

## Opportunities and Challenges

Third Lake is a relatively new family office and our relationship has grown steadily as they have grown.

The family office initially focused on making direct private investments, but that has changed and they are focused on building a more diversified portfolio with more external management

The family has started to increase the annual distributions they take from Ashley, so their investing has ramped up. They have focused on a lot of real estate and structured finance funds. They understand consumer risk quite well and like yield. We show them all ISG fund offerings and expect to focus on Harvest in Q1. They were very interested in Virage, but our mandate there fell apart.

They are also highly underexposed to public equities and looking to catch up. However, there is a debate between the family office and the family about how much risk is appropriate to take in this area. We have agreed to discuss DPM as a potential solution early this year.

On the lending side, we occasionally get the opportunity to look at commercial mortgages via the investment bank. They also own a consumer finance business that is growing quickly and will need a conduit line or other structured credit solution.

The two main challenges to doing more business are competition and complexity. The family office is extremely well connected and increasingly well banked. Despite the sophistication of the family office, however, the family tends to shy away from complex investments and often has unrealistic expectations about the amount of risk they need to take to earn a return they like.

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