

HEIRLOOM INITIATIVE:

- Legal Lending is a type of private credit that offers similar return profiles to Litigation Finance after typical cash-drag, with the lower risk of asset-backed loans.
- The Fund invests in a diverse pool of loans to leading US-based law firms that undertake work on mass-tort and class-action lawsuits on a contingency basis. These loans are secured, generally first-lien, by their contingent-claim billing receivables. The loans are diversified across borrower, case type, life cycle, etc. to minimize risk.
- Equity Partners of the law firms often personally guarantee the loans. As such, the law firms, who are best placed to understand the merits of the underlying cases, are acting as primary case-evaluation engines, taking the full risk of the outcome of the cases, with their careers and business on the line.
- These low LTV loans offers strong returns and is expected to be repaid in full within 2-4 years.

WHY WE FIND THIS SPECIFIC INVESTMENT ATTRACTIVE:

- Uncorrelated investment with strong historical returns and a reduced time to liquidity.
- Exposure to a difficult-to-access asset class.
- Strong security, both from the contingent case receivables and guarantees by firm partners that risk their careers if loans are not repaid.
- Mid-duration investment.

WHY WE LIKE “LEGAL LENDING” AS AN INVESTMENT THEME:



LEARNING MORE:

- This initiative has a degree of illiquidity, and requires specialized expertise to understand and to invest in. Heirloom is undertaking the above strategy, having spent approximately 2-2.5 years researching it. If you would like to discuss or learn more about this alternative strategy, please contact Beth at investors@heirloominvesting.com.