

Item 1 – Cover Page

Part 2A of Form ADV

Brochure for:

ALPHAFLOW ADVISOR, LLC

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This Brochure provides information about the qualifications and business practices of AlphaFlow Advisor, LLC (“AF Advisor” or the “Firm”). If you have any questions about the contents of this Brochure, please contact the Firm at the address listed above. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

AF Advisor is a registered investment adviser with the state of California. Registration of an investment adviser does not imply any certain level of skill or training.

Additional information about AF Advisor is also available on the SEC’s website at www.adviserinfo.sec.gov. AF Advisor’s CRD number is: 285210.

Item 2 – Material Changes

This firm brochure (“Brochure”) was prepared for the Firm’s annual updating amendment for its fiscal year ending December 31, 2019.

The following is a summary of material changes made to this Brochure since the last update filed on March 29, 2019.

- Item 4 is revised to reflect the Firm’s current assets under management.

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Item 4 – Advisory Business

A. Description of the Advisory Firm

AlphaFlow Advisor, LLC (“AF Advisor”), a Delaware limited liability company, began providing investment advisory services in January 2016. AF Advisor is a registered investment adviser in the state of California. AF Advisor is a wholly owned subsidiary of AlphaFlow, Inc. (“AFI”). Ray Sturm is the founder and Chief Executive Officer.

AlphaFlow Holdings, LLC (“AlphaFlow”) was formed as a special purpose entity to issue the certificates (described below) and acquire the corresponding mortgage loan investments. AlphaFlow is a directly held wholly owned subsidiary of AF Advisor.

B. Types of Advisory Services

AF Advisor serves as an investment adviser to private investment funds (the “Funds”). Affiliates of AF Advisor serve as the General Partner of the Funds. AF Advisor also provides discretionary investment advice to investors who purchase certificates issued by AlphaFlow through its online investment platform (the “Separate Accounts”). AF Advisor may decide in the future to sponsor or manage additional private investment funds, or provide services to additional types of clients (collectively with the Separate Accounts and Funds, the “Clients”).

Pursuant to the Funds’ offering memorandum, limited partnership agreement, and subscription documents (“Fund Governing Documents”), AF Advisor provides investment advice and portfolio management services with the objective of achieving income through the purchase of full or partial interests in short-term loans, LLC interests, and/or debt obligations issued by one or more operators of online lending platforms (the “Origination Platforms”). The Funds generally have a two-year term, measured from the last date on which the General Partner accepts subscriptions for interests. The term of the Funds may be extended for one-year periods in accordance to the Funds’ respective offering memorandum. Prospective California investors are encouraged to consult private legal counsel to determine the applicability of Corporate securities Law Section 25701 to any condition, stipulation or provision of the limited partnership agreement.

Pursuant to the Separate Accounts’ offering memorandum and investor agreement (“Separate Account Governing Documents”), AF Advisor provides investment advice and portfolio management services to individual investors who purchase certificates issued by AlphaFlow. Each certificate will correspond to a certain allocation of direct or indirect mortgage loan investments (the “Certificate”). Each mortgage loan investment is either (i) originated by AFI, AFI affiliates or AlphaFlow, (ii) originated by a third party (including AFI affiliates) and purchased by AFI or AlphaFlow, (iii) originated and held by a third party (including AFI affiliates) and participated in by AlphaFlow (in other words, AlphaFlow will invest alongside the third party) or (iv) a payment dependent note of a third party purchased and held by AlphaFlow, which is dependent on payments from an underlying loan originated and held by that third party. Each Certificate is dependent for payment on payments that AlphaFlow receives on the mortgage loan investments allocated to that Certificate. The

Certificates are AlphaFlow's special, limited obligations that are tied to the performance of a specific allocation of certain mortgage loan investments that may change on an ongoing basis during the investment term, and Investors will not have any security interest in any assets of AlphaFlow (including the mortgage loan investments). The Certificates will be U.S. dollar denominated, without a limit on the aggregate face value of Certificates that AlphaFlow can issue. Each Certificate will correspond to a specific allocation of mortgage loan investments that may change over the investment term, and payment to investors will depend on payments we receive on those corresponding mortgage loan investments.

C. Client Tailored Services and Client Imposed Restrictions

AF Advisor provides portfolio management services to its Clients. Such services are performed in accordance to the Clients' governing documents. Generally, AF Advisor has the authority to select which and how many securities and other instruments to buy or sell without consultation with Clients.

D. Wrap Fee Programs

AF Advisor does not participate in wrap fee programs.

E. Amounts Under Management

As of January 1, 2020, AF Advisor has approximately \$20,995,592 of regulatory assets under management on a discretionary basis. It does not manage assets on a non-discretionary basis.

Item 5 – Fees and Compensation

A. Fee Schedule

AF Advisor utilizes the following fee schedule. The fees and compensation payable to AF Advisor are negotiable and vary among its Clients. Clients should refer to the applicable governing documents for a full disclosure of costs and expenses that may be borne by the Fund.

1. Management Fee

With respect to the Funds, AF Advisor receives a management fee monthly in arrears equal to 1/12th of 1% (1.0% per annum) of a Fund's invested capital as of the end of each month prior to any distributions. Pursuant to the Funds' Governing Documents, AF Advisor will return 100% of all previously paid management fees to a Fund if the cumulative amount distributed by a Fund to all investors does not represent a cash return on the investors' aggregate capital contributions of at least 8% per annum (for AF Advisor Diversification Fund 2, LP and AF Advisor Diversification Fund 3, LP) and at least 9% (for AF Advisor Fund 1, LP), calculated on an annualized basis from the date such capital contributions are made. This refund will be redistributed to all limited partners.

With respect to the Separate Accounts, AF Advisor generally receives a management fee of 1% out of the proceeds of the Certificates.

2. Other Fees

With respect to the Separate Accounts, AlphaFlow may also charge a servicing fee at an annualized rate, generally between 0% to 2% of the principal amount of each corresponding mortgage loan investment. This servicing fee will cover the costs of ongoing administration of payments on the mortgage loan investments, tax filings, reporting, property oversight and other administrative services, as applicable. Any servicing fee may be paid out of the proceeds from the mortgage loan investments and will not be passed on to the investor. To the extent AlphaFlow or its affiliates originate a loan, it will earn and be paid certain origination fees, generally ranging from 0% to 3% of the principal amount of each corresponding loan, from the borrower. Such origination fees will be paid out of the proceeds from the mortgage loan investments and will not be passed on to the investor. AlphaFlow will charge a transfer fee equal to five hundred dollars (\$500) for every transfer request made by the holder of the Certificate for administrative and legal costs. Certain Certificates may also entitle AlphaFlow to other fees. The fees charged by AlphaFlow will depend on market conditions and AlphaFlow's role with respect to the mortgage loan investments, and any fees that AlphaFlow charges will be set forth in the applicable Certificate Listing.

3. Fee Comparison

Although AF Advisor believes its fees are competitive, lower fees for comparable services may be available from other investment advisers.

B. Payment of Fees

Management Fees and third-party fees (discussed below) are deducted from Client assets. With respect to the Funds, management fees are calculated at the end of the month, and withdrawn at the end of the month. With respect to the Separate Accounts, the advisory fee is paid prior to the use of the Certificates' proceeds to purchase fund mortgage loan investments and will result in a lower expected return on the Certificates.

C. Third-Party Fees

The Funds shall pay for all taxes and other governmental charges payable by it and for litigation-related and indemnification expenses for the benefit of a Fund or the General Partner's, or AF Advisor's activities on behalf of a Fund. The General Partner is responsible for all other expenses relating to the Funds.

D. Prepayment of Fees

AF Advisor does not expect Clients to prepay fees. With respect to the Funds, AF Advisor will prorate the management fee for periods of less than a full month. With respect to the Separate Accounts, the advisory fee is paid prior to the use of the Certificates' proceeds to purchase fund mortgage loan investments and will result in a lower expected return on the Certificates.

E. Outside Compensation for the Sale of securities

Neither AF Advisor nor its supervised persons accept compensation for the sale of securities or other investment products outside of its association with AF Advisor.

The foregoing discussion in Items 5 represents AF Advisor's basic compensation arrangements. The management fees described above are structured to comply with the California Corporations Code Section 260.234. Fees and other compensation are negotiable in certain circumstances and arrangements with any particular Client or Investor may vary. Although AF Advisor believes its fees are competitive, lower fees for comparable services may be available from other investment advisers.

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

AF Advisor does not receive performance-based fees for the Funds.

Item 7 – Types of Clients

As stated in Item 4, AF Advisor serves as an investment adviser to the Funds and Separate Accounts. AF Advisor may in the future provide the same or similar services to other privately placed investment funds and/or separately managed accounts.

With respect to the Funds, AF Advisor does not have a minimum initial capital contribution. Any capital contribution of up to \$100,000 is due in its entirety at the time of subscription. For capital contributions over \$100,000, \$100,000 is due at the time of subscription, and the remainder will be requested by the General Partner within 60 days after time of subscription.

With respect to the Separate Accounts, the minimum initial investment in a Certificate is \$10,000; subsequent Certificate purchases with new capital require a minimum investment amount of the difference between \$10,000 and the remaining face value on previous Certificate investments; subsequent Certificate purchases using distributions from previously invested capital under the auto-reinvest option requires a minimum investment amount of \$1,000.

Prospective investors and Separate Account clients are encouraged to thoroughly review the applicable governing documents, which set forth all of the terms in detail.

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

A. Methods of Analysis

AF Advisor's primary methods of analysis are utilizing the exceptional insights into the real estate space. Consolidated investor reporting offered on <http://www.AlphaFlow.com/> creates a unique data set that enables AF Advisor's proprietary investment selection process. Longstanding relationships at major platforms give qualitative insights into the strengths and weaknesses of each platform. Similarly longstanding relationships with many of the industry's major investors bring additional insights on issues.

B. Investment Strategies

1. Funds

AF Advisor typically makes investments for the Funds through the purchase of full or partial interests in short-term loans, LLC interests, and/or debt obligations issued by one or more operators of online lending platforms in the residential real estate space (the “Origination Platforms”).

Each security relates to an underlying loan from the Origination Platform to a specific borrower investing in a particular residential real estate property. The securities are fully amortizing over a period of six to twelve months, and have interest rates assigned based on the underlying borrower’s individual or business credit and income histories as well as assets serving as security.

The Origination Platforms enable investors to aggregate investment capital and participate in a diversified portfolio of loans. By investing in a diversified portfolio, the Funds’ risk will be spread across many loans, which AF Advisor believes mitigates the likelihood of substantial loss.

AF Advisor will purchase securities for the Funds using its own proprietary underwriting process and risk management methodology in order to build a diversified portfolio of interests in various securities of varying risk, interest rates and staggered maturities. By investing in only those securities that meet the Funds’ investment criteria, AF Advisor seeks to deliver superior risk-adjusted returns to investors that exceed alternative fixed income investments in similar unlevered debt securities.

Form of Investments

The Origination Platforms across which the Fund will invest may utilize different investment structures. These will primarily fall into two categories, but may include others:

1. Buyer Payment Dependent Notes (“BPDNs”)

A buyer payment dependent note structure is expected to be the most common type of investment made by the Fund. In this investment structure, the Fund will receive a security directly from the Origination Platform. The Origination Platform will then loan the proceeds to the BPDN platform, which will in turn lend to an underlying borrower. Thus, any payments tied to a specific underlying borrower loan essentially pass through to the Fund.

2. Limited Liability Corporation (“LLC”)

Origination Platforms may choose to establish a new LLC or Series LLC to issue the securities. This LLC would make the loan to the underlying borrower, and in owning membership units of the LLC, the Client would be entitled to the *pro rata* security and income rights of the LLC.

3. Mortgages (“Whole Notes”)

AlphaFlow may purchase entire mortgages from origination platforms. AlphaFlow may accept servicing responsibilities or may contract with the origination platform or other third parties to assume loan servicing responsibilities.

Borrowing and Lending

AF Advisor does not intend to utilize leverage in the investment program for the Funds.

2. Separate Accounts

Evaluation and Pricing of Financing Opportunities

The financing of each mortgage loan investment generally commences with an individual, lender or third-party real estate company requesting a loan from a third-party lender, and in the future these loans may be requested directly from AlphaFlow. The amount financed generally ranges from \$1,000 to \$25,000,000 and the term of the indebtedness generally ranges from six (6) months to five (5) years.

Loan Underwriting and Procedures

Subject to any exceptions set forth in the Separate Account Governing Documents, AlphaFlow intends to invest in mortgage loan investments with the following characteristics:

Loan Size	\$1,000 to \$25,000,0000
Loan Term	Six (6) months to five (5) years
Loan Type	First mortgage
Product Types	Single-family residential, office, industrial, multifamily, retail, land,
Loan Purpose	Acquisition, rehabilitation, bridge, new construction
Location	United States
LTV / LTC	Up to 80%
Debt Service Coverage Ratio	Flexible; in-place DSCR can be below 1.0X in some situations
Interest Rate	5.0% - 15.0%, generally fixed
Prepayment	Flexible
Amortization	Interest only, amortizing
Recourse	Both recourse and nonrecourse

Opportunistic Investments

For opportunistic investment, AlphaFlow will review the investment and pursue investment opportunities where the expected risk-adjusted return is generally at or above general market-based returns. In general, the appraisal or evaluation for construction loans, rehabilitation loans and entitlement loans will be prepared on either an “after-completed” basis, i.e., assuming that the entitlements or the improvements for which the loan is obtained

will be completed or on an “as-is” basis if the third-party lender or AlphaFlow, as applicable, is not holding back any monies for rehabilitation or construction. The interest rates that the borrower will pay and other loan terms are based on negotiations conducted by the loan originator with the borrower. AlphaFlow performs its own underwriting analysis, in its sole discretion, with respect to all mortgage loan investments.

C. Risks of Investments and Strategies Utilized

Investing in securities involves risk of loss that Clients and Investors should be prepared to bear.

Investment and trading risk factors may include:

General Investment Risks. Clients may invest in securities and other financial instruments using strategies and investment techniques with significant risk characteristics. The investment strategy is nascent and not fully tested and the Clients’ investments will be subject to the restrictions and risks inherent in short-term loans, LLC interests, and/or debt obligations, and the timing of returns, if any, may be highly uncertain. There can be no assurance that Clients will realize returns, if any, sufficient to compensate for such significant risks, and the Client could lose some or all of his investment.

Investments in Private Funds. If a Client invests in private funds, the Client is subject to the risks of the underlying funds’ investments and subject to the underlying funds’ expenses. There can be no assurance that the other funds will achieve their objectives or avoid substantial losses.

Limited Diversification. Investments may be primarily focused geographically in certain areas. Furthermore, broad diversification of investments in number or by industry or geography is not a primary investment of AF Advisor. This limited diversity could expose Clients to losses disproportionate to market movements in general if there are disproportionately greater adverse price movements in those investments.

Payment on the Securities Depends Entirely on Payments Received by the Origination Platform. Origination Platforms will make payments on the securities only after it receives a borrower’s payment on the corresponding borrower loan. Origination Platforms will also retain from the funds received from the relevant borrower any insufficient funds fees and the amounts of any attorneys’ fees or collection fees it, a third-party servicer or collection agency imposes in connection with collection efforts. If the relevant borrower does not make a payment on a specific monthly loan payment date, no payment will be made on the related security on the corresponding succeeding payment date.

Securities are Not Secured by Collateral or Guaranteed or Insured. While the corresponding borrower loans will be secured by a mortgage, deed of trust, security agreement, or legal title, the securities themselves will not represent an obligation of the borrower or any other party. The securities are not secured by any collateral and are not guaranteed or insured by any governmental agency or instrumentality or any third party.

The Client may look only to the Origination Platforms or AlphaFlow for payment of the securities. Furthermore, if a borrower fails to make any payments on the corresponding borrower loan, the Client will not receive any payments on the respective securities. The Client will not be able to pursue collection against the borrower and is prohibited from contacting the borrower about any such defaulted borrower loan.

No Payment After Final Maturity Date of securities. The initial maturity date of a security may be extended in certain circumstances to allow the Client to receive any payments that the Origination Platform receives during such period on the corresponding borrower loan after the maturity of such loan. However, if any payment from the corresponding borrower loan is received after such extended final maturity date of a security, the Origination Platform may retain 100% of such payments. This arrangement creates a conflict of interest, as significant delays in collection will result in additional profit for the Origination Platforms.

Loans ending with large “balloon” payments carry particular risks. Some of the mortgage loan investments may be interest-only loans, or loans that do not fully amortize, providing for relatively small monthly payments with a large “balloon” payment of principal due at the end of the term. Real estate companies may be unable to make principal payments out of their own funds and will be compelled to refinance or sell their property. Fluctuations in real estate values, interest rates and the unavailability of mortgage funds could adversely affect the ability of real estate companies to refinance their loans at maturity or successfully sell the property for enough money to pay off corresponding loans.

General Risks Associated With Real Property Lending. Investments in real estate are speculative in nature and projected returns may not be realized. Real estate values, cash flow, and the ability of the borrower of an underlying loan to repay may be affected by local, regional, and national real estate market and geopolitical and economic conditions beyond the control of the Origination Platform and AF Advisor. Delinquencies and defaults are sensitive to local and national business and economic conditions. Favorable real estate and economic conditions may not necessarily enhance a borrower’s ability to repay due to circumstances specific to a borrower beyond control of the Origination Platform and AF Advisor.

Moreover, a fire, flood, hurricane, tornado, earthquake or other calamity, or acts of violence, riots, vandalism, theft, terrorism, destruction and mayhem and other factors may impact the value of the real property underlying the corresponding borrower loan, and the borrower’s ability to make payments. The real properties associated with the corresponding borrower loans may not have the values ascribed to them by the Origination Platform and AF Advisor or any appraisals conducted of such properties and liens or other security interests in real properties associated with the loans may not be first priority or may inadvertently contain title defects which could impair recovery by the Origination Platform and AF Advisor. Notwithstanding any intended first lien positions held by the Origination Platform and AF Advisor with respect to the property underlying the corresponding borrower loan, a judge,

agency or administrative body may determine to void such position and grant equitable relief to the borrower.

Environmental Issues May Affect the Operation of a Property. If toxic environmental contamination is discovered to exist on a property underlying a corresponding borrower loan, such borrower's ability to repay the loan may suffer. These environmental risks may give rise to a diminution in value of the security property or liability for clean-up costs or other remedial actions. This liability could exceed the value of the real property or the principal balance of the related loan. For this reason, the Origination Platform and AF Advisor may choose not to foreclose on contaminated property rather than risk incurring liability for remedial actions. The state of law is currently unclear as to whether and under what circumstances clean-up costs, or the obligation to take remedial actions, can be imposed on a secured lender. If a lender does become liable for cleanup costs, it may bring an action for contribution against the current owners or operators, but such persons may be bankrupt or otherwise judgment-proof.

No Control Over Borrower of the Corresponding Borrower Loans. With respect to a particular property, the borrower is responsible for various management functions that are essential to its success, including property marketing and leasing rates, payment of bills, maintenance of insurance, and property management generally. Poor management on the part of the borrower could adversely affect the financial performance of the securities.

Foreclosure Sales on the Underlying Loan May Cause Losses. If a corresponding borrower loan becomes past due or is otherwise in default, the Origination Platform and AF Advisor may need to foreclose on the property underlying the corresponding borrower loan at a foreclosure sale. If the Origination Platform and AF Advisor cannot quickly sell such property and the property does not produce any significant income, the cost of owning, maintaining, and selling the property would reduce any proceeds gained through the sale. The Client may lose all or part of its investment in the affected securities.

The marketability and profitability of any property may be adversely affected by local, regional, and national economic conditions beyond the control of the Origination Platform and AF Advisor. Even under the most favorable marketing conditions, there is no guarantee that a property can be sold, or if sold, that such sale will be made upon a price and terms favorable to the seller, including at a price sufficient to cover all of a borrower's obligations to the Origination Platform and AF Advisor with respect to the defaulted loans.

No assurance can be given that there will be a ready market for the sale of any real property acquired by the Origination Platform and AF Advisor. The sales price of such property will depend on a variety of factors, including the value of a particular property in relation to similar properties in the market area, the property's history and condition, the then-projected economic and demographic trends for the immediate area in which such property is located, the availability of purchasers and the availability and terms of credit and financing

for a purchaser of a particular property. The Origination Platforms and AF Advisor may provide financing in connection with the sale of any property and therefore receive as partial payment a purchase money obligation of the purchaser, thereby decreasing the cash immediately available for distribution to the Client and subjecting the Client to the risk of default on the purchaser's debt obligation.

Due to certain provisions of state laws applicable to certain types of real estate loans, including anti-deficiency provisions under certain state laws, Origination Platforms and AF Advisor may have no ability to recover any deficiency should the property's value prove insufficient to repay an underlying borrower loan. The ability of Origination Platforms and AF Advisor to foreclose on and dispose of a property may be delayed or impaired by the operation of the federal bankruptcy laws, which may delay disposition of a property for a period ranging from several months to several years. The length of such a delay and the costs associated therewith will have an adverse impact on such Origination Platform's and AF Advisor's ability to make payments under the corresponding securities.

When an Origination Platform and AF Advisor directly or indirectly acquires any property by foreclosure or otherwise, it is exposed to the risks of liability incidental to property ownership. Owners of property may be subject to taxation with respect to the property, liability for injury to persons and property occurring on the property or in connection with the activity conducted thereon, liability related to environmental contamination, and liability for non-compliance with governmental regulations.

Origination Platforms Devotion of Attention to Collection on Loans. Origination Platforms have incentive to finance as many projects as possible to maximize the amount of origination fees they are able to generate. Increased project volume increase the demands on management resources and the ability to devote adequate attention and resources to the collection of corresponding borrower loans. In the event that an Origination Platform takes on loan volumes that exceed its ability to service outstanding corresponding borrower loans, its ability to make timely payments on the securities will suffer, and the ability of the Fund to make timely distributions may suffer as well.

Bankruptcy Prevents Foreclosure Remedy. If the borrower enters bankruptcy, an automatic stay of all proceedings against the borrower's property will be granted. This stay will prevent the Origination Platform and AF Advisor from foreclosing on the property unless relief from the stay can be obtained from the bankruptcy court, and there is no guarantee that any such relief will be obtained. Significant legal fees and costs may be incurred in attempted to obtain relief from a bankruptcy stay from the bankruptcy court and, even if such relief is ultimately granted, it may take several months or more to obtain. In such event, the Origination Platform and AF Advisor will be unable to promptly exercise its foreclosure remedy and realize any proceeds from a property sale. In addition, bankruptcy courts have broad powers to permit a sale of the real property free of the Origination Platform's and AF Advisor's lien, to compel the Origination Platform and AF Advisor to accept an amount less

than the balance due under the loan and/or to permit the borrower to repay the loan over a term which may be substantially longer than the original term of the loan.

Interest Rate Volatility Risk. The level and volatility of short-term and long-term interest rates significantly affect the lending industry. For example, a decline in interest rates may require Origination Platforms and AF Advisor to invest in borrower loans at lower interest rates or may hinder its ability to close loans at the targeted interest rates. Increased interest rates may harm a borrower's ability to refinance a loan at maturity, thus leading to a higher rate of default. A rise in interest rates may also cause the Client to achieve lower returns or carry more risk than alternative investments. Accordingly, volatility in interest rates could harm the Fund's ability to achieve its profitability objectives. Moreover, interest rates are influenced by a number of factors that are beyond the control of the Origination Platforms and AF Advisor, and are difficult to predict.

Loans Ending With Large "Balloon" Payments. A portion of the underlying borrower loans may be interest-only providing for relatively small monthly payments with a large "balloon" payment of principal due at the end of the term. Borrowers of such loans may be unable to repay such balloon payments out of their own funds and will be compelled to refinance or sell their property. Fluctuations in real estate values, interest rates and the unavailability of mortgage funds could adversely affect the ability of borrowers to refinance their loans at maturity or successfully sell a property for sufficient cash to pay off the corresponding borrower loan.

Inaccuracy or Incompleteness of Information about Borrowers, Properties, and Counterparties. In deciding whether to extend credit or enter into other transactions with borrowers and counterparties, Origination Platforms and AF Advisor will rely on a significant amount of information furnished to it by or on behalf of borrowers and counterparties, including financial statements and other financial information. Origination Platforms and AF Advisor also may rely on representations of borrowers and counterparties as to the accuracy and completeness of that information and, with respect to financial statements, on reports of independent auditors. Much of this information will not be provided to the Client in order to maintain the borrower's privacy and adhere to applicable lending laws. Origination Platforms and AF Advisor makes an attempt to verify some of this information, but as a practical matter, cannot verify the majority of it, which may be incomplete, inaccurate or intentionally false. Borrowers may also misrepresent their intentions for the use of loan proceeds. Origination Platforms and AF Advisor do not generally verify any statements by a borrower as to how loan proceeds are to be used. If a borrower supplies false, misleading or inaccurate information, the Fund may lose all or a portion of its investment in the corresponding security.

Client's Rights Limited in Many Material Respects. Some purchase agreements pursuant to which the Client will acquire securities may restrict the Client's rights to pursue remedies individually in connection with a breach or default. In addition, some Origination Platforms

and AF Advisor require that any claims against it be resolved through binding arbitration rather than in the courts. The arbitration process may be less favorable to the Client than court proceedings and may limit the Client's right to engage in discovery proceedings or to appeal an adverse decision.

Limited Transferability. The securities are restricted securities under the securities Act, for which no public or private market presently exists or is ever intended to exist. Transfers of the securities are subject to restrictions of federal and state securities laws and other restrictions that will be set forth in the corresponding purchase agreement. As a result of such restrictions on transfer, including the Origination Platform's and AF Advisor's right to withhold consent to any transfer, it may be difficult or impossible for the Client to transfer the securities. Clients plan to hold all securities through maturity.

Truth-In-Lending Act. The underlying borrower loans of certain securities may be subject to certain provisions of the Truth-In-Lending Act of 1968, as amended (the "TILA") and other applicable laws and rules concerning loans. The TILA provisions impose additional disclosure and other requirements on creditors with respect to non-purchase money home equity loans secured by a borrower's principal dwelling with high interest rates or high upfront fees and charges where the loan funds are primarily used for personal, household or consumer purposes. In general, these home equity loans have annual percentage rates over eight percent (8%) greater than the yield on treasury securities of comparable maturity and/or fees and points which exceed the greater of six percent (6%) of the total loan amount. These provisions can impose specific statutory liabilities upon creditors who fail to comply with their provisions and may affect the enforceability of the related loans. In addition, any assignee of the creditor would generally be subject to all claims and defenses that the consumer could assert against the creditor, including, without limitation, the right to rescind the home equity loan. Furthermore, the State of California and certain cities in California have enacted or may enact certain statutes and ordinances designed to discourage so-called "predatory" lending practices by mortgage lenders, usually involving persuading a borrower to accept a larger loan than is needed at a higher interest rate and other costs than could reasonably be obtained from other sources. These statutes and ordinances place an almost insurmountable burden of proof on the lender to justify its loan terms and lending practices, at the risk of rendering the loan unenforceable. Any violation of the aforementioned laws could result in, among other things, damages, fines, penalties, litigation costs, investigation costs and even restrictions on the ability of such Origination Platform and AF Advisor to conduct its business.

More information about investments and the associated risk factors are available in the Constituent Documents.

The foregoing list of risk factors does not purport to be a complete enumeration or explanation of the risks involved in an investment with AF Advisor. Prospective Investors and Clients should read the entire Brochure as well the applicable governing

documents, other materials that may be provided by AF Advisor and consult with their own advisers prior to engaging AF Advisor's services.

Item 9 – Disciplinary Information

AF Advisor and its management persons have not been a party to any legal or disciplinary events that would be material to a Client's or prospective Client's evaluation of its investment advisory business or the integrity of its management.

Item 10 – Other Financial Industry Activities and Affiliations

A. Registration as a Broker-Dealer or Broker-Dealer Representative

Neither AF Advisor nor its management persons are registered as a broker-dealer or broker-dealer representative.

B. Registration as a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor

Neither AF Advisor nor its management persons are registered as futures commission merchant, commodity pool operator, or a commodity trading advisor.

C. Relationships Material to this Advisory Business and Possible Conflicts of Interest

AlphaFlow is a wholly owned subsidiary of AFI and sponsors the formation of other investment products like Certificates or other funds and AF Advisor, a wholly owned subsidiary of AFI, serves as investment manager to those funds. When considering each mortgage loan investment opportunity, AF Advisor or AFI will have to decide which client may hold an interest in the mortgage loan investment. This will compel AF Advisor or AFI to make decisions that sometimes favor persons other than AlphaFlow. Under the Investor Agreement between AF Advisor and AlphaFlow, AF Advisor has agreed that, where there are investment opportunities that are potentially suitable for more than one of its Clients, AF Advisor will establish policies and procedures that will allocate the investments fairly and equitably among its investors over time. Because of this, any single investment decision may be more or less favorable to a given investor, but the policies and procedures will be designed to allocate the investments fairly and equitably over time.

D. Selection of Other Advisors or Managers

AF Advisor does not utilize nor select other advisors or third party managers. All assets are managed by AF Advisor.

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

A. Code of Ethics

AF Advisor has adopted a Code of Ethics (the “Code”). The Code governs the activities of each member, officer, director and employee of AF Advisor. AF Advisor holds its employees to a high standard of integrity and business practices that reflects its fiduciary duty to the Clients. In serving its Clients, AF Advisor strives to avoid conflicts of interest or the appearance of conflicts of interest in connection with its employees’ and Clients’ securities transactions. When persons covered by the Code engage in personal securities transactions, they must adhere to the following general principles as well as to the Code’s specific provisions: (a) at all times the interests of the Client must be paramount; (b) personal transactions must be conducted consistent with the Code in manner that avoids any actual or potential conflict of interest; and (c) no inappropriate advantage should be taken of any position of trust and responsibility. Each employee is provided with a copy of the Code and must annually certify that they have received it and have complied with its provisions. In addition, any employee who becomes aware of any potential violation of the Code is obligated to report the potential violation to the Chief Executive Officer.

AF Advisor will provide a copy of its Code of Ethics to Clients and prospective Clients upon request. Such a request may be made by submitting a written request to AF Advisor at the address on the cover page to this Brochure.

B. Recommendations Involving Material Financial Interests

Principals and employees of AF Advisor and its affiliates may directly or indirectly own an interest in the Funds managed by AF Advisor, or the underlying investments in the Certificates issued by AlphaFlow. The fact that AF Advisor, its employees and other related persons may have a financial ownership interest in such securities creates a potential conflict in that it could cause the Firm to make different investment decisions than if they did not have such a financial ownership interest. Any investment made by AlphaFlow to pre-purchase mortgage loan investments for the Certificates will be sold to Separate Accounts on the same terms and conditions, and additional details regarding the mortgage loan investment, including the fact that AlphaFlow is selling these Certificates for its own account, will be provided in the “Certificate Listing” and the investor will have the ability to consent to the transaction. AF Advisor requires that all employees sign and adhere to its Code of Ethics. AF Advisor also documents any transactions that could be construed as conflicts of interest.

C. Investing Personal Money in the Same Securities as Clients

From time to time AF Advisor, its employees and/or the related persons may also personally invest in the same securities that AF Advisor buys or sells for Clients, and it or they may own securities, or options on securities, of issuers whose securities are subsequently bought for Clients because of AF Advisor’s recommendations regarding a particular security. AF Advisor addresses this conflict by requiring employees to sign and adhere to AF Advisor’s Code of Ethics.

D. Purchasing Securities At/Around the Same Time as Clients' Securities

As discussed above, from time to time, AF Advisor, its employees, or related persons of AF Advisor may invest for themselves securities that AF Advisor also recommends to the Client. AF Advisor will always document any transactions that could be construed as conflicts of interest and will always transact Client business before the business of its employees and/or related persons when similar securities are being bought or sold.

Item 12 – Brokerage Practices

A. Factors Used to Select or Recommending Broker-Dealers

AF Advisor makes private equity investments for Clients. Transactions on behalf of the Clients do not require a broker-dealer and commissions are not ordinarily paid. AF Advisor anticipates that investments in publicly traded securities will be infrequent occurrences. If in the future AF Advisor's business involves direct trading with brokers or dealers, AF Advisor may adopt additional brokerage policies and procedures.

1. Research and Other Soft Dollar Benefits

Due to the nature of AF Advisor's investment advisory services, AF Advisor currently does not anticipate receiving research or other products or service in connection with Client securities transactions ("soft dollar benefits").

2. Brokerage for Client Referrals

AF Advisor does not consider, in selecting or recommending broker-dealers, client referrals from a broker-dealer.

3. Directed Brokerage

AF Advisor does not direct brokerage.

B. Aggregating Trading for Multiple Client Accounts

As discussed in Item 4, AF Advisor generally does not trade in public securities or similar instructions on behalf of Clients.

AF Advisor may place orders for the same security for different Clients at different times and in different relative amounts due to differences in investment objectives, cash availability, size of order and practicability of participating in "block" transactions. The level of participation by different Clients in the same security may also be dependent upon other factors relating to the suitability of the security for the particular Client.

In addition, AF Advisor and/or its related persons or Clients may buy or sell specific securities for its or their own account that are not deemed appropriate for Client accounts at the time, based on personal investment considerations that differ from the considerations on which decisions as to investments in Client accounts are made. Where execution opportunities for a particular security are limited, AF Advisor attempts in good faith to allocate such opportunities among Clients in a manner that, over time, is equitable to all Clients. Clients

should understand, however, that some investments may be made in specific lots and it may not be possible to allocate pro-rata.

Item 13 – Review of Accounts

A. Frequency and Nature of Periodic Review and Who Makes Those Reviews

AF Advisor reviews Client accounts on a daily basis to ensure consistency with the Client’s strategy and performance objectives. Asset allocation, cash management, market prospects and individual issue prospects are considered. The reviews are conducted by the Firm’s Chief Executive Officer.

B. Factors That Will Trigger a Non-Periodic Review of Client Accounts

Reviews may take place more frequently if triggered by economic, market, or political conditions.

C. Content and Frequency of Regular Reports

With respect to the Funds, investors will generally receive unaudited reports of performance no less than annually and will receive audited year-end financial statements annually. With respect to the Separate Accounts, clients will generally receive monthly reports of their investment portfolio.

Item 14 – Client Referrals and Other Compensation

A. Economic Benefits Provided by Third Parties

AF Advisor does not receive any economic benefit, directly or indirectly from any third party for advice rendered to the Client.

B. Compensation to Non-Advisory Personnel for Client Referrals

Currently, neither AF Advisor nor its related persons directly or indirectly compensate any person who is not advisory personnel for Client referrals. If in the future AF Advisor enters into such arrangements, this Brochure will be appropriately amended.

Item 15 – Custody

With respect to the Funds, California law provides that General Partners and Managing Members, as applicable, of a Fund are considered to have “custody” of the Fund’s assets, even though independent, qualified custodians (the “Custodian”) actually hold those assets. That rule generally requires investment advisers to cause certain account statements detailing holdings and transactions to be sent to Clients, and imposes certain other obligations. U.S. Bank is the qualified custodian that secures Client assets. AF Advisor intends to employ the safeguarding procedures described in California Code of Regulations Section 260.237(b)(4), which exempt AF Advisor from certain obligations so long as AF Advisor (i) engages an

independent accounting firm registered with the Public Company Accounting Oversight Board to conduct an annual audit of the Funds, and (ii) distributes audited financial statements prepared in accordance with U.S. generally accepted accounting principles to all Investors within 120 days after the Funds' fiscal year end.

With respect to the Separate Accounts, all Client assets are held at qualified custodian U.S. Bank. Separate Account Clients receive at least quarterly account statements directly from the custodian, listing account balance, transaction history and any fee debits or other fees taken out of the account. Upon opening an account with a qualified custodian on a Client's behalf, AF Advisor promptly notifies the Client in writing of the qualified custodian's contact information. AF Advisor encourages Clients to compare their custodial statements to any reports received from AF Advisor.

For withdrawals of its advisory fees directly from Client accounts, AF Advisor intends to follow the same safeguards described above to comply with CCR 260.237.2. Clients will provide written authorization to their custodian (U.S. Bank) permitting the fees to be withdrawn directly from their custodial account. Generally, an invoice will be sent to the Client's custodian at the same time a copy is sent to the Client. A Client's custodian will send statements no less than quarterly showing all disbursements in the custodial account, including any fees withdrawn.

Item 16 – Investment Discretion

The applicable governing documents generally authorize AF Advisor to invest the Clients' assets in securities, to be selected at AF Advisor's sole discretion.

Pursuant to the applicable governing documents, Clients designate AF Advisor as its attorney-in-fact to execute, certify, acknowledge, file, record and swear to all instruments, agreements and documents necessary or advisable to carrying out the Clients' business and affairs, including execution of the Clients' governing documents.

Item 17 – Voting Client securities

AF Advisor makes private equity investments for the Clients, which are not typically the subject of proxies. Notwithstanding the foregoing, in the event that AF Advisor is required to vote proxies on behalf of Clients, AF Advisor will ensure that a record of each investment held by the Client is maintained, and where any such vote is to occur, AF Advisor will ensure that it receives all relevant information, disclosure materials, and such proxies or consents as are necessary for it to be able to cast votes in a timely manner. All conflicts of interest related to proxy voting will be resolved in a manner consistent with the best interests of the Client. AF Advisor will provide to Clients, upon request, information pertaining to proxies voted or abstentions by the adviser on behalf of the Client.

Item 18 – Financial Information

AF Advisor has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to Clients, and has not been the subject of a bankruptcy petition.

A. Balance Sheet

AF Advisor does not require nor solicit prepayment of more than \$500 in fees per client, six months or more in advance and therefore does not need to include a balance sheet with this Brochure.

B. Financial Condition

AF Advisor has discretionary authority over the Clients' assets. At this time, neither AF Advisor nor its management persons have any financial conditions that are likely to reasonably impair its ability to meet contractual commitments to the Clients.

C. Bankruptcy Petitions in Previous Years

AF Advisor has not been the subject of a bankruptcy petition in the last ten years.

Item 19 – Requirements for State-Registered Advisers

AF Advisor is registered as an investment advisor with the California Department of Business Oversight.

A. Education and Business Background of Principal Executive Officers and Management Persons

Ray Sturm is the founder and Chief Executive Officer of AF Advisor.

For more information, see AF Advisor's *Brochure Supplement for Ray Sturm*.

B. Other Businesses

AF Advisor is not actively engaged in any business other than giving investment advice.

C. Performance-Based Fees

As stated in Item 5, AF Advisor does not receive performance-based fees.

D. Material Disciplinary Disclosures for Management Persons of AF Advisor

Neither AF Advisor nor its management persons have been involved in any of the events required to be disclosed by this Item.

E. Material Relationships That Management Persons Have With Issuers of securities

Neither AF Advisor nor its management persons have any other relationship or arrangement with issuers of securities.

F. Material Conflicts of Interest

AF Advisor has disclosed all material conflicts of interest as required by California Code of Regulations Section 260.238(k) regarding itself, its representatives, and any of its employees, which could reasonably be expected to impair the rendering of unbiased and objective advice.

G. Business Continuity Plan

AF Advisor maintains a written Business Continuity Plan (BCP) identifying procedures relating to an emergency or significant business disruption, including death or incapacitation of key employees.