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## **Credit Suisse Hedging-Griffo Servicos Internacionais S.A.**

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**This Brochure provides information about the qualifications and business practices of Credit Suisse Hedging-Griffo Servicos Internacionais S.A. (“CSHG” or “Adviser”). If you have any questions about the contents of this brochure, please contact us at 55-11-3704-8600. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.**

**CSHG is a registered investment adviser. Registration of an investment adviser does not imply any level of skill or training. The oral and written communications of an adviser provide you with information that will enable you to determine whether to hire or retain an adviser.**

**Additional information about CSHG also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**March 31, 2011**

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## ITEM 2 – MATERIAL CHANGES

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On July 28, 2010, the SEC published “Amendments to Form ADV” which amends the disclosure document that we provide to clients as required by SEC Rules. This Brochure dated March 31, 2011 is a new document prepared according to the SEC’s new requirements and rules. As such, this Brochure is materially different in structure and requires certain new information that our previous brochure did not require.

In the future, this item will discuss only specific material changes that are made to the Brochure and provide clients with a summary of such changes.

We may further provide other ongoing disclosure information about material changes as necessary.

Currently, our Brochure may be requested by contacting Luis D’Amato at 55 11.3704.8521 or [list.institucional@cshg.com.br](mailto:list.institucional@cshg.com.br).

Additional information about CSHG is also available via the SEC’s web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC’s web site also provides information about any persons affiliated with CSHG who are registered, or are required to be registered, as investment adviser representatives of CSHG.

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## **ITEM 4 – ADVISORY BUSINESS**

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### **Adviser's Advisory Business**

Credit Suisse Hedging-Griffo Servicos Internacionais S.A. (“CSHG” or “Adviser”), a corporation organized under the laws of Brazil, is an investment manager that provides direct investment management services for private investment companies as well as for accredited investors and qualified clients on a discretionary basis. CSHG was established in 2004, and is majority owned by Credit Suisse Hedging-Griffo Investimentos, S.A., which is majority owned by Credit Suisse Group AG (“Credit Suisse Group”) which is based in Zurich, Switzerland.

### **Types of Advisory Services Adviser Offers**

CSHG serves as investment manager to a series of private investment companies organized as Delaware limited liability companies and Cayman exempted limited companies, many of which are organized as part of master-feeder structures (the “Funds”). Currently, CSHG manages and provides investment advisory services to the following Funds:

- Alpha HG Fund, LLC;
- HG Global Macro Master Fund (serves as the Feeder of Green HG Fund, LLC and Alpha HG Fund, LLC);
- Green HG fund, LLC;
- CSHG Graal Fund, LLC;
- CSHG FIX BRL Fund, LLC;
- CSHG FIX USD Fund, LLC;
- Directive HG Fund;
- CSHG Unique Fund, LLC;
- Strategy HG Long and Short Fund, LLC;
- Loire HG Fund, LLC;
- Patagonia Star Fund, LLC;
- CSHG Access Fund, LLC;
- CSHG Fix Fund SPC, Ltd (serves as the Feeder of CSHG FIX BRL Fund, LLC and CSHG FIX USD Fund, LLC);
- CSHG Global Macro 90 Fund, Ltd (serves as the Feeder of HG Global Macro Master Fund, LLC);
- CSHG Front Fund; and
- CSHG Alpha 30 Fund, Ltd (serves as the Feeder of Alpha HG Fund, LLC).

In addition, CSHG provides investment management services to managed accounts that invest in Brazilian securities.

Interests in the Funds are not registered securities under the U.S. Securities and Exchange Commission's Securities Act of 1933, as amended. In addition, the Funds are not registered as investment companies under the SEC's Investment Company Act of 1940. Accordingly, interests in the Funds are offered and sold exclusively to investors satisfying the applicable eligibility and suitability requirements in private transactions within the United States.

CSHG provides investment management services to its clients through the management of investment portfolios in accordance with the objectives and guidelines of the private investment companies as stated in each Private Placement Memorandum or in accordance with the risk profiles of other clients. CSHG expects that its investment activities will focus on investments in various kinds of assets and securities in G7 markets, the Brazilian market, the U.S. market and any other market that may fit within the Funds' objectives and strategies described in their Private Placement Memoranda or other clients' objectives and risk profile.

CSHG does not participate, sponsor or act as a portfolio manager for any wrap fee programs.

### **Assets Under Management**

As of December 31, 2010, CSHG had assets under management of US\$ 2.4 billion, all of which was managed on a discretionary basis and \$0 was managed on a non-discretionary basis.

## **ITEM 5 – FEES AND COMPENSATION**

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### **CSHG's Basic Management Fees**

The specific manner in which fees are charged by CSHG is established in a client's written agreement with CSHG and, with respect to the private investment companies it manages, are disclosed in their Private Placement Memoranda. Generally and pursuant to contract, fees for the management of private investment companies, such as the Funds, will be based upon a percentage of the total assets in the account (including margined assets). Currently, CSHG generally receives a management fee between 0.40% and 2.50% per annum of the net asset value of the Funds, deducted on a monthly basis in arrears.

CSHG's actual fees, minimum fees, and minimum account sizes may also be negotiated and may vary from the fees described above. A client may pay more or less fees than similar clients depending on the particular circumstances of the client, size of investment, additional or differing levels of servicing or as otherwise agreed with specific clients. Clients that negotiate fees, including a flat fee, may end up paying a higher fee than that set forth in CSHG's fee schedules as a result of fluctuations in the client's assets under management and account performance.

### **Calculation and Deduction of Advisory Fees**

CSHG will generally calculate and deduct its fees on a monthly basis in arrears. When CSHG provides direct investment advisory services for accredited investors and qualified clients on a discretionary basis, clients authorize CSHG to directly debit management fees from client

accounts. Management fees shall be prorated for each capital contribution and withdrawal made during the applicable month (with the exception of *de minimis* contributions and withdrawals). Accounts initiated or terminated during a month will be charged a prorated fee.

Advisory contracts may generally be terminated by either party upon 30-60 days' written notice for private investment companies and 30-90 days' written notice for other clients. As fees are generally charged in arrears, no refund of advisory fees should be necessary. CSHG may have negotiated advisory contracts which differ from CSHG's termination fees.

### **Other Fees and Expenses**

In addition to investment management fees and performance-based fees described in Item 6 below, investors in the Funds will indirectly bear any other costs charged to the Funds. Such costs will vary and typically include, though are not limited to, accounting, legal, fund administration fees and other related costs. Furthermore, CSHG's fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the client. The impact of mark-ups and mark-downs shall also be incurred by the client. Clients may incur certain charges imposed by custodians, brokers, and other third parties such as fees charged by sub-managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Such charges, fees and commissions are exclusive of and in addition to CSHG's fee, and CSHG shall not receive any portion of these commissions, fees, and costs.

Furthermore, CSHG will engage institutions to act as custodians, broker-dealers and prime brokers on behalf of its clients. Under these arrangements, clients are advised that they will be charged securities brokerage fees, account maintenance fees and custodial fees by these institutions. Item 12 further describes the factors that CSHG considers in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation (*e.g.*, commissions).

### **Prepaid Fees**

CSHG does not charge clients fees in advance.

### **Compensation for the Sale of Securities**

Neither CSHG nor CSHG's supervised persons accept compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of investment funds.

## **ITEM 6 – PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

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In addition to management fees, CSHG will also charge clients performances fees or allocations based upon a percentage of the net capital appreciation in clients' investments for the year. With respect to the management of the Funds, companies within the Credit Suisse Group, including

CSHG, generally receive a performance fee or allocation. Such performance fee or allocation varies among the Funds but is generally calculated on either an annual or semi-annual basis and is equal to an amount between 10% and 20% of the appreciation in the net asset value per series of shares over a threshold return. The performance fee or allocation relevant to each Fund is described in detail in each Fund's Private Placement Memorandum, including details regarding timing and method of calculation. CSHG receives the same economic benefit regardless of whether it receives a "performance fee" or a "performance allocation."

Certain of the Funds, and other client accounts, that CSHG manages are not charged a performance-based fee. They are only charged a management fee. Performance based fee arrangements may create an incentive for CSHG to recommend investments which may be riskier or more speculative than those which would be recommended under a different fee arrangement. Performance fee arrangements may also create an incentive to favor higher fee paying accounts over other accounts in the allocation of investment opportunities. CSHG has procedures to ensure that all clients are treated fairly and equally and to prevent this conflict from influencing the allocation of investment opportunities among clients.

## **ITEM 7 – TYPES OF CLIENTS**

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CSHG primarily provides portfolio management services to private investment companies, as well as accredited investors and qualified clients on a discretionary basis.

## **ITEM 8 – METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

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### **General Investment Strategies and Methods of Analysis**

CSHG manages a wide array of Funds, primarily hedge funds and other private pooled investment vehicles, who invest in positions capitalizing on macroeconomic and other trends primarily in emerging market and G7 market countries. CSHG provides investment advisory and management services to its clients in accordance with the objectives and guidelines as stated in each Private Placement Memorandum.

For U.S. domiciled and offshore clients, CSHG offers both a fixed income and equity management strategy designed to provide sophisticated investors with the opportunity to seek long-term positive absolute returns with low volatility. CSHG aims to achieve capital appreciation by allocating a majority of its clients' portfolios to long and short investments related to equities, equities indexes, currencies, interest rates, sovereign and corporate bonds, commodities, distressed securities, options and shares of investment funds under professional management.

CSHG may rely on selected portfolio management officers to make investment selections and asset allocation decisions for the private investment companies and/or other clients they manage. CSHG and its selected portfolio management officers will utilize various financial publications and third-party research to make initial asset allocation decisions and subsequent tactical decisions. Asset allocation programs focus on the private investment companies' specific

investment objectives and risk tolerances to develop an appropriate mix of investment alternatives. Additionally, CSHG will utilize fundamental and technical methods of analyzing investment opportunities. CSHG may also follow a number of other strategies with respect to private investment companies, including long and short-term purchases, margin transactions and options. Other clients' accounts are similarly managed. However, as discussed below, investing in securities and other investment products involves risk of loss that clients should be prepared to bear.

### **Material Risks for Significant Investment Strategies**

While it is the intention of CSHG to implement strategies which are designed to minimize potential losses suffered by its clients, there can be no assurance that such strategies will be successful. The following is a discussion of certain material risks for CSHG's significant investment strategies, but it does not purport to be a complete explanation of the risks involved CSHG's investment strategies. The particular risks associated with an investment in any of the Funds are discussed in their offering documents, such as the Funds' private placement memoranda.

It is possible that a client may lose a substantial proportion or all of its assets in connection with investment decisions made by CSHG, and there is no guarantee that in any time period, particularly in the short term, a client's portfolio will achieve appreciation in terms of capital growth or that a client's investment objective will be met by CSHG. The risks of investing in emerging markets, such as Brazil and other Latin American countries, as well as investing in non-U.S. securities are significant. In addition, CSHG may invest, on behalf of its clients, in lower-rated securities, distressed securities, derivatives and convertible securities, or engage in short-selling, which have inherent risks. A client's portfolio may also be subject to interest rate risks, sovereign debt risks and currency risks, which may adversely affect the value of a client's portfolio. Clients, as well as investors in the Funds, must also pay attention to the risks discussed in the Funds' private placing memoranda.

### **Material Risks for Particular Types of Securities**

CSHG does not recommend primarily a particular type of security. Certain material risks involved in CSHG's general investment strategies are described above. In addition, clients and investors in the Funds are urged to consult the relevant Fund's private placing memorandum for a more detailed description of the risks involved in an investment in the particular Fund.

## **ITEM 9 – DISCIPLINARY INFORMATION**

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CSHG is committed to observing the highest standards of integrity and regulatory compliance in all aspects of its work. CSHG believes it does not have any legal or disciplinary events that are material to a client's, or prospective client's, evaluation of CSHG's advisory business or the integrity of CSHG's management. However, to the extent you may deem relevant, CSHG has made available other disciplinary items in Part I, Item 11 of the ADV which can be found on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).



## **ITEM 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

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### **Broker-Dealer Registration**

CSHG and CSHG's management persons are not registered with the Securities and Exchange Commission ("SEC") as a broker-dealer or registered representatives, respectively.

### **Commodity Pool Operator, Commodity Trading Adviser, Futures Commission Merchant Registration**

Neither CSHG nor its management persons are registered with the Commodity Futures Trading Commission ("CFTC") as a futures commission merchant ("FCM"), a commodity pool operator ("CPO") or a commodity trading advisor ("CTA"). CSHG has made exemption filings with the CFTC pursuant to CFTC Rules 4.13(a)(4) and 4.14(a)(8).

### **Other Material Relationships**

CSHG is majority owned by Credit Suisse Hedging-Griffo Investimentos S.A., which is majority owned by Credit Suisse Group AG ("Credit Suisse Group"), which is based in Zurich, Switzerland. Credit Suisse Group is a foreign bank holding company based in Switzerland, which has various U.S. and foreign subsidiaries and affiliates that engage in a variety of securities, broker-dealer, Investment Company, investment adviser, commodities, banking, consulting, real estate and custodial activities worldwide.

### **Affiliated Relationships**

CSHG may have arrangements and transactions, subject to applicable law, with related persons under the control of Credit Suisse Group and various of its directly and indirectly owned subsidiaries, including Credit Suisse AG, the Swiss bank, and Credit Suisse Securities (USA) LLC (f/k/a Credit Suisse First Boston LLC) ("CSSU") (collectively, "CS"). CS is a global firm providing a wide range of financial services including (1) broker-dealers with which CSHG may engage in securities transactions, among other things; (2) investment companies, both private and registered; (3) investment companies for which CSHG may act as investment adviser, sub-adviser or administrator, among other things; (4) other investment advisers for which CSHG may act as sub-adviser, among other things; (5) commodity pool operators, commodity trading advisors or futures commission merchants with which CSHG may engage in certain commodities transactions on behalf of certain clients, among other things; (6) banking or thrift institutions for which CSHG may provide advisory services, among other things; (7) pension consultants for which CSHG may provide advisory services, among other things; (8) real estate brokers or dealers for which CSHG may provide advisory services, among other things and (9) entities that create or package investment vehicles for which CSHG may provide advisory services, among other things. As such, certain tasks may be performed by employees of CSHG's affiliate.

Additionally, CSHG belongs to the Credit Suisse Group with other Brazilian investment companies, which focuses on the investment management of Brazilian funds, account management, private banking for Brazilian clients and a Brazilian brokerage house, Credit Suisse

Hedging-Griffo Corretora de Valores S.A. (“CSHG Corretora”). In addition, such group is also comprised of an investment bank. If CSHG deems necessary, it may seek management advice from the Brazilian investment manager, Credit Suisse Hedging-Griffo Asset Management S.A.

CSHG has policies and procedures in place to comply with the requirements of Rule 206(4)-2 of the Investment Advisers Act of 1940, as amended, that are applicable to the banking entities’ roles as qualified custodians for client accounts. Furthermore, CSHG has additional policies and procedures in place to manage and address any other conflicts of interests that may arise due to CSHG’s affiliated investment advisers, broker-dealers and banks.

CSHG does not have any relationships or arrangements that are material to CSHG’s advisory business or to its clients that CSHG or any of its management persons have with any of the following related persons: (i) an accountant or accounting firm; (ii) a lawyer or law firm; (iii) an insurance company or agency; (iv) a pension consultant; (v) and a real estate broker or dealer sponsor or syndicator of limited partnerships.

CSHG’s affiliates are listed in its Part 1, which is available on the SEC’s website.

### **Affiliated Broker Transactions**

In the course of conducting its business, as permissible under applicable laws, CSSU, CSHG Corretora or another affiliated broker may from time to time act as broker or agent in effecting securities transactions for its clients or other persons, including CSHG’s clients; purchase from or sell securities for its own account, or account that it has an interest in, that it also recommends to clients; and act as general or limited partner in other partnerships in which clients may be solicited to invest. Although such partnerships are under no obligation to retain CS or any of its affiliates, the partnerships may elect to retain either CS or one of its affiliates. Such arrangements will be negotiated on an arm’s length basis. The commission rates charged to clients by brokers (including affiliated brokers) are negotiated and, therefore, different rates may be charged depending on the service or package of services provided to the client. In connection with the overall services provided by CS and consistent with the investment objectives of the partnerships, investors in the partnerships may be solicited to invest in other limited partnerships (or other controlling entities) in which CS or one of its affiliates serves as a general partner.

When CSHG uses brokerage services from CSSU, CSHG Corretora or another affiliated broker for its trades, it will be subject to its duty to obtain best execution for its clients. Transactions directed by CSHG to CSSU, CSHG Corretora or another affiliated broker may be executed on either an agency basis or a principal basis and are subject to the consent of an independent party, who certifies that such transactions were performed under arm’s length conditions. As noted above, affiliated brokers’ commission rates are negotiable, although the affiliations between CSHG and its affiliated brokers may limit the ability of these rates to be negotiated on an arms’ length basis.

CSHG or an affiliate may serve as general partner to investment vehicles, funds, partnerships or other vehicles. A description of each investment vehicle, including its operation and activities,

management fees, performance fees (if any) and structure can be obtained from such vehicle's offering documentation.

### **Financial Interest in Transactions**

CSHG may recommend to clients the purchase or sale of securities in which one or more of its related persons has a financial interest or position. For example, related persons of CSHG, including Credit Suisse Group and other foreign affiliates, engage in various types of investment banking and lending activities with issuers of securities that CSHG may recommend to its clients. In addition, employees of CSHG and its affiliates may serve as directors of various companies that CSHG may purchase or sell on behalf of its clients. Any such outside activities, however, are subject to CSHG's policies and procedures on the matter.

### **Proprietary Trading**

CSHG generally does not engage in any proprietary trading for its own account, but certain affiliates may do so, in compliance with applicable law. CSHG and its affiliates may provide seed capital to collective investment vehicles or separate accounts (collectively "Vehicles") sponsored by CSHG and/or its affiliates to fund new investment strategies in order to establish performance track records or for hedging purposes. As a result of these seed capital contributions, the interest of CSHG and/or its affiliates in such Vehicles may vary from 0% to 100% of the total contributed capital and such vehicles could be considered proprietary accounts in certain circumstances.

If CSHG provides seed capital to Vehicles, generally, CSHG will be subject to the same withdrawal terms applicable to the other investors unless regulatory requirements dictate otherwise. Certain of these investments made by CSHG may not be subject to the management fee or incentive allocation. In addition, CSHG may have access to information regarding the investments and performance of the Vehicle's portfolios that might not generally be available to other investors and may take action adverse to CSHG's clients based on such information.

Employees of CSHG may engage in transactions in securities for their personal accounts that they also recommend to CSHG's clients. Transactions in securities to be made for the personal interest of an employee of CSHG are subject to CSHG's internal policies. Accordingly, employee trades are subject to pre-clearance requirements, as well as trading prohibitions designated to avoid conflicts of interest with clients. Employees of CSHG and its affiliates are permitted to establish separate investment advisory accounts with CSHG that may or may not trade side by side with client accounts.

### **Receipt of Compensation from Investment Advisers**

CSHG generally does not recommend or select other investment advisers for its clients. In addition, CSHG does not receive compensation directly or indirectly from investment advisers and does not have other business relationships with other investment advisers (with the exception of certain distribution and/or referral agreements described in Item 14 below).

## **Additional Considerations**

As described previously CSHG may be deemed a related party with respect to Credit Suisse, including its various directly and indirectly owned subsidiaries. These entities engage in a variety of financial services activities. In the regular course of business, Credit Suisse and its affiliates may engage in activities where their interests or the interests of their clients may conflict with the interests of CSHG's clients.

## **ITEM 11 – CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

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### **Code of Ethics and Personal Trading Policies**

CSHG has adopted a Code of Ethics (the "Code") that permits, under certain circumstances, personnel covered by the Code ("Covered Persons") to invest in certain securities, including securities that may be purchased or held by CSHG's clients, for their own accounts. The Code governs the investment in securities by Covered Persons. The purpose of the Code is to ensure that personal transactions do not conflict with client transactions and that in any situation where the potential for conflict exists, client interests take precedence.

Covered Persons may not purchase or sell any covered security in which he or she has, or by reason of such transaction acquires, any direct or indirect beneficial ownership and which to his or her actual knowledge at the time of such purchase or sale: (i) is being considered for purchase or sale by a client; or (ii) is being purchased or sold by a client.

Covered Persons may not reveal to any other person (except in the normal course of his or her duties on behalf of clients) any information regarding securities transactions by clients or consideration by CSHG of any such securities transaction.

Covered Persons may not recommend any securities transaction for clients without having disclosed his or her interest, if any, in such securities or the issuer thereof, including without limitation (i) his or her direct or indirect beneficial ownership of any securities of such issuer; (ii) any contemplated transaction by such person in such securities; (iii) any position with such issuer or its affiliates; and (iv) any present or proposed business relationship between such issuer or its affiliates, on the one hand, and such person or any party in which such person has a significant interest, on the other.

All Covered Persons shall obtain approval before directly or indirectly acquiring beneficial ownership in any securities in an Initial Public Offering or a Limited Offering.

CSHG will provide a copy of the Code to any client or prospective client upon request.

### **Privacy Policy**

CSHG or a related party may from time to time perform a variety of services for, or solicit business from, a variety of companies, including issuers of securities that are purchased and sold

by the private investment companies or managed accounts of CSHG's clients. In connection with providing these services, CSHG and its respective affiliates may come into possession from time to time of material nonpublic and other confidential information which if disclosed might affect an investor's decision to buy, sell or hold a security. Under applicable law, CSHG is prohibited from improperly disclosing or using such information for its personal benefit or for the benefit of any other person, regardless of whether such other person is a client of CSHG. Accordingly, should CSHG come into possession of material nonpublic or other confidential information with respect to any issuer, it will be prohibited from communicating such information to its clients, and CSHG will have no responsibility or liability for failing to disclose such information to its clients as a result of following its policies and procedures designed to comply with applicable law.

CSHG recognizes and respects the privacy concerns of its clients and investors. CSHG does not disclose any nonpublic personal information about clients or investors or former clients or investors to anyone, except as permitted by law, or as described below.

CSHG collects nonpublic personal information about clients and investors (such as their name, address, social security number, account balance, redemption or withdrawal history, assets, income and occupation) from the following sources:

- Information received from clients on account applications, agreements, questionnaires or other forms;
- Information about transactions with CSHG, their affiliates or others; and
- Information received from clients or investors in written, telephonic or electronic communications with CSHG, their affiliates or others.

In order to service clients and investors and effect certain transactions, CSHG may provide clients' or investors' personal information to its affiliates and other financial service providers that assist CSHG in servicing clients and investors and have a need for such information, such as a broker or fund administrator. CSHG may also provide these financial service providers and other funds in which it invests with clients' or investors' personal information for purposes of complying with any regulatory or legal requirement, including without limitation the free-riding and withholding rules of FINRA. CSHG does not otherwise provide information about clients to outside firms, organizations or individuals except to CSHG's attorneys, accountants and auditors and as permitted by law.

CSHG restricts access to nonpublic personal information about clients and investors to its members and employees who need to know that information to provide investment products or services to clients and investors. CSHG maintains physical, electronic and procedural safeguards that comply with federal standards to guard clients' and investors' personal information.

In the event that a client or investor invests through a financial intermediary, including, but not limited to, a broker-dealer, bank or trust company, the privacy policy of the financial intermediary will govern how non-public personal information will be shared with non-affiliated third parties by that entity.

## **Participation or Interest in Client Transactions**

CSHG expects to execute trades through its related persons on both a principal and agency basis. All such activities will be conducted in accordance with CSHG's duty to seek best execution for its clients and otherwise in accordance with applicable law. These activities, if required or appropriate, will include appropriate disclosure to and receipt of consent from an independent source such as a conflicts review service provider, an advisory committee, an independent adviser or an authorized representative of the relevant client.

To this point, CSSU, CSHG Corretora or another affiliated broker may, from time to time, and as permissible under applicable laws, act on a principal basis rather than on an agency basis. Such transactions are subject to the consent of an independent party, who certifies that they were performed under arm's length conditions. (See Item 12 for more information on Broker-Dealer Selection and CSHG's affiliated brokers.)

In addition, from time to time, and as permissible under applicable laws, CSHG's brokers may engage in agency cross transactions for CSHG's clients. An agency cross transaction occurs when the broker acts as broker for both CSHG's advisory clients and for other customers of the broker on the other side of the transaction. The affiliated brokers may also engage from time to time, and as permissible under applicable laws, in so-called "cross transactions" in which it effects trades between CSHG's advisory client accounts. The affiliated broker will only effect such transactions to the extent that it is able to achieve "best execution" for each client.

Further, when engaging in such transactions, CSHG will seek to comply, as applicable, with the Advisers Act, the Investment Company Act, the Employee Retirement Income Security Act of 1974 ("ERISA"), and/or other applicable laws, rules or regulations, including any interpretations, modifications, exemptive or other relief or permission from or by the U.S. Securities and Exchange Commission (the "SEC"), SEC staff, the U.S. Department of Labor (the "DOL"), DOL staff or other authority with appropriate jurisdiction.

CSHG has established policies, procedures and disclosures designed to address and monitor potential conflicts of interest arising in connection with trading between accounts of its clients and accounts of its own.

## **Investments in Securities by Adviser and its Personnel**

It is possible that CSHG and its officers, directors or employees ("affiliates") may buy or sell the same securities bought or sold for the investment companies or separately managed accounts managed by CSHG. The results of the investment activities of CSHG's account may differ from the results achieved by or for client accounts managed by CSHG. The conflicts raised by these circumstances are discussed below.

Personal transactions in securities by CSHG or its affiliated persons are subject to CSHG's policies and procedures in order to avoid conflicts of interest and misuse of non-public information. In addition, CSHG has additional policies and procedures relating to certain personal securities transactions by CSHG's personnel which CSHG deems to involve potential

conflicts including conflicts involving CSHG's personnel and client accounts managed by CSHG.

Client accounts managed by CSHG may trade in the same or similar securities as CSHG's own accounts at or about the same time. Investments by CSHG's own accounts may have the effect of diluting or otherwise disadvantaging the values, prices or investment strategies of a client's account, particularly in small capitalization, emerging market or less liquid strategies. This may occur when portfolio decisions regarding a client's account are based on research or other information that is also used to support portfolio decisions for CSHG's own accounts. If a portfolio decision or strategy for CSHG's own accounts is implemented ahead of, or contemporaneously with, similar portfolio decisions or strategies for a client's account, market impact, liquidity constraints, or other factors could result in the client's account receiving less favorable trading results and the costs of implementing such portfolio decisions or strategies could be increased.

### **Conflicts Associated with Investment Activities**

CSHG has potential conflicts in connection with the allocation of investments or transaction decisions for its own accounts, including in situations in which CSHG and its personnel have interests. For example, a client's account may be competing for investment opportunities with CSHG's own accounts. CSHG will manage its clients' accounts in accordance with their respective investment objectives and guidelines. However, the advice to CSHG's own accounts may compete or conflict with the advice CSHG may give to a client's account, including with respect to the return of the investment, the timing or nature of action relating to the investment or the method of exiting the investment.

CSHG's own accounts may buy or sell positions while a client's account is undertaking the same or a differing, including potentially opposite, strategy, which could disadvantage the client's account. For example, a client's account may buy a security and CSHG's own account may establish a short position in that same security. That subsequent short sale may result in impairment of the price of the security which the client's account holds. Conversely, a client's account may establish a short position in a security and CSHG or CSHG's own account may buy that same security. The subsequent purchase may result in an increase of the price of the underlying position in the short sale exposure of the client's account and such increase in price would be to the client's account's detriment. Conflicts may also arise because portfolio decisions regarding a client's account may benefit CSHG. For example, the sale of a long position or establishment of a short position by a client's account may impair the price of the same security sold short by (and therefore benefit) CSHG and CSHG's own accounts, and the purchase of a security or covering of a short position in a security by a client's account may increase the price of the same security held by (and therefore benefit) the CSHG and CSHG's own accounts.

Transactions in investments by one or more CSHG's accounts may have the effect of diluting or otherwise disadvantaging the values, prices or investment strategies of a client's account, particularly, but not limited to, in small capitalization, emerging market or less liquid strategies. For example, this may occur when portfolio decisions regarding a client's accounts are based on

research or other information that is also used to support portfolio decisions for CSHG's accounts or other client accounts. When CSHG, on behalf of one or more client accounts implements a portfolio decision or strategy ahead of, or contemporaneously with, similar portfolio decisions or strategies for a client's account (whether or not the portfolio decisions emanate from the same research analysis or other information), market impact, liquidity constraints, or other factors could result in the client account receiving less favorable trading results and the costs of implementing such portfolio decisions or strategies could be increased or the client account could otherwise be disadvantaged. CSHG may, in certain cases, elect to implement internal policies and procedures designed to limit such consequences, which may cause a client's account to be unable to engage in certain activities, including purchasing or disposing of securities, when it might otherwise be desirable for it to do so.

CSHG may, but is not required to, aggregate purchase or sale orders for client accounts with trades for other accounts managed by CSHG, including accounts of other clients. When orders are aggregated for execution, it is possible that CSHG and its personnel's interests will receive benefits from such transactions, even in limited capacity situations. While CSHG maintains policies and procedures that it believes are reasonably designed to deal with conflicts of interest that may arise in certain situations when purchase or sale orders for a client's account are aggregated for execution with orders for accounts of other clients, in some cases CSHG will make allocations to accounts in which the CSHG and its personnel have an interest.

CSHG's own accounts and one or more client accounts may also invest in different classes of securities of the same issuer. As a result, CSHG and CSHG's own accounts may pursue or enforce rights with respect to a particular issuer in which a client's account has invested, and those activities may have an adverse effect on the client's account. For example, if an CSHG's own account holds debt securities of an issuer and another client's account holds equity securities of the same issuer, then if the issuer experiences financial or operational challenges, the CSHG's own account which holds the debt securities may seek a liquidation of the issuer, whereas the client's account which holds the equity securities may prefer a reorganization of the issuer. In addition, CSHG may also, in certain circumstances, pursue or enforce rights with respect to a particular issuer jointly on behalf of one or more CSHG's own accounts or client's accounts, or may work together to pursue or enforce such rights.

Certain clients' accounts may be negatively impacted by CSHG's activities, including those on behalf of CSHG's own accounts and activities and transactions for such clients' accounts may be impaired or effected at prices or terms that may be less favorable than would otherwise have been the case had CSHG's own accounts not pursued a particular course of action with respect to the issuer of the securities. In addition, in certain instances CSHG's personnel may obtain information about the issuer that would be material to the management of CSHG's own accounts that could limit the ability of such personnel to buy or sell securities of the issuer on behalf of clients' accounts.

Transactions undertaken by CSHG's clients may also adversely impact one or more client accounts. Other clients of the CSHG may have, as a result of receiving client reports or otherwise, access to information regarding CSHG's transactions or views that may affect their transactions outside of accounts controlled by CSHG, and such transactions may negatively



impact other clients' accounts. A client's account may also be adversely affected by cash flows and market movements arising from purchase and sale transactions by, as well as increases of capital in and withdrawals of capital from, other clients' accounts. These effects can be more pronounced in less liquid markets.

The results of the investment activities of a client's account may differ significantly from the results achieved by CSHG for its proprietary accounts and from the results achieved by CSHG for other client accounts.

## **ITEM 12 – BROKERAGE PRACTICES**

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### **Broker-Dealer Selection**

CSHG has full discretion to select brokers or dealers as well as the commission rates at which the transactions for clients are effected. CSHG may use third party broker-dealers or CSSU or another affiliated broker for its trades, as disclosed above under Item 11. All trades, whether made through third-party broker-dealers or through a CSHG affiliated broker, are subject to best execution, as described below, though CSHG may have an inherent incentive to use its affiliated broker.

CSHG will, in arranging for the purchase and sale of portfolio securities, take numerous factors into consideration. These include any legal restrictions, such as those imposed under the securities laws, and any client imposed restrictions. Within these constraints, CSHG will employ or deal with members of the securities exchanges and other brokers and dealers as may in its judgment implement the policy of obtaining best execution (*i.e.*, prompt and reliable execution at the most favorable prices obtainable under the prevailing market conditions) of portfolio transactions.

In determining the abilities of a broker or dealer to obtain best execution for portfolio transactions, CSHG will consider all relevant factors, including the execution capabilities required by the transactions; the ability and willingness of the broker or dealer to facilitate the portfolio transactions by participating therein for its own account; the importance to the account of speed, efficiency and confidentiality; the broker or dealer's apparent familiarity with sources from or to whom particular securities might be purchased or sold; the reputation and perceived soundness of the broker or dealer; as well as other matters relevant to the selection of a broker or dealer for portfolio transactions for any account. CSHG will not adhere to any rigid formula in making the selection of the applicable broker or dealer for portfolio transactions, but will weigh a combination of the preceding factors.

Where it has discretion to select brokers or dealers, CSHG will have no duty or obligation to seek in advance competitive bidding for the most favorable commission rate applicable to any particular portfolio transaction or to select any broker on the basis of its purported or "posted" commission rate, but will endeavor to be aware of the current level of the charges of eligible brokers and to minimize the expense incurred for effecting portfolio transactions to the extent consistent with the interests and policies of the investment companies. Although CSHG will generally seek competitive commission rates, it will not necessarily pay the lowest

commission or commission equivalent. Transactions may involve specialized services on the part of the broker or dealer involved and thereby entail higher commissions or their equivalents than would be the case with other transactions requiring more routine services.

Consistent with the foregoing and subject to applicable law and its duty to obtain best execution, CSHG may direct execution of client securities transactions through CSSU or another affiliated broker, which would generally clear and custody assets and securities with third party custodians. As disclosed above under Item 10, the affiliated broker's rates are negotiable although the affiliations among CSHG and the broker may limit the ability of these rates to be negotiated on an arms' length basis. Clients may be able to obtain better executions of securities transactions if a broker-dealer other than the affiliated broker is used to execute the client transactions.

### **Research and Other Soft Dollar Benefits**

CSHG currently has no written soft dollar agreements and did not, in its last fiscal year, direct client transactions to any particular broker-dealer in return for any soft dollar benefits.

However, when CSHG uses a third party broker and consistent with obtaining best execution, brokerage commissions on client portfolio transactions may be directed to brokers in recognition of research services furnished by them, as well as for services rendered in the execution of orders by such brokers. As a general matter, such research services are used to service all of CSHG's clients. However, each and every research service may not be used to service each and every client managed by CSHG, and brokerage commissions paid by one account may apply towards payment for research services that may not be used in the service of that account. For the avoidance of doubt, such goods and services do not include travel, accommodation, entertainment, general administrative goods or services, general office equipment or premises, membership fees, employee salaries or direct money payments.

There is no agreement or formula for the allocation of brokerage business on the basis of research services, except that certain brokers that provide specified statistical and performance measurement services state in advance the amount of brokerage commissions they require for such services. CSHG may, in its discretion, cause the client to pay such brokers a commission for effecting portfolio transactions in excess of the amount of commission another broker adequately qualified to effect such transactions would have charged for effecting such transactions. This may be done where CSHG has determined in good faith that such commission is reasonable in relation to the value of brokerage and research services received. In reaching such a determination, CSHG would not be required to place or attempt to place a specific dollar value on the brokerage or research services provided by such broker.

When CSHG uses its client's brokerage commissions (or markups or markdowns) to obtain research or other products or services, CSHG receives a benefit because it does not have to produce or pay for such research, products or services. CSHG may have an incentive to select or recommend a broker-dealer based in its interest in receiving the research or other products or services, rather than on its clients' interest in receiving the most favorable execution. In addition, CSHG may cause clients to pay commissions (or markups or markdowns) higher than

those charged by other broker-dealers in return for soft dollar benefits (known as paying-up), disclose this fact here.

When allocating trades to clients, CSHG must ensure that over time each client is treated fairly and equitably in the execution of transactions. Therefore, trading personnel must ensure that, over time:

- Clients are treated fairly as to the securities purchased or sold for their accounts;
- Clients are treated fairly with respect to the priority of execution of orders;
- Clients are treated fairly in the allocation of trades;
- Allocation of trades is done on a timely basis; and
- All accounts participating in an aggregated order receive average price and share transaction costs pro-rata.

With respect to securities purchased in an initial public offering or secondary public offering, it is recognized that, due to the limited availability of new issues, often it is not possible to achieve a complete allocation for all new issue-eligible accounts on every trade. Portfolio management personnel must ensure that no trade allocation unfairly advantages or disadvantages one or more clients or investment strategies over another, and that over time such client accounts are all treated fairly.

### **Brokerage for Client Referrals**

CSHG generally does not consider, in selecting or recommending broker-dealers, whether CSHG or a related person receives client referrals from a broker-dealer or third party.

### **Aggregation of Trades**

CSHG has the fiduciary duty to execute orders for its clients fairly and equitably. CSHG follows procedures pursuant to which it may, for clients who permit it, and to the extent consistent with best execution, combine purchase or sale orders for the same security for multiple clients (sometimes called “bunching”) so that they can be executed at the same time. The participating accounts that may be bunched in an order may include both client accounts as well as CSHG’s own accounts. The procedures followed by CSHG may differ depending on the particular strategy or type of investment. CSHG may not bunch or aggregate orders if: (1) portfolio management decisions for different accounts are made separately; or (2) CSHG determines that bunching or aggregating is not practicable. CSHG may be able to negotiate a better price and lower commission rate on aggregated trades than on trades for accounts that are not aggregated.

## Directed Brokerage

CSHG generally has the discretionary authority to determine and direct execution of portfolio transactions within the client's specified investment objectives without prior consultation with the client on a transaction-by-transaction basis.

As described above, the broker dealers affiliated to CSHG may act as brokers or agents to effect securities transactions for compensation for clients of CSHG. When selecting brokers and dealers to carry out trades for its clients, CSHG implements the policy of obtaining best execution (*i.e.*, prompt and reliable execution at the most favorable prices obtainable under the prevailing market conditions) of portfolio transactions, as described above. In this context, such affiliated broker may act as principal in transactions with clients of CSHG. This situation occurs when such broker is used by the private investment companies managed by CSHG in trades of certain Brazilian public bonds. Such transactions follow market conditions and are submitted to the consent of an independent party, who certifies that they were performed in arms length conditions in compliance with SEC regulations. See above in this Item 12 and Item 11 for additional information regarding CSHG's execution through its affiliated brokers.

Some clients, however, may limit CSHG's discretionary authority in terms of the selection of broker-dealers or other terms of brokerage arrangements and may direct CSHG to place transactions for their accounts with a particular broker-dealer, to, among other things, defray consulting fees or other fees. Where a client directs the use of a particular broker-dealer, CSHG may be unable to achieve most favorable execution of client transactions and the client may pay more in execution fees than if CSHG was permitted to choose the executing broker. In such cases, CSHG may not be able to freely negotiate commission rates. In addition, CSHG may not be able to aggregate the client's orders with other client orders to reduce transaction costs. Lastly, in an effort to achieve orderly execution of transactions, execution of orders for clients that have designated particular brokers may, in certain circumstances, be delayed until after CSHG completes the execution of non-designated orders.

## ITEM 13 – REVIEW OF ACCOUNTS

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CSHG has procedures in place for reviewing portfolio transactions for consistency with investment objectives, and that over time investment opportunities are fairly allocated among eligible accounts. CSHG's investment professionals review the relevant portfolios periodically and on an on-going basis and provide reports in a manner, and at a frequency, as may have been negotiated with the client(s) or as set forth in the relevant applicable documentation. Such reports generally include information about the performance of a client's portfolio(s). In addition, clients generally are provided with periodic reports and other relevant reporting information as applicable. Special reports may be developed to meet specific client requirements or respond to client inquiries.

The investments made by CSHG's clients are generally long-term in nature. Accordingly, the review process is not directed towards a short term decision to purchase or sell securities. However, CSHG monitors companies in which its clients invest and generally maintains an ongoing evaluation of such companies.

## **ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION**

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### **Other Compensation**

No person who is not a client of CSHG provides an economic benefit to CSHG for providing investment adviser or other advisory services to CSHG's clients.

### **Compensation for Client Referrals**

Neither CSHG nor any related person directly or indirectly compensates any person who is not a supervised person of CSHG for client referrals. Note that certain private investment companies managed by CSHG and the CSHG itself have entered into distribution and/or referral agreements in which third-parties (*e.g.*, other financial institutions) are hired as intermediaries to distribute interests of the private investment companies and assist their clients with investments in the private investment companies managed by CSHG. As remuneration for their services, intermediaries are entitled to receive remuneration represented by a percentage of the management fee paid to CSHG, based on the net asset value of the particular private investment company managed by CSHG.

## **ITEM 15 – CUSTODY**

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Investors in the Funds receive audited annual financial statements of the particular Fund, and they typically receive additional performance information as specified in their agreements with the particular Fund.

U.S. clients with separately managed accounts should receive at least quarterly statements from the broker-dealer, bank or other qualified custodian that holds and maintains the clients' investment assets. CSHG urges such clients to carefully review such statements and compare such official custodial records to the account statements that CSHG may provide to U.S. clients with separately managed accounts. CSHG's statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

CSHG notes that, under the "regulation lite" regime, a non-U.S. adviser (a "foreign adviser") is permitted to treat the non-U.S. funds that it manages as its clients for all purposes of the Investment Advisers Act of 1940, as amended (the "Advisers Act") other than for certain registration and reporting sections. The investors in the non-U.S. funds are not treated as the foreign adviser's clients for these purposes. Thus, U.S. investors in non-U.S. funds that are managed by a foreign adviser are not considered U.S. clients of the foreign adviser. Accordingly, most of the substantive provisions of the Advisers Act, including the rules relating to custody, would not apply to CSHG with respect to the non-U.S. Funds managed by CSHG. CSHG and the custodians will, however, be subject to the laws and regulations in their countries of residence.

## **ITEM 16 – INVESTMENT DISCRETION**

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CSHG typically receives discretionary authority from the client at the outset of an advisory relationship to select the identity and amount of securities to be bought or sold. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account.

When selecting securities and determining amounts, CSHG observes the investment policies, limitations and restrictions of the clients for which it advises. Investment guidelines and restrictions must be provided to CSHG in writing and, with respect to the Funds, are disclosed in the Private Placement Memorandum of each Fund.

## **ITEM 17 – VOTING CLIENT SECURITIES**

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### **Proxy Voting Policy**

CSHG will be subject to the laws and regulations regarding proxy voting in its country of residence.

In relation to certain investments made by CSHG on behalf of its clients, CSHG has the authority to vote proxies. CSHG has adopted and implemented a written policy and procedures reasonably designed to ensure that it votes proxies for client securities in the best interest of clients and addresses material conflicts that may arise between its interests and those of its clients relating to proxy voting.

The Proxy Voting Committee, which consists of a member of CSHG's Portfolio Management Department and another member of CSHG's Legal Compliance Department, administers the voting of all client proxies in accordance with CSHG's proxy voting policies. In situations where CSHG or the Proxy Voting Committee identifies potential conflicts of interest, CSHG may, among others, (i) delegate the voting decision to an independent third party or an independent committee of partners, members, directors or other representatives of the clients, (ii) inform clients of the conflict and obtain their consent, (iii) obtain approval from CSHG's Compliance Officer or (iv) abstain from voting on that particular matter.

CSHG's proxy voting policy and procedures and information on how specific proxies were voted are available to clients and investors upon request.

## **ITEM 18 – FINANCIAL INFORMATION**

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Registered investment advisers are required in this Item 18 to provide you with certain financial information or disclosures about CSHG's financial condition. CSHG does not require prepayment of any fees, has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding. Accordingly, no financial statements are required to be provided by CSHG to its clients and prospective clients.

## **ITEM 19 – REQUIREMENTS FOR STATE-REGISTERED ADVISERS**

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Advisers who are registered or are registering with state securities authorities are required in this Item 19 to provide you with certain information about their business and management teams. CSHG is federally registered and is therefore not required to complete this Item 19.