

Crestline Investors, Inc.

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Form ADV, Part 2A – Disclosure Brochure

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This brochure provides information about the qualifications and business practices of Crestline Management, L.P. If you have any questions about the contents of this brochure, please contact us at (817) 339-7600. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Crestline Management, L.P. is also available on the SEC's website at www.adviserinfo.sec.gov.

Being registered as an investment adviser with the SEC does not imply a certain level of skill or training.

Material Changes

The brochure on Form ADV Part 2A differs from the Form ADV Part II Crestline Management, L.P. delivered in previous years in that it provides additional information about Crestline's business, conflicts of interests and how those conflicts are resolved. This brochure includes several immaterial changes versus the version previously filed on March 31, 2011 to improve compliance with the narrative structure of the new form.

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Advisory Business

Founded in 1997, Crestline Management, L.P., or Crestline and its affiliates, sponsor and provide investment management services on a discretionary basis to private pooled investment funds and private managed accounts (single investor funds), which are referred to in this brochure as the Funds, that employ either a diversified low volatility strategy or an opportunistic investing strategy (blending fund of funds, private equity and direct investing seeking to capitalize on current market dislocations and inefficiencies). Crestline also provides “beta” solution services to certain Funds and investors. The low volatility strategy, opportunistic investing strategy and the “beta” solution services are Crestline’s three core lines of business.

With respect to non-“beta” solution services, Crestline is primarily a “fund of funds” manager/adviser, which means that it identifies third-party investment management firms, or Portfolio Managers, whose investment strategies and styles are, in Crestline’s judgment, suited to the respective investment objectives, policies and restrictions of the relevant Funds. Crestline then allocates, and from time to time reallocates, the capital of the Funds to the investment discretion of Portfolio Managers by investing in the underlying private funds they manage, which are referred to in this brochure as the underlying private funds. The Portfolio Managers, in turn, invest those assets using a number of investment strategies. Crestline’s investment strategy relies on its performance of extensive due diligence, which is discussed in *“Methods of Analysis, Investment Strategies and Risk of Loss”* for more details.

Also, if authorized by the Funds’ constituent and offering documents, which are referred to in this brochure as governing documents, Crestline may from time to time invest directly in securities other than through investments with Portfolio Managers. The types of financial instruments range from marketable securities and options to illiquid investments, including, without limitation, private equity, private debt instruments and real estate related investments. As part of the investment program of certain Funds, Crestline may acquire investments in underlying private funds via the secondary market. When appropriate, Crestline creates special purpose vehicles to pool Fund assets and invest in financial instruments and to invest with Portfolio Managers. Crestline may also invest Fund assets through discretionary managed accounts, entities consisting primarily of Crestline-advised Funds as investors, swaps or other similar products. Crestline tailors its advisory services to the requirements of each of the Funds it manages, as set forth in the private placement memorandum or the investment mandate in the relevant investment management agreement.

Crestline also has a “beta” solutions business that customizes portfolio overlay and hedging solutions for institutional investors according to the governing documents of the relevant Fund or investor. See the section entitled “Methods of Analysis, Investment Strategies and Risk of Loss” for further discussion.

Crestline provides investment advice through various affiliates and subsidiaries. Crestline Investors, Inc. is the general partner of Crestline Management, L.P. and Crestline Associates, L.P. Crestline Associates, L.P., or Associates, serves as the general partner of the domestic limited partnership Funds managed by Crestline Management, L.P. Crestline Offshore Associates, Ltd., or Offshore Associates, serves as the general partner of the offshore limited partnership investment Funds managed by Crestline Management,

L.P. Crestline Canada, Inc. is an investment manager doing business in Canada that provides the “beta” overlay advice to Crestline Management, L.P. and certain Canadian trusts. Crestline Management, L.P. has been registered as an investment adviser with the Securities and Exchange Commission since 2002.

Crestline’s principal owner is Mr. Douglas K. Bratton, minority owners include Ms. Caroline Cooley and Mr. John Cochran. The owners of Crestline also own Crestline Canada, Inc.

As of February 28, 2011, Crestline managed approximately \$5,444,609,299, which includes notional “beta” overlay amounts managed by Crestline and \$1,035,380,110 of notional assets managed by Crestline Canada, Inc. also in “beta” overlay strategies.

Fees and Compensation

Each Fund sets forth its specific fee structure (including how it charges fees) in a confidential explanatory memorandum, similar disclosure document or account agreement provided to (in the case of an account agreement, executed by) prospective investors in the relevant Fund.

Crestline charges fees to the Funds either monthly or quarterly, and either in advance (but not more than three months in advance) or arrears depending on the individual Fund. Crestline deducts the fees directly from the Funds. Crestline generally charges one of, or a combination of, the following:

1. management fees, which are computed on a percentage of assets under management (based on the net or total asset value before performance-based compensation), that: (A) may be on a sliding scale; (B) may be subject to a minimum floor (expressed in dollars or as a percentage of assets under management); and (C) currently range from 0.50% per annum to 1.75% per annum depending on the Fund; and
2. performance-based allocations, performance-based fees and carried interest compensation, or performance-based compensation, which are computed on the percentage of capital appreciation that the relevant Fund experiences, which range from 5% per annum to 20% per annum and which may be subject to a “hurdle,” “preferred return” and/or a “high watermark.” “Carried interest compensation” is a term that generally refers to performance-based compensation to the relevant fund’s general partner or investment manager after repayment of any capital contributions and an agreed upon preferred return to the investor. Crestline may make direct investments in securities for certain Funds (as opposed to investments in underlying private funds) via special purpose vehicles, for which Crestline may receive additional performance-based compensation.

In computing net asset values on which to charge fees/allocations, the Funds and Crestline rely substantially on the accuracy of the valuations and performance results provided by the underlying private funds.

Crestline generally does not negotiate its allocations and fees. Under special circumstances, however, Crestline may enter into agreements with certain Fund investors that may provide different terms to those investors. Crestline may waive its management fee and performance-based compensation for certain of its related persons or service providers invested in the Funds.

Management agreements to which Crestline is a party are terminable based on the provisions outlined in each Fund’s governing documents and in each relevant management agreement. In the event of termination of an investment advisory contract or management agreement, Crestline will prorate all unearned, prepaid fees and refund those unearned fees to the Funds. Investors in those Funds are, however, typically not able to withdraw their capital until the end of a quarter and, therefore, do not receive pro rata refunds.

In addition to the fees paid by the Funds to Crestline Management, L.P., to Associates and to Offshore Associates, the underlying private funds in which the Funds invest generally also charge expenses, such as those set forth in the following paragraph, and an asset-based management fee and performance-based allocation or fee to the Funds and that is paid by the Funds, thereby resulting in two layers of expenses, fees and allocations.

Funds will also pay other expenses in addition to the fees paid to Crestline. For example, Funds may pay portfolio transaction costs, brokerage commissions, transaction fees, custodial and administration fees, audit and legal fees, registration, licensing, governmental filing fees, costs of Portfolio Manager background checks, lender expenses, transfer taxes, wire transfer fees and other related fees and taxes. The Funds and/or Crestline may absorb certain research and/or due diligence expenses of Crestline (i.e. travel expenses incurred while visiting prospective or existing Portfolio Managers). Please refer to the relevant Fund's governing documents for further details. The Funds will also pay certain expenses of the underlying funds, including many of the fees disclosed above for the Funds.

Certain principal owners of Crestline have a direct or indirect ownership interest in Restoration Capital Management LLC and DC Funding Partners LLC, which are Portfolio Managers. See the section entitled "Other Financial Industry Activities and Affiliations" for further discussion. Neither Crestline nor any of its employees accepts any other compensation, including sales charges or service fees, from any person for the sale of securities or other investment products.

Performance-Based Fees and Side-By-Side Management

Crestline may receive performance-based compensation from certain Funds it manages. Crestline also manages Funds that pay only asset-based fees and do not pay performance-based compensation or that pay lower performance-based compensation. Managing both types of Funds creates potential conflicts of interest. Crestline can potentially receive higher fees from Funds with higher performance-based compensation arrangements than from Funds with lower performance-based compensation arrangements or from Funds that pay only asset-based fees. As a result, Crestline may have an incentive to favor the Funds paying the highest performance-based compensation by directing the best investment ideas to those Funds or by taking on increased investment risk in the portfolios of those Funds. Crestline has established investment allocation procedures designed to prevent these conflicts from influencing the allocation of investment opportunities among Funds and to ensure all Funds are treated fairly and equally and in accordance with the relevant Fund's investment strategy. When allocating investment opportunities, Crestline considers several factors, including, without limitation:

- investment strategy;
- current strategy allocation and concentration within each Fund;
- capital available for investment;
- anticipated redemptions and/or subscriptions by investors within each Fund,
- diversification within each Fund's portfolio; and
- the risk/return objectives of each Fund and minimum investment requirements of the underlying private funds.

In addition, certain Funds managed by Crestline require the approval of an investor-composed advisory committee before Crestline can structure investments in investment vehicles where Crestline may receive additional performance-based compensation.

Crestline recognizes that it owes fiduciary duties to the Funds and will act in good faith and with fairness in all its dealings with the Funds. Crestline will take its duties into account in dealing with all actual and potential conflicts of interest.

Types of Clients

Crestline serves as the investment manager to private domestic Funds that were formed for the benefit of U.S. investors, and private offshore Funds that were formed for the benefit of non-US investors and U.S. tax-exempt investors.

Investors in the Funds include:

- governmental plans, state pension and permanent funds, sovereign wealth funds;
- private retirement plans, corporate pensions, multi-employer pensions;
- financial institutions and other institutional clients;
- foundations, endowments and other charitable organizations; and
- family offices, and high net worth individuals.

In determining whether to launch a Fund, Crestline will look to whether it will have sufficient capital to meet the Fund's investment objectives and return goal. Crestline generally requires investors in the Funds to be qualified purchasers, as defined in the Investment Company Act of 1940, as amended, and generally requires a minimum investment of \$1,000,000 (\$500,000 in the case of Crestline Plus, L.P. and \$100,000, €100,000, or Canadian \$100,000 in the case of a limited class of interests in Crestline Offshore Fund, Ltd.), although Crestline reserves the right to accept lesser amounts.

Methods of Analysis, Investment Strategies and Risk of Loss

Crestline provides discretionary investment advisory services to Funds with investment strategies that are generally either diversified low volatility fund of funds or opportunistic investing funds (including distressed investment and secondary trade funds).

Crestline also has a “beta” solutions business that customizes portfolio overlay and hedging solutions for institutional investors according to the governing documents of the relevant Fund or investor. Beta management can be applied as a means of providing portable alpha and other beta management applications, such as portfolio hedging.

While the strategies set forth below are designed to reduce the risk of loss from investing, investing in securities involves a risk of loss that clients should be prepared to bear.

Investment Strategies

The Funds generally allocate assets to a variety of Portfolio Managers through direct investments in underlying private funds (partnerships, limited liability companies, corporations or similar limited liability entities), through acquisition of investments in underlying private funds managed by Portfolio Managers via the secondary market and, in certain instances, through discretionary managed accounts, single purpose entities, entities consisting primarily of Crestline advised Funds or through swaps or other similar products. Additionally, certain Funds will make direct investments in securities, as opposed to via an investment in an underlying private fund.

The underlying private funds in which Crestline invests pursue a variety of absolute return or event driven strategies including, without limitation, convertible arbitrage, derivative arbitrage, distressed securities/bank debt, bank loans, fixed income arbitrage, market-neutral equity, capital structure arbitrage, CTAs/managed futures, financing strategies, equity long/short, commodity relative value, credit/structured products, credit relative value, merger arbitrage and special situations/other. Certain of these strategies involve complex and sophisticated analysis, modeling, and/or trading techniques, and involve complex, exotic, and/or hard to price securities. Additionally, many of these strategies involve leverage and/or varying degrees of operational and legal complexity and sophistication. A more detailed description of these strategies is set forth in the relevant Funds’ governing documents.

Investment Process

The following investment process summary applies when Crestline is investing with a Portfolio Manager directly rather than acquiring an investment via the secondary market. See below for a discussion of secondary market investments.

Investment Due Diligence

With respect to the Funds with a diversified low volatility strategy, Crestline employs a top-down, forward-looking approach to investing. Crestline’s goal is to understand the potential drivers of returns going forward and in that manner, select investment strategies it believes will generate desired returns. Crestline then selects Portfolio Managers it believes can execute on the investment strategies it has

identified. Using a variety of sources including databases (internal and external), prime brokers, professional contacts, existing Portfolio Manager relationships, industry publications and other investors Crestline is able to identify potential Portfolio Managers that it believes can execute on a given strategy. As part of the initial identification and screening process, Crestline's investment professionals gather the Portfolio Managers' marketing materials and other fund materials, set up calls or office meetings, check references, and perform a quantitative analysis of historical returns. Crestline will move a Portfolio Manager into the due diligence process only after enough preliminary work has been done to know whether it likes the basic fundamentals of the Portfolio Manager, the strategy, the returns and the risk profile. Portfolio construction goes hand in hand with the investment process, as a Fund's governing documents dictate the appropriate blend of investments, both minimum and maximum.

Crestline employs a very thorough due diligence process that includes a range of personnel and resources across the Crestline organization.

Additional information that Crestline gathers and analyzes during the investment due diligence process may include, without limitation: due diligence questionnaires, legal documents (offering memoranda, organizational documents, investment management agreements), regulatory filings (Form ADV, Schedules 13D, 13G, 13F, Section 16 filings, Rule 8 filings, etc.), reference checks, background checks, portfolio and risk information, assessment of historical returns, investment analysis, models, and risk tools. Crestline seeks to analyze a prospective underlying investment fund's investment strategy and opportunity set, the quality and skills of the Portfolio Manager, the identifiable risks involved in the strategy and firm and how they are managed or mitigated. During the due diligence process, separate investment and operational research teams make on-site visits. Other participants in the process include Crestline's risk and legal teams.

Operational Due Diligence

Another core tenet of Crestline's investment process is the operational due diligence of Portfolio Managers and the underlying private funds they manage. Crestline's operational due diligence team focuses extensively on the quality of the operational procedures, infrastructure, internal controls, legal and regulatory compliance, trade capture, execution, reconciliation, valuation, cash management, disaster recovery and business continuity, technology systems, valuation and third party service providers. Crestline may cause a Portfolio Manager to change procedures and institute better internal controls as a pre-condition for an investment by a Fund. A Portfolio Manager must meet Crestline's strict operational due diligence guidelines or Crestline will dismiss them from further consideration. Crestline conducts its operational due diligence on an ongoing basis through the monitoring of active Portfolio Managers. The operational due diligence team reports to a veto power-holding member of Crestline's investment committee. Crestline's investment committee is composed of senior investment and operational staff.

Risk Management

Crestline integrates risk management throughout all the steps of its investment process. Crestline has a dedicated Director of Risk Management, a risk team and a risk committee, which together make up Crestline's risk management department. The primary role of Crestline's risk management department is to enhance Crestline's risk management capabilities by integrating position level analysis and additional

quantitative tools into the initial due diligence of the underlying private fund, risk monitoring and portfolio construction process. Crestline structures its risk management functions separately from its portfolio management to ensure independence. Because of the importance of having independent oversight on issues relating to portfolio/risk of underlying private funds, the risk management department reports to a veto power--holding member of Crestline's investment committee. The investment committee ultimately votes on investments.

Ongoing Monitoring

The diligence process continues after Crestline makes an investment. After investment, Crestline continues to monitor the underlying private funds in much the same way as prior to investing. The ongoing monitoring of underlying private funds includes:

- annual front office and back office reviews, quarterly calls (more frequent if necessary);
- review of financial statements and quarterly letters, portfolio monitoring (through managers' risk reports, position reports and/or third party risk aggregation reports);
- quarterly questionnaires;
- annual due diligence questionnaires ;
- review of regulatory filings, updated background checks; and
- monthly media sweeps.

Separate investment teams within Crestline are responsible for monitoring their respective managers and sectors, cover the Portfolio Managers and evaluate each Portfolio Manager on a formal basis quarterly. The respective investment team addresses any Portfolio Managers that it determines has any issues of concern in its regular weekly investment review meeting. Additionally, Crestline stores the information that it gathers through the monitoring process in its database, which is also monitored by the risk management department. The risk management department has established flags (up to 500 different items per underlying private fund) for each of the data items being monitored and will separately bring flagged issues of concern to Crestline's investment committee.

In addition, Crestline's operational due diligence process is a continuous process with respect to active underlying private funds (as opposed to underlying private funds where Crestline waits to receive redemption proceeds). Crestline gathers a significant amount of information from the underlying private fund on a monthly or quarterly basis, which the respective investment team, the risk team, and the operational due diligence team then review. Each team will discuss any identified risks, issues, or other items that require additional clarity with Crestline's management. In addition, Crestline's operational due diligence team conducts, at a minimum, an annual on-site visit to each ongoing underlying private fund in the portfolio. The investment and operational diligence teams discuss any operational issues discovered by the operational due diligence team from their on-going monitoring of underlying private funds during their quarterly meetings, sooner depending on the findings of the on-going reviews. With respect to underlying private funds where Crestline is waiting to receive redemption proceeds, the investment team for the respective underlying private fund will monitor those underlying private funds and will involve the operational due diligence team and risk management department, as necessary.

Beta Overlay

Crestline also has a “beta” solutions business that customizes portfolio overlay and hedging solutions for institutional investors according to the governing documents of the relevant Fund or investor. A “beta” overlay involves investing a notional amount via a derivative contract with the objective of earning the return on a benchmark index or customized basket of securities. Crestline will periodically rebalance the account and the derivative contract exposures at pre-determined rebalancing points, or as required by the relevant agreements. Crestline also employs derivatives to manage or eliminate an investor or Fund’s foreign exposure to risk factors such as currency risk or interest rate risk. To support these overlay and hedging programs, Crestline performs daily monitoring and risk management functions and provides liquidity and collateral management services.

Opportunistic Investing

Certain Funds have an “opportunistic” investment strategy that generally follows the same due diligence process outlined above when those Funds invest in underlying private funds. The investment diligence and portfolio construction process of those Funds, however, differs from the process outlined above in that the opportunistic Funds seek investment opportunities that are more market driven or that seek to capitalize on more immediate market trends and dislocations. Crestline designed the opportunistic Funds to have a more concentrated, less liquid portfolio with more overall market exposure. Investments can be made directly in securities or through Portfolio Managers. A primary factor in opportunistic fund portfolio construction is the return profile of the target investment.

Secondary Market Transactions

Certain Funds acquire investments in underlying private funds managed by Portfolio Managers via the secondary market. Crestline uses a variety of sources to find sellers of underlying private funds, including, but not limited to, its industry contacts and intermediaries. Using its proprietary valuation models and methodology, Crestline is able to evaluate potential transactions and to establish a price it is willing to pay for an investment. As part of establishing its price for an asset, Crestline will conduct due diligence on assets held by underlying private funds to determine fair value and expected hold period of the underlying asset. For certain asset classes, the team in charge of secondary market transactions will leverage the expertise of the broader Crestline organization or various external relationships that possess relevant expertise. After an investment is identified for purchase, Crestline will use its established closing process to acquire the investment. The closing process for secondary market investments is complicated and requires coordination across multiple internal and external teams. Through the use of in-house and external counsel, Crestline structures and negotiates the acquisition of investments and prepares deal documentation. Crestline’s accounting and legal team ensure all subscription and transfer documentation is in order when closing transactions.

The investment process with respect to direct investments is similar to the investment process involved in opportunistic investing and secondary market transactions. The investment team uses proprietary valuation models and methodology, internal resources and external relationships to evaluate direct investment opportunities and establish pricing and expected hold periods.

Risks

Investing in securities involves risk of loss that clients should be prepared to bear. Crestline's investment strategies entail substantial risks and it cannot assure you that it will achieve its investment objectives. Material risks include:

- **Dependence on Portfolio Managers** – Crestline invests Fund assets primarily through Portfolio Managers. The success of the Funds depends upon Crestline's and the Portfolio Manager's ability to develop and implement investment strategies that achieve the Funds' investment objectives;
- **Liquidity** – Some investments may lack liquidity due to underlying private funds having the right to suspend payment of withdrawals under certain circumstances, as well as Funds being subject to lock-ups, gates and redemption fees. In addition, certain underlying private funds invest in or hold illiquid securities;
- **General Economic Conditions** – General economic conditions may affect the level and volatility of interest rates and the extent and timing of investor participation in the markets, which could lead to unexpected volatility or illiquidity;
- **Leverage** – Some underlying private funds and some Funds employ leverage (direct or notional), which may increase the risk of loss;
- **Non U.S. Investments** – Some underlying private funds invest in securities, commodities and other financial instruments of non-U.S. corporations and governments that may be subject to political and economic instability;
- **Currency** – Some investments may be made in currencies other than U.S. dollars. Crestline may hedge a Fund's exposure to currency fluctuations between the U.S. dollar and other currencies which may increase the risk of loss;
- **Special Situations** – Certain underlying private funds may invest in companies involved in (or the target of) acquisition attempts or tender offers, or in companies involved in work-outs, liquidations, spin-offs, reorganizations, bankruptcies and similar transactions. In any investment opportunity involving any of the above types of special situations, the investment will be subject to the risk that the contemplated transaction either will be unsuccessful, take considerable time or result in a distribution of cash or a new security, the value of which will be less than the purchase price to the underlying private fund of the security or other financial instrument in respect of which the distribution is received;
- **Equity Securities** – The investment portfolios of underlying private funds may include positions in shares of common stock and preferred stock and in convertible securities. The underlying private funds also may invest in depositary receipts relating to non-U.S. securities. Equity securities fluctuate in value in response to many factors, including the activities and financial condition of individual companies, the business market in which individual companies compete, industry market conditions and general economic environments;
- **Short Sales** – Some underlying private funds may sell securities short. Selling securities short risks losing an amount greater than the proceeds received;
- **Counterparty Creditworthiness** – An underlying private fund may hold assets in one or more accounts maintained for that fund by counterparties, including their prime brokers. There is a risk that any of those counterparties could become insolvent. The insolvency of

- counterparties will likely impair the operational capabilities or the assets of the underlying fund. The use by underlying private funds of counterparties located in various jurisdictions outside the United States heightens this risk because the laws applicable to those counterparties may have substantial limitations and uncertainties;
- **Operational Risk** – While Crestline’s diligence process is designed to discover potential sources of operational risk in a Portfolio Manager’s investment program before the Funds invest, some sources of operational risk may not be discovered until after investment, especially when if the Portfolio Manager misrepresents its investment program, controls and/or returns and attempts to mislead Crestline’s diligence process;
 - **Headline Risk** – Underlying funds may be subject to rapid redemption requests from their investors due to reports, whether or not correct, of potential losses or regulatory events. Those underlying funds may be forced to redeem their most liquid investments to satisfy those redemption requests. If the Funds do not redeem their interests in those underlying funds early in the redemption process, their ability to redeem their investment would be adversely impacted due to the potentially decreased liquidity of the relevant underlying fund;
 - **Dual Layers of Fees** – While Crestline attempts to identify underlying funds with substantial potential returns, the rate of return of its investments may be reduced by expenses, fees and allocations at the underlying fund and of the respective Fund;
 - **Distressed Securities** – An underlying private fund may invest in “below investment grade” securities and obligations of issuers in weak financial condition, experiencing poor operating results, having substantial capital needs or negative net worth, facing special competitive or product obsolescence problems, including companies involved in bankruptcy or other reorganization and liquidation proceedings. These securities are likely to be particularly risky investments, although they may also offer the potential for correspondingly high returns. Among the risks inherent in investments in troubled entities is the fact that it frequently may be difficult to obtain information as to the true condition of those issuers;
 - **Derivatives** – Derivative instruments, or derivatives, include futures, options, swaps, structured securities and other instruments and contracts that are derived from, or the value of which is related to, one or more underlying securities, financial benchmarks, currencies or indices. Since many derivatives are “leveraged,” and thus provide significantly more market exposure than the money paid or deposited when the transaction is entered into, a relatively small adverse market movement may not only result in the loss of the entire investment, but may also expose the investor to the possibility of a loss exceeding the original amount invested. Derivatives may also expose investors to liquidity risk, as there may not be a liquid market within which to close or dispose of outstanding derivatives contracts, and to counterparty risk;
 - **Restrictions on Transfers of Secondary Interests** – The secondary investment interests in which certain Funds invest may be highly illiquid and typically subject the Funds to significant restrictions on transfer, including a requirement for approval of the transfer by the general partner or the investment manager of the underlying private fund and rights of first refusal in favor of other investors. Completion of the transfer is often time-consuming and relatively difficult, as compared to a transfer of other securities.

To the extent Funds invest in securities directly (as opposed to via an investment in an underlying private fund), the risks outlined above are directly applicable to the Funds.

Other investment techniques that the underlying private funds may employ from time to time can, in certain circumstances, maximize the adverse impact of adverse market conditions or events to which the Funds may be subject. In addition to the risks associated with Crestline's investment strategies and techniques, Fund investments are subject to other risks, including, but not limited to, regulatory risks and market risks. Investors in Funds managed by Crestline should refer to the applicable Fund's governing documents for additional risks.

Disciplinary Information

Crestline has no legal or disciplinary event to report.

Other Financial Industry Activities and Affiliations

Funds

Crestline serves as investment manager and/or general partner of the following private pooled investment funds and private managed accounts:

Crestline Partners, L.P.

Crestline Plus, L.P.

Crestline Opportunity Partners, L.P.

Crestline Recovery Fund, L.P.

Crestline Recovery Fund II, L.P.

Crestline 20/20 Fund, L.P.

Crestline 20/20 Offshore Trust

Crestline Offshore Fund, Ltd.

Crestline ERISA Fund, Ltd.

Crestline ERISA Master Fund, Ltd.

Crestline Offshore Opportunity Fund, Ltd.

Crestline OT Opportunity Fund, L.P.

Crestline Offshore Opportunity Fund Partners, L.P.

CL Opportunity Master Fund, L.P.

Crestline Offshore Recovery Fund, L.P.

Crestline Offshore Recovery Fund II, L.P.

Crestline AK Permanent Fund, L.P.

Crestline AK Distressed Investments Fund, L.P.

Blue Glacier Fund, L.P.

Trent River Offshore Limited

Special Offshore Ltd. E

Eli Lilly Retirement Plan Master Trust

Crestline IDF Partners, L.P.

Crestline CS 3000 Fund, L.P.

Crestline CS Fund, L.P.

Crestline Enchantment Fund, L.L.C.

Crestline Murray Hill Partners LP

Crestline Event Arbitrage, L.P.

Crestline Event Arbitrage Offshore Fund, Ltd.

Crestline Plus Offshore Fund, Ltd.

Crestline Plus Trust

Crestline Event Arbitrage Trust

Crestline Event Arbitrage Trust (II)

As related entities, the above entities do not negotiate their terms on an arm's length basis with Crestline. Crestline fully discloses its fees prior to investors prior to their purchase of interests in the above Funds.

Certain principal owners of Crestline have a direct or indirect ownership interest in the following Portfolio Managers: Restoration Capital Management LLC, or RCM, and DC Funding Partners LLC, or DCF. Because of the ownership interest in these Portfolio Managers, those related persons share in the fees, revenues or profits that the Portfolio Managers generate. Currently, Crestline has placed, and may continue to place, assets of Crestline Opportunity Fund, L.P., Crestline Offshore Opportunity Fund, Ltd. and Crestline OT Opportunity Fund, L.P., which together are referred to herein as the Opportunity Funds, under the management of those Portfolio Managers. These fee-sharing arrangements provide an incentive to Crestline's principals to maintain or increase investment in these Portfolio Managers. In addition, investments made by the Opportunity Funds may enhance the ability of these Portfolio Managers to raise additional fee-, revenue- or profit-generating capital from third parties. This conflict could affect Crestline's objectivity and the performance of the Funds. Crestline disclosed the conflict to the investors in the Opportunity Funds and received approval of the investments.

Other than the Opportunity Funds described above, Crestline does not permit any other Fund to invest in RCM or DCF.

In limited circumstances, Crestline may establish and manage a new Fund that derives its initial funding from the spin-off of an existing Fund or that is seeded by an existing Fund, thereby creating the potential for a conflict of interest. In those circumstances, Crestline informs the investors in the existing Fund of the conflict and requests that they consent to the investment. In addition, Crestline will waive the fees charged to a Fund by an affiliated underlying fund spun-off or seeded by a Fund so that investors in the seeding Fund are not charged two layers of fees.

RCM engages primarily in the management of private investment funds that are offered exclusively to institutions and wealthy individual investors. RCM primarily invests in distressed securities. Funds that invested in RCM Funds may have done so on terms that were more advantageous than those applicable to the investments made by unaffiliated investors.

DCF engages primarily in the management of offshore pooled investment vehicles and is primarily involved in the purchase and sale of debt obligations. Funds that invested in DCF Funds did so pursuant to the same terms and conditions applicable to unaffiliated investors therein.

Principal executive officers of Crestline are also associated with Bratton Capital Management, LP, or BCM, which is a firm that acts as the investment adviser and general partner to single family-office-related investments. Crestline and BCM are under common control. The principals of Crestline may provide advice to Crestline that is similar to the advice provided by BCM. However, the principals are not obligated to acquire for any account any security that they believe, in their absolute discretion, is not suitable for the Funds managed by Crestline or clients of BCM.

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

Crestline acts as an investment manager to various Funds. Crestline and certain of its related persons have invested their personal funds in these Funds. Crestline may give advice and take action in the performance of its duties to its investors and Funds that differs from the advice given, or the timing and nature of action taken, with respect to the accounts of its affiliates and/or other investors and Funds.

Code of Ethics and Personal Trading

To avoid any potential conflicts of interest involving personal trades, Crestline has adopted a written trading policies and procedures code, or the Code of Ethics, for its employees that includes a formal code of ethics and insider trading policies and procedures. Crestline has adopted procedures to ensure compliance with the provisions of the Code of Ethics, including pre-approval of certain personal securities transactions as required by applicable regulations, initial, quarterly and annual holdings reports and affirmations of compliance, and regular reviews of holdings and transactions. Crestline will provide a copy of the Code of Ethics to any client or prospective client upon request.

Crestline may from time to time cause a Fund to invest all or any portion of its assets in another Fund managed by Crestline or in an investment product managed or advised by a Portfolio Manager in which Crestline or its related persons may have an ownership interest, thereby creating the potential for a conflict of interest. As discussed in response to the section “Other Financial Industry Activities and Affiliations,” certain principal owners of Crestline have a direct or indirect ownership interest in RCM and DCF, which are Portfolio Managers. See the section entitled “Other Financial Industry Activities and Affiliations” for further discussion.

In the past, Crestline permitted certain related parties to invest, on a limited basis, in the same underlying private funds in which the Funds invest. Crestline has made the decision to no longer permit those related party investments, and the related parties are in the process of liquidating preexisting parallel investments. Crestline employees may benefit from educational events sponsored by industry service providers, such as prime brokers, administrators, law firms, audit firms, and other similar professional service firms.

Brokerage Practices

Other than in connection with secondary market transactions and in connection with the “beta” solutions provided by Crestline, Crestline rarely utilizes brokers or dealers in connection with the investment programs of the Funds, which, as described above, involves the allocation of assets to Portfolio Managers through a variety of underlying private funds, other than for purposes of administering cash balances held by the Funds. There are no restrictions on Crestline’s authority to determine, without obtaining specific client consent, the brokers or dealers used for this purpose. Thus, to the extent the Funds or the “beta” overlay accounts managed by Crestline engage in transactions other than investments with Portfolio Managers, Crestline has the authority to determine the financial intermediaries to be used in connection with those transactions and to negotiate the amount of commission or other compensation to be paid to those intermediaries in connection with those transactions. Crestline negotiates the relevant compensation and seeks best execution for its clients and does not seek to obtain products or “soft dollars,” research or services other than transactional services from its intermediaries. Crestline periodically reviews arrangements with intermediaries to assess the quality of services provided by its intermediaries. Crestline has not engaged broker-dealers that act as clearing or executing brokers for any Fund to act as placement or selling agents nor does it receive client referrals from those broker-dealers.

Review of Accounts

In addition to the ongoing diligence described in “*Methods of Analysis, Investment Strategies and Risk of Loss*,” Crestline’s principals will review, on a monthly basis or more frequently (depending on market conditions or in special circumstances), the Funds to ensure consistency with their objectives and restrictions. Funds and investors in those Funds receive monthly unaudited performance reports related to the Fund in which they are invested, quarterly reports that include a discussion of investment performance along with data related to the relevant Fund, and annual audited financial statements of the relevant Fund. In addition, Crestline or another related person may agree to provide certain investors more frequent or more detailed reports of the Funds’ portfolio holdings or performance. Crestline’s compliance department monitors each Fund’s investment activity to compare it to Fund investment guidelines.

Client Referrals and Other Compensation

From time to time, Crestline may enter into agreements with unaffiliated broker-dealers, investment advisers or solicitors, which are referred to collectively herein as Solicitors, regarding the solicitation and referral of potential clients for compensation. In addition, Crestline may enter into agreements with Solicitors regarding the solicitation and referral of investors in the Funds for compensation. Crestline does not, however, engage Solicitors to solicit United States public plan accounts.

Crestline pays a percentage of the management fee and/or performance-based compensation collected from the Funds to Solicitors. Crestline will disclose the structure of any referral agreements, including the compensation, to the relevant investor in the Funds and to the Funds to the extent required by applicable law. The fact that Crestline may share with Solicitors a portion of the compensation it receives for investment management services will not result in Crestline charging any investor in the Funds or in the Funds a higher management fee rate or performance-based compensation rate than Crestline customarily charges investors in its Funds for similar services, nor will Crestline charge a Fund or any investor in a Fund any other amount for the purpose of offsetting its cost of obtaining an account through a Solicitor. Different Solicitors may receive varying amounts of compensation for their services.

Crestline's related person, RCM, has entered into arrangements with third party consultants, pursuant to which those third parties provide consulting services that may include referral of investors to RCM in consideration for payment of a one-time fee and a percentage of management fees and incentive fees received by RCM. RCM pays all such fees to the consultants.

Custody

Each Fund's third party administrator sends monthly statements directly to the Funds' investors. In addition, Crestline delivers to each Fund investor audited financial statements for each Fund within 180 days of the Fund's calendar year end. Crestline advises the investors to carefully review their account statements and audited financial statements.

Investment Discretion

Crestline accepts discretionary authority to manage each Fund and its assets. Crestline typically receives discretionary authority, including a power of attorney, through a limited partnership agreement, subscription agreement, investment management or similar agreement between Crestline and the applicable Fund. In all cases, however, Crestline exercises its discretion in a manner consistent with the stated investment objectives for the particular Fund.

Voting Client Securities

As primarily a fund of hedge funds advisor, Crestline is rarely required to vote the securities of public or private corporations or other similar entities that the Funds own. In cases where Crestline needs to vote the Funds' securities, it is Crestline's policy to vote proxies in the interest of maximizing shareholder or investor value. To that end, Crestline will vote in a way that it believes, consistent with its fiduciary duty, will cause the issue to increase the most or decline the least in value. Crestline will consider both the short and long term implications of the proposal to be voted on when determining the optimal vote. In addition, from time to time certain of the Funds may request that Crestline vote on their behalf, in their capacity as investors in the underlying private fund, on certain proposals, amendments, consents or resolutions with respect to an underlying private fund.

In voting the Fund's securities in an underlying fund in particular, Crestline's proxy voting policies and procedures generally require Crestline to vote all underlying fund securities in a manner that serves the best interest of the Funds, taking into account relevant factors including:

- the impact on the value of or on the prospective returns of the underlying private fund or security;
- the attraction of additional capital to the underlying private fund or security; alignment of the Portfolio Manager's interests with the interests of the underlying private fund's or security's investors;
- the costs associated with the amendment or vote being solicited;
- the impact on the Fund's redemption or withdrawal rights;
- the continued or increased availability of information regarding the underlying private fund's portfolio;
- industry developments and business practices; and
- the consistency with the Funds' stated investment objectives.

In general, Crestline segregates its votes relating to underlying funds into two categories:

- primarily administrative or routine matters on which a vote is requested; and
- non-recurring or extraordinary matters, such as a material change in the terms of the underlying private funds.

Absent a particular reason to the contrary, it is Crestline's general policy to vote in accordance with the recommendation of the underlying private fund's Portfolio Manager or the security's management on administrative or routine matters.

In the case of non-recurring or extraordinary matters, Crestline's investment committee considers the above votes on a case-by-case basis and has established procedures to ensure that its securities are voted and may seek the advice of independent third parties or committees to assist in voting. The approval of a majority of the members of the investment committee is necessary and Crestline votes the Funds'

securities as recommended by the investment committee (or by the independent third party or committee, if applicable).

The Funds can vote their own securities but the investors in the Funds generally may not direct the voting of securities.

Investors may obtain a copy of the Proxy Policies and procedures and information on how each Fund voted its respective securities by contacting Crestline.

Financial Information

Crestline has no financial commitment or condition that impairs its ability to meet contractual and fiduciary commitments to clients and has never been the subject of a bankruptcy proceeding.