global economy may materially and adversely impact clients' investment portfolios and/or the Adviser's business. These types of outbreaks have the potential to cause severe decreases in core business activities such as manufacturing, purchasing, tourism, business conferences and workplace participation, among others. These disruptions also have the potential to lead to instability in the marketplace, including market losses and overall volatility. In the face of such instability, governments may take extreme and unpredictable measures to combat the spread of

disease and mitigate the resulting market disruptions and losses. In the event of a pandemic or an outbreak, there can be no assurance that the Adviser or our service providers will be able to maintain normal business operations for an extended period of time or will be able to retain the services of key personnel on a temporary or long-term basis due to illness or other reasons. The full impact of a pandemic or disease outbreak is unknown, which could result in a high degree of uncertainty for potentially extended periods of time. To the extent that any such event occurs and has a material effect on global financial markets or specific markets in which clients participate (or has a material effect on locations in which the Adviser operates) the risks of loss can be substantial and could have a material adverse effect on the performance of the clients' investments.

**Investments in Funds involve multiple layers of fees and expenses.**

The Adviser (or an affiliate of the Adviser) earns asset-based fees (such as management fees and other service fees) and/or performance-based compensation (such as carried interest or incentive allocations) from Yieldstreet Funds, and each Underlying Fund Manager (or an affiliate thereof) of an Access Fund or a Third-Party Product earns similar fees and/or other compensation from the relevant Access Fund or Third-Party Product; investors in any Funds will indirectly bear these fees and compensation. Typically, the share class of a Third-Party Product in which advisory clients invest are also subject to a shareholder servicing or similar fee, which is paid to the Adviser. Additionally, a particular Underlying Fund Manager or affiliate thereof may receive performance-based allocations or fees in respect of its fund's performance during a period when the overall value of the portfolio of an advisory client depreciated. The return on an investment in a Fund will be reduced to the extent of all levels of fees. Fees and expenses of the Funds and any funds in which a Fund invests will generally be paid regardless of whether an investor's investment in a Fund, the Fund itself, and any funds in which a Fund invests (where applicable) produce positive returns.

Each Fund generally has no liquidity; therefore, investors will have no ability to withdraw any amount from a Fund except in very limited circumstances or as required by law.

**The Yieldstreet Funds may bear the costs of services and support provided by in-house personnel of the Adviser.**

A Yieldstreet Fund will, as determined by the Adviser and as permitted by the Offering Documents, bear, among other things, the cost of in-house personnel and employees in connection with the following services provided by such personnel and employees to the Adviser or its affiliates in respect of a Yieldstreet Fund: fund administration and accounting; preparation of periodic investor reporting and calculation of performance metrics; central administration and depositary oversight; audit support; risk management support services; regulatory risk reporting, data collection and modeling and risk management matters; tax support services; in-house attorneys and paralegals to provide transactional legal and securities law advice and other related services. Any

amounts paid to the Adviser and/or its affiliates for such services will be borne by a Yieldstreet Fund as fund expenses and will not result in any offset to the management fee. The Adviser may, in its sole discretion, cause its in-house personnel to provide to the Adviser such services for the benefit of a Yieldstreet Fund and receive compensation for the provision of such services, instead of engaging one or more third parties to provide such services.

In determining whether to utilize a third-party service provider for a Yieldstreet Fund, in-house personnel services or a combination of both (and in selecting the methodology for charging in-house services, as applicable), particularly where the potential compensation from the Yieldstreet Funds with respect to the in-house services exceeds the associated actual costs to the Adviser, the Adviser faces conflicts of interest between itself (or its affiliates) that would otherwise bear such costs, on the one hand, and any other Yieldstreet Funds that are allocated such costs, on the other hand.

The Adviser (or an affiliate) could have the incentive to cause the incurrence of greater expenses by the applicable Yieldstreet Fund than would be the case if such services were provided by third parties at market rates.

In addition, there are circumstances where a Yieldstreet Fund that benefits from in-house services bears an amount that differs from the proportionate benefit to such Yieldstreet Fund, as compared to other Yieldstreet Funds. For example, a Yieldstreet Fund's Offering Documents could restrict the allocation of any of the foregoing amounts to it and, therefore, in these cases, such Yieldstreet Fund could bear none of the above expenses or less than its proportionate or relative share of these expenses. In circumstances where this occurs, (a) a Yieldstreet Fund having Offering Documents that are not restrictive could bear more of these expenses than it otherwise would have, or (b) the Adviser may bear the costs allocable to a particular Yieldstreet Fund when the Yieldstreet Fund is unable to bear such costs (or a portion thereof) due to restrictions in its Offering Documents.

In addition, the Adviser may waive (in whole or in part) certain amounts of the in-house expenses with respect to one or more of the Yieldstreet Funds but not other affected Yieldstreet Funds. Such decisions to waive in-house expenses depend on a range of factors, including, but not limited to, the size and vintage of the Yieldstreet Fund, its investment strategy, the relative complexity of the formation of the Yieldstreet Fund, the relative complexity of the making or acquisition of the Yieldstreet Fund's investment, and the amount of other expenses incurred by the applicable Yieldstreet Fund. As a result, those Yieldstreet Funds for which expenses are waived will benefit more from the in-house services provided to the Adviser than other Yieldstreet Funds to which expenses are allocated.

Any allocation methodology is inherently an inaccurate approximation of the relative benefits received by the applicable Yieldstreet Funds and, regardless of the allocation methodology the Adviser chooses, certain Yieldstreet Funds will benefit more from the

in-house services provided to the Adviser than other Yieldstreet Funds in a manner that is disproportionate from the expenses such Yieldstreet Funds are required to pay.

The in-house expense allocation process relies on certain judgments and assessments that in turn are based on information and estimates of various individuals, and therefore the allocations that result may not be exact and we do not represent that any benchmarking ultimately will be accurate, comparable or relate specifically to the assets or services to which such rates or terms relate. Where such rates or terms include hourly components, we reserve the right to rely on approximations or estimates of time spent for the purpose of allocating or charging for services. In the future we could use additional or different methods to allocate in-house expenses.

**The Adviser's internal valuation of private alternative investments held by Yieldstreet Funds presents a potential conflict of interest between the Adviser and its clients.**

The valuation of the Yieldstreet Funds' portfolios is used as the basis for the calculation of fund performance as well as the management fee and incentive compensation (if any) paid to the Adviser. The Adviser thus has a potential conflict of interest with the Yieldstreet Funds and Fund Investors when it is involved in the valuation of the private alternative investments held by the Yieldstreet Funds, which are typically illiquid and/or lack third-party pricing information. The valuation of private alternative investments involve uncertainties and judgmental determinations, and these complexities could result in complications related to the Yieldstreet Funds' audited financial statements. The assets held by Yieldstreet Funds are generally valued based on a variety of factors deemed relevant (e.g., comparable transactions or discounted cash flow analysis), and the Adviser or its affiliates are ultimately responsible for the valuation of all of the securities or other assets in the Yieldstreet Funds' portfolios. Because the Adviser and its affiliates are paid a management fee based on a percentage of certain of the Yieldstreet Funds' assets, and may be allocated or paid incentive compensation based on a percentage of certain of the Yieldstreet Funds' assets realized and unrealized gains and income, the Adviser's authority regarding valuation presents a potential conflict of interest.

## **C. Risks Associated with Particular Types of Securities and Other Instruments**

The Adviser recommends multiple investment instruments to its clients. Set forth below is a non-exclusive list of certain risks related to securities and other instruments that may be utilized within client portfolios. Fund Investors and advisory clients are advised to review the applicable Offering Documents for a more extensive description of the risks of investing with the Adviser.

**Investment in loans and related participation interests are subject to unique risks.**

Client investments will include investments in loans and related participation interests. These obligations are subject to unique risks, including, (i) the possible invalidation of an investment transaction as a fraudulent conveyance under relevant creditors' rights laws, (ii) so-called lender-liability claims by the issuer of the obligations, (iii) environmental liabilities that may arise with respect to collateral securing the obligations, (iv) limitations on the ability to directly enforce rights with respect to participations, and (v) possible claims for the return of some or all payments in a debt made within 90 days (and in some cases, within one year) of the date that the issuer's/borrower's insolvency came under Title 11 of the United States Code (the "Bankruptcy Code") and under certain state laws. In analyzing each loan or participation, the Adviser will compare the relative significance of the risks against the expected benefits of the investment. Any loss incurred as a result of these risks may be significant and adversely affect client performance.

**Some of the Credit Investments purchased by clients will be or will become nonperforming, which could significantly and adversely affect client performance.**

It is anticipated that some of the Credit Investments that clients will purchase will be or become non-performing and possibly in default. Furthermore, the obligor and/or relevant guarantor may also be in bankruptcy or liquidation. There can be no assurance as to the amount and timing of payments with respect to the Credit Investments. By their nature, these investments will involve a high degree of risk. Such non-performing loans ("NPLs") may require substantial workout negotiations or restructuring that may entail, among other things, a substantial reduction in the interest rate, a substantial write-down of the principal of the loan and/or the deferral of payments. Commercial and industrial loans in workout and/or restructuring modes and the bankruptcy or insolvency laws of non-U.S. jurisdictions are subject to additional potential liabilities, which may exceed the value of a client's original investment. For example, borrowers often resist foreclosure on collateral by asserting numerous claims, counterclaims and defenses against the holder of loans, including lender liability claims and defenses, in an effort to delay or prevent foreclosure. Even assuming that the collateral securing each loan provides adequate security for the loans, substantial delays could be encountered in connection with the liquidation of NPLs. In the event of a default by a borrower, these restrictions as well as the ability of the borrower to file for bankruptcy protection, among other things, may impede the ability to foreclose on or sell the collateral or to obtain net liquidation proceeds sufficient to repay all amounts due on the related loan. Under certain circumstances, payments earned from these NPLs may be reclaimed if any such payment or distribution is later determined to have been a fraudulent conveyance or a preferential payment. Bankruptcy laws may delay a client's ability to realize on collateral for loan positions held by such client or may adversely affect the priority of such loans through doctrines such as equitable subordination or may result in a

restructure of the debt through principles such as the “cramdown” provisions of the Bankruptcy Code. Any loss incurred on these types of investments may be significant and adversely affect client performance.

**Investments in foreign assets may involve significant risks in addition to the risks inherent in investments.**

The Adviser’s investment strategy may involve investments issued by foreign entities, including foreign borrowings or assets controlled by foreign entities. Investing in foreign entities may expose clients to additional risks not typically associated with investments in U.S. issuers, or in assets controlled by U.S. issuers or located in the U.S. These risks include changes in exchange control regulations, political and social instability, expropriation, imposition of foreign taxes, less liquid markets and less available information than is generally the case in the United States, higher transaction costs, less government supervision of exchanges, brokers and issuers, less developed bankruptcy laws, difficulty in enforcing contractual obligations, lack of uniform accounting and auditing standards and greater price volatility. Further, clients may have difficulty enforcing creditors’ rights in foreign jurisdictions. Although the Adviser expects that most of client investments will be U.S. dollar-denominated, any investments denominated in a foreign currency will be subject to the risk that the value of a particular currency will change in relation to one or more other currencies. Among the factors that may affect currency values are trade balances, the level of short-term interest rates, differences in relative values of similar assets in different currencies, long-term opportunities for investment and capital appreciation, and political developments. The Adviser may employ hedging techniques to minimize these risks for clients, but we can offer no assurance that we will, in fact, hedge currency risk, or that if we do, such strategies will be effective.

**Investments in emerging market countries may be considered speculative because economic and political systems are less fully developed in emerging countries and can be expected to be less stable than those of more developed countries.**

The Adviser’s investment strategy may involve investments in securities of issuers in so-called “emerging markets” (or lesser developed countries, including countries that may be considered “frontier” markets). Such investments are particularly speculative and entail all of the risks of investing in foreign investments but to a heightened degree. “Emerging market” countries generally include every nation in the world except developed countries, that is, the United States, Canada, Japan, Australia, New Zealand and most countries located in Western Europe. Investments in the securities of issuers domiciled in countries with emerging capital markets involve certain additional risks that do not generally apply to investments in securities of issuers in more developed capital markets, such as (i) low or non-existent trading volume, resulting in a lack of liquidity and increased volatility in prices for such securities, as compared to securities of comparable issuers in more developed capital markets; (ii) uncertain national policies



and social, political and economic instability, increasing the potential for expropriation of assets, confiscatory taxation, high rates of inflation or unfavorable diplomatic developments; (iii) possible fluctuations in exchange rates, differing legal systems and the existence or possible imposition of exchange controls, custodial restrictions or other foreign or U.S. governmental laws or restrictions applicable to such investments; (iv) national policies that may limit the Adviser's investment opportunities, such as restrictions on investment in issuers or industries deemed sensitive to national interests; and (v) the lack or relatively early development of legal structures governing private and foreign investments and private property.

Emerging markets are more likely to experience hyperinflation and currency devaluations, which adversely affect returns to U.S. investors. In addition, many emerging markets have far lower trading volumes and less liquidity than developed markets. Since these markets are often small, they may be more likely to suffer sharp and frequent price changes or long-term price depression because of adverse publicity, investor perceptions or the actions of a few large investors. In addition, traditional measures of investment value used in the United States, such as price to earnings ratios, may not apply to certain small markets. Also, there may be less publicly available information about issuers in emerging markets than would be available about issuers in more developed capital markets, and such issuers may not be subject to accounting, auditing and financial reporting standards and requirements comparable to those to which U.S. companies are subject. In certain countries with emerging capital markets, reporting standards vary widely.

Many emerging markets have histories of political instability and abrupt changes in policies and these countries may lack the social, political and economic stability characteristic of more developed countries. As a result, their governments are more likely to take actions that are hostile or detrimental to private enterprise or foreign investment than those of more developed countries, including expropriation of assets, confiscatory taxation, high rates of inflation or unfavorable diplomatic developments. In the past, governments of such nations have expropriated substantial amounts of private property, and most claims of the property owners have never been fully settled. There are no assurances that such expropriations will not reoccur. In such an event, it is possible that our clients could lose the entire value of their investments in the affected market. Some countries have pervasive corruption and crime that may hinder investments. Certain emerging markets may also face other significant internal or external risks, including the risk of war, and ethnic, religious and racial conflicts. In addition, governments in many emerging market countries participate to a significant degree in their economies and securities markets, which may impair investment and economic growth. National policies that may limit our clients' investment opportunities include restrictions on investment in issuers or industries deemed sensitive to national interests. In such a dynamic environment, there can be no assurances that any or all of these capital markets will continue to present viable investment opportunities for our clients.

Emerging markets may also have differing legal systems and the existence or possible imposition of exchange controls, custodial restrictions or other foreign or U.S. governmental laws or restrictions applicable to such investments. Sometimes they may lack or be in the relatively early development of legal structures governing private and foreign investments and private property. In addition to withholding taxes on investment income, some countries with emerging markets may impose differential capital gains taxes on foreign investors.

Practices in relation to settlement of securities transactions in emerging markets involve higher risks than those in developed markets, in part because we will need to use brokers and counterparties that are less well capitalized, and custody and registration of assets in some countries may be unreliable. The possibility of fraud, negligence, undue influence being exerted by the issuer or refusal to recognize ownership exists in some emerging markets, and, along with other factors, could result in ownership registration being completely lost.

Our clients would absorb any loss resulting from such registration problems and may have no successful claim for compensation. In addition, communications between the United States and emerging market countries may be unreliable, increasing the risk of delayed settlements or losses of security certificates.

#### **Usury laws may affect Credit Investments.**

Certain states where collateral related to Credit Investments are located have usury laws in place that limit the maximum interest rate of an underlying loan. At times, these laws may effectively affect payments by preventing the recovery of certain payment amounts. Further, usury laws may be subject to change at the hands of state legislators. If a borrower were to succeed in bringing a claim against a lender of record for a state law usury violation, and the court were to find that the rate charged exceeded the maximum allowable rate applicable in such state, not only would the underlying Credit Investment not receive the anticipated full value of its loan investment, but clients could be subject to fines and other penalties if such client was the lender of record.

#### **Participation interests are unsecured, and participants have limited rights.**

Clients will hold many of their assets in participation interests or other indirect economic interests in loans or other debt assets. In such circumstances, clients will not directly own the debt assets underlying such participation interests or other economic interests and/or have custody thereof. While the originating lender's interest is secured by the assets pledged to the underlying loan from which the participation interest stems, the participation interests held by clients are not directly secured by the same assets. As such, if the originating lender becomes insolvent, then clients' participation interests could be superseded by the senior creditors of the originating lender and clients may lose some or all their investment or payment thereon could be substantially delayed.

In addition, as an owner of participation interests or other indirect economic interests (including as a member of a loan syndicate), clients may not be able to assert any rights against borrowers of the underlying indebtedness and may need to rely on the holder/custodian (or other financial institution) issuing the participation interests or such other entity charged with the responsibility for asserting such rights, if any. Such holders/custodians and financial institutions or other entities may have reasons not to assert their rights, whether due to a limited financial interest in the outcome, other relationships with the underlying defaulting borrowers, the threat of potential counterclaims or other reasons, that may diverge from the relevant client's interests. The failure of such holders/custodians and financial institutions or other entities to assert their rights (on a client's behalf) or the insolvency of such entities could materially adversely affect the value of such client's assets.

**Loan origination or purchase of participation interests may expose clients to risk of losses resulting from default and foreclosure.**

Although the Adviser expects to cause clients to invest in Credit Investments that are directly or indirectly secured by collateral, clients may be exposed to losses resulting from default and foreclosure of any such Credit Investments in which they have invested. Therefore, the value of underlying collateral, the creditworthiness of borrowers and the priority of liens are each of great importance in determining the value of client investments. No guarantee can be made regarding the adequacy of the protection of clients' security in the Credit Investments in which they invest. Moreover, in the event of foreclosure or default, clients may assume direct ownership of any assets collateralizing such defaulted Credit Investments where they are the lender of record. The liquidation proceeds upon the sale of such assets may not satisfy the entire outstanding balance of principal and interest on such Credit Investments, resulting in a loss. Any costs or delays involved in the effectuation of processing foreclosures or liquidation of the assets collateralizing such Credit Investments will further reduce proceeds associated therewith and, consequently, increase possible losses. In addition, no assurances can be made that borrowers or third parties will not assert claims in connection with foreclosure proceedings or otherwise, or that such claims will not interfere with the enforcement of client rights.

**Client claims against a borrower may be subject to equitable subordination to other claims against the borrower.**

Under the laws of certain jurisdictions, a court may use its equitable powers to subordinate the claim of a lender to some or all of the other claims against the borrower under certain circumstances. The concept of equitable subordination is that a claim may normally be subordinated only if its holder is guilty of some misconduct. The remedy is intended to be remedial, and not penal. In determining whether equitable subordination of a claim is appropriate in any given circumstance, courts may look to whether the following conditions have been satisfied: (i) whether the claimant has engaged in some type of inequitable conduct; (ii) whether the misconduct has resulted

in injury to the creditors of the bankrupt company or conferred an unfair advantage on the claimant; and (iii) whether equitable subordination would be inconsistent with other applicable provisions of the Bankruptcy Code. While the stated test could be interpreted broadly, equitable subordination is usually confined to three general paradigms: (x) when a fiduciary of the debtor (who is also a creditor) misuses its position to the detriment of other creditors; (y) when a third party (which can include a lender) controls the debtor to the disadvantage of other creditors; and (z) when a third party actually defrauds other creditors. Clients may be subject to claims from creditors of an obligor that debt assets of such obligor which are held by such clients should be equitably subordinated. The concept of equitable subordination (or the equivalent thereof) may vary from jurisdiction to jurisdiction. To the extent the concept of equitable subordination were to apply to an originating lender of a loan in which a client has acquired a participation interest, the client could be adversely affected.

**Recharacterization of a claim under the Bankruptcy Code could adversely affect clients.**

Under the Bankruptcy Code, a court may use its equitable powers to “recharacterize” the claim of a lender, i.e., notwithstanding the characterization by the lender and borrower of a loan advance as a “debt,” to find that the advance was in fact a contribution in exchange for equity. Typically, recharacterization occurs when an equity holder asserts a claim based on a loan made by the equity holder to the borrower at a time when the borrower was in such poor financial condition that other lenders would not make such a loan. In effect, a court that recharacterizes a claim decides that the original circumstance of the contribution warrants treating the holder’s advance not as debt but rather as equity. In determining whether recharacterization is warranted in any given circumstance, courts may look at the following factors: (i) the names given to the instruments (if any) evidencing the indebtedness; (ii) the presence or absence of a fixed maturity or scheduled payment; (iii) the presence or absence of a fixed rate of interest and interest payments; (iv) the source of repayments; (v) the adequacy or inadequacy of capital; (vi) the identity of interest between the creditor and the equity holders; (vii) the security (if any) for the advances; (viii) the borrower’s ability to obtain financing from outside lending institutions; (ix) the extent to which the advances were subordinated to the claims of outside creditors; (x) the extent to which the assets were used to acquire capital assets; and (xi) the presence or absence of a sinking fund to provide for repayment. These factors are reviewed under the circumstances of each case, and no one factor controls. A client may be subject to claims from creditors of an obligor that debt obligations of such obligor held by the client should be recharacterized. Clients could be adversely affected whether they were the lender of record, or they acquired a participation interest in a loan that was subject to recharacterization.

**If clients own debt that is junior to other secured debt, they could lose the entire value of their investment in such debt.**

Clients may originate or invest in secured debt issued by companies that have or may incur additional debt that is senior to the secured debt owned by such clients. In many instances, loans made by clients may be part of a unitranche structure in which a single lien on behalf of all the lenders in the structure will be filed against the assets of the borrower(s) if the lenders holding the different tranches of debt (including clients) will contractually agree to their respective priorities in those assets. In the event of insolvency, liquidation, dissolution, reorganization, or bankruptcy of any such company, the owners of senior secured debt (i.e., the owners of first priority liens), including in a unitranche structure through the contractual agreements between the lenders, generally will be entitled to receive proceeds from any realization of the secured collateral until they have been reimbursed. At such time, the owners of junior secured debt (including, in certain circumstances, clients) will be entitled to receive proceeds from the realization of the collateral securing such debt. There can be no assurances that the proceeds, if any, from the sale of such collateral would be sufficient to satisfy the loan obligations secured by subordinate debt instruments. To the extent that clients own secured debt that is junior to other secured debt, they may lose the value of their entire investment in such secured debt.

**Changing interest rates and prepayment features may decrease the value of Credit Investments.**

Clients may invest in fixed interest rate Credit Investments. The value of fixed interest rate Credit Investments generally has an inverse relationship with future interest rates. Accordingly, if interest rates rise, the value of such instruments may decline. In addition, to the extent that the assets underlying specific financial instruments may be prepaid without penalty or premium, the value of such financial instruments may be negatively affected by increasing prepayments. Such prepayments tend to occur more frequently as interest rates decline.

**Clients may invest in assets with no or limited performance or operating history.**

Clients may invest in assets with no or limited investment history or performance record upon which the Adviser (or the sub-adviser or third-party manager, as relevant) will be able to evaluate their likely performance. Client investments in entities with no or limited operating history are subject to all the risks and uncertainties associated with a new business, including the risk that such entities will not achieve the returns which the Adviser is seeking to achieve given the term, risk and liquidity of such investment. Consequently, client performance could be adversely affected.

**Clients are exposed to fraud through the investments held in their portfolio.**

Investing involves the possibility of a client's investments being subject to potential losses arising from material misrepresentation or omission on the part of issuers,

borrowers and obligors whose investments such client holds, either directly or indirectly through Equity Investments, Credit Investments, CLOs or other structured investment vehicles. Investments may also be subject to fraudulent behavior by an Originator, a joint venture partner, manager or other service provider. Such inaccuracy or incompleteness of representations or fraudulent behavior may adversely affect the valuation of client investments and, in the case of Credit Investments, may adversely affect the ability of the relevant investment to perfect or effectuate a lien on the collateral securing the loan. The quality of client investments is subject to the accuracy of representations made by the underlying issuers. The Adviser (or the sub-adviser or third-party manager, as relevant) will rely upon the accuracy and completeness of representations made by borrowers, obligors, Originators, other counterparties, joint venture partners, managers and other service providers and cannot guarantee that we will detect occurrences of fraud. In the case of Credit Investments, under certain circumstances, payments by borrowers to clients may be reclaimed if any such payment is later determined to have been a fraudulent conveyance or a preferential distribution.

**The payment of underlying portfolio manager fees and other charges could adversely impact client returns.**

Clients, including Access Funds, may invest in investments where the underlying portfolios may be subject to management, administration and incentive or performance fees, in addition to the fees payable by such clients. Payment of such additional fees could adversely impact the returns clients achieve.

**The Adviser may rely on data about certain investments provided by Originators, sub-advisers, third-party managers of underlying portfolios or obtained from third party or publicly available sources, which it may be unable to separately verify, which could expose clients to risks if such data is incorrect.**

Issuers, originators and related obligors and borrowers supply a variety of information regarding asset, property and other collateral valuations, market data, their experience, personal identifying information, and other information. The Adviser, or sub-adviser or third-party manager where applicable, will make an attempt to verify portions of this information, but as a practical matter, portions of the information may be incomplete, inaccurate or intentionally false. Issuers, originators and related obligors and borrowers may also misrepresent their intentions for the use of loan proceeds or investment proceeds, as applicable. The Adviser (or the sub-adviser or third-party manager, where relevant) does not verify any statements by applicants as to how loan proceeds or investment proceeds, as applicable, are to be used. If an issuer, obligor, or borrower supplies false, misleading, or inaccurate information, clients may lose all or a portion of their investment. With respect to certain investments, a client may not have any contractual or other relationship with any issuer, obligor or borrower that would enable such client to make any claim against such issuer, obligor or borrower for fraud or breach of any representation or warranty in relation to any false, incomplete, or

misleading information supplied by such issuer, obligor or borrower in relation to the relevant underlying investment.

**Clients may experience fluctuations in the receipt of proceeds, which could cause the amount of distributions to a client or a client's investors to fluctuate.**

The Adviser expects to experience fluctuations in the timing and amount of proceeds a client may receive in the form of interest and fee income and in connection with the realization of investments in loans and other instruments in which such client has invested. Such fluctuations are due to, among other things, changes in the interest rates payable on the debt instruments acquired by a client, the default rate on such debt instruments, the level of a client's expenses (including the interest rates payable on a client's borrowings), variations in and the timing of the realization of investments, the degree to which a client encounters competition in the markets and general economic conditions. As a result of these factors, the amounts of distributions to a client or a client's investors may fluctuate substantially.

**Clients may experience difficulties in disposing investments due to their illiquid nature.**

Each client is expected to hold a significant portion of its investments or loans until maturity or earlier redemption and investments are expected to be illiquid. Should the Adviser determine it to be advisable to earlier dispose of any illiquid investments, a client may have difficulty doing so. Alternatively, a client may only be able to sell such investments or loans at substantial discounts to face value. In certain circumstances, a client may be prohibited by contract from selling investments for defined periods of time. Depending on the type of investment or loan held by a client, such investments and loans may require a substantial period of time to liquidate. In other circumstances, a client's investment may be subject to limited redemption rights and/or resale or transfer restrictions. There can be no assurances that there will be a liquid market for resale of such investments or loans, and illiquidity may result from the absence of an established market for certain investments and loans as well as from legal or contractual restrictions.

**Clients face risks relating to the syndication and/or transfer of Credit Investments.**

A client may, in certain circumstances, purchase debt assets (including participation interests or other indirect economic interests) with the intent of syndicating and/or otherwise transferring a significant portion thereof. In such instances, such client will bear the risk of any decline in value prior to such syndication and/or other transfer. In addition, such client will also bear the risk of any inability to syndicate or otherwise transfer such assets or such amount thereof as originally intended, which could result in such client owning a greater interest therein than anticipated.

**Clients face specific risks associated with investments in real estate or real estate related instruments, which may cause their expected returns to not materialize, or may materially impair the value of their investments, which may materially and adversely affect their financial condition and results of operations.**

**General.** Real estate investments are not as liquid as other types of investments and this lack of liquidity may tend to limit the Adviser's ability to react promptly on behalf of clients to changes in economic or other conditions. In addition, expenditures associated with real estate investments, such as mortgage payments, real estate taxes and maintenance costs, are generally not reduced when circumstances cause a reduction in income from the investments. Clients may need to comply with certain legal, tax and other requirements prior to liquidating such investments.

**Real Estate-Related Securities.** Securities issued by entities which invest in real estate, including REITs, generally will be subject to the risks incident to the ownership and operation of commercial real estate and/or risks incident to the making of nonrecourse mortgage loans secured by real estate. Such risks include, without limitation, the risks associated with both the domestic and international general economic climates; local real estate conditions; risks due to dependence on cash flow; risks and operating problems arising out of the absence of certain construction materials; changes in supply of, or demand for, competing properties in an area (as a result, for instance, of over-building); the financial condition of tenants, buyers and sellers of properties; changes in availability of debt financing; energy and supply shortages; changes in the tax, real estate environmental, and zoning laws and regulations; various uninsured or uninsurable risks; natural disasters; and our ability or third-party managers to manage the real properties. In addition, clients may incur the burdens of ownership of real property, which include the paying of expenses and taxes, maintaining such property and any improvements thereon, and ultimately disposing of such property.

**Real Estate Insurance.** The insurance coverage applicable to real estate investments contains policy specifications and insured limits customarily carried for similar properties, business activities and markets. There may be certain losses, including losses from floods and losses from earthquakes, acts of war, acts of terrorism or riots, that are not generally insured against or that are not generally fully insured against because it is not deemed to be economically feasible or prudent to do so. If an uninsured loss or a loss in excess of insured limits occurs with respect to a real estate investment, clients could experience a significant loss and could potentially remain obligated under any recourse debt associated with the property.

**Potential Environmental Liability.** Under various U.S. federal, state, and local laws, ordinances and regulations, a current or previous owner, developer or operator of real estate may be liable for the costs of removal or remediation of certain hazardous or toxic substances at, on, under or in its property. The costs of removal or remediation of such substances could be substantial. Such laws often impose liability without regard



to whether the owner or operator knew of, or was responsible for, the release or presence of such hazardous substances. The Adviser will attempt to assess such risks as part of our due diligence activities but cannot give any assurance that such conditions do not exist or may not arise in the future. The presence of such substances on client real estate investments could adversely affect a client's ability to sell such investments or to borrow using such investments as collateral.

**Valuation Risks.** Real estate valuation is an inherently inexact process and depends on numerous factors, all of which are subject to change. Appraisals or opinions of value may prove to be insufficiently supported, and the Adviser's review of the value of the underlying property in determining whether a client should make or participate in an underlying investment and the value of the underlying property may be based on information that is incorrect or opinions that are overly optimistic. The risk of default in such situations is increased, and the risk of loss to clients will be commensurately greater.

**Lack of Control Over Real Estate Projects.** With respect to a particular property, either the borrower (or a third-party real estate management company affiliated with or engaged by borrower or the sponsor) is responsible for various management functions that are essential to the success of a real estate project, including property marketing and leasing rates, payment of bills, maintenance of insurance, and property management generally. Poor management on the part of the real estate company could adversely affect the financial performance of the corresponding project investment or expose it to unanticipated operating risk, which could reduce the property's cash flow and adversely affect the borrower's ability to repay the underlying investment, which could have a material adverse effect on a client's investment. This risk also pertains to construction of, or renovations to, real estate. Real estate construction brings with it the risk of cost overrun and time delays. Construction projects are also contingent on correct zoning, various approvals, and regulation. These situations may require additional capital or delay the completion of the project and impair the borrower's ability to repay the underlying investment, which could have a material adverse effect on a client's investment.

**Clients face specific risks associated with investments in connection with litigation financing, which may cause their expected returns to not materialize, or may materially impair the value of their investments, which may materially and adversely affect their financial condition and results of operations.**

In connection with investments related to litigation financing, there may be risks associated with the significant expenditures associated with an investment in litigation financing, including: downturns in international, national, regional and local economic conditions; dismissal of a case, default of settlement, costs and fees of cases; bankruptcies and financial difficulties; changes in interest rates, availability and terms of debt financing; changes in operating costs and expenses; changes in, or increased costs of compliance with, governmental laws, rules, regulations and fiscal policies,

including changes in tax laws, and a client's potential liability thereunder; new information or unknown information; the inability or unwillingness of settlement; change of counsel, costs of litigation, and other costs of litigation; and appeals and all items associated with appeals.

Other risks clients may face in connection with investments related to litigation financing include: (i) that clients may suffer losses from terminated or rejected settlements, (ii) clients will be dependent on the Adviser's evaluation of investments as legal considerations and restrictions may impact the disclosure of cases and case performance, (iii) clients may incur losses as a result of the inability or timing uncertainty relating to collection on judgments or awards, (iv) clients and the Adviser lack the ability to control decisions of law firms acting pursuant to their professional duties, (v) the Adviser may rely on outside counsel and experts to assess investments, (vi) risks associated with non-recourse litigation loans (e.g., if the finance party to the litigation does not recover anything in the lawsuit, clients will suffer losses), (vii) risks associated with the litigation financing counterparty and general credit risk, (viii) regulations that may impact the value of client investments (ix) case selection and lost cases that could have a material adverse effect on client investments, (x) timing and delays on legal cases that could have a material adverse effect on client investments, (xi) the insolvency of debtors or inability of a defendant to pay a judgment or settlement, (xii) general competition and industry-related risks, (xiii) third-party funding arrangements may result in undisclosed conflicts of interest and (xiv) tax issues (e.g., the treatment of the investment as debt or equity for tax purposes).

**Terminated or Rejected Settlements.** Some litigation finance investments pertain to litigation in which a settlement agreement or some form of agreement in principle between the parties exists. However, in some circumstances, these settlements, whether finalized or under a memorandum of understanding, require court approval or procedural steps beyond the Adviser's or the clients' control. If parties to an agreement or agreement in principle, or the relevant judicial authorities, terminate or reject a settlement, a client could suffer losses in its litigation finance investments.

**Evaluation and Disclosure of Cases and Case Performance.** Due to confidentiality and legal considerations and restrictions (such as attorney-client privilege), the clients and the Adviser may not have available, and/or not be able to provide to investors, certain sensitive details regarding an underlying investment opportunity.

**Recovery Risks and Timing Uncertainty.** Parties to a litigation, arbitration or settlement agreement must have the ability to pay a fee, judgment, award or the agreed upon amount if a case outcome or transaction is ultimately successful or completed. Part of the investment process involves the Originator's assessment of this ability to pay. However, if the party is unable to pay or further challenges the validity of a judgment or award, the clients may have difficulties ultimately collecting its share of monetary judgments or awards. Further, given the nature of these recoveries, the

clients cannot always control the ultimate timing of an amount recovered, and there is no assurance that the Adviser will be able to predict the timing of any such payments.

**Legal Professional Duties.** For investments made by the clients, our clients will not be the client of the law firm representing the party to the litigation or transaction and will not have the ability to control decisions made by the parties or the law firm. Lawyers are required to act pursuant to their clients' directives and are fiduciaries to their clients, not to the Adviser or our clients. The law firms involved also will be subject to an overriding duty to the courts and not our clients.

**Reliance on Outside Counsel and Experts.** As part of the due diligence process in which the Adviser engages, the clients might rely on the advice and opinion of outside counsel and other experts in assessing potential opportunities. Further, the Originator, the clients and the Adviser will sometimes be dependent upon the skills and efforts of independent law firms to complete any settlement or underlying litigation or transactional matter. There is no guarantee that the ultimate outcome of any opportunity will be in line with a law firm's or expert's initial assessment.

**Regulatory Risk.** The laws and regulations surrounding litigation finance instruments are uncertain and often change. There are risks that certain courts may determine that such litigation finance instruments do not comply with local laws or are subject to licensing or other restrictions. In such cases, payments on litigation finance instruments may become void or subject to litigation.

**Investments clients acquire in marine finance may be subject to risks common in the shipping industry, including risks associated with managing shipping vessels, which could materially impair the value of their investments, and therefore materially and adversely affect their financial condition and results of operations.**

Clients may acquire loans the collateral of which consists of assets in the shipping industry, which are subject to the following, non-exhaustive risks that could have an adverse effect on such clients: (i) extensive and changing safety, environmental protection and other international, national, state and local governmental laws and regulations and the requirements of shipping classification societies, compliance with which may require ship modifications and changes in operating procedure; (ii) international sanctions, embargoes, import and export restrictions, nationalizations, requisitions, wars and terrorist attacks; (iii) acts of piracy, smuggling and stowaways on ocean-going vessels; (iv) severe weather and natural disasters, including, but not limited to, oil spills and other environmental mishaps, fire, mechanical failure and collisions, which may cause serious damage to vessels, any cargo and other equipment and loss of life or physical injury; (v) environmental liabilities, including, but not limited to, liabilities resulting from spills or other environmental damage caused by operating failures, design defects, or otherwise; (vi) arrests of vessels by maritime claimants (including, without limitation, associated vessel or "sister ship" arrest pursuant to which

a maritime claimant may also arrest other vessels owned or controlled by the same owner but which are not otherwise subject to that claimant's maritime claim) in order to enforce liens against the vessel for unsatisfied debts, claims or damages that could cause delays or require clients or their underlying investment to pay large sums of money to have the arrest lifted which could have a negative impact on client returns; (vii) labor interruptions or unrest among crews working on the vessels directly or indirectly owned by clients; (viii) delays in delivery of new-build vessels or delivery of new-build vessels with significant defects which could delay or lead to the termination of related charter agreements and also cause cost overruns or cancellation of the new-build contracts; (ix) increased operational and maintenance costs over the life of a shipping vessel; (x) fluctuations in the value of vessels due to various factors including (without limitation) general economic and market conditions affecting the shipping industry, supply and demand for products and commodities which are suitable for transport in shipping vessels, the availability of trade finance for shipping vessels, the supply and demand for vessels of particular sizes and types and the capacity thereof, the availability of other modes of transport and the costs thereof and global and regional economic and political conditions; (xi) fluctuations in the cost of fuel which can have a significant effect on charter rates and the costs of owning and/or chartering vessels; and (xii) drydocking costs for periodic maintenance and repairs that are difficult to predict with certainty and can be substantial.

Assets in the shipping industry and their operations are subject to extensive and changing safety, environmental protection and other international, national, state and local governmental laws, regulations, treaties and conventions in force in international waters, the jurisdictional waters of the countries in which assets in the shipping industry operate. For example, Section 27 of the Merchant Marine Act of 1920 (the "Jones Act") requires that vessels transporting cargo between U.S. ports must, among other requirements, be owned and operated by U.S. organized companies that are controlled and 75% owned by U.S. citizens. Consequently, the Jones Act restrictions on foreign ownership interests may substantially limit the potential purchasers of a shipping vessel, resulting in a sale that may not reflect the value that could be obtained in an unregulated market. A failure to comply with applicable laws and regulations may result in administrative and civil penalties, criminal sanctions or the suspension or termination of operations of an asset in the shipping industry. Because such conventions, laws, and regulations are often revised, the Adviser cannot predict the ultimate cost of complying with them or the impact thereof on the resale prices or useful lives of client assets in the shipping industry and related investments. The occurrence of one or more of these events could have a material adverse effect on a client's financial conditions and results of operations.

Additionally, investments in vessels or loans secured by vessels are subject to risks relating to the perfection of security interest in such collateral, as well as seizure risks related to various jurisdictions where they travel. Crew members, suppliers of goods and services to a vessel, shippers of cargo, charterers, lenders, and other parties may be entitled to a maritime lien against a vessel for unsatisfied debts, claims or damages.

In many jurisdictions, a maritime lien holder may enforce its lien by arresting or attaching a vessel through foreclosure proceedings. Arrests of a vessel by maritime claimants in order to enforce liens against the vessel for unsatisfied debts, claims or damages that could cause delays in the shipment of cargo resulting in additional damage claims against the ship management company or the borrower. Any arrest of a vessel by a maritime claimant could result in the ship management company or the borrowers being required to pay large sums of money to have the arrest lifted. In addition, the liens of certain maritime claimants may have priority over the lender's mortgage on a vessel, and hence the claims of those maritime claimants would be paid before the claim of the lender in any court-ordered sale of the vessel. The occurrence of any one or more of these events could have a material adverse effect on the business, results of operations, cash flows and financial condition of the ship management company, of the borrowers or the lender, which in turn would negatively affect a client's related investment.

**Investments clients acquire in loans collateralized by fine art finance and ownership interests in fine art may be subject to risks common in the fine art industry, which could materially impair the value of their investments, and therefore materially and adversely affect their financial condition and results of operations.**

Clients may acquire loans (or participation interests in such loans) the collateral of which consists of assets in the fine art industry and/or acquire direct or indirect ownership interests in fine art, which are subject to the following, non-exhaustive risks that could have an adverse effect on such clients: (i) fine art is a non-recurring cash flowing asset, and therefore a lender's receipt of timely interest payments on a loan is reliant upon cash flow generated from other income sources or assets held by a borrower or guarantor of a loan; (ii) art is a relatively illiquid asset or collateral, as applicable, pricing is not transparent and prices often fluctuate; (iii) public auction data which drives the data analytics on which clients investment decisions are made, is derived from third party data sources which may be inconsistent or inaccurate or stale or unavailable, and thus such data may result in errors that adversely impact the accuracy of models; (iv) the timing of a sale of artwork is impossible to predict, and the ability to realize proceeds from the sale of such artwork may be delayed or limited; (v) the demand for fine art is unpredictable, is influenced not only by overall economic conditions, but also by changing trends in the art market, all of which may negatively affect the ability to liquidate artwork; (vi) loans backed by artwork created by living artists entails additional risk because supply versus demand may become imbalanced, potentially causing a decline in art values; a living artist still has the ability to shape his or her reputation in the art world, so any negative publicity or actions may hurt the values associated with such artist's existing body of work and in certain cases, an artist also has the legal right to disclaim authorship of a work of art or a work that has been repaired or destroyed (e.g., under the Visual Artists Rights Act), thereby eliminating its market value entirely; (vii) provenance research is not dispositive and any incomplete or inaccurate provenance raises the risk of a future ownership dispute against the

artwork, which could result in loan impairment, credit losses or significant impact to the value of the artwork; (viii) a borrower must own the artwork outright (e.g., it cannot be consigned to them by another party, there cannot be other undisclosed owners or partial owners of the artwork), it must not have any legally binding agreement to sell the artwork, and it must have authority and capacity to pass good title; the foregoing is necessary for the secured lender to have a first priority perfected security interest in the art collateral; in the event of a title defect, the lender will have recourse against the borrowers and/or guarantors, however, such a claim could nevertheless result in impairment of the loan or credit losses or the inability to sell the artwork collateral in the event of a default; (ix) if an artwork is not authentic (i.e., real) and the attribution (i.e., by the hand of a particular artist) is incorrect, the valuation will be significantly impacted and may be reduced to zero; (x) the artwork which serves as collateral for a loan must have been exported legally, permanently and not temporarily, for sale or exhibition; (xi) works of art are stored in art-storage facilities around the world, which could subject such works to damage or theft; (xii) where the lender permits a borrower to retain possession of a portion of the collateral in the U.S., although the lender may be perfected in an artwork through the filing of a UCC financing statement, a borrower's primary art insurance generally does not cover a claim if the borrower absconds or intentionally damages the piece him or herself; (xiii) artwork is insured by fine art insurance policies, but coverage disputes or unpaid insurance losses could result in losses; (xiv) artwork collateral is consigned to galleries, auction houses and art dealers for sale and the lender has contractual agreements with such third-parties (e.g., bailment and consignment agreements) which require that such third-parties take direction from the lender at all times with regards to the collateral, and that all sales proceeds be paid to the lender before the lender releases its lien against the artwork collateral; in some situations, however, the lender takes counterparty risk for a limited period of time with certain auction houses, art dealers and galleries and the loan could be exposed to losses in the event any of these counterparties do not perform according to the terms of these contractual arrangements, or if these counterparties become insolvent; (xv) most borrowers will sell the artwork collateral or refinance the loan at maturity, and therefore if the net realizable sale proceeds from the collateral is insufficient to satisfy full repayment of the outstanding principal loan balance, there is a risk of loss; (xvi) cross-border lending increases risks that loan documents will not be enforceable and that the security interest in the collateral will not be perfected; and (xvii) there is an increased scrutiny of art transactions by regulators with respect to taxes and anti-money laundering concerns, (xviii) works of art could be subject to damage or theft, which could have material adverse effect on the clients' investment, (xix) temporary popularity of some artworks or categories of art may result in short-term value increases that prove unsustainable, (xx) insurance coverage for art assets do not cover title claims and may not cover all possible contingencies, which may expose clients to losses from the damage or loss of art assets and (xxi) high concentration in a single artist or artwork exposes the client to greater risk.

**Clients face specific risks associated with investments in structured products, which may cause their expected returns to not materialize, or may materially**

**impair the value of their investments, which may materially and adversely affect their financial condition and results of operations.**

Clients may invest in structured products, including structured notes, equity-linked notes (“ELNs”) and other types of structured products. Holders of structured products bear the risks of the underlying investments, index or reference obligation and are subject to counterparty risk. Clients may have the right to receive payments only from the structured product and generally do not have direct rights against the issuer or the entity that sold the assets to be securitized. While certain structured products enable the investor to acquire interests in a pool of securities without the brokerage and other expenses associated with directly holding the same securities, investors in structured products generally pay their share of the structured product’s administrative and other expenses. Although it is difficult to predict whether the prices of indices and securities underlying structured products will rise or fall, these prices (and, therefore, the prices of structured products) will be influenced by the same types of political and economic events that affect issuers of securities and capital markets generally. If the issuer of a structured product uses shorter term financing to purchase longer term securities, the issuer may be forced to sell its securities at below market prices if it experiences difficulty in obtaining such financing, which may adversely affect the value of the structured products owned by the relevant Funds.

**Investments clients acquire in private funds may be subject to risks common in such industry, which could materially impair the value of their investments, and therefore materially and adversely affect their financial condition and results of operations.**

Clients may acquire interests in private funds, which are subject to the following, nonexhaustive risks that could have an adverse effect on such clients: (i) investments in private funds are illiquid, difficult to value and may never produce a liquidity event, (ii) the performance of private funds is dependent on the respective fund manager’s ability to manage and support investment objectives, (iii) private funds are more susceptible than a “diversified” fund regulated under the 1940 Act to being adversely affected by any single corporate, economic, political or regulatory occurrence, (iv) if a private fund cannot obtain equity or debt financing on acceptable terms, its ability to acquire investments and expand, operations will be adversely affected, (v) most private funds lack operating history and may not be successful, (vi) changes in market conditions could adversely affect the value of a private fund’s portfolio, (vii) certain investments of private funds are subject to specific sector and industry risks as well as operational risks that could impact the ultimate results of the fund, (viii) under certain circumstances clients will be required to repay distributions (“clawbacks”) if necessary to cover the private fund’s partnership expenses and indemnification obligations, among other things, and subject to certain conditions, such obligations will survive the dissolution of the private fund, and (ix) concentration with respect to the private fund’s issuers, obligors, counterparties, investments or industries in which it may invest could negatively impact such client’s results.

**The success of an investment strategy may be dependent on recommendations from a sub-adviser.**

For certain clients, the client's investment strategy relies predominantly on recommendations from a sub-adviser. In such cases, the success of the client's investment strategy will depend largely upon the ability of the sub-adviser to identify and source appropriate investment opportunities for the Fund's portfolio. There can be no assurance that the sub-adviser will not take certain actions which may adversely affect the client. Neither the Adviser nor the Fund have any control over the activities, management or personnel decisions of the sub-adviser, nor does the Adviser expect to be consulted by the sub-adviser team in connection with specific investments, distributions and overall strategy.

**Merchant cash advance recipient ("MCA Client") prepayments will extinguish or limit the ability to earn additional returns on an investment.**

Prepayment by an MCA Client occurs when an MCA Client decides to pay some or all of the principal amount on the underlying investment earlier than originally scheduled. If a client invests in fixed factor rate investments and interest rates rise, the value of such investments may decline. Moreover, to the extent that the investments may be prepaid without penalty or premium, the value of such investments may be negatively affected by increasing prepayments. Such prepayments tend to occur more frequently as interest rates decline. Upon a prepayment of the entire remaining unpaid principal amount of an investment, the investor will receive its share of such prepayment as a distribution, but further interest will not accrue after the date on which the distribution is made, and the investor's anticipated total investment return may thus decrease. In addition, the investor may not be able to find a similar rate of return on another investment at the time at which a client's investment is prepaid.

**Merchant cash advances are unsecured and therefore the Originator will not be able to seek secured creditor remedies in the case of a defaulted advance.**

Merchant cash advances are typically unsecured debt obligations. As a result, in the case of a defaulted advance, where a secured creditor could foreclose on collateral granted to it by an obligor, the Originator will have no recourse to the assets of an MCA Client upon default. In addition, an MCA Client that also has incurred secured indebtedness may choose to repay secured debt obligations prior to unsecured debt obligations, including the Originator's advance, in order to retain its rights in the collateral, or for any other reason. These factors could impact the Originator's ability to obtain payment of contractual purchase yields or repayment of its advances, which may materially adversely affect a client's investment.



**Media reports and public perception of merchant cash advances as being predatory or abusive could materially adversely affect clients.**

In recent years, advocacy groups and some media reports have advocated governmental action to prohibit or place restrictions on merchant cash advances. The advocacy groups and media reports generally focus on the cost to a business for this type of financing, which is higher than the interest typically charged by banks or other lenders to businesses through more traditional financing structures. If the negative characterization of these merchant cash advances becomes increasingly accepted by businesses, demand for merchant cash advance products could significantly decrease, which could materially affect the Originator's results of operations and financial condition. Additionally, if the negative characterization of these types of advances is accepted by legislators and regulators, the Originator could become subject to more restrictive laws and regulations that could materially adversely affect the Originator's financial condition and results of operations, as well as potentially impact the enforceability of existing advances, the occurrence of which could materially adversely affect the financial condition and results of operations of a client.

**Clients face specific risks associated with investments, directly or indirectly, in cryptocurrencies and digital assets, which may cause their expected returns to not materialize, or may materially impair the value of their investments, which may materially and adversely affect their financial condition and results of operations.**

**Risk of total loss of capital.** While all investments risk the loss of capital, investments in digital assets, virtual currencies, cryptocurrencies and/or other liquid coins and tokens (collectively "Liquid Tokens") generally, as well as investments in early-stage token offerings ("Early-Stage Token Offerings") of Liquid Tokens, which are a particularly volatile way to access Liquid Tokens, should be considered substantially more speculative and significantly more likely to result in a total loss of capital than most other investments.

**Liquid Tokens generally.** The investment characteristics of Liquid Tokens, generally differ from those of traditional currencies, commodities, or securities. Importantly, Liquid Tokens are not backed by a central bank or a national, supra-national or quasinational organization, any hard assets, human capital, or other form of credit. Rather, Liquid Tokens are market-based: a Liquid Token's value is determined by (and fluctuates often, according to) supply and demand factors, the number of merchants that accept it, and the value that various market participants place on it through their mutual agreement, barter, or transactions.

**Development and acceptance of Liquid Tokens.** As a relatively new product and technology, Liquid Tokens are not yet widely adopted as a means of payment for goods and services. Banks and other established financial institutions may refuse to process funds for Liquid Token transactions, process wire transfers to or from Liquid Token

exchanges, Liquid Token-related companies or service providers, or maintain accounts for persons or entities transacting in Liquid Tokens. Market capitalization for Liquid Tokens as a medium of exchange and payment method may always be low. Further, a Liquid Token's use as an international currency may be hindered by the fact that it may not be considered as a legitimate means of payment or legal tender in some jurisdictions. To date, speculators and investors seeking to profit from either short- or long-term holding of Liquid Tokens drive much of the demand for it, and competitive products may develop which compete for market share.

**Liquid Token exchanges.** The exchanges on which Liquid Tokens trade are relatively new and largely unregulated and may therefore be more exposed to theft, fraud, and failure than established, regulated exchanges for other products. Liquid Token exchanges may be start-up businesses with no institutional backing, limited operating history, and no publicly available financial information. Liquid Token exchanges may impose daily, weekly, monthly, or customer-specific transaction or distribution limits or suspend withdrawals entirely, rendering the exchange of Liquid Tokens for fiat currency difficult or impossible. Additionally, Liquid Token prices and valuations on Liquid Token exchanges have been volatile and subject to influence by many factors including the levels of liquidity on exchanges and operational interruptions and disruptions. Liquid Token exchanges are appealing targets for cybercrime, hackers, and malware. It is possible that while engaging in transactions with various Liquid Token exchanges located throughout the world, any such exchange may cease operations due to theft, fraud, security breach, liquidity issues, or government investigation. Liquid Token exchanges may operate outside of the United States, which may cause difficulty in successfully pursuing claims in the courts of such countries or enforcing in the courts of such countries a judgment obtained in another country.

**Clients face specific risks associated with investments, directly or indirectly, in private companies, which may cause their expected returns to not materialize, or may materially impair the value of their investments, which may materially and adversely affect their financial condition and results of operations.**

The success of direct investments in venture capital or private equity investment strategies is subject to risks related to (i) the ability of the investment adviser to identify and invest in a quality operating company; (ii) the ability of the management of the operating company to maintain and develop successful business enterprises given risks including but not limited to, rapidly developing technology, governmental regulation, market acceptance for new products and services, product obsolescence and lack or loss of qualified management; (iii) general economic conditions and (iv) the ability to liquidate investments. In addition, the investment opportunity may be an investment in a company in an early stage of development with little or no operating history, a company operating at a loss or substantial variation in operating results from period to period and/or a company with the need for substantial additional capital to support expansion or to maintain a competitive position. There can be no assurance that such an investment will meet its financial objectives, and the possibility of a loss of

Fund capital will exist. Many venture capital investments are made at an early point in a company's life cycle. Where the client's investment is one or more "early stage" or "seed" investments, such investment can create value inherent in a portfolio company that can be realized only with substantial effort or expense. While early-stage investments offer the opportunity for significant gains, such investments also involve a high degree of business and financial risk that can result in substantial losses. The client may invest in a portfolio company in its early stage of development or with little or no operating history. Such portfolio companies will operate at a loss (or with no operating revenue), or with substantial variations in operating results from period to period. In addition, many of these portfolio companies will need substantial additional capital to support additional research and development activities, expansion or to achieve or maintain a competitive position. Such portfolio companies may face intense competition, including from portfolio companies with greater financial resources, more extensive development, manufacturing, marketing and service capabilities and a larger number of qualified managerial and technical personnel. Furthermore, the task of investing in early-stage portfolio companies developing technology involves additional risk, including: failure to develop or perfect the technology as planned; obsolescence; patent infringement and similar claims that prevent technology from being used or licenses; and lack of market acceptance of the technology. Often the success will depend largely upon actions or other key individuals, or extraneous factors including political or economic developments over which the Fund has little control. There is a high failure rate of early stage companies and any such investment made by a client may prove worthless. There is a risk that investors could lose money.

Additionally, the significant returns that have been earned in a small portion of venture capital investments have in large part resulted from the completion of highly successful initial public offerings (IPOs) or acquisitions that have permitted the venture investors to sell their equity interests at multiples of original cost. There can be no assurance that the public securities markets will support an IPO of the portfolio company to permit such returns to the client or that the fundamentals of the portfolio company will warrant such returns.

**Investments clients acquire in aviation assets may be subject to risks common in the aviation industry, which could materially impair the value of their investments, and therefore materially and adversely affect their financial condition and results of operations.**

Clients may acquire direct or indirect ownership interests in aviation assets, which are subject to the following, non-exhaustive risks that could have an adverse effect on such clients: (i) the aviation industry is particularly sensitive to changes in economic condition, (ii) high concentration in the aviation industry exposes clients to greater risk, (iii) the valuation of aircraft assets are susceptible to, among other things, economic downturns, war, the price of fuel, regulatory changes and geopolitical and terrorism concerns, (iv) the aviation industry may become subject to heightened environmental regulations which may negatively impact operating costs, (v) the aviation industry is

particularly sensitive to certain operating expenses, in particular fuel prices, which may be volatile, (vi) the maintenance and operation of aircraft is heavily regulated by the FAA in the United States and similar governmental authorities, which may, from time to time, make determinations that impair the commercial use of the aircraft assets, (vii) the aviation industry periodically experiences cycles of aircraft oversupply and undersupply which may impact the valuation of the aircraft assets, (viii) the COVID-19 pandemic has had, and continues to have, a significant impact on the aviation industry and any future worldwide healthcare concerns could materially affect the value of aircraft assets, (ix) labor interruptions or unrest among crews working on the aircraft directly or indirectly owned by clients and (x) fluctuations in the value of aircraft assets due to various factors including (without limitation) general economic and market conditions affecting the aircraft industry, supply and demand for commercial air travel, the supply and demand for aircraft of particular sizes and types and the capacity thereof and global and regional economic and political conditions.

**The obligations of obligors under supply-chain financing arrangements are not debt, but instead an unsecured contractual obligation that may be difficult to enforce.**

The obligations of obligors under supply-chain financing arrangements are not debt. They are a contractual obligation to pay that is not secured by any assets, nor risk mitigated by any corporate or personal guarantee or credit insurance. In the event that any obligor breaches its obligation to pay, the applicable Fund may commence litigation against the obligor, which would face the uncertainty and long delays attendant to commercial and contractual litigation.

**Credit risk in supply-chain financing arrangements.**

Credit risk is the risk that an obligor, including those under supply-chain financing arrangements, will not honor its commitments because of its financial inability to make payment. Supply chain finance transactions are thus subject to the credit risk of obligors. Payments to the applicable Fund are subject to the credit risk of the obligor. The applicable Fund will be negatively affected in the event that the obligor becomes unwilling or unable to meet its financial obligations in a timely manner.

## **D. Risks and Conflicts of Interest Associated with Advice**

Advisory clients will be making investments in Funds and should read and understand the risk factors described in section B and C above.

**Advice to advisory clients is provided based solely on select information and preferences provided by the advisory client. Advice is not comprehensive.**

The Adviser uses select information and preferences provided by an advisory client as the basis for its recommendations (as described above). Not all provided information and preferences will necessarily be considered equally or at all. The Adviser will not have access to or the ability to obtain information about an advisory client's accounts that are not maintained on the Website, or other information about a client to generate an overall financial plan for the client. The Adviser does not engage in an independent determination as to the advisory client's appropriate risk profile or appropriate investment amount in one or more Funds. The recommendation is based solely upon the selected information and preferences of the advisory client and will not address all possible investment or financial goals a client may have. Clients are responsible for reviewing their investment preference profiles on at least an annual basis and notifying the Adviser promptly via the Website (for Digital Advice) or their Adviser representative (for Non-Digital Advice) of any changes to the information and preferences they previously provided pursuant to the relevant Advice program. The Adviser or its affiliates will, at times, present various surveys, general preference forms, and other interactive tools to Website users and advisory clients, however, responses and inputs to such surveys, forms or tools will not be used by the Adviser in providing recommendations (however, in providing Non-Digital Advice, the Adviser, in its discretion, may use some or all of these types of other responses and inputs as part of its overall analysis).

The Adviser does not provide comprehensive financial planning services or tax and accounting advice, and its investment advisory services are not a complete investment program. Advisory clients are encouraged to consider additional asset classes, strategies and investments to supplement their investment objectives; and to consult with their own tax advisor regarding any tax consequences related to following any investment recommendations.

**The Advice programs use subjective and estimated criteria in categorizing Funds.**

The investment recommendations formulated pursuant to the Digital Advice and Non-Digital Advice programs rely on the Adviser's categorization of each Fund with respect to investor risk tolerance, investment style and time horizon, which is a qualitative and subjective exercise. Each Fund has been assigned a risk tolerance rating (i.e., Conservative, Moderate, Aggressive, Aggressive Plus) developed by our investment and portfolio risk management teams, based on a range of risk assessment factors including management expertise, track record, strategy type, target return ranges, investment structure, asset class volatility, capital structure, asset class, sponsor, originator/borrower experience, and collateral value of underlying assets amongst others. The risk rating is meant to provide an indication of perceived risk at the time of underwriting and may be revised over time. These risk ratings are inherently subjective and are assigned relative to other Funds. For the purposes of the Advice programs, any Conservative risk rating assigned to a Fund will be regarded as a Moderate risk rating. Similarly, investment style assignments are, at times, subjective or estimated at the discretion of the relevant Adviser personnel. In order to match Funds based on an

advisory client's preferred investment horizon, the Adviser uses estimated or expected terms and maturity windows for each Fund; the investment adviser of a Fund also typically has the discretion to extend the term of a Fund. The risk rating, time horizon and investment style categorizations are subject to change. Investment recommendations are determined based on the categorizations assigned to a Fund at the time the recommendations are given.

**The Adviser is also the investment adviser or a service provider to the Funds recommended to advisory clients.**

The Adviser is also the investment adviser or other service provider to each Fund and receives (directly or through an affiliate) asset- and/or performance-based compensation or an asset-based shareholder servicing fee from each Fund. From time to time, the Adviser or its affiliates may receive gifts and entertainment, and, as described in Item 5, receive other fees and compensation in connection with the investments and transactions of the Funds. As such, the Adviser is subject to a conflict of interest in that it gives investment recommendations solely with respect to investments in the Funds and doing so effectively increases the compensation it receives from each Fund. The Adviser does not consider whether any investments outside of the Funds would be appropriate or advisable for an advisory client. As the investment adviser or other service provider to each Fund, the Adviser may receive greater aggregate compensation by recommending an advisory client to invest in certain Funds (e.g., ones that pay higher asset- and/or performance-based compensation to the Adviser) over others or allocate additional capital to certain Funds over others. Furthermore, the Adviser may have additional incentives to recommend certain Funds over others, for instance, to increase the size of an Access Fund for the benefit of an Underlying Fund Manager, to support a new Fund product or to create the appearance that a particular Fund is more popular or attractive to investors. All investment allocation decisions will be made without consideration of the potential compensation to the Adviser from the Funds.

**No assurance can be provided that returns will materialize, and loss will not occur.**

Regardless of an advisory client's desired level of risk or other investment preferences or goals, there is no guarantee that the advisory client will receive a return on his/her investment. The risk ratings assigned to each Fund are not a risk management tool; a Conservative or Moderate rating is a comparative assessment and does not imply low risk. The risk rating is not able to capture all future risks that may develop in a particular investment, and therefore may change over time. The risk rating is therefore a point in time assessment of the risk rating relative to other offerings on the Website and should not be compared to traditional investment risk categorization with public markets. No assurance can be provided that a recommended Fund or portfolio of Funds, as applicable, will achieve its objectives or that an advisory client will not bear substantial losses.

**Investments in Funds involve inherent risks.**

The success of the investments in Funds made pursuant to advice or recommendations in general is subject to risks related to (i) the quality of the management of the Funds and the investment performance of the Funds' investments; (ii) the ability of the management of the Funds to select successful investment opportunities; (iii) general economic conditions, (iv) the ability of the Funds to liquidate their investments and (v) the risks applicable to the investments, among others (including as otherwise described herein). There can be no assurance that investments made by the Funds will meet their financial objectives, or that the Funds will return capital. The possibility of a substantial or complete loss of Funds' capital will exist (and therefore a loss of an advisory client's capital invested in a Fund). See "Risks Associated with Particular Types of Securities" above for risks related to Fund investments generally.

**The advisory client's Fund investments' successes will be largely dependent on the Fund manager(s) and their respective management teams, and in certain instances on the management of a Fund's portfolio companies.**

The success of the Funds depends in substantial part upon the skill and expertise of the manager of such Funds or, in the case of Third-Party Products, Access Funds and other Limited Discretion Funds, the managers of the underlying funds or investments (in either case, the "Underlying Fund Managers"). There can be no assurance that the key personnel of the Adviser or the Underlying Fund Managers, as applicable, will continue to be associated with the applicable Fund throughout the life of such Fund. Similarly, certain Funds (such as private equity and venture capital opportunities) invest in portfolio companies whose success is highly dependent on the management of such portfolio companies. No assurance can be provided that such key personnel will continue to be associated with such portfolio companies. The Adviser (as investment adviser to an advisory client) will not participate in any incremental degree in the management and control of the Funds, and the success or failure of a Fund will depend upon the success or failure of the investment decisions made by the Adviser (as investment adviser to the Fund), the Underlying Fund Manager and/or, in certain cases, the management decisions made at portfolio companies, as applicable. There can be no assurance that a Fund or Underlying Fund Manager will not take certain actions which may adversely affect an advisory client's recommended Fund investments.

**Investments for advisory clients may have limited capacity.**

Investment capacity for each Fund is limited and there can be no assurance that investments consistent with a Fund recommendation or sample allocations, as applicable, will continue to be available or will continue to meet the investment preferences or criteria of the advisory client. Consequently, the advisory client may not be able to participate in investment opportunities that the Adviser recommends, even though other advisory clients similarly advised may have been able to participate. In the event that an advisory client is unable to allocate its funds as recommended,



whether due to competition for investment opportunities, general market conditions, limited capacity or other factors, which may or may not be foreseeable, the performance of the advisory client's investments may be adversely affected. Further, the Funds which the Adviser will recommend to an advisory client is limited to the Funds that are available (or expected as soon to be available, in the case of Non-Digital Advice) for subscription at the time the recommendation is given.

**An advisory client's portfolio developed pursuant to recommendations may be concentrated.**

An advisory client's Fund portfolio may be concentrated due to the limited and narrow nature of the Adviser's Advice programs. Further, an advisory client's Fund investments may be concentrated in a given asset class, sector or industry. Such concentration could arise for a multitude of reasons, including due to: (i) the lack of availability of Funds in diverse asset classes or of Funds available on the Website in general (ii) an advisory client's own desire to be more concentrated in certain asset classes as evidenced by their modifications to suggested allocations, (iii) faster capital calls from one Fund or a number of Funds in one asset class relative to the Funds in other asset classes, or (iv) higher performance in one Fund or a number of Funds in one asset class relative to the Funds in other asset classes. Digital Advice does not consider concentration risk, whether in relation to prior, concurrent or expected Fund investments or any other aspects of an advisory client's Fund portfolio or portfolio of alternative investments outside of Funds, in generating Fund recommendations. Due to the random selection of recommendations in certain cases of Digital Advice, the group of Funds recommended at any one time may be more concentrated or less concentrated than an advisory client may prefer.

**Funds may not perform or invest as anticipated.**

At the time a sample portfolio with allocations is constructed under Non-Digital Advice, the investment performance of a Fund may be expected to have a particular correlation (or no correlation) with that of another Fund in which the advisory client invests. However, for a variety of reasons, the correlation may be higher. Furthermore, Underlying Fund Managers may in certain instances invest pursuant to investment strategies or considerations and factors that are not fully disclosed to the Adviser and as a result, such Funds may invest in underlying assets that are different than anticipated and intended for the advisory client. Consequently, the risk and return profile of the advisory client's Fund portfolio may be different than intended.

**Digital Advice and Non-Digital Advice are distinct services offered by the Adviser and use of both may result in differing investment recommendations.**

Digital Advice and Non-Digital Advice are distinct and separate services offered by the Adviser. If an advisory client elects to receive both types of services, information provided under Non-Digital Advice will not be considered in the provision of Digital Advice. Digital Advice relies solely on the Digital Advice Preferences from the



Questionnaire and does not take into account prior Fund investments made through the Website directly or through previously received Digital Advice or Non-Digital Advice, nor does it take into account any information the Adviser or its affiliates may have prior to entering into an advisory relationship or may in the future obtain from the advisory client outside of the advisory relationship. Non-Digital Advice may or may not, in the Adviser's discretion, take into consideration responses to the Questionnaire as well as various discussions and other communications between Adviser representatives and the advisory client (which may be deemed to override responses in the Questionnaire for purposes of Non-Digital Advice). Recommendations made to an advisory client pursuant to Digital Advice and those made pursuant to Non-Digital Advice may differ because of the differences in the information used and differences in how that information is used and analyzed in formulating the recommendations. Use of any other interactive tools on the Website or submissions of any other questionnaire or survey on the Website or otherwise to the Adviser or its affiliates will not update an advisory client's Questionnaire responses or other account profiles used by the Adviser in providing Advice. Following the Adviser's provision of recommendations pursuant to either Digital Advice or Non-Digital Advice, it is the advisory client's responsibility to decide which of the recommended Funds to invest in, if at all, and the investment amount for each Fund (subject to applicable investment minimums and increments), in consideration of their own overall financial goals and needs.

## **Item 9.**

### **Disciplinary Information**

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This item is not applicable.

## **Item 10.**

### **Other Financial Industry Activities and Affiliations**

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#### **A. Broker-Dealer Registration Status**

The Adviser and its management persons are not registered as broker-dealers and, as of the date of this Brochure, do not have any application pending to register with the SEC as a broker-dealer or registered representative of a broker-dealer.

#### **B. Futures Commission Merchant, Commodity Pool Operator or Commodity Trading Adviser Registration Status**

The Adviser and its management persons are not registered as, and do not have any application to register as, a futures commission merchant, commodity pool operator, commodity trading advisor, or an associated person of the foregoing entities.

#### **C. Material Relationships or Arrangements with Industry Participants**

The Adviser and certain of its management persons and/or the Website Operator are affiliated with entities which sponsor, source or refer (or have sponsored, sourced or referred) investment opportunities to the Website and which may thereafter provide services to the Yieldstreet Funds in connection with the Yieldstreet Funds' investments.

Athena Art Finance Corp., YieldStreet Marine Finance LLC, Yieldstreet Litigation Finance LLC, YieldStreet Real Estate Lending LLC, YieldStreet Private Business Credit LLC, Yieldstreet Legal Finance LLC, Yieldstreet Real Estate Equity LLC, Yieldstreet Specialty Lending LLC, and Yieldstreet Mortgage Finance LLC are direct or indirect wholly-owned subsidiaries of the Website Operator which sponsor, source or refer (or have sponsored, sourced or referred) investment opportunities to the Adviser. As an Originator, such entities from time to time retain an origination fee for the origination of the investment opportunity and may also retain the spread between what is paid by an asset and the agreed upon interest rate to be paid to a Yieldstreet Fund, as disclosed in the Offering Documents for the relevant Yieldstreet Fund.

Soli Capital, LLC ("Soli Capital") is a New York-based specialty finance company owned and managed in part, by Michael Weisz, a co-founder, director and shareholder of the Website Operator. Since January 2018, Soli Capital has not sponsored, sourced or referred new investment opportunities to the Adviser. However, Soli Capital provides services directly to the Yieldstreet Funds or otherwise in connection with their past sponsored, sourced or referred investment opportunities on an ongoing basis, creating conflicts of interest for Mr. Weisz due to his ownership and/or employment at both the Adviser and such sponsor or service provider.

Typically, an Originator will retain its origination fee and the spread between what is paid by the asset and the agreed upon interest rate to be paid to the Yieldstreet Fund, which Originator retains pari passu to its distributions to the Yieldstreet Funds. The amount of this spread varies with each deal and is negotiated on a case-by-case basis and disclosed to investors in each Fund prior to their investment.

In the case of Soli Capital (or any of its controlled affiliates), such entities have agreed that the relevant Funds generally receive repayment of principal and interest prior to receiving their annual compensation (excluding customary origination fees). In general, Soli Capital receives the same compensation as any other Originator, except that its compensation is subordinated to payment to the Yieldstreet Funds as described above. Moreover, Originators (including Soli Capital) generally retain a significant portion of the underlying investment opportunity and will have capital at risk alongside the investment by the Yieldstreet Fund.

The Website Operator, an affiliate of the Adviser, has entered into an arrangement with Evolve Bank, an unaffiliated, FDIC-insured bank, whereby Website users establish an account at Evolve Bank - entitled the Yieldstreet Wallet - to deposit funds and/or purchase investments on the Website. The Adviser generally requires Fund Investors and advisory clients to use funds deposited in their Yieldstreet Wallets to purchase investment products, but the Adviser may, in its discretion, accept subscription payments via ACH debits or wire transfer. Funds deposited in the Yieldstreet Wallet earn interest at the prevailing interest rate provided for therein, and utilizing the Yieldstreet Wallet improves the efficiency of processing subscriptions for investments. Nonetheless, the Adviser faces a conflict of interest by requiring Fund Investors and advisory clients to utilize the Yieldstreet Wallet for convenience purposes, and Website users, Fund Investors and advisory clients may be able to achieve higher returns on the funds deposited in the Yieldstreet Wallet if the funds were otherwise deposited or invested. The Adviser faces a further conflict of interest because, as part of the Website Operator's arrangements with Evolve Bank, the Website Operator has the ability to earn net interest margin from the deposits in the Yieldstreet Wallets.

If the Adviser has a conflict of interest that is not otherwise covered by an existing policy adopted by the Adviser or a transaction is deemed to be a "principal transaction", the Adviser will disclose such conflict to the applicable client and obtain its consent to such conflict prior to completion of the transaction. See Item 11 for more information regarding principal transactions.

#### **D. Material Conflicts of Interest Relating to Other Investment Advisers**

The Adviser has and may from time to time recommend or select other investment advisers to retain as sub-advisers to provide investment advisory and/or ancillary services for certain of the Yieldstreet Funds. This is further described in the Offering Documents for each relevant Fund. The Adviser may select one or more pooled investment vehicles managed by third-party investment advisers as investments for a

Yieldstreet Fund or an advisory client. Certain sub-advisers and third-party managers have and may have other relationships with the Adviser or its affiliates, including participation in equity financing, directly or through pooled investment vehicles managed by it, for the Website Operator.

## **Item 11.**

### **Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

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#### **A. Code of Ethics**

The Adviser's Code of Ethics (the "Code") is designed to meet the requirements of Rule 204A-1 of the Advisers Act. The Code applies to the Adviser's and certain of its affiliates' employees, including "Access Persons". Access Persons include, generally, any partner, officer or director of and any employee or other supervised person of the Adviser who, in relation to the clients, (1) has access to non-public information regarding any purchase or sale of securities, or non-public information regarding securities holdings or (2) is involved in making securities recommendations, executing securities recommendations, or has access to such recommendations that are nonpublic.

The Code sets forth a standard of business conduct that takes into account the Adviser's status as a fiduciary and requires employees to place the interests of our clients above their own interests and the interests of the Adviser. The Code also requires employees to comply with applicable federal securities laws. The Code further sets forth certain reporting and pre-clearance requirements with respect to personal trading by Access Persons. Moreover, the Code seeks to ensure the protection of nonpublic information about the activities of our clients. Employees are required to promptly bring violations of the Code to the attention of the Adviser's Chief Compliance Officer (the "CCO").

The Adviser will provide a copy of the Code of Ethics to any Fund Investor, client or prospective Fund Investor or client upon request. The Adviser's personnel are required to certify to their compliance with the Code of Ethics on an annual basis.

#### **B. Securities in which the Adviser or a Related Person has a Material Financial Interest**

The Yieldstreet Funds' investments may be sourced and funded through the Website and the Website Operator has a financial interest in growing the Website. The Website Operator's subsidiaries Athena Art Finance Corp., Yieldstreet Litigation Finance LLC, YieldStreet Real Estate Lending LLC and YieldStreet Private Business Credit LLC, Yieldstreet Legal Finance LLC, Yieldstreet Real Estate Equity LLC, Yieldstreet Specialty Lending LLC, and Yieldstreet Mortgage Finance LLC each has and will continue to act as an Originator for certain investment opportunities.

The Adviser and the Website Operator, along with members of the Board of Directors, advisors, shareholders and employees of the Website Operator also invest in the

Yieldstreet Funds alongside other investors. Further, the Website Operator, ST NOTE Fund, Yieldstreet Holdings LLC (“YS Holdings”), a wholly-owned subsidiary of the Website Operator, YS WH2 LLC (“YS WH2”), a wholly-owned subsidiary of the Adviser, or YS WH4 LLC (“YS WH4”), a wholly-owned subsidiary of the Adviser, have made loans, and may in the future make loans or capital contributions to a Fund so that the Yieldstreet Fund is able to make an investment in advance of a sale of securities of the Yieldstreet Fund to outside investors or otherwise for payment of fees and expenses of the Yieldstreet Fund. Upon the sale of securities of such Funds to investors, such loans or capital contributions from the Website Operator, ST NOTE Fund, YS WH2 or YS WH4 will be repaid or redeemed, as applicable. The Website Operator, ST NOTE Fund, YS WH2 or YS WH4 holding such debt may be considered a conflict of interest where proceeds of investments in the Yieldstreet Fund are to be used to repay such debt. The Website Operator, ST NOTE Fund, YS Holdings, YS WH2 or YS WH4 receive interest or other investment income for the time period in which it holds such loan or interest.

As an investment adviser to advisory clients, the Adviser and its investment adviser representatives face a conflict of interest because they recommend to advisory clients the Yieldstreet Funds and other Funds from which the Adviser earns asset-based compensation and/or performance-based compensation (directly or through an affiliate). Thus, recommending investments in the Funds effectively increases the compensation it receives from each Fund. As the investment adviser or other service provider to each Fund, the Adviser may receive greater aggregate compensation by recommending an advisory client to invest in certain Funds (e.g., ones that pay higher asset- and/or performance-based compensation to the Adviser) over others or to allocate additional capital to certain Funds over others. Furthermore, the Adviser may have additional incentives to recommend certain Funds over others, for instance, to increase the size of an Access Fund for the benefit of an Underlying Fund Manager, to support a new Fund product or to create the appearance that a particular Fund is more popular or attractive to investors. All investment recommendations will be made without consideration of the potential compensation to the Adviser from the Funds. Because our recommendation that advisory clients invest in Funds from which the Adviser earns compensation is an inherent conflict of interest that cannot be completely overcome, we strongly recommend that all advisory clients consult with legal counsel, an accountant, a third-party investment adviser not affiliated with Adviser, or any other financial professional of the advisory client’s choosing who is not affiliated with Adviser for a “second opinion” before enrolling in any Advice program.

The Adviser’s investment adviser representatives who work with advisory clients are primarily compensated by receiving a base salary and a discretionary bonus. Compensation amounts are based on a number of factors, including an individual’s contribution to the firm, the performance of the firm itself, and information on market practices.

## **Principal Transactions and Cross Trading**

Section 206(3) of the Advisers Act places restrictions on the ability of an investment adviser to engage in principal transactions. The primary purpose for this restriction is to prevent an adviser from transferring unwanted securities to a client account. A principal transaction occurs when an investment adviser, acting for its own account (or the account of an affiliate) buys a security from, or sells a security to, a client account. For instance, a principal transaction would arise if:

- A trade occurs between a client account and a proprietary account of the Adviser; or
- A trade occurs between two or more accounts in which, as the SEC staff has informally suggested, the Adviser, its affiliates, or its personnel hold, directly or indirectly, more than a 25% interest in any such account.

Section 206(3) of the Advisers Act requires an investment adviser, among other things, to provide written disclosure to a client and obtain the client's consent prior to settlement of any principal transaction.

A cross trade occurs where the Adviser causes the purchase or sale of securities between a Fund or other client account and another Fund or client account managed and/or advised by the Adviser, and neither account is a principal account. In circumstances where the Adviser desires to engage in a principal transaction or cross trade among its clients, the CCO must determine that such transaction is in the best interests of the clients and approve such transaction prior to its execution. Any principal transaction or cross transaction shall be executed at fair value, with any other terms and conditions mandated by the CCO. Certain Funds, such as the Closed-End Fund, may be subject to further requirements or restrictions related to principal transactions and cross trades.

### **C. Investing in Securities that the Adviser or a Related Person Recommends to Clients**

Through his ownership of Soli Capital, Mr. Weisz indirectly participated or co-invested, as applicable, in the investments held by one or more of the Yieldstreet Funds. As discussed in Item 10 above, typically, when an Originator offers a transaction via the Website, the Originator retains as compensation a portion of the returns on the investment pari passu to the Yieldstreet Funds. In the case of Soli Capital (or any of its controlled affiliates), such entities have generally agreed that the relevant Funds receive repayment of principal and interest prior to receiving their compensation. In general, Soli Capital receives the same compensation as any other Originator, except that its compensation is subordinated to payment to the Yieldstreet Funds as described above. Typically, an Originator will retain their origination fee and the spread between what is paid by the asset and the agreed upon interest rate to be paid to the Yieldstreet



Fund. This spread varies with each deal and is negotiated on a case-by-case basis and disclosed to investors in each Yieldstreet Fund prior to their investment. Mr. Weisz is a significant shareholder in Soli Capital and therefore receives (or received), directly or indirectly, a significant portion of the benefit of the compensation paid to that entity. See Item 10 for additional information.

### **Personal Trading**

The Code places restrictions on personal trades by employees, including that they disclose their personal securities holdings and transactions to the Adviser on a periodic basis, and requires that employees pre-clear certain types of personal securities transactions. The Adviser, its affiliates and its employees may invest on behalf of themselves in securities and other instruments that would be appropriate for, held by, or may fall within the investment guidelines of clients; although the Code requires preclearance before employees of the Adviser and its affiliates can enter into personal securities transactions that involve a limited offering.

The Adviser, its affiliates and its employees may give advice or take action for their own accounts that may differ from, conflict with or be adverse to advice given or action taken for clients. These activities may adversely affect the prices and availability of other securities or instruments held by or potentially considered for one or more clients. Potential conflicts also may arise due to the fact that the Adviser and its personnel may have investments in some Funds but not in others or may have different levels of investments in the various Funds.

The Adviser has established policies and procedures to monitor and resolve conflicts with respect to investment opportunities in a manner it deems fair and equitable, including the restrictions placed on personal trading in the Code, as described above, and regular monitoring of employee transactions and trading patterns for actual or perceived conflicts of interest, including those conflicts that may arise as a result of personal trades in the same or similar securities made at or about the same time as client trades.

## **D. Conflicts of Interest Created by Contemporaneous Trading**

Under certain circumstances, certain Yieldstreet Funds will have investment objectives or engage in activities similar to those of other Yieldstreet Funds, and in some cases will own an economic interest in the same investments as may be held by such other Funds. The Adviser and its affiliates may give advice and take action in the performance of their duties to certain clients that could differ from the timing and nature of action taken with respect to other clients. To the extent that the Adviser or its affiliates fund, acquire or originate or recommend investments for their own accounts, \ for any of the Yieldstreet Funds or for any advisory client, the Adviser and its affiliates are under no obligation to transact in such investments for other clients. Clients will generally not have any rights of first refusal, co-investment or other rights in respect of the

investments and other acquisitions or dispositions made by the Adviser or its affiliates for any other client, or in any fees, profits or other income earned or otherwise derived from them. (See, however, Item 4 for information regarding exemptive relief obtained in respect of the Closed-End Fund regarding co-investments with the Adviser and/or its affiliates and their respective clients.) If a determination is made that one or more clients should fund, acquire, or originate or sell the same investments at the same time, the Adviser will allocate these transactions in a fair and equitable manner, as determined by the Adviser in its sole discretion. In exercising such discretion, the Adviser may consider, among other considerations: (a) whether the risk-return profile of the proposed investments is consistent with the relevant clients' objectives, which objectives may be considered (i) solely in light of the specific investment under consideration, or (ii) in the context of the available capital; (b) potential tax consequences; (c) legal or regulatory restrictions; (d) the need to re-size risk; and (e) whether the relevant client has a substantial amount of investable cash (e.g., during a "ramp-up" period).

## **Item 12.**

### **Brokerage Practices**

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#### **A. Factors Considered in Selecting or Recommending Broker-Dealers for Client Transactions**

As an investment adviser, the Adviser has a fiduciary obligation to seek best execution for clients, where applicable. Best execution is a regulatory concept that is neither precisely defined, nor the subject of specific or explicit regulatory guidelines about how it can be achieved. The SEC generally describes it as a duty to execute securities transactions so that a client's total cost or proceeds in each transaction are the most favorable under the circumstances. While the Adviser's advisory activities generally involve private investment transactions rather than transactions in securities traded on the public market, the Adviser has a fiduciary duty to ensure that transactions effected on behalf of its clients, including the Yieldstreet Funds, are fair under the circumstances.

The Adviser does not execute transactions through any particular broker or dealer, but seeks to obtain the best net results for its clients, taking into account such factors as price (including the applicable brokerage commission or dealer spread), size of order, difficulty of execution, and operational facilities of the firm and the firm's risk and skill in positioning blocks of securities. While the Adviser will generally seek reasonably competitive trade execution costs, clients will not necessarily pay the lowest spread or commission available.

##### **i. Research and Other Soft Dollar Benefits**

As discussed above, the Adviser's advisory activities generally involve private investment transactions rather than transactions in securities traded on the public market. Nonetheless, subject to applicable legal requirements, the Adviser may select a broker based partly upon brokerage or research services provided to it and any clients. In return for such services, clients may pay a higher commission than other brokers would charge if the Adviser determines in good faith that such commission is reasonable in relation to the services provided.

The term "soft dollars" refers to the use of brokerage commissions, concessions, spreads, mark-ups, and mark-downs to pay for goods and services other than brokerage itself. Section 28(e) of the Securities Exchange Act of 1934 (the "Exchange Act") provides a safe harbor against claims of breach of fiduciary duty for investment advisers using commissions generated by customer orders to obtain brokerage and

research services. While the Adviser's advisory activities generally involve private investment transactions rather than transactions in securities traded on the public market, to the extent that the Adviser utilizes the services of a broker to effect transactions in publicly traded securities, the CCO will, in consultation with outside counsel, determine the appropriate course of action to ensure that the Adviser follows the guidance set forth in Section 28(e) of the Exchange Act with respect to any soft dollar arrangements in which it enters on behalf of any client.

When the Adviser uses client brokerage commissions (or markups or markdowns) to obtain research or other products or services, the Adviser receives a benefit because it does not have to produce or pay for such products or services. The Adviser may have an incentive to select or recommend a broker-dealer based on the Adviser's interest in receiving research or other products or services, rather than on its clients' interest in receiving most favorable execution.

**ii. Brokerage for Client Referrals**

Neither the Adviser nor any related person receives client referrals from any broker-dealer or third party.

**iii. Directed Brokerage**

The Adviser does not recommend, request or require that a client direct the Adviser to execute transactions through a specified broker-dealer.

## **B. Order Aggregation**

As discussed above, the Adviser's advisory activities generally involve private investment transactions for a single client rather than transactions in securities traded on the public market. Therefore, the Adviser does not have a practice of aggregating orders for multiple clients. If the Adviser determines that the purchase or sale of a security is appropriate with regard to multiple clients, the Adviser may, but is not obligated to, purchase or sell such a security on behalf of such clients with an aggregated order, for the purpose of reducing transaction costs, to the extent permitted by applicable law.

## Item 13. Review of Accounts

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### A. Yieldstreet Funds

The Adviser performs periodic reviews of each Yieldstreet Fund's investments, generally on a quarterly basis. Where monthly payments of principal or interest are due, such review generally consists of confirming receipt of such payment on a timely basis.

Where a payment in respect of the Yieldstreet Fund's investment is not expected, the Adviser generally seeks a status update from the borrower or Originator (or a related service provider such as an attorney) on a monthly or quarterly basis. Such reviews are generally conducted by a member of the Investments or portfolio risk management team.

A review of the Yieldstreet Fund's accounts and investments may be triggered by any suspicious or unusual activity or special circumstances.

At any point in time, Fund Investors can review the performance status of their investments and distributions thereon, if any. From time to time, Fund Investors may receive updates, typically via email and in their portfolio activity feed, concerning the status of their investments and other developments that may be of interest. Unless otherwise required by applicable law, the Adviser generally shall provide to Fund Investors, typically in an electronic format, a statement of performance of each investor's interest in the Yieldstreet Funds on at least a quarterly basis and tax information necessary for the completion of such investor's return on an annual basis. The Adviser may provide certain investors with information on a more frequent and detailed basis if agreed to by the Adviser.

As discussed above, the Website Operator offers a feature to investors called the Yieldstreet Wallet. The Yieldstreet Wallet allows investors to maintain a cash balance in their account for purposes of facilitating more efficient investment processing. The Website Operator is a non-advisory affiliate of the Adviser, and the Yieldstreet Wallet is a service offered by the Website Operator, rather than the Adviser, in order to improve the usability of the Website. For investors who wish to use this feature, the Website Operator, or its affiliates will collect additional Know Your Customer information. The accounts will be opened in the name of the investor at Evolve Bank, which is an unaffiliated FDIC insured banking institution. Once an investor activates the Yieldstreet Wallet feature, the investor may deposit and withdraw funds from their Yieldstreet Wallet account at any time, subject only to applicable limits related to the frequency of withdrawals in accordance with banking regulations. Except as set forth in the Evolve Bank account agreement for Yieldstreet Wallet accounts, under which the

Website Operator acts as a service provider to Evolve Bank with respect to Yieldstreet Wallet accounts, the Adviser, the Website Operator, and their affiliates have no access to, or control over, funds in the YieldStreet Wallet.

The Adviser welcomes inquiries from Fund Investors in the event any Fund Investor desires information not contained in the Adviser's Form ADV Part 1, Form ADV Part 2 or other relevant materials or reports. The Adviser and the Website Operator generally seek to make their representatives available to answer questions from investors concerning them and any Yieldstreet Fund, including with respect to the investments of a Yieldstreet Fund. During those conversations and pursuant to any other agreements certain Fund Investors may receive information and reporting that other Fund Investors may receive information and reporting that other Fund Investors do not receive, and such information may affect an investor's decisions regarding the relevant Yieldstreet Fund.

## **B. Advice**

The Adviser will not engage in any periodic reviews of any advisory client's Fund portfolio or Fund investment(s), generally because Funds in which an advisory client's portfolio are invested are subject to significant restrictions on transfer, redemption and withdrawal. At the Adviser's discretion, however, it will review a Non-Digital Advice advisory client's portfolio of Funds at such advisory client's request. Advisory clients are responsible for reviewing their investment preference profiles on at least an annual basis and notifying the Adviser promptly via the Website or their Adviser representative (for Non-Digital Advice) of any changes to the information and preferences they previously provided pursuant to the relevant Advice program.

## **Item 14.**

### **Client Referrals and Other Compensation**

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Other than as described in this Brochure, the Adviser does not receive economic benefits from nonclients for providing investment advice and other advisory services.

From time to time, the Adviser has arrangements with third-party placement agents or distributors to solicit investors for one or more current or future Funds and such arrangements will generally provide for the compensation of such persons for their services at the Adviser's expense. The Adviser currently has an arrangement with a third-party placement agent which provides for payments, at the Adviser's expense, to the placement agent if certain investments by others are made in certain of the Yieldstreet Funds.

The Adviser expects from time to time to run promotional campaigns to attract Website users to open an account with the Website Operator and/or to provide additional perks and benefits to Fund Investors who invest or are invested in Yieldstreet Funds or who maintain a certain level of investments across the platform. These promotions may include additional services, benefits or products offered on a limited basis to select Website users or Fund Investors, more favorable fee arrangements, early notification of select offering availabilities, cash or non-cash rewards, including securities, and/or reduced or waived advisory fees or other rebates for investors. Pursuant to various "invitation programs," investors may invite friends, family and others to open and fund an account with the Website Operator. Neither the referree nor the referrer investor is under any obligation to invest in any Fund as part of any invitation program, and may take such action at their sole discretion. Each invitation program is subject to the terms and conditions set forth on the Website.

These arrangements may create an incentive for existing investors to refer prospective users or investors to the Website Operator, even if the existing investors would otherwise not make the referral. Investors and users are not charged a fee nor do they incur any additional costs for being referred to the Website Operator by a current investor or user.

Further, from time to time the Adviser will offer a range of cash and non-cash incentives and promotions to Fund Investors based on a number of factors including but not limited to: (i) whether an offering has not been fully allocated and remains open after a certain amount of time (generally, approximately 30-90 days), (ii) an investor's investment exceeding a certain amount, (iii) an investor making an investment for the first time and (iv) an investor making his/her first investment after a specified amount of time (generally, approximately six months). Fund Investors who have received or will receive these incentives or promotions may invest in an offering regardless of whether such promotions or incentives were available to all investors at the time of their investment in such offering.

In addition, the Adviser and the Website Operator have certain advertising arrangements in which they pay bloggers and other Internet participants a flat fee per individual registration and/or completion of our online accredited investor verification process on the Website,

regardless of whether such individual funds an account on the Website. Neither the Adviser nor the Website Operator is otherwise affiliated with such bloggers or Internet participants, and neither the Adviser nor the Website Operator exercise any editorial control over the content produced by such Internet participants, provided, however, that the Adviser or the Website Operator has oversight and compliance rights and responsibilities where required by applicable regulation. For the avoidance of doubt, such bloggers or Internet participants are not compensated based on an individual (i) funding an account on the Website or (ii) otherwise investing in any Fund.

Additionally, refer to Item 10 regarding the Adviser's relationship with Soli Capital.



## Item 15. Custody

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Rule 206(4)-2 promulgated under the Advisers Act (the “Custody Rule”) (and certain related rules and regulations under the Advisers Act) imposes certain obligations on registered investment advisers that have custody or possession of any funds or securities in which any client has any beneficial interest. An investment adviser is deemed to have custody or possession of client funds or securities if the adviser directly or indirectly holds client funds or securities or has the authority to obtain possession of them.

The Adviser is required to maintain the funds and securities (except for securities that meet a relevant exemption in the Custody Rule) over which it has custody with a qualified custodian. Qualified custodians include banks, brokers, futures commission merchants and certain foreign financial institutions.

The Custody Rule currently requires (1) the funds and securities over which a registered investor adviser has custody to be maintained in segregated and identified accounts (Segregation) by a “qualified custodian,” which is a bank or broker-dealer and certain other extensively regulated entities (Qualified Custodian); (2) that the registered investor adviser notify the client in writing of the name and address and other identifying information about the qualified custodian and any subsequent changes to any identifying information (and if the registered investor adviser sends account statements to the client, advise the client to reconcile those statements with the statements provided by the qualified custodian) (Notice); (3) that the registered investor adviser have reasonable basis, after due inquiry, for believing that the qualified custodian sends to the clients at least quarterly a statement with period-end positions and a listing of all transactions occurring during the period (Quarterly Statements); and (4) an annual surprise examination of the custodied funds and securities, done by an independent accountant (Annual Surprise Exam), who is then required to file a Form ADV-E with the SEC.

However, an adviser need not comply with such requirements with respect to pooled investment vehicles subject to audit and delivery if each pooled investment vehicle (i) is audited at least annually by an independent public accountant and (ii) distributes its audited financial statements prepared in accordance with generally accepted accounting principles to their investors, all limited partners, members or other beneficial owners within 120 days (180 days in the applicable case of a fund of fund adviser) of its fiscal year-end. The Adviser relies upon this audit and delivery exception with respect to the Yieldstreet Funds; provided, however, that the Adviser is not required to comply with the Custody Rule with respect to the Closed-End Fund pursuant to Rule 206(4)-2(b)(5).

Further, all funds shall be held in an account in the name of each respective Yieldstreet Fund at a qualified custodian. Advisory client accounts will be held with a qualified custodian, as and where required under the Custody Rule.

## **Item 16.**

### **Investment Discretion**

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The Adviser has been appointed as the investment manager of the SPVs, ST STRUCTURED NOTE Funds, Access Funds (and certain ALTNOTE Funds) (the “Limited Discretion Funds”) with limited-discretionary investment authority as set forth in the Operating Agreement for each such Fund. The Adviser has discretionary authority with respect to decisions regarding the monitoring, management and disposition of the existing investment(s) held by each Limited Discretion Fund in accordance with such Fund’s investment guidelines. The Adviser does not generally have the authority to execute or enter into any new or substitute investments on behalf of the Limited Discretion Funds, except in cases of (i) merger or consolidation, bankruptcy or insolvency or exchange or conversion of existing investments, (ii) SPVs that hold structured notes in accordance with certain reinvestment guidelines, (iii) certain ALTNOTE Funds that hold participations in art finance loans, (iv) certain SPVs owned by qualified purchasers, and (v) certain SPVs that invest in single family rental properties.

The Adviser, however, has been appointed as investment manager of other Yieldstreet Funds with discretionary investment authority. Our investment decisions with respect to such Funds are subject to each Fund’s investment objectives and guidelines, as set forth in its Offering Documents, and may be subject to the oversight of a board of directors. The Adviser or an affiliate of the Adviser entered into an investment management agreement, operating agreement, or similar agreement, with each such Fund, pursuant to which the Adviser or an affiliate of the Adviser was granted discretionary investment authority.

With respect to advisory clients, the Adviser provides investment advice on a non-discretionary basis only.

## Item 17.

### Voting Client Securities

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#### A. Yieldstreet Funds

As an investment adviser registered under the Advisers Act, the Adviser has a fiduciary duty to act solely in the best interests of its clients. As part of this duty, it recognizes that it must vote client securities in a timely manner free of conflicts of interest and in the best interests of its clients. The SEC adopted Rule 206(4)-6 under the Advisers Act, which requires registered investment advisers that exercise voting authority over client securities to implement proxy voting policies. In compliance with such rules, the Adviser has adopted proxy voting policies and procedures (the “Proxy Policies”).

The Adviser is committed to voting proxies in a manner consistent with the best interests of its clients. We will review on a case-by-case basis each proposal submitted for a stockholder vote to determine its impact on the portfolio securities held by our clients. The Adviser will consider only those factors that relate to the Yieldstreet Funds’ investment, including how its vote will economically impact (short-term and long-term) and otherwise affect the value of the Yieldstreet Funds’ investment. Although the Adviser will generally vote against proposals that may have a negative impact on its clients’ portfolio securities, it may vote for such a proposal if there exists compelling long-term reasons to do so. While the decision whether or not to vote a proxy must be made on a case-by-case basis, the Adviser generally does not vote a proxy if it believes the proposal is not adverse to the best interest of the relevant client, or, if adverse, the outcome of the vote is not in doubt.

The proxy voting decisions of the Adviser are made by the senior officers who are responsible for monitoring each of its clients’ investments. To ensure that its vote is not the product of a conflict of interest, it will require that anyone involved in the decision making process disclose to the CCO any potential conflict that he or she is aware of and any contact that he or she has had with any interested party regarding a proxy vote. If an actual or potential conflict is found to exist, the Adviser shall engage a reputable non-interested party to independently review the Adviser’s vote recommendation and to confirm that the Adviser’s vote recommendation is in the best interest of the relevant clients under the circumstances. If the independent non-interested party determines that the Adviser’s vote recommendation is not in the best interest of the clients under the circumstances, then the Adviser shall vote in the manner suggested by such independent non-interested party. With respect to the Yieldstreet Funds, an advisory committee may serve in the capacity as the reputable non-interested party and conduct the review described above, so long as no member of the advisory committee that participates in such review is subject to the actual or potential conflict.

A copy of the Proxy Policies and the proxy voting record relating to a client may be obtained by contacting the Adviser.

## **B. Advice**

The Adviser will not be delegated authority to receive and vote proxies and related materials for any investments in Funds made by advisory clients.

## **Item 18.**

### **Financial Information**

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The Adviser is not aware of any financial condition reasonably likely to impair its ability to meet contractual commitments to the Yieldstreet Funds or clients. The Adviser has not been the subject of a bankruptcy petition at any time during the past ten years.