

Investment Adviser Brochure

Item 1: Cover Page

Crescat Portfolio Management LLC

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Crescat Portfolio Management LLC (“CPM”) is an investment adviser registered with the United States Securities and Exchange Commission (“SEC”). Registration does not imply a certain level of skill or training.

This brochure provides information about the qualifications and business practices of CPM and its parent, Crescat Capital LLC. If you have any questions about the contents of this brochure, please contact us at 303-271-9997 or info@crescat.net. The information in this brochure has not been approved or verified by the SEC or by any state securities authority. Additional information about CPM is available on the SEC’s website at www.adviserinfo.sec.gov.

Item 2: Material Changes

CPM modified the criteria for clients who could be subject to a performance fee contract (Item 5A), consistent with the requirements for the Qualified Client exemption as revised by the SEC. This brochure contains no other material changes since CPM’s last annual update.

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Item 4: Advisory Business

- A. Description of Firm: CPM was formed on 24 September 2005 and succeeded Smith Portfolio Management LLC on 1 April 2008, thus assuming the advisory business of the latter business at that time. CPM is wholly owned by Crescat Capital LLC ("CC"), which is in turn owned 50% by CPM Manager Kevin C. Smith and 50% by CPM Manager Daniel H. Hoskins, Jr. CC is the sole owner of affiliate Crescat Partners LLC and the 75% owner of affiliate Crescat Hedge Partners LLC.
- B. Description of Advisory Services Offered: CPM is primarily a money management firm. It manages private funds and separate accounts according to an investment process that blends a top-down macroeconomic/thematic research with bottom-up fundamental and quantitative security analysis and selection. Additionally, CPM manages entire client portfolios in some cases, recommending allocations not only to Crescat strategies but to third party strategies.
- C. Flexibility of Services: CPM primarily serves clients whose primary objective is growth of capital above the rate of inflation, whose risk tolerance is in line with that of general market benchmarks, and whose investment time horizon is long term. CPM strategies may not be suitable for all investors. CPM clients generally allocate some portion of their overall investible assets to one or more of Crescat's strategies: a long-only large cap separate account strategy, a long/short equity hedge fund, and a global macro hedge fund. CPM will tailor its recommended allocation among those strategies to individual clients' objectives and risk tolerance. For some clients, CPM will utilize third party managers to address unique client risk tolerance and objectives not met by in-house Crescat strategies.
- D. Description of Wrap Fee Programs: CPM does not participate in wrap fee programs.
- E. Mix of Client Assets: As of 31 December 2011, CPM managed \$57.7M of client assets, all on a discretionary basis.

Item 5: Fees and Compensation

A. Basis of Compensation:

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

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

For the Crescat Global Macro Fund LP (“CGMF”), CPM is paid a monthly management fee equal to 1/6th of 1% (approximately 2.0% annually) for acting as the investment adviser of these limited partnerships which is payable at the end of each calendar month. For the purpose of calculating the management fee, the net asset value of a limited partner's book capital account is determined before reduction for management fees, incentive fees, and incentive allocations, if any, accrued or payable as of such date. CPM's affiliate, Crescat Partners LLC, the general partner to the partnership, is also paid a quarterly incentive allocation after the end of each calendar quarter, equal to 20% of the net new appreciation, if any, of each limited partner's book capital account during the quarter. Fees and incentive allocations may be negotiated based on unique circumstances.

For the Crescat Long/Short Fund LP (“CLSF”), CPM is paid a monthly management fee equal to 1/12th of 1% (approximately 1.0% annually) for acting as the investment adviser of this limited partnership payable at the end of each calendar month. For the purpose of calculating the management fee, the net asset value of a limited partner's book capital account is determined before reduction for management fees, incentive fees, and incentive allocations, if any, accrued or payable as of such date. CPM's affiliate, Crescat Hedge Partners LLC, the general partner of Crescat Long/Short, is also paid a quarterly incentive allocation after the end of each calendar quarter, equal to 20% of the net new appreciation, if any, of each limited partner's book capital account during the quarter. Fees and incentive allocations may be negotiated based on unique circumstances.

The same incentive allocation structure may apply to separately managed accounts that follow a similar strategy to the limited partnerships mentioned above as long as the client meets the Qualified Client standards of SEC rule 205-3. Pursuant to the updated requirements of Rule 205-3 under the Investment Advisors Act, CPM will only enter into a such a performance fee contract and receive an incentive allocation from Clients who either: (i) have \$1,000,000 under management with the advisor, (ii) have a net worth of \$2,000,000, (iii) are “qualified purchasers” under Section 2(a)(51)(A) of the Investment Company Act, or (iv) are “knowledgeable employees” of CPM. Fees for such accounts may be negotiated based on unique circumstances.

- B. Method of Fee Collection: CPM clients authorize CPM to directly deduct advisory fees from client accounts per the terms of investment advisory agreements between CPM and those

clients. Similarly, CP and CHP deduct incentive allocations from private partnership accounts based upon the Limited Partnership agreements for those accounts. CPM might either deduct performance fees and incentive allocations from hedge strategy separate accounts or bill them, based upon the advisory agreement in place between CPM and each account owner. In all cases, CPM, CP and CHP send invoices to the account custodians, authorizing the billing deduction per the terms of the agreements with clients.

- C. Other Fees and Expenses: CPM does not currently charge any other fees or levy any other expenses to client accounts for its advisory services. CPM might charge additional fees in the future, following agreement with clients. CPM clients incur brokerage commissions. See item 12 of this brochure for a description of brokerage commissions.
- D. Timing of Fees: CPM charges management fees to its Crescat Large Cap clients at the beginning of each month. Clients are entitled to a refund of pre-paid expenses, pro-rated to the date of account termination. For other separate accounts, the timing of fee deduction will be based on the investment advisory agreement between CPM and the client. CPM charges management fees to its private fund clients in arrears.
- E. CPM Commissions: No principal or other supervised person at CPM accepts compensation for the sale of securities or other investment products.

Item 6: Performance-Based Fees

Performance-Based Fees: As noted in Item 5A above, CPM charges a performance fee to selected separate account clients managed according to its investment strategies. Also, CPM affiliates CP and CHP are entitled to an incentive allocation from CPM's private fund clients. Theoretically, CPM could face a conflict of interest to execute trades in ways that favor its clients who pay performance based fees or incentive allocations. Practically, this incentive is mitigated since CPM frequently trades highly liquid, publicly traded, securities. Additionally, CPM addresses this potential conflict of interest through its trade allocation policy, mandating that the sequencing of all trades are rotated among its brokers, thus effectively sequencing the trades among accounts.

Item 7: Types of Clients

CPM serves separate account clients and private partnership clients. Most of CPM's separate account clients are individuals and IRA accounts of individuals, though separate account clients also include trusts, corporations and LPs. The minimum new account size for separate account clients is \$100,000, though this minimum may be waived in unique circumstances.

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

- A. Methods of Analysis: CPM provides investment management services based on a multi-disciplinary investment process that blends top-down macroeconomic/thematic research with bottom-up security analysis and selection. CPM's bottom-up security analysis methods include quantitative analysis, fundamental analysis and technical analysis.

CPM believes that dynamic markets create imbalances where market prices often deviate from their intrinsic value. CPM seeks to help its clients both protect against the risks and capitalize on the opportunities that these imbalances present. CPM actively manages its clients risk exposures recognizing that the future is uncertain and volatility is inherent in financial markets.

CPM invests in a wide range of securities including long equities, short equities, futures contracts and options. Investing in securities involves risk of loss that clients should be prepared to bear.

- B. Risks of Methods of Analysis: CPM might miss important considerations in identifying investment themes and in conducting fundamental and/or technical analysis. Quantitative modeling, in and of itself, may not be sufficient to determine which securities to buy or sell, or when to buy or sell them. Frequent trading can negatively impact performance, particularly through increased brokerage and other transaction costs and taxes.
- C. Risks of Investment Securities: CPM invests in a wide range of securities including long equities, short equities, mutual funds, exchange traded funds, commodities, commodity futures contracts, currency futures contracts, fixed income futures contracts, and options on equities, bonds and futures contracts. Investing in securities involves risk of loss that clients should be prepared to bear.

Item 9: Disciplinary Information

CPM is not subject to any legal or disciplinary actions that are material to a client's or prospective client's evaluation of its advisory business or the integrity of CPM management.

Item 10: Other Financial Industry Activities and Affiliations

- A. Broker/Dealer Registration: Neither CPM nor any of its management persons are registered, or have an application pending to register, as a broker dealer or a representative of a broker dealer.
- B. Commodity Pool Operator Registration: Neither CPM nor any of its management persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of any of these foregoing entities. CPM, as well as the general partners to the limited partnerships, and

the limited partnerships themselves, are exempt from registration as a Commodity Pool Operation ("CPO") with the Commodities Futures Trading Commission ("CFTC") because CFTC Regulation 4.13(a)(3) exempts a CPO from registration if all fund participants are accredited investors, qualified eligible persons as defined under CFTC Regulation 4.7(a)(2)(viii)(A), or knowledgeable employees of the fund. Rule 4.13(a)(4) exempts a CPO from registration if all natural person participants are qualified eligible persons as defined in CFTC Regulation 4.7(a)(2) and the remaining participants are accredited investors or qualified eligible persons as defined in CFTC Regulation 4.7(a)(2) or 4.7(a)(3). The aforementioned criteria for CPO exemption are also encompassed in the criteria under the exemption from registration provisions of the Securities Act provided for in Rule 506 of Regulation D under the Securities Act under which the limited partnership interests are being privately offered and sold. The general partner will only accept limited partners into the fund who meet the CPO exemption criteria. Because CPM and the general partners are exempt from registration as a CPO, the CFTC does not require it to deliver a separate CPO Disclosure Document and related certified annual report to the limited partners.

Relationships with Related Persons: Neither CPM nor its management persons have any relationships or arrangements with any related persons that are material to CPM's advisory business or to its clients.

- C. Conflicts of Interests with Other Advisors: CPM does not receive compensation from other advisors that it selects for its clients.

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

- A. Code of Ethics: CPM's Code of Ethics is important in setting and maintaining a strong compliance culture at CPM. First and foremost, it emphasizes that CPM has a fiduciary duty to deal fairly with and act in the best interests of clients. The Code also defines Crescat's policies forbidding any trading on non-public information, managing conflicts of interest associated with personal securities transactions of CPM personnel, and maintaining privacy of client confidential information.
- B. Interest in Client Transactions: CPM has not engaged in any principal transactions (involving a trade between a client account and a CPM or CPM principal account). However, its policy allows principal transactions where said transaction is specifically approved by the client in advance of the trade. CPM is not a broker dealer, so by definition does not execute any agency cross transactions (involving a trade between an adviser's client and a broker dealer affiliated with that adviser). CPM occasionally executes cross trades (between CPM's client accounts) but only where doing so yields benefits to CPM clients (in the form of reduced commissions and trading price impacts), where no client's interests are harmed by the cross trade, and where the trade pricing is implemented at best execution.

- C. Personal Trading in Securities Recommended to Clients: CPM restricts personal trading in securities recommended to clients per its policy as outlined in Item 11.D below.
- D. Personal Trading in Securities Bought for Client Accounts: Certain CPM personnel must provide a complete report of personal securities holdings upon commencement of association with CPM and within 30 days of each new year. Said personnel must also arrange to have monthly statements from brokerage accounts mailed to CPM. CPM allows personal securities trading, though personnel must provide a trade record for all trades in reportable securities, which include all securities except U.S. government securities, money market instruments, shares of money market funds, shares of unaffiliated mutual funds, and shares of unit investment trusts. CPM forbids trading in any reportable securities that could result in front running. CPM has defined a liquidity threshold for determining which securities are potentially subject to front running concerns.

Item 12: Brokerage Practices

A. Factors Considered in Selecting or Recommending Broker Dealers

1. Research and Other Soft Dollar Benefits: In addition to execution quality, CPM may consider the value of various research and brokerage services or products, beyond execution, that a broker-dealer provides to CPM and its affiliates in selection or recommendation of a broker-dealer. Some of these services, such as trading platforms and portfolio accounting software, are often included in the commission rates quoted by broker dealers. In return for some other “eligible research and brokerage services” that qualify under the safe harbor of Section 28(e) of the Securities Exchange Act of 1934, CPM often causes clients to pay commissions higher than clients would otherwise pay. The portion of those commissions applied to procurement of other products and services is known as “soft dollars.” CPM receives a benefit from use of soft dollar services because it does not directly pay for the research or brokerage products and services. Because many of those services could benefit CPM or its affiliates, CPM may have an incentive to select or recommend a broker dealer based on its interest in receiving the products and services rather than on clients’ interests in receiving most favorable execution. CPM tries to use soft dollar benefits to service only those clients that pay for the services.

In 2011, CPM acquired the following products and services with soft dollars:

- Research reports analyzing industry trends, sectors and individual companies
- Development of quantitative models and analysis of quantitative investment techniques

- Development and maintenance of proprietary trading, portfolio management and brokerage integration systems
- Off-the-shelf portfolio accounting software (partial use)
- Bloomberg pricing and research terminals
- Quantitative investment data

CPM believes that all of the above services enhanced the value proposition that CPM delivered for its clients.

2. Brokerage for Client Referrals: CPM has an incentive to select or recommend a broker-dealer based on its interest in receiving client referrals, rather than on its clients' interest in receiving best execution. CPM has not selected any brokerage services based on client referrals and has not selected any new brokerage services in the last calendar year. Best execution is the primary factor considered by CPM in selecting brokerage services for clients, though client referrals would also be a considered factor.
 3. Directed Brokerage: CPM does not recommend, request or require that a client direct CPM to execute transactions through a specified broker dealer. Rather, CPM chooses broker dealers for each of its investment strategies. On selected occasions, CPM has permitted a client to direct brokerage for that client's large separate account to a broker dealer. In such cases, CPM may not be able to achieve best execution of client transactions and thus might cost clients more in transaction costs.
- B. Aggregation of the Purchase or Sale of Securities: Wherever possible, CPM executes bulk orders at a single broker and allocates the trades pari passu across all client accounts at that broker. Specifically, CPM executes bulk trades for two long/short equity portfolios at one broker and executes bulk orders for scores of long-only separate accounts at another broker.

Item 13: Review of Accounts

- A. Periodic Client Account Reviews: CPM invites each client to participate in an account review at least annually, generally during the 1st calendar quarter of the year. During the account review, CPM validates client investment objectives, reviews prior year performance, and discusses its investment outlook and major investment themes. CPM also invites clients to validate or modify investment objectives by email.
- B. Non-Periodic Client Account Reviews: CPM also reviews client accounts and suitability if it learns of some fact or situation which might change the investment objectives of a client or the suitability of a CPM strategy for that client.

- C. Content and Frequency of Reports: CPM currently provides monthly written reports of each strategy's overall performance for the prior month, including an attribution analysis highlighting the major causes of both positive and negative performance of the strategy. CPM also makes individual account statements available through its brokers or – in the case of private partnerships – third-party accountants. Those individual account statements include balances at beginning and end of the month, net investment gains and losses, and account contributions or withdrawals.

Item 14: Client Referrals and Other Compensation

- A. Economic Benefits from Non-Clients: CPM does not receive an economic benefit from any non-client for providing investment advice to its clients.
- B. Compensation for Client Referrals: CPM engages consultants to refer prospective clients to CPM. Said consultants, per agreement with CPM, commit to sharing CPM's brochure with prospective clients and disclosing to the prospective client in writing the consultant's compensation arrangement with CPM. CPM also engages some registered broker dealers and/or their licensed agents to market interests in private funds managed by CPM. CPM does not engage any other person or entity to market interests in private funds managed by CPM.

Item 15: Custody

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

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

Item 16: Investment Discretion

CPM accepts unlimited discretionary authority to manage securities of most of its client accounts. In all said cases, the client grants that discretionary authority to CPM through written agreement between CPM, the client and the broker dealer.

Item 17: Voting Client Securities

- A. Voting Policies and Procedures: CPM does not vote on any proxy issues on behalf of clients unless the client and CPM have agreed otherwise in the investment agreement between the client and CPM.
- B. Client Receipt of Proxy Materials: CPM clients receive proxy materials directly from brokers.

Item 18: Financial Information

- A. CPM does not require or solicit prepayment of more than \$1200 in fees per client, six months or more in advance.
- B. CPM has not been subject to bankruptcy petition during the past ten years.

Investment Adviser Brochure Supplement

Item 1: Cover Page

Kevin C. Smith
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23 January 2012

This brochure supplement provides information about Kevin C. Smith that supplements the Crescat Portfolio Management LLC (“CPM”) brochure. You should have received a copy of that brochure. Please contact CPM if you did not receive CPM’s brochure or if you have any questions about the contents of this supplement. Additional information about Kevin C. Smith is available on the SEC’s website at www.adviserinfo.sec.gov.

Item 2: Educational Background and Business Experience

Kevin C. Smith, 47, earned a B.A. in Economics from Stanford University in 1986 and an MBA from the University of Chicago's Graduate School of Business in 1992. Mr. Smith leads the Investment Team at CPM and has been the portfolio manager for the Crescat Large Cap Composite since its inception over 13 years ago, the Crescat Long/Short Composite since its inception almost 12 years ago, and the Crescat Global Macro Composite since its inception over 6 years ago. He is a Chartered Financial Analyst ("CFA") Charterholder.

Item 3: Disciplinary Information

Mr. Smith is not subject to any legal or disciplinary events material to a client's or prospective client's evaluation of Mr. Smith.

Item 4: Other Business Activities

- A. Engagement in Any Investment Related Business Activity: Mr. Smith is not engaged in any investment related business activity outside of his work at CPM and other Crescat entities.
- B. Engagement in Any Other Business Activity for Compensation: Mr. Smith is not materially engaged in any other business activity for compensation.

Item 5: Additional Compensation

No non-client provides economic benefit to Mr. Smith for providing advisory services.

Item 6: Supervision

Daniel H. Hoskins, Jr., Chief Compliance Officer of CPM and its affiliated entities and co-owner of CPM's parent, Crescat Capital LLC, supervises Mr. Smith. Mr. Hoskins can be reached at 303 271 9997. CPM staff, under the supervision of Mr. Hoskins, conduct spot-checks of Mr. Smith's email communications with clients and prospective clients.

Investment Adviser Brochure Supplement

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23 January 2012

This brochure supplement provides information about Daniel H. Hoskins, Jr. that supplements the Crescat Portfolio Management LLC (“CPM”) brochure. You should have received a copy of that brochure. Please contact CPM if you did not receive CPM’s brochure or if you have any questions about the contents of this supplement. Additional information about Daniel H. Hoskins, Jr. is available on the SEC’s website at www.adviserinfo.sec.gov.

Item 2: Educational Background and Business Experience

Daniel H. Hoskins, Jr., 46, earned a B.S. in Chemical Engineering, Magna Cum Laude, from The University of Mississippi in 1987 and an MBA with Honors from the University of Chicago's Graduate School of Business in 1992. Mr. Hoskins is Chief Compliance Officer of CPM and has served as Chief Operating Officer of CPM's parent, Crescat Capital LLC since 2008. He joined Crescat in 2007 as Partner. From 2001 to 2004, Mr. Hoskins served as Vice President and General Manager of Intrado's Wireless Business Unit. He was promoted to Senior Vice President in 2003 and served in that role until 2006.

Item 3: Disciplinary Information

Mr. Hoskins is not subject to any legal or disciplinary events material to a client's or prospective client's evaluation of Mr. Hoskins.

Item 4: Other Business Activities

- A. Engagement in Any Investment Related Business Activity: Mr. Hoskins is a part or sole owner of several partnerships that invest in tax liens and real estate. This activity collectively takes less than 10% of Mr. Hoskins' time. This is the only investment related business activity, other than his work at Crescat, to which Mr. Hoskins is engaged.
- B. Engagement in Any Other Business Activity for Compensation: Mr. Hoskins is not materially engaged in any other business activity for compensation.

Item 5: Additional Compensation

No non-client provides economic benefit to Mr. Hoskins for providing advisory services.

Item 6: Supervision

Kevin C. Smith, Chief Investment Officer of CPM and its affiliated entities and co-owner of CPM's parent, Crescat Capital LLC, supervises Mr. Hoskins. Mr. Smith can be reached at 303 271 9997. CPM staff, under the supervision of Mr. Smith, conduct spot-checks of Mr. Hoskins' email communications with clients and prospective clients.