

## **PART 2A OF FORM ADV: FIRM BROCHURE**



### **CSAT INVESTMENT ADVISORY, L.P.**

**71 Arch Street, First Floor  
Greenwich, CT 06830  
Tel: (203) 340-9732  
Fax: (203) 340-9734**

**March 14, 2012**

**This Brochure provides information about the qualifications and business practices of CSat Investment Advisory, L.P. If you have any questions about the contents of this Brochure, please contact us at (203) 340-9732 or [david.lee@csatfund.com](mailto:david.lee@csatfund.com). 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, and references in this Brochure to CSat Investment Advisory, L.P. as a “registered investment adviser” are not intended to imply a certain level of skill or training.**

**Additional information about CSat Investment Advisory, L.P. also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**This Brochure is not an offering or solicitation of interests in funds managed by CSat Investment Advisory, L.P. or its affiliates.**

## **ITEM 2 – MATERIAL CHANGES**

This is the initial Brochure of CSat Investment Advisory, L.P. Accordingly, there are no prior versions of the Brochure and no material changes to be noted.

In the future, when CSat Investment Advisory, L.P. amends its Brochure for its annual update, and the amended version contains material changes from the last annual update, those changes will be identified and discussed either on this page or as a separate document accompanying the Brochure.

## ITEM 3 - TABLE OF CONTENTS

	<u>Page</u>
ITEM 2 – MATERIAL CHANGES .....	1
ITEM 3 - TABLE OF CONTENTS.....	2
ITEM 4 – ADVISORY BUSINESS .....	3
ITEM 5 – FEES AND COMPENSATION .....	5
ITEM 6 - PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT ..	6
ITEM 7 – TYPES OF CLIENTS .....	7
ITEM 8 – METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS.....	8
ITEM 9 – DISCIPLINARY INFORMATION .....	12
ITEM 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS.	13
ITEM 11 – CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING.....	15
ITEM 12 – BROKERAGE PRACTICES.....	17
ITEM 13 – REVIEW OF ACCOUNTS.....	18
ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION.....	19
ITEM 15 – CUSTODY .....	20
ITEM 16 – INVESTMENT DISCRETION .....	21
ITEM 17 – VOTING CLIENT SECURITIES.....	22
ITEM 18 – FINANCIAL INFORMATION .....	23

## ITEM 4 – ADVISORY BUSINESS

CSat Investment Advisory, L.P., a Delaware limited partnership (“CSat”), was formed in 2006.

CSat Capital Management (Cayman) Limited, a Cayman Islands exempted company (the “Cayman Manager”), was also formed in 2006.

CSat serves as investment manager and provides management, operational and other services to the Cayman Manager and the private investment funds managed by the Cayman Manager. The principal owner of CSat is Claes Fornell.

CSat currently provides discretionary investment advisory services to two private investment funds which are organized using a “master-feeder” structure: CSat Market Neutral Master Limited (the “Neutral Master”) and CSat Classic Master Limited (the “Classic Master,” and together with the Neutral Master, the “Master Funds”).

The Neutral Master has the following feeder funds (each a “Neutral Feeder”):

- CSat Market Neutral, a Cayman Islands exempted company (the “Neutral Offshore Fund”);
- CSat Market Neutral Fund, L.P., a Delaware limited partnership (the “Neutral Onshore Fund”); and
- CSat Market Neutral Mini-Master, L.P., a Cayman Islands exempted limited partnership (the “Neutral Mini-Master”).

The Classic Master has the following feeder funds (each a “Classic Feeder,” and all together with the Neutral Feeders, the “Feeder Funds”):

- CSat Classic, a Cayman Islands exempted company (the “Classic Offshore Fund”);
- CSat Classic Fund, L.P., a Delaware limited partnership (the “Classic Onshore Fund”); and
- CSat Classic Mini-Master L.P., a Cayman Islands exempted limited partnership (the “Classic Mini-Master”).

The Master Funds and Feeder Funds are referred to together in this Brochure as the “Funds” or “Advisory Clients.” “Investors” are investors, or the beneficial owners of, interests in the Advisory Clients.

As described in further detail in Item 8 below, CSat seeks a consistent total return above the return generated by traditional investment in equity markets. This will be done through a long/short stock investment strategy, taking advantage of opportunities arising from strong (and weak) customer satisfaction in product/service markets. CSat’s investment universe is equities included in the American Customer Satisfaction Index (“ACSI”) or measured by the ACSI proprietary software. The ACSI proprietary software is a patented system of analysis for which CSat has obtained a license from CFI Worldwide, LLC for use in stock investments. CSat and its related persons may collect their own data and perform their own analysis, as they see fit.

CSat generally does not tailor its advisory services to the individual needs of Investors. Investors in the Funds may not impose restrictions on investing in certain securities or types of securities. Each Fund’s confidential offering memorandum and limited partnership agreement set forth important information about the Fund, including fund terms, objective, strategy, and guidelines.

However, CSat may from time to time, enter into letter agreements or other similar agreements (collectively, “Side Letters”) with one or more Investors that provide such Investors with additional

and/or different rights or terms than those set forth in the Funds' offering documents. Such Side Letters may, among other things, contain investment restrictions or provide for lower fees.

As of December 31, 2011, CSat manages \$134,229,000 in fund assets on a discretionary basis. CSat does not currently manage any Advisory Client assets on a non-discretionary basis.

## ITEM 5 – FEES AND COMPENSATION

### **Fund Fees**

**The fees applicable to the Funds are set forth in detail in the Funds’ offering documents and are generally not negotiable by Investors. The following is a brief summary of fees generally applicable to Investors in the Funds and is qualified in its entirety by each Fund’s offering documents.**

Management Fee: The management fee (“Management Fee”) is generally payable monthly, in arrears, equal to 1/12 of 2.0% of the balance of each capital account at the end of each calendar month.

Performance Allocation: Generally, at the end of each fiscal year, the general partner will receive a performance allocation (“Performance Allocation”) equal to 20% of the excess of any net capital appreciation allocated to each capital account for such fiscal year in excess of amounts paid as the Management Fee in such fiscal year, subject to a high watermark.

CSat (or an affiliate) deducts fees from the assets of the applicable Fund. Investors may not choose to be billed directly for fees incurred.

### **Expenses**

In addition to paying a Management Fee and, if applicable, a Performance Allocation, the Funds (and, therefore their Investors) will also be subject to other costs and expenses related to the Funds’ activities. Such costs and expenses may include:

- Investment expenses;
- Research expenses including, but not limited to, any outside investment research or due diligence expenses (including, but not limited to, fees paid to ACSI) and any research-related travel such as hotel, dining, travel and conference costs;
- Legal expenses;
- Accounting (including third-party accounting services) and auditing expenses;
- Costs related to filing Funds’ tax returns;
- Administrator and/or Custodian expenses;
- Brokers’ commissions (if any), borrowing charges on securities sold short and any issue or transfer taxes chargeable in connection with any securities transaction;
- All taxes and corporate fees payable to governments or agencies;
- Directors’ fees (if any) and expenses;
- Interest on borrowings, including borrowings from the prime broker;
- Communication expenses with respect to investor services and all expenses of meetings of shareholders or limited partners, as applicable, and preparing, printing and distributing financial and other reports, proxy forms, prospectuses and similar documents;
- The cost of insurance (if any) for the benefit of directors or relating to the indemnification of CSat;
- Any extraordinary expenses; and
- All other organizational and operating expenses approved by the relevant Fund’s general partner.

**It is critical that Investors refer to the Funds’ governing documents for a complete description of fees and expenses.**

Neither CSat nor its supervised persons accept compensation, including sales charges or service fees, from any person for the sale of securities or other investment products, including interests in the Funds.

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

As noted in Item 5 above, CSat receives performance-based compensation in the form of a Performance Allocation.

The possibility that CSat may receive performance-based compensation creates a potential conflict of interest in that it may create an incentive to make investments that are riskier or more speculative than in the absence of such a performance-based fee. Investors are provided with clear disclosure as to how performance-based compensation is charged with respect to the Funds and the risks associated with such performance-based compensation prior to making an investment.

CSat recognizes that it is a fiduciary and, as such, must act in the best interests of the Advisory Clients. Further, CSat recognizes that it must treat all Advisory Clients fairly and must refrain from favoring one Advisory Client's interests over another's.

## **ITEM 7 – TYPES OF CLIENTS**

As described in Item 4, CSat's clients consist of the Funds. Investors in the Funds consist of institutional investors and other sophisticated investors.

Investors in the Funds must meet certain suitability requirements. In addition, the minimum initial investment in the Funds is \$500,000. This minimum is subject to waiver at the discretion of the relevant Fund's general partner or directors.



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

**As a general matter, CSat utilizes the methods of analysis and investment strategies described in the Fund offering and governing documents provided to all Investors prior to the time of an investment. The information contained herein is a summary only and Investors should refer to the Fund offering and governing documents for a complete overview of CSat’s methods of analysis and investment strategies.**

The Master Funds employ strategies designed to generate above-market returns. CSat will actively manage the Master Funds’ holdings with a goal of maintaining a low correlation to the movements of the U.S. equity market. The Master Funds seek to minimize overall U.S. equity market risk by making investments in a diversified long and short portfolio of equities, including exchange-traded funds (“ETFs”), futures contracts and ADRs traded on the major U.S. stock exchanges. The Master Funds will generally own a diversified portfolio of common stocks and may maintain short positions in a different diversified portfolio of common stocks, ADRs, ETFs and futures contracts. The investment universe of equities is comprised of the companies included in the ACSI or measured by the ACSI proprietary software. The ACSI proprietary software is a patented system of analysis for which CSat has obtained a license from CFI Worldwide, LLC, for use in stock investments. CSat may also collect its own data and do its own analysis of companies that it considers relevant. Relevant information on ACSI is available under [www.theacsi.org](http://www.theacsi.org).

The Master Funds seek to achieve their investment objectives by investing in U.S.-traded equities, ADRs, ETFs and futures contracts, including, but not limited to, S&P 500 stock index futures. For temporary or defensive purposes they may hold cash and cash equivalents. In this respect, time deposits and money market instruments which are regularly negotiated and which have a residual maturity of 12 months or less from the acquisition date shall be deemed to be cash equivalents. The Master Funds may also sell and buy ETFs and futures contracts, including S&P 500 stock index futures, for hedging purposes. The Master Funds may engage in short selling of up to 200% of the securities held as long positions in their investment portfolio. The Master Funds’ net equity market exposure (i.e., the excess of their long positions over their short positions) will vary according to the output from the ACSI proprietary software and CSat’s implementation of this data. The Master Funds may also utilize leverage in an attempt to achieve their investment objectives. CSat is responsible for managing overall risks and may use a variety of risk controls.

Investing in the Funds involves a significant risk of loss that any Investor in the Funds should be prepared to bear.

### **Material Risks**

**The information contained herein is a summary only and Investors should refer to the Fund’s offering and governing documents for a complete overview of CSat’s methods of analysis and investment strategies and the material risks associated therewith.**

#### ***Master-Feeder Structure.***

The Funds generally invest through a “master-feeder” structure. The “master-feeder” fund structure presents certain unique risks to investors. For example, a smaller feeder fund investing in a Master Fund may be materially affected by the actions of a larger feeder fund investing in the same Master Fund. If a larger feeder fund redeems from a Master Fund, the remaining feeder fund may experience higher pro rata operating expenses, thereby producing lower returns. A Master Fund may become less diverse due to a

redemption by a larger feeder fund, resulting in increased portfolio risk. A Master Fund is a single entity and creditors of the Master Fund may enforce claims against all assets of the Master Fund.

***Risk of Trading Activities.***

All trading activities risk the loss of capital. While CSat attempts to moderate these risks through its investment program and risk management techniques, there can be no assurance that CSat's investment and trading activities will be successful or that limited partners of the Funds will not suffer losses.

***Risk of Trading Errors.***

Pursuant to the indemnification and exculpation provisions contained in the Investment Management Agreement between CSat and the Cayman Manager, the Funds (and not CSat) will be responsible for any losses resulting from trading errors and similar human errors, absent willful default, fraud or gross negligence. Trading errors might include, for example, keystroke errors that occur when entering trades into an electronic trading system or typographical or drafting errors related to derivatives contracts or similar agreements.

***Medium Capitalization Companies.***

The Master Funds may invest a portion of their assets in the securities of companies with medium-sized market capitalizations (i.e., those with market capitalizations of between \$750 million and \$3.3 billion). While the CSat believes they often provide significant potential for appreciation, those stocks, may involve higher risks in some respects than do investments in securities of larger companies.

***Concentration of Investments.***

Although it is the policy of the Master Funds to diversify their investment portfolios, the Master Funds are not required to do so except as provided in their governing documents and may at certain times hold relatively few investments. The Master Funds could be subject to significant losses if they hold large positions in particular investments that decline in value or are otherwise adversely affected, including default of the issuer.

***Leverage and Financing Risk.***

The Master Funds may leverage their investment returns with options, short sales, swaps, forwards and other derivative instruments. While leverage presents opportunities for increasing the Master Funds' total return, it has the effect of potentially increasing losses as well. Accordingly, any event which adversely affects the value of an investment by the Master Funds would be magnified to the extent the particular Master Fund is leveraged. The cumulative effect of the use of leverage by the Master Funds in a market that moves adversely to the Master Funds' investments could result in a substantial loss to the Master Funds which would be greater than if the Master Funds were not leveraged. In general, the anticipated use of short-term margin borrowings results in certain additional risks to the Master Funds.

***Certain Derivative Investments.***

Pursuant to the investment program described above, the Master Funds may use certain derivative investments. The use of derivative contracts such as futures, options, contracts for differences, and swaps may involve substantial risks. The low margin or premiums normally required for such instruments may provide a large amount of leverage, and a relatively small change in the price of a security or contract can produce a disproportionately larger profit or loss. There is no assurance that a liquid secondary market will exist for futures contracts or options purchased or sold, and the Master Funds may be required to

maintain a position until exercise or expiration, which could result in losses. Futures positions may be illiquid because, for example, most exchanges limit fluctuations in certain futures contract prices during a single day by regulations referred to as “daily price fluctuation limits” or “daily limits”. Once the price of a contract for a particular future has increased or decreased by an amount equal to the daily limit, positions in the future can neither be taken nor liquidated unless traders are willing to effect trades at or within the limit. Futures contract prices on various commodities or financial instruments occasionally have moved to the daily limit for several consecutive days with little or no trading. Similar occurrences could prevent the Master Funds from promptly liquidating unfavorable positions and subject the Master Funds to substantial losses. In addition, the Master Funds may not be able to execute futures contract trades at favorable prices if trading volume in such contracts is low. It is also possible that an exchange or a regulator may suspend trading in a particular contract, order immediate liquidation and settlement of a particular contract or order that trading in a particular contract be conducted for liquidation only.

### ***Short Selling.***

Short selling involves selling securities which are not owned by the short seller and borrowing them for delivery to the purchaser, with an obligation to replace the borrowed securities at a later date. Short selling allows the investor to profit from a decline in market price to the extent such decline exceeds the transaction costs and the costs of borrowing the securities. The extent to which the Master Funds engage in short sales will depend upon the investment program and opportunities and the implementation of such investment program. A short sale creates the risk of a theoretically unlimited loss, in that the price of the underlying security could theoretically increase without limit, thus increasing the cost to a Master Fund of buying those securities to cover the short position. There can be no assurance that the Master Funds will be able to maintain the ability to borrow securities sold short. In such cases, the Master Funds can be “bought in” (*i.e.*, forced to repurchase securities in the open market to return to the lender). There also can be no assurance that the securities necessary to cover a short position will be available for purchase at or near prices quoted in the market. Purchasing securities to close out a short position can itself cause the price of the securities to rise further, thereby exacerbating the loss.

### ***Hedging Transactions.***

The Master Funds may utilize financial instruments, both for investment purposes and for risk management purposes in order to (i) protect against possible changes in the market value of the Master Funds’ investment portfolios resulting from fluctuations in the securities markets and changes in interest rates; (ii) protect the Master Funds’ unrealized gains in the value of the Master Funds’ investment portfolios; (iii) facilitate the sale of any such investments; (iv) enhance or preserve returns, spreads or gains on any investment in the Master Funds’ portfolios; (v) hedge the interest rate or currency exchange rate on any of the Master Funds’ liabilities or assets; (vi) protect against any increase in the price of any securities the Master Funds anticipates purchasing at a later date; or (vii) for any other reason that CSat deems appropriate.

### ***Highly Volatile Markets.***

The prices of financial instruments in which the Master Funds may invest can be highly volatile. Price movements of forward and other derivative contracts in which the Master Funds’ assets may be invested are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies. The Master Funds are subject to the risk of failure of any of the exchanges on which their positions trade or of their clearinghouses.

### ***ACSI Index***

The universe of equities in which CSat invests is limited to those measured by ACSI. CSat's investment strategy also relies on the consumer research data compiled by ACSI, to which CSat has access by way of an exclusive license. While ACSI's business is robust, it is nonetheless subject to larger macroeconomic and market forces, and there can be no assurances that it will always be in position to produce the data used in CSat's investment research. Without access to ACSI's consumer research data, CSat would be hindered in its ability to effectively execute its investment strategy.

## **ITEM 9 – DISCIPLINARY INFORMATION**

CSat is obligated to disclose any legal or disciplinary event that would be material when evaluating CSat's advisory business and the integrity of CSat's management. CSat does not have any material legal or other disciplinary events to report.

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

Neither CSat nor its management persons are registered or have an application pending to register as a broker-dealer or registered representative of a broker-dealer.

Neither CSat nor its management persons are registered or have an application pending to register as a futures commission merchant, commodity pool operator, commodity trading advisor, or an associated person of the foregoing entities.

The following individuals serve as directors of the Master Funds:

- Claes Fornell
- John Cattier
- David Lee
- Thomas Kratky

CSat General Partner Limited, a Cayman Islands limited company (the “Mini-Master GP”) serves as the general partner of the Neutral Mini-Master and the Classic Mini-Master.

CHJ Investment Advisory, LLC, a Michigan limited liability company (“CHJ”), serves as the general partner of the Neutral Onshore Fund and the Classic Onshore Fund. CHJ also serves as the general partner of CSat.

The following individuals serve as directors of the Classic Offshore Fund:

- Claes Fornell
- John Cattier

The following individuals serve as directors of the Neutral Offshore Fund:

- Claes Fornell
- John Cattier
- David Lee
- Thomas Kratky

CS Fund Partners, LLC, a Michigan limited liability company (“CS Partners”) under common control with CSat, owns a 100% interest in the Mini-Master GP.

CS Fund Investment LLC, a Michigan limited liability company (“CS Investment”) under common control with CSat, owns a 100% interest in the Cayman Manager.

The Cayman Manager, as discussed in Item 4 above, contracts with CSat through an advisory agreement for the provision of investment advisory services to the Funds.

CSat, the general partners and directors of the Funds, and each of their members, principals, managers, affiliates and employees (the “CSat Affiliates”) may engage in other activities, including providing investment management and advisory services to other funds and accounts, and shall not be required to refrain from any activity, to disgorge profits from any such activity or to devote all or any particular amount of time or effort of any of their officers, directors or employees to the Advisory Clients and their affairs. Such other funds or accounts may pursue a substantially similar investment strategy as that of the Advisory Clients. These activities could be viewed as creating a conflict of interest in that the time and effort of CSat will not be devoted exclusively to the business of the Advisory Clients, but will be

allocated between the business of the Advisory Clients and other business activities of the CSat Affiliates in a manner that CSat deems fair and equitable.

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

### **Code of Ethics**

CSat's Code of Ethics (the "Code") is designed to meet the requirements of Rule 204A-1 of the Investment Advisers Act of 1940 (the "Advisers Act"). The Code applies to CSat's "Access Persons." Access Persons include, generally, any partner, officer or director of CSat and any employee or other supervised person of CSat who, in relation to the Advisory Clients, (1) has access to non-public information regarding any purchase or sale of securities, or non-public information regarding securities holdings or (2) is involved in making securities recommendations, executing securities recommendations, or has access to such recommendations that are non-public. All CSat employees are deemed to be Access Persons.

The Code sets forth a standard of business conduct that takes into account CSat's status as a fiduciary and requires Access Persons to place the interests of Advisory Clients above their own interests and the interests of CSat. The Code requires Access Persons to comply with applicable federal securities laws. Further, Access Persons are required to promptly bring violations of the Code to the attention of CSat's Chief Compliance Officer (the "Chief Compliance Officer"). All Access Persons are provided with a copy of the Code and are required to acknowledge receipt of the Code upon hire and on at least an annual basis thereafter.

The Code also sets forth certain reporting and pre-clearance requirements with respect to personal trading by Access Persons. Access Persons must provide the Chief Compliance Officer with a list of their personal accounts and an initial holdings report within 10 days of becoming an Access Person. In addition, Access Persons must provide annual holdings reports and quarterly transaction reports in accordance with Advisers Act Rule 204A-1. Access Persons are generally not permitted to trade for their personal accounts securities held by the Advisory Clients.

CSat employees may also invest directly in the Funds. It should be noted that investments in the Funds made by such parties generally will not be subject to the Management Fee and Performance Allocation described in Item 5 above.

The fact that CSat's employees may have financial ownership interests in the Funds creates a potential conflict in that it could cause CSat to make different investment decisions than if such parties did not have such financial ownership interests. CSat addresses this potential conflict by impressing upon Access Persons their fiduciary duty to act in the best interests of Advisory Clients and Investors and by requiring Access Persons to submit securities holdings and transaction reports in accordance with Rule 204A-1.

The Code also seeks to ensure the protection of nonpublic information about the activities of the Advisory Clients. Fund Investors or prospective Fund Investors may obtain a copy of the Code by contacting the Chief Compliance Officer, David Lee, at [david.lee@csatfund.com](mailto:david.lee@csatfund.com).

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

As described in Item 10 above, CSat serves as the investment manager and its affiliates serve as general partners to and directors of the Funds. CSat and certain of its affiliates also recommend interests in the Funds to prospective Investors.



CSat and certain of its affiliates have a material financial interest with respect to fees paid by Investors in the Funds. The performance-based fees may create an incentive for CSat to make investments that are riskier or more speculative than in the absence of such fees.

Certain of CSat's affiliates invest in the Funds; such investment in the Funds may not be subject to the management or performance-based fees described in Item 5 above.

The fact that certain of CSat's affiliates have financial ownership interests in the Funds creates a potential conflict in that it could cause CSat to make different investment decisions than if its affiliates did not have such financial ownership interests. Such potential conflicts are addressed by the personal securities transaction pre-clearance and holding requirements described in this Item.

CSat carefully considers the risks involved in any investment and provides extensive disclosure to Investors regarding the potential risks that come with an investment in the Funds. The Code requires Access Persons to place the interests of Advisory Clients and Investors over their own or those of CSat, and all Access Persons are required to acknowledge their receipt and understanding of the Code.

### **Personal Trading**

CSat and its employees may effect transactions for their own accounts in the same securities purchased and sold for the accounts of CSat's Advisory Clients.

This presents potential conflicts in that an employee could make improper use of information regarding an Advisory Client's holdings, future transactions or research paid for by the Advisory Clients. For example, an Access Person could take for himself or herself an investment opportunity available to an Advisory Client.

CSat manages the potential conflicts of interest inherent in Access Person personal trading by enforcement of its Code, which contains strict guidelines for Access Persons on pre-clearance (e.g., for securities offered in IPOs or other limited offerings), same-day notification (for transactions in fixed income securities and mutual funds), and initial, quarterly and annual reporting requirements. Specifically, CSat's Code requires Access Persons to obtain prior written approval from CSat's Chief Compliance Officer before engaging in investments in any securities, including but not limited to initial public offerings and other limited offerings, for personal accounts, other than investments in fixed income securities and mutual funds. The Code requires same-day, post-trade notification for transactions in fixed income and mutual fund securities. The Chief Compliance Officer may only approve a transaction if he concludes that the transaction would comply with the provisions of the Code of Ethics and is not likely to have any adverse economic impact on the Advisory Clients.

The Chief Compliance Officer and/or his designee reviews each Access Person's personal transaction reports to make sure each Access Person is conducting his or her personal securities transactions in a manner that is consistent with the Code. CSat requires that employee trades be at the same or less favorable price than that received by Advisory Clients. The Chief Compliance Officer may, in his sole discretion, break any trades affected for the account of CSat's employees of which he has notice and believes to be in violation of the provisions of the Code.

## **ITEM 12 – BROKERAGE PRACTICES**

CSat recognizes its duty to obtain “best execution” for its Advisory Clients. In selecting the broker-dealers to execute securities transactions, CSat will select brokers on the basis of best execution and in consideration of a number of factors, including commissions/price, the ability of the brokers and dealers to effect the transactions, the brokers’ and dealers’ facilities, reliability and financial responsibility. Accordingly, the commission rates charged to the Funds by brokers in the foregoing circumstances may be higher than those charged by other brokers who may not offer such services.

To the extent CSat determines to enter into soft dollar transactions, such transactions generally will be effected in compliance with the safe harbor provided by Section 28(e) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), but CSat from time to time may engage in soft dollar transactions outside of the safe harbor provided by Section 28(e) of the Exchange Act. Since commission rates in the U.S. as well as in certain other jurisdictions are negotiable, selecting brokers on the basis of considerations that are not limited to applicable commission rates may at times result in higher transaction costs than would otherwise be obtainable.

In selecting or recommending broker-dealers, CSat does not consider whether it receives client referrals from the broker-dealer. Additionally, CSat does not engage in directed brokerage.

As a general matter, CSat trades on an aggregate basis between the Master Funds due to their largely similar investment strategies to obtain superior execution and/or lower brokerage expenses. Allocation of prices, as well as expenses incurred in the transaction, between the Master Funds will typically be based on respective fund sizes or specific fund holdings.

However, instances where a proposed transaction is inconsistent with the investment objectives of a particular Master Fund may arise, in which case the purchase or sale of securities will not be aggregated across the Master Funds.

Allocation of investment opportunities among the Master Funds will be made by CSat, in its sole discretion, based upon the investment objectives and holdings of the Master Funds.

## **ITEM 13 – REVIEW OF ACCOUNTS**

Advisory Client accounts are under continuous review and performance is analyzed on a daily basis. Such reviews may include a review of existing investments, potential investments, investment policy, the suitability of the investments used to meet policy objectives, cash availability, and investment objectives. The investment team may consider, among other things, investment performance, the investment's sensitivity to market changes, and whether anything has changed subsequent to an initial investment decision that impacts the risk or potential return.

CSat's investment team meets as needed to discuss all risk issues. CSat views risk from an investment, operational and legal perspective.

Investors receive monthly Fund financial statements, capital account statements and a performance update, quarterly investor letters, and annual audited financial statements.

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

CSat has an active Introduction Agreement with North Square Blue Oak Limited, a London based, FSA-authorized broker (“NSBO”), pursuant to which NSBO may, for the duration of the agreement, introduce CSat to potential institutional investors. If any such introduction leads to an investment being made in any of the Funds managed by CSat within 12 months of the introduction, then CSat will pay to NSBO a fee calculated as a percentage of the fees earned by CSat for its investment management services to that particular investor.

## **ITEM 15 – CUSTODY**

CSat is deemed to have custody of the Funds' assets pursuant to Advisers Act Rule 206(4)-2.

CSat provides Investors with audited financial statements within 120 days of the end of each Fund's fiscal year (i.e., generally by April 30<sup>th</sup>). Investors should carefully review such statements.

Fund assets and securities are generally maintained with a qualified custodian. CSat may rely on an exception from the qualified custodian requirement with respect to certain privately offered securities.

The qualified custodian utilized by CSat is Goldman Sachs & Co., 200 West Street, New York, New York 10282.

## **ITEM 16 – INVESTMENT DISCRETION**

CSat has discretionary authority to manage securities accounts on behalf of its Advisory Clients. CSat is authorized to make purchase and sale decisions for Advisory Clients. As explained in Item 4 above, individual Investors in the Funds do not have the ability to impose limitations on CSat's discretionary authority. Prospective Investors in the Funds are provided with offering memoranda prior to their investment and are encouraged to carefully review the offering memoranda, along with all supplements and other relevant offering documents, and to be sure that the proposed investment is consistent with their investment goals and tolerance for risk. Prospective Investors in the Funds must execute a subscription agreement, in which they make various representations, including representations regarding their suitability to invest in a high-risk investment pool. Prospective Investors in certain of the Funds must also execute a limited partnership agreement. The subscription agreement and limited partnership agreement, if applicable, each constitute a legal, valid and binding obligation of the Investor, enforceable in accordance with its terms.

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

CSat understands and appreciates the importance of proxy voting. To the extent that CSat has discretion to vote proxies on behalf of Advisory Clients, CSat will vote any such proxies in the best interests of the Advisory Clients and Investors (as applicable) and in accordance with set compliance procedures.

All proxies sent to the Funds will be provided to the Chief Compliance Officer. Prior to voting any proxies, the Chief Compliance Officer will determine if there are any conflicts of interest related to the security in question. In the absence of a conflict of interest, CSat will generally vote “for” routine proposals, such as the election of directors, approval of auditors and amendments or revisions to corporate documents to eliminate outdated or unnecessary provisions. Unusual or disputed proposals will be reviewed and voted on a case-by-case basis. In any such unusual cases or if a conflict is identified, CSat will identify the conflicts and make a determination of the best course of action. In the event of a conflict of interest, CSat may determine that the individual who has a conflict of interest is to be recused from the deliberations as to how to vote a proxy on a case-by-case basis.

Generally, the Chief Compliance Officer is responsible for ensuring that the proxy is voted on and submitted in a timely manner. CSat keeps a record of its proxy voting policies and procedures, proxy statements received, votes cast, all communications received and internal documents created that were material to voting decisions (such as the proxy voting worksheet) and each client request for proxy voting records and CSat’s response.

If you have any questions about CSat’s proxy policy, its proxy record-keeping procedures or if you would like any detailed information about how proxies are actually voted, please contact David Lee at (203) 340-9732 or [david.lee@csatfund.com](mailto:david.lee@csatfund.com). You may also contact David Lee to request a copy of CSat’s proxy voting policies.

## **ITEM 18 – FINANCIAL INFORMATION**

Registered advisers are required in this Item to provide certain financial information or disclosures about their financial condition. CSat is not currently aware of any financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients. CSat does not charge or solicit prepayment of fees six months or more in advance. CSat has not been the subject of a bankruptcy proceeding.