

Item 1: Cover Page



CRESCAT CAPITAL
VALUE - DRIVEN PERFORMANCE

Crescat Portfolio Management LLC

Investment Adviser Brochure

(SEC Form ADV Part II)

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14 March 2016

Crescat Portfolio Management LLC (CPM) is an investment adviser registered with the United States Securities and Exchange Commission (SEC). This brochure provides information about the qualifications and business practices of CPM, its parent company, Crescat Capital LLC, and its affiliated entities and principals.

If you have any questions about the contents of this brochure, please contact us at

303-228-7371 or info@crescat.net.

The information in this brochure has not been approved or verified by the SEC or by any state securities authority. Registration does not imply a certain level of skill or training. Additional information about CPM is available on the SEC's website at www.adviserinfo.sec.gov.

**Private Securities Offering Legend for Crescat Global Macro Fund LP and Crescat Long/Short Fund LP
(Hereafter “Crescat fund” or “Crescat funds”)**

- Only accredited investors and qualified clients will be admitted as limited partners to a Crescat fund. For natural persons, investors must meet SEC requirements including minimum annual income or net worth thresholds.
- Crescat funds are being offered in reliance on an exemption from the registration requirements of the Securities Act of 1933 and are not required to comply with specific disclosure requirements that apply to registration under the Securities Act.
- The SEC has not passed upon the merits of or given its approval to the Crescat funds, the terms of the offering, or the accuracy or completeness of any offering materials.
- A registration statement has not been filed for any Crescat fund with the SEC.
- Limited partner interests in the Crescat funds are subject to legal restrictions on transfer and resale. Investors should not assume they will be able to resell their securities.
- Investing in securities involves risk. Investors should be able to bear the loss of their investment.
- Investments in the Crescat funds are not subject to the protections of the Investment Company Act of 1940.
- Performance data represents past performance, and past performance does not guarantee future results.
- Performance data is subject to revision following each monthly reconciliation and annual audit. Current performance may be lower or higher than the performance data presented.
- Crescat is not required by law to follow any standard methodology when calculating and representing performance data. The performance of Crescat funds may not be directly comparable to the performance of other private or registered funds.
- Investors may obtain the most current performance data and private offering memorandum for a Crescat fund by contacting Crescat at (303) 271-9997 or by sending an email request to info@crescat.net.
- See the private offering memorandum for each Crescat fund for complete information and risk factors.

Item 2: Material Changes

Material changes from CPM's last annual update on March 10, 2015 include the following:

Crescat has created an Accelerator Class for investors who invest at least \$10 million into one of the two Crescat hedge fund strategies. Investors in this class pay a 1% annual management fee and a performance allocation equal to 10% of the investor's share of net profits at the end of each calendar year subject to a high water mark.

The annual management fee for the Long Short Fund was raised from 1% to 1.5% as of December 31, 2015.

Item 3: Table of Contents

Item 5: Fees and Compensation	4
Item 9: Disciplinary Information	10
Item 10: Other Financial Industry Activities and Affiliations.....	10
Item 12: Brokerage Practices	12
Item 13: Review of Accounts	13
Item 14: Client Referrals and Other Compensation.....	14
Item 16: Investment Discretion	14
Item 17: Voting Client Securities	15
Item 18: Financial Information	15
Investment Adviser Brochure Supplement.....	16
Item 1: Cover Page.....	17
Item 2: Educational Background and Business Experience.....	18
Item 3: Disciplinary Information.....	18

Item 4: Advisory Business

- A. **Description of Firm:** Kevin C. Smith, CFA started CPM's first investment strategy, Crescat Large Cap, in January 1999. He started the firm's second strategy, Crescat Long/Short Equity, in May 2000. He formed CPM in September 2005 and started the firm's third strategy, Crescat Global Macro, in January 2006. Mr. Smith has been the portfolio manager of each of Crescat's three investment strategies since inception.

Crescat Capital LLC is 100% owner of CPM. Mr. Smith is 100% owner of Crescat Capital LLC. Crescat Capital is 100% owner of Crescat Partners LLC, the general partner to the Crescat Global Macro Fund LP, a hedge fund. Crescat Capital is also 100% owner of Crescat Hedge Partners LLC, the general partner to the Crescat Long/Short Fund LP, a hedge fund.

- B. **Description of Advisory Services Offered:** CPM is an investment management firm that manages three investment strategies:

- Global Macro (Hedge fund strategy with broad investment mandate across asset classes)
- Long/Short Equity (Hedge fund strategy focused on large and mid-cap equities)
- Large Cap Equity (Long-only, large cap managed account strategy)
- Sub-Advisory Services (Mutual fund registered under the Investment Company Act of 1940)

The firm's investment process applies to each of the three strategies above and has three key elements:

- Proactive risk management
- Top-down global macroeconomic themes
- Bottom-up data-driven fundamental analysis

- C. **Flexibility of Services:** CPM serves clients whose objectives are some combination of growth, income, capital preservation, diversification, and liquidity. CPM also caters to clients whose investment time horizon is long term. Our strategies may not be suitable for all investors. We will tailor our recommended allocation of client assets to and among the Crescat investment strategies based upon the unique objectives and risk tolerance of each client. We can work with clients who impose investment restrictions if they are invested in a separate account. CPM does not allow client imposed restrictions inside its funds.

- D. **Description of Wrap Fee Programs:** Not applicable.

- E. **Mix of Client Assets:** As of 31 December 2015, CPM managed \$150 million of client assets. All assets are managed on a discretionary basis.

Item 5: Fees and Compensation

- A. **Basis of Compensation:** CPM and its affiliates charge clients management fees and performance allocations. The payment terms and conditions of the fees and allocations available to Crescat are detailed in the relevant

private placement memoranda and investor documents. Each affiliate of CPM that serves as a general partner of a Crescat hedge fund is entitled to receive a performance allocation on the net new appreciation in each account at the end of the year. Performance allocations are subject to high water marks and paid only after losses, if any, have been recovered. Crescat believes its fees are competitive with fees charged by investment advisers for comparable services although it is possible that you could find comparable services at a lower price elsewhere.

Below are the details of our fees and compensation:

Crescat Large Cap Equity Strategy: CPM charges a management fee quarterly in advance based on the assets in that account on the last day of the preceding quarter. Fees may be negotiated for institutional accounts and other unique circumstances. The schedule is as follows:

	<u>Portfolio Value</u>	<u>Quarterly Rate</u>	<u>Annualized Rate</u>
First	\$250,000	0.5000%	2.00%
Next	\$250,000	0.3750%	1.50%
Next	\$500,000	0.3125%	1.25%
Next	\$4 million	0.2500%	1.00%
Next	\$5 million	0.2250%	0.90%
Next	\$15 million	0.2125%	0.85%
Above	\$25 million	0.2000%	0.80%

Crescat Global Macro Fund LP: CPM is paid a 2% annual management fee at the end of each calendar month for acting as investment adviser to this fund. For the purpose of calculating the management fee, the net asset value of a limited partner's book capital account is determined before reduction for accrued management fees and incentive allocations, if any. CPM's affiliate, Crescat Partners LLC, the general partner to the partnership, is also paid an annual incentive allocation after the end of each calendar year equal to 20% of the net new appreciation of each limited partner's book capital account at the end of the year. The General Partner receives a performance allocation equal to 10% of each Accelerator Class limited partner's share of net profits at the end of each calendar year subject to a high water mark. However, if a limited partner has any prior net losses from previous periods, the General Partner will not receive a performance allocation until such limited partner is allocated net profits to recoup the net losses.

Crescat Long/Short Fund LP: CPM is paid a monthly management fee equal to 1.5% annually payable at the end of each calendar month for acting as the investment adviser to this fund. For the purpose of calculating the management fee, the net asset value of a limited partner's book capital account is determined before reduction for accrued management fees and incentive allocations, if any. CPM's affiliate, Crescat Hedge Partners LLC, the general partner of the Crescat Long/Short Fund, is also paid an annual incentive allocation after the end of each calendar year equal to 20% of the net new appreciation of each limited partner's book capital account during the year. The General Partner receives a performance allocation equal to 10% of each Accelerator Class limited partner's share of net profits at the end of each calendar year subject to a high water mark. However, if a

limited partner has any prior net losses from previous periods, the General Partner will not receive a performance allocation until such limited partner is allocated net profits to recoup the net losses.

Sub-Advisory Services: CPM will receive a sub-advisory fee for each fund, computed daily and payable monthly in arrears. Fees for services provided as a sub-advisor are specified in the client sub-advisory agreement and are based on a percentage of assets under management. CPM will receive sub-advisory fees to cover investment management and administrative services provided to the fund. That fee is subject to agreement and approval by the board of directors of the fund and are fully disclosed in the fund's prospectus. It is understood that such fees may differ from fees charged to other funds depending upon the extent of services provided and the cost of such services.

The same incentive allocation structure may apply to separately managed accounts that follow a similar strategy to the hedge funds as long as the client meets the Qualified Client standards of SEC rule 205-3 of the Investment Advisors Act.

Fees and incentive allocations may be negotiated based on unique circumstances.

- B. Method of Fee Collection:** Clients authorize CPM to deduct advisory fees from their accounts under the terms of their investment advisory agreements. Separately managed large cap clients pay management fees quarterly in advance. The hedge fund clients pay management fees monthly in arrears. Crescat Partners and Crescat Hedge Partners, the general partners of the hedge funds, deduct incentive allocations from the funds after year end if earned. If a client withdraws funds from a hedge fund, an incentive allocation may be paid on net new appreciation at the time of withdrawal. For hedge strategy separate accounts, CPM could either deduct or bill management and performance fees based upon the advisory agreement in place between CPM and the account owner.
- C. Other Fees and Expenses:** CPM clients pay other fees and expenses in connection with our advisory services, including brokerage commissions, transaction costs, mutual fund fees, and custodial fees. See item 12 of this brochure for a description of brokerage practices. The hedge funds managed by CPM pay certain operating expenses including periodic legal, accounting, filing, administrative, and other expenses to third-party service providers.
- D. Timing of Fees:** CPM charges management fees to its Crescat Large Cap clients at the beginning of each quarter. For other separate accounts, the timing of fee deduction will be based on the investment advisory agreement between CPM and the client. We charge management fees to hedge fund clients monthly in arrears.
- E. CPM Commissions:** Not applicable.

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

CPM's affiliated general partners are entitled to a performance-based fee from its hedge funds based on net annual appreciation at year-end. See Item 5A for an explanation of net annual appreciation. CPM faces a conflict of interest to execute trades in ways that favor its clients who pay performance-based fees over those

clients who do not pay performance-based fees. CPM addresses this conflict of interest through its Code of Ethics and its trade allocation policy:

Trade Allocation Policy

The firm is dedicated to the principle of fair and equitable trade allocation and sequencing. Crescat pre-determines where trades will be allocated among clients prior to execution. The firm will determine if a client's investment objectives and suitability profile qualify the client for participation in a trade prior to its execution. Crescat will block trade and allocate trades to client accounts at the same average price based on the pre-determined order size for each client account whenever block trading is possible and practical considering our order management systems, trading platforms, brokerage, research, and custodial services. Crescat seeks to coordinate and/or integrate these various systems and services in a way that is efficient and in the best interests of our clients as whole with respect to our fiduciary duty to seek best execution. Where average pricing is not possible or practical, or where the full size of the pre-determined order cannot be completed, the firm employs an alphabetical trade rotation and allocation methodology. The firm tracks where we left off in the alphabet on the prior trade that needed to be rotated, so that clients at the end of the alphabet or not disadvantaged on the next trade that needs to be rotated. Employee and owner accounts that are invested in the large cap strategy, and that cannot be block traded alongside clients at the same average price, are always traded last, after client accounts.

Item 7: Types of Clients

CPM serves institutional, individual, IRA, pension, trust, corporate, LP and mutual fund clients.

Clients who invest in the hedge funds must meet the Qualified Client standards of SEC rule 205-3.

The minimum account size is \$250,000, although this minimum may be waived in unique circumstances.

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

- **Methods of Analysis and Investment Strategies:** Crescat manages three primary investment strategies as described below. **Large Cap Long-Only Equity** – Formerly known as the Blue Chip strategy, the goal of Crescat Large Cap is to capitalize on our global macroeconomic themes with an active concentrated portfolio of 34 to 39 long-only large cap U.S. exchange-listed stocks. This strategy is designed for both highly sophisticated, accredited investors as well as non-accredited investors. In all cases, investors in this strategy should be long-term oriented and capable of understanding the risks of investing in equities. Our Large Cap equity investment strategy is the longest running of our investment strategies with a composite track record beginning in January 1999. Crescat Large Cap has received numerous performance awards including PSN's Top Gun award and Morningstar 4- and 5-star ratings on multiple occasions and over different time frames.

- **Long/Short Equity** –Crescat Long/Short expands upon our long-only large cap strategy by broadening the investment mandate to include mid cap stocks, short equities, and leverage to further capitalize on our macro themes and hedge against long-only equity exposure. This strategy has been particularly adept at outperforming during bear markets. Overall, it has substantially outperformed the global equity benchmarks with less downside risk. This strategy is designed for sophisticated, long-term, accredited investors who are capable of understanding the basic elements of the investment strategy and its risks. Our Long/Short equity hedge fund strategy has a long bias and has a composite track record that began in May 2000.

- **Global Macro** - The Crescat Global Macro Fund was named 2015 Global Macro Fund of the Year (funds under \$550 million) by HedgeFund Intelligence Absolute Return Awards. The fund has been ranked in the top ten in the Macro category by BarclayHedge at least 20 times since inception. Prequin rated it a top ten global macro fund for 2014. It and was a top 5 Bloomberg global macro fund for the 5 years ended 2010 which encompassed the Global Financial Crisis. Global Macro is the most comprehensive strategy. We start with the Long/Short portfolio and add additional exposure in commodities, currencies, futures, options, and fixed income. We also employ leverage, derivatives, and shorting as part of this strategy. CPM manages risk by staying within established exposure limits in our themes, asset classes, and long/short who understand the basic elements of the strategy and its risks. Global Macro has a composite track record that began in January of 2006. See Exhibit C for further information, including the Global Macro equity composite performance since inception and disclosures in accordance with Global Investment Performance Standards.

- **Sub-Advisory Services** – Crescat is a sub-advisor to an open-end mutual fund registered under the Investment Company Act of 1940. When we provide such services, we will have no direct relationship with the clients of the fund to whom we are providing services. In constructing an investment model for the Fund, Crescat will adhere to the investment objectives, strategies, policies, and procedures of the Trust adopted on behalf of the fund, which are stated in the applicable prospectuses and statements of additional information. Interested investors should refer to the prospectus carefully prior to investing in the fund. We review the portfolio on a continuous basis and, if necessary, rebalance the portfolio as we feel is appropriate to meet the needs and objectives of the fund.

Crescat focuses on two key analytical methods:

- **Top-down global macroeconomic thematic analysis.** Global macroeconomic themes are big picture investment concepts that affect how we view investment opportunities in an overall country, asset class, or equity sector. These views can be based on factors such as central bank policy, fiscal policy, taxes, interest rates, gross domestic product, inflation, demographic trends, employment trends, economic cycles, and investment bubbles and busts. Examples of Crescat's recent macroeconomic themes include: Digital Evolution, U.S. Housing Recovery, China Currency and Credit Bubble, Global Fiat Currency Debasement, Nanoscale, New Oil and Gas

Resources, and Global Debt-to-GDP Resolution. Prospective investors and clients should request a copy of our firm presentation and our most recent macroeconomic research letters to learn more about Crescat's current themes. We provide a monthly performance attribution by macroeconomic theme as part of our monthly performance reports.

- **Bottom-up, data-driven, fundamental equity analysis.** Equities are a key component of all three Crescat investment strategies. We have a proprietary discounted-free-cash-flow (DFCF) valuation model that provides a valuation on a daily basis of every stock in our investable universe which consists of the 2,000 most liquid global equities that trade on a U.S. exchange. The universe is comprised of mostly large- and mid-capitalization stocks.

Crescat is value-style money management firm because just about everything we do is focused on fundamental *valuation*. Our discounted-free-cash flow valuation model incorporates a broad array of fundamental metrics that go into our overall, such as:

- **Value-specific factors:** Price to cash flow, trailing and forward-looking price to earnings, price to book, price to free cash flow, price to tangible book value
- **Growth-specific factors:** Historical and projected sales, earnings, and free-cash flow per share growth, including growth acceleration and deceleration
- **Capital Allocation:** All else equal, we prefer stocks that generate consistent positive free cash flow and return capital to shareholders via stock dividends and share repurchases
- **Balance Sheet Strength:** Total assets to total liabilities, total assets to total debt, current ratio, quick ratio Debt to Total Assets, Total
- **Sales and earnings dynamics:** Earnings surprise, sales surprise, analysts' earnings estimate revisions, analysts' sales estimate revisions, free cash flow revisions
- **Quality:** Return on equity (ROE), return on invested capital (ROIC), gross and net profit margins, free cash flow margins, and earnings reporting conservatism
- **Within Type and Within Industry Leadership:** Measures of above and other relevant metrics that apply to specific classes of stocks and specific industries
- **Custom Industry Scoring:** We have unique fundamental metrics that we score within industry for industries such as banks, mining companies, and oil and gas exploration & production

Each of these factors is then combined to create an overall Crescat score for each stock. These stocks comprise the equity portion of the investable universe for Crescat's two alternative strategies. Within that equity universe, the top 1,000 market cap stocks comprise the investable universe for our large cap strategy.

We look at investment risks and opportunities on a global level using both data-driven models and macroeconomic themes as a foundation for essential fundamental analysis and judgment. The model provides an efficient framework for monitoring existing equity positions and for supporting trading decisions. Moreover, in the context of our overall valuation process, the model is an important part

of our practice of deeply understanding individual company business models and deriving custom growth projections.

The DFCF model was originally developed by CPM portfolio manager and chief investment officer Kevin C. Smith, CFA in 1997. It has been continuously applied and refined by Mr. Smith and his investment team since then.

A. Risks of Methods of Analysis: Crescat employs numerous robust methods of analysis in our investment strategies. Fundamental analysis aided by our proprietary model allows CPM to thoroughly research companies prior to investment and monitor positions as needed. Furthermore, our global macro trends are developed and altered to create gains, but also to minimize losses. Combining strategic choices of themes, well-researched companies, and proactive portfolio management, CPM is able to effectively manage risks. Despite the robustness of our process, however, we might miss important considerations in identifying macroeconomic investment themes and in conducting data-driven equity analysis. While we can analyze many factors, we cannot know every material fact about the securities we invest in. We may develop a strong conviction based on our macro themes and data-driven analysis, and accordingly take a position in the portfolio at a time when the markets do not agree with that position, and the position may lose value. There are many factors that drive security prices that may be outside of our understanding and not captured by our investment process. Our proactive trading style can negatively impact performance through increased brokerage commissions, other transaction costs, and taxes.

B. Risks of Investment Securities: CPM pays close attention to asset allocation by global macro theme and security type. Exposure is categorized by theme and exposure type and monitored to minimize risk. Diversity in holdings is an important aspect of risk management, and CPM works to maintain a variety of themes and equity types to capitalize on trends and abate risk. CPM invests in a wide range of securities including long equities, short equities, mutual funds, exchange traded funds, commodities, commodity futures contracts, currency futures contracts, fixed income futures contracts, and options on equities, bonds and futures contracts. The investment portfolios advised or sub-advised by CPM are not guaranteed by any agency or program of the U.S. government or by any other person or entity. The types of securities that we buy and sell for clients could lose money over any time frame. CPM's investment strategies are intended primarily for long-term investors who hold their investments for substantial periods of time, typically more than five years. You should consider your investment goals, time horizon, and risk tolerance before investing in CPM's strategies and should not rely on CPM's strategies as a complete investment program for 100% of your investable assets.

Item 9: Disciplinary Information

Not applicable.

Item 10: Other Financial Industry Activities and Affiliations

A. Broker-Dealer Registration: Not applicable.

B. Commodity/Futures Registration:

- a. **Commodity Pool Operator (CPO) Exemptions:** Crescat Global Macro Fund LP is exempt from registration with the Commodity Futures Trading Commission (CFTC) as a CPO under Rule 4.13(a)(3), which provides relief in cases where the pool trades only a minimal amount of futures. CPM, as sub-advisor to a mutual fund registered under the Investment Company Act of 1940, is exempt under CFTC Rule 4.5, which provides an exemption for mutual funds that trade a minimal amount of futures. No exemptions are required for any other Crescat strategies.
- b. **Commodity Trading Advisor (CTA) Exemption:** Crescat Portfolio Management LLC is exempt from registering as a CTA under Section 4m(1) of the Commodity Exchange Act, which provides a self-executing exemption for a person which, during the past 12 months, has not furnished commodity trading advice to more than 15 persons and does hold itself out to the public as a CTA.

C. Relationships with Related Persons: CPM does not have any related persons that are broker-dealers, municipal securities dealers, government securities dealers, investment companies, other investment advisers or financial planners, futures commission merchants, commodity pool operators, commodity trading advisers, banking or thrift institutions, accounting firms, lawyers, or law firms, insurance companies or agencies, pension consultants, real estate brokers or dealers, or sponsors or syndicators of limited partnerships.

D. Conflicts of Interests with Other Advisors: CPM does not recommend or select other investment advisers or receive any compensation from other advisers in any way that creates a material conflict of interest. CPM has sub-adviser agreements with other investment advisers where it receives compensation from other investment advisers and/or their clients. The firm believes that these sub-adviser agreements do not present a material conflict of interest with its clients.

Item 11: Code of Ethics, Participation in Client Transactions, and Personal Trading

- A. Code of Ethics:** CPM's Code of Ethics, based on the model of Rule 204A-1 under the Investment Advisers Act of 1940, is important in setting and maintaining a strong compliance culture at CPM. The purpose of the Code is to deter wrongdoing and to promote honest and ethical conduct, to require prompt internal reporting of violations of the Code; and accountability for adherence to the Code. It emphasizes that CPM has a fiduciary duty to act in the best interests of clients. The Code also defines Crescat's policies forbidding any trading on material non-public information, managing conflicts of interest associated with personal securities transactions of CPM personnel, and maintaining privacy of client confidential information. CPM will provide its Code of Ethics to any client or prospective client upon request.
- B. Client Transactions in Personal Holdings:** CPM's affiliates act as general partner to hedge funds in which CPM is the investment adviser. CPM's affiliates and related persons own positions in these hedge funds. The firm does not view ownership in our own hedge funds as a conflict of interest with clients, rather as an alignment of interests with the clients.

C. Personal Investments: CPM has a personal securities trading policy that requires principals and access personnel to obtain prior approval from the chief compliance officer before making an investment in any non-exempt security. Exempt securities include the following:

- U.S. government securities;
- money market instruments;
- shares of money market funds;
- shares of unaffiliated mutual funds;
- shares of unit investment trusts including exchange traded funds and unaffiliated mutual funds.

D. Timing of Personal Trades: CPM encourages investments by its employees and principals in its own investment strategies, which the firm views as an alignment, rather than a conflict of interest, with its clients. If a principal or employee is invested in the firm's large cap strategy, and the account cannot be traded alongside clients at the same average prices as part of the alphabetical custodial rotation policy, his or her account is always traded last in accordance with the firm's trade allocation policy. See Item 6 above for details on the firm's trade allocation and sequencing policy. In addition, CPM has strict policies in place to prevent violation of any SEC Regulations such as front running or scalping by employees and principals in their personal accounts.

Item 12: Brokerage Practices

A. Factors Considered in Selecting or Recommending Broker Dealers

1. **Research and Client Commission Benefits:** CPM receives research and brokerage services in addition to execution services from its broker-dealers and from third parties in connection with client securities transactions:
 - a. When CPM uses client brokerage commissions to obtain research and brokerage services, we receive a benefit because we do not have to produce or pay for that research or those brokerage services ourselves.
 - b. We have an incentive to select or recommend a broker-dealer based upon research and brokerage services rather than selecting a broker-dealer solely on the basis of lowest transaction cost.
 - c. We may cause you to pay commissions that are higher than those charged by other broker-dealers in return for research and brokerage services that we deem valuable to you and to us with respect to the management of your account.
 - d. We make an effort to allocate the benefits of the research and brokerage services described above proportionately to the clients who paid for them.

- e. Research refers to services and/or products provided by a broker, the primary use of which must directly assist Crescat in its investment decision making process and not in the management of the investment firm. The types of research and brokerage services we acquire through client commissions include Bloomberg Professional Service, electronic feeds of trade data, trading platforms, real-time quotes, order management systems, analyst research reports, macroeconomic research newsletters, financial publications, and other research and brokerage services.
 - f. In the last fiscal year, CPM sought best execution for its clients by directing transactions to broker-dealers where it received best combination of valuable research and brokerage services, lowest transaction costs, and least trading slippage. We consider all of the above factors important in our duty to seek best execution for our clients.
2. **Brokerage for Client Referrals:** In selecting or recommending broker-dealers, CPM does not consider whether it receives client referrals from a broker-dealer.
3. **Directed Brokerage:** We do not recommend, request, or require that clients engage in directed brokerage arrangements. However, clients may request in writing that we use a broker-dealer selected by the client because the designated broker provides certain benefits directly to the client. If CPM agrees, we will make our best effort to comply with the request. We will attempt to minimize any adverse effects from such an arrangement but clients should know that trades for accounts seeking directed brokerage will not be aggregated with other trades and may be executed before or after other accounts. Directed brokerage arrangements may cost the client more money than allowing CPM to select brokers.
- B. Aggregation of the Purchase or Sale of Securities:** Crescat will block trade and allocate trades to client accounts at the same average price based on the pre-determined order size for each client account whenever block trading is possible and practical considering our order management systems, trading platforms, brokerage, research, and custodial services. See Item 6 above for full details of our trade allocation policy.

Item 13: Review of Accounts

- A. Periodic Client Account Reviews:** We invite each client to participate in an account review at least annually. During the account review, we validate client investment objectives, review prior year performance, and discuss our investment outlook and macroeconomic investment themes. We also invite clients to validate or modify investment objectives annually.
- B. Non-Periodic Client Account Reviews:** We review client accounts for suitability if we learn of some fact or situation which might change either the investment objectives of a client or the suitability of one of our strategies for that client. We review client accounts and adjust positions, if warranted, when there is a material change in the market environment, our macro-economic themes, and/or our data-driven analytical models which happens on a non-periodic basis as a normal part of our ongoing investment process.

- C. Content and Frequency of Reports:** CPM provides monthly written reports with the composite performance for the prior month for each strategy. The reports include an attribution analysis highlighting the major causes of both positive and negative performance. Written monthly individual account statements are available through our broker/custodians for Large Cap strategy clients. We also send written individual quarterly performance reports to each of our Large Cap clients. Written monthly statements are available through third-party accountants for our hedge fund clients. Those individual account statements include balances at beginning and end of the month, net investment gains and losses, and account contributions or withdrawals.

Item 14: Client Referrals and Other Compensation

- A. Economic Benefits from Non-Clients:** Not applicable.

- B. Compensation for Client Referrals:** Not applicable.

C. Item 15: Custody

CPM and its related entities, the general partners of the hedge funds, employ third party custodians for all accounts managed by CPM. However, the SEC deems that CPM and the general partners have “custody” of client funds in several respects:

- We authorize payment of management fees and performance fees from managed accounts, per the terms of the Investment Management Agreement for each account.
- The SEC deems that any general partner of a private investment fund has custody over the fund by nature of its role for the fund.
- The general partners of the funds authorize payment of management fees and incentive allocations to CPM and to the general partners, per the terms of the Limited Partnership Operating Agreement for each fund.
- The general partners of the funds authorize payment to third party service providers from the funds, per the terms of the Limited Partnership Operating Agreement for each fund.
- The general partners authorize distribution of capital from Limited Partner accounts to Limited Partners upon request of the Limited Partner or by authority of the general partner, per the terms of the Limited Partnership Operating Agreement for each fund.

Large Cap clients receive monthly statements from the custodian and quarterly statements from CPM. Private partnership clients receive e-mail notifications that they can download their monthly statements from the fund administrator.

Item 16: Investment Discretion

CPM obtains unlimited discretionary authority to manage securities for most all of its client accounts. In all cases, the client grants that discretionary authority to us through written agreement between CPM, the client, and the broker-dealer/custodian. To meet regulatory requirements with respect to certain types of investment

vehicles, we may be deemed to have more limited investment authority in certain contexts. For example, CPM routinely exercises substantial discretion as a sub-adviser to a mutual fund subject to broad oversight and constraints by the principal manager and fund board. We also exercise discretion as a manager of accounts containing ERISA plan or trust assets subject to oversight and shared discretion exercised by its fiduciaries.

Item 17: Voting Client Securities

- A. Voting Policies and Procedures:** CPM will vote proxies when granted written authority by our client. Under our investment philosophy, Crescat invests client funds in companies whose managements we believe seek to serve the best interests of their shareholders. We routinely vote proxies as recommended by management because we believe recommendations by these companies' managements generally are in the shareholders' best interests, and therefore, in the best economic interests of our clients.
- A. Client Receipt of Proxy Materials:** CPM clients receive proxy materials and other solicitations directly from the custodian or transfer agent. Clients may contact us at info@crescat.net if they have any questions about a particular solicitation.

Item 18: Financial Information

- A.** Not applicable.
- B.** Not applicable.
- C.** Not applicable.

Investment Adviser Brochure Supplement

Item 1: Cover Page

Kevin C. Smith, CFA
Crescat Portfolio Management LLC
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14 March, 2015

This brochure supplement provides information about Kevin C. Smith, CFA that supplements the CPM brochure. You should have received a copy of that brochure. Please contact us if you did not receive the brochure or if you have any questions about the contents of this supplement. Additional information about Kevin C. Smith, CFA is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2: Educational Background and Business Experience

Kevin C. Smith, CFA, earned a Bachelor of Arts degree in economics from Stanford University in 1986 and a Master's degree in Business Administration from the University of Chicago's Graduate School of Business in 1992 where he also earned a specialization in finance and a concentration in statistics. He was born in 1964 and is 51 years old. Mr. Smith leads the investment team at CPM and has been the portfolio manager for the Crescat Large Cap Composite since its inception more than 16 years ago, the Crescat Long/Short Composite since its inception almost 15 years ago, and the Crescat Global Macro Composite since its inception more than 9 years ago. He holds the Chartered Financial Analyst (CFA) designation.

The CFA program is a three-level graduate self-study program that combines a broad-based curriculum of investment principles with professional conduct requirements tested in several exams. The designation typically requires 2-5 years and prior qualifying experience to complete.

Item 3: Disciplinary Information

Not applicable.

Item 4: Other Business Activities

A. Engagement in Any Investment Related Business Activity:

Not applicable.

B. Engagement in Any Other Business Activity for Compensation:

Not applicable.

Item 5: Additional Compensation

Not applicable.

Item 6: Supervision

CPM has extensive policies and procedures, software systems, and other controls that seek to ensure that we manage client accounts in accordance with client investment guidelines, contractual obligations, and applicable laws and regulations. Every employee certifies in writing to his or her understanding of relevant compliance procedures. The chief compliance officer monitors compliance with procedures and performs periodic review and testing of procedures.

Under our compliance and supervision policy and procedures, every employee has the responsibility to know and follow our procedures, and is subject to supervision by the chief compliance officer. Kevin C. Smith, CFA is responsible for formulating investment advice and managing client portfolios. If you have a question about the management of your account, you can call Mr. Smith at (303) 271-9997. You also may call the chief compliance officer at (303) 228-7371.