

**CLEARBROOK DISCRETIONARY  
INVESTMENT SERVICES LLC**

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**An SEC Registered Investment Adviser**

**This brochure provides information about the qualifications and business practices of Clearbrook Discretionary Investment Services LLC. If you have any questions about the contents of this brochure, please contact us at (212) 683-6731. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.**

**Additional information about Clearbrook Discretionary Investment Services LLC also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**Where Clearbrook Discretionary Investment Services LLC describes itself as a registered investment adviser, registration does not imply a certain level of skill or training.**

**FIRM BROCHURE MARCH 5, 2013**

**ITEM 2                      MATERIAL CHANGES**

There have been no material changes to CDIS since the last annual filing of its ADV Part 2A brochure in 2012.

**ITEM 3                      TABLE OF CONTENTS**

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#### **ITEM 4                      ADVISORY BUSINESSES**

A.

Clearbrook Discretionary Investment Services, LLC ("CDIS") provides investment supervisory services to the CDIS Core Fund LLC (the "Fund"), a Delaware Series limited liability company, as a 'fund of hedge funds', as described in greater detail below.

CDIS is owned by Clearbrook Global Advisors LLC ("CGA"), a Delaware limited liability company. CGA is an independent investment advisory firm whose core business is to provide investment and strategic advice, investment solutions, and related wealth advisory services to institutions, individuals and financial advisors worldwide. Four Families Funding LLC, a Delaware limited liability company established to manage the investments of four family trusts, is the principal shareholder of CGA.

B.

##### Supervisory Services to the CDIS Core Fund LLC:

CDIS provides investment supervisory services to the CDIS Core Fund LLC (the "Fund"), a Delaware Series limited liability company, as a 'fund of hedge funds'. Generally, CDIS has complete discretion and authority to manage and directs the investment of capital for the Funds for which it serves as the investment manager. CDIS does not participate in the selection, buying or selling of specific securities of operating issuers, but does select hedge funds or other private investment vehicles in which the Fund invests or sub-advisors to the Fund. An affiliate of CDIS, CDIS LP LLC, is the Managing Member of the Fund.

The specific services provided by CDIS vary by client, but principally involve advice above the investment of client funds in private partnerships utilizing hedged investment strategies ("hedge funds"). Such services can include research and evaluation of partnerships and their investment managers, recommendations with respect to which partnerships a client should invest with, recommendations about how much an existing investment should be increased or decreased, as well as pro forma historical analysis of alternative combinations of investments in a client portfolio.

Currently, CDIS serves as the Investment Manager to the following fund:

- CDIS Core Fund, LLC, a Delaware Series Limited Liability Company which allocates all of its assets to hedged investment strategies managed by other investment managers.

Interests in the Fund are not registered under the Securities Act of 1933, as amended (the "Securities Act"), and are not registered under the Investment Company Act of 1940, as amended (the "Investment Company Act"). Accordingly, interests in the Funds are offered and sold exclusively to persons ("Investors") who are "accredited investors" as defined in Rule 501(a) under the Securities Act of 1933, as amended, and "qualified eligible persons" as defined

in Commodity Futures Trading Commission Regulation 4.7. In addition, Investors are also required to be “qualified purchasers” within the meaning of Section 2(a)(51)(A) of the Investment Company Act of 1940, as amended. Investors in the Fund may include, but are not limited to, individuals, pension and profit sharing plans, trusts, estates, charitable organizations, corporations and other business entities.

In addition, the Fund may issue several series of interests, of which each series may be subject to different initial “lock up” restrictions, management fees, or size and investment minimums. Details concerning applicable “lock up” restrictions, fees and investment minimums are set forth in each respective Series subscription agreements.

CDIS may provide certain investors more frequent or more detailed reports of portfolio holdings or performance, special fee and allocation arrangements, special withdrawal rights, and most favored nation provisions that it does not provide to other investors. Any such waiver or modification to a Fund Series may be documented by a ‘side letter’ or other agreement.

### C. Customized Services

CDIS was established to manage the Fund. However, CDIS may at times be requested to provide advice, quantitative analysis, due diligence or general market intelligence regarding hedge funds or funds of hedge funds to its affiliates. Such advice shall be negotiated on a case-by-case basis. Generally these fees will be charged on a fixed basis or as a percentage of assets under advisement. Generally these clients will be able to terminate its relationship with CDIS at will and receive an appropriate pro rata refund of advisory fees, if paid in advance.

CDIS’s investment advisory services are tailored to the individual needs of clients. CDIS’s analytical focus is on hedge funds or other private investment vehicles in which the Fund invests or sub-advisors to the Fund; seldom does CDIS engage in analysis of individual equity or fixed income securities. Clients, in consultation with and by agreement of CDIS, can designate that certain hedge funds or other private investment vehicles be excluded from their investments.

D.

CDIS does not participate in wrap fee programs by providing portfolio management services.

### E. Managed Assets

As of the date of this Brochure, CDIS manages more than \$26,000,000 in client assets on a discretionary basis.

## **ITEM 5 FEES AND COMPENSATION**

A. CDIS receives a management fee for its services in connection with the management of the Fund’s investments and for conducting the affairs of the Fund. The fees charged by CDIS to the Fund are stated in the Fund’s Offering Memorandum. The Fund ordinarily pays CDIS the Management Fee, in arrears, in an amount equal to one-half of one percent (0.50%) per annum

of the NAV of each Capital Account, as of the end of each month. The Management Fee is charged against a Capital Account regardless of whether such Capital Account increases or decreases in value over time. The Applicant may negotiate fees and agree to a different management fee arrangement in respect of any Capital Account of a Member, or waive or reduce the Management Fee in respect of any Capital Account of a Member, in its discretion. This will not entitle the Member that holds such Account, or any other Member, to such a different arrangement, waiver or reduction in respect of any other Capital Account. Differences in management fees may depend on series of interest, minimum investment amounts, and liquidity terms.

Incentive fees payable to CDIS LP LLC (the "Manager"), the Managing Member of the Fund and an affiliate of the Applicant, may also be charged to the Fund and are calculated according to the terms in the Offering Memorandum. As of each Incentive Allocation Calculation Date, the Fund generally will debit from each Capital Account, and credit to the Manager's Capital Account, the Incentive Allocation in an amount equal to five percent (5.00%) of the Net New Profit in respect of such Capital Account at such time. "Net New Profit" is any amount by which the NAV of a Capital Account exceeds the "High Water Mark" for such Account, which is the NAV of the Account immediately after the assessment of the most recent Incentive Allocation (adjusting for any withdrawals or distributions from the Account since such assessment) or, if the Account has never been assessed an Incentive Allocation, the amount of the capital contribution that established such Account (adjusting for any withdrawals or distributions since it was established).

Related parties, such as employees, may not be charged a management or incentive fee and may be permitted to redeem at times different from terms stated in the Fund's Offering memorandum.

B.

The Fund ordinarily pays CDIS the Management Fee, in arrears, in an amount equal to one-half of one percent (0.50%) per annum of the NAV of each Capital Account, as of the end of each month. Incentive fees payable to the Manager are also generally debited in arrears from each client's Capital Account as of each Incentive Allocation Calculation Date.

C.

In addition to the fees of CDIS LP LLC and CDIS, the Fund generally bears all other costs and expenses associated with its organization, the offering of Interests and its ongoing operations, except as otherwise described in the Offering Memorandum provided to each client, including the Fund's organizational costs and expenses, together with offering costs and expenses incurred in connection with the offer and sale of Interests.

The Fund's direct operational costs and expenses are expected to consist primarily of: (i) the Fund's organizational and initial offering expenses; (ii) the costs and expenses incurred in connection with the ongoing offer and sale of Interests; (iii) costs and expenses incurred by the Manager in connection with investigating investment opportunities for the Fund and reviewing

the continued suitability of the Fund's investments in light of the Fund's investment objectives, including payments to unaffiliated third party research firms and hedge fund advisory platforms; (iv) costs and expenses incurred in connection with the investment and reinvestment of the Fund's assets, including brokerage commissions, dealer mark-ups, mark-downs and spreads, and related clearing and settlement charges; (v) direct operating costs and expenses, including administrative, legal, accounting, auditing, record-keeping, tax form preparation, compliance and consulting costs and expenses (including costs and expenses associated with obtaining systems and other information designed to facilitate Fund accounting, portfolio management and construction, due diligence reporting, risk management or record-keeping, including related hardware and software); fees, costs and expenses of third-party service providers that provide such services (including fees, costs and expenses of attorneys retained by the Manager to represent the Manager in connection with the business and affairs of the Fund, to the extent such fees, costs and expenses relate to advice provided to the Manager by such attorneys with respect to such business and affairs); insurance costs and expenses (including premiums for liability insurance covering the Fund and other persons); and bank service fees; (vi) costs and expenses, including printing and mailing costs, associated with preparing investor communications; (vii) governmental licensing, filing and exemption fees; (viii) indemnification obligations as set forth in the LLC Agreement for the Fund and (ix) extraordinary expenses (if any).

In addition, to the extent the Fund invests in Pooled Investment Vehicles, it bears its allocable share of the costs and expenses of such vehicles, including their organizational, offering and operating costs and expenses and the management fees and incentive compensation payable to their Sub-Managers. Similarly, to the extent the Investment Manager causes the Fund to open Managed Accounts with one or more Sub-Managers, the Fund bears the expenses associated with the management of such accounts, including their administrative and transaction expenses and the management fees and incentive compensation charged by such Sub-Managers.

D. The Fund ordinarily pays CDIS the Management Fee and the Manager an Incentive Allocation in arrears.

E. Neither CDIS nor any of its officers, directors, employees, or persons providing advice on CDIS's behalf and subject to CDIS's supervision and control accepts compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds.

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

Incentive fees payable to CDIS LP LLC (the "Manager"), the Managing Member of the Fund and an affiliate of the Applicant, may also be charged to the Fund and are calculated according to the terms in the Offering Memorandum. As of each Incentive Allocation Calculation Date, the Fund generally will debit from each Capital Account, and credit to the Manager's Capital Account, the Incentive Allocation in an amount equal to five percent (5.00%) of the Net New Profit in respect of such Capital Account at such time. "Net New Profit" is any amount by which the NAV of a Capital Account exceeds the "High Water Mark" for such Account, which is the

NAV of the Account immediately after the assessment of the most recent Incentive Allocation (adjusting for any withdrawals or distributions from the Account since such assessment) or, if the Account has never been assessed an Incentive Allocation, the amount of the capital contribution that established such Account (adjusting for any withdrawals or distributions since it was established). The Manager's Incentive Allocations depend on continuing increases in the Fund's profitability. This creates an incentive for the Investment Manager to allocate the Fund's assets to Sub-Managers in a manner that is riskier or more speculative than would otherwise be the case. Similarly, the performance compensation payable to Sub-Managers will depend on continuing increases in the value of the assets they manage, creating an incentive for them to invest and trade assets that are allocated to them by the Fund (and other investors) in a manner that is riskier or more speculative than would otherwise be the case.

## **ITEM 7            TYPES OF CLIENTS**

CDIS anticipates that the Fund's typical investors will include corporate and public retirement plans; foundations and endowments and high net worth families and individuals; provided that all investors must be accredited investors and qualified purchasers as set forth in the Offering Memorandum. Generally, the minimum investment amount for clients will be \$1,000,000.

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

### ***General***

The investment objective of the Fund is to provide investors with a customized portfolio of hedge funds that will generate long-term capital appreciation.

The Fund's investing and trading activities consist of allocating its assets among Pooled Investment Vehicles and Managed Account that are managed by different Sub-Managers and selected by CDIS. (References in this section to investments in Pooled Investment Vehicles should be interpreted to include investments in Managed Accounts as well.)

The Fund invests with a number of Pooled Investment Vehicles based on the Sub-Manager's performance record; investment strategy or trading style; organizational depth and longevity; and other factors. CDIS invests in multiple Pooled Investment Vehicles with various trading styles so that, through diversification, the Fund can control its exposure to any single strategy or risk and thereby reduce the volatility in its overall portfolio.

**No assurance can be given that the Fund will achieve its investment objective or that it will not sustain losses.**

Within the investment guidelines described in the Memorandum, CDIS engages in active portfolio management to achieve these goals through a variety of market and economic cycles. To achieve these objectives, CDIS allocates the Fund's assets among a number of Sub-Managers that employ diverse, alternative investment strategies and methods.

### Portfolio Strategies



CDIS categorizes the Pooled Investment Vehicles into five strategies: Directional, Relative Value, Catalyst Driven, Global Macro and Emerging Markets. Each of these strategies is discussed in more detail below. Each Series of Interests will be designed using a customized mix of these strategies, although certain Sub-Managers may be included in every Series. For those “core” Sub-Managers, the Pooled Investment Vehicle or Managed Account would be held at the Fund level (rather than for the benefit of a particular Series) and will be shared *pro rata* among all of the Series. If CDIS wishes to have an expanded exposure to a “core” Sub-Manager, the Fund will make a secondary investment with such Sub-Manager solely for the benefit of the relevant Series of Interests.

#### Directional Strategies

Directional strategies seek to profit by taking positions with a directional bias and generally involve fundamental analysis in the investment decision process. These strategies generally operate on the belief that the market will come to realize the “fair” value of the asset at some point in the future. These strategies provide diversified exposure across industries, market caps and geographies but are typically highly correlated to the general equity markets. Directional strategies include, but are not limited to, long/short equity trading, sector investing and short selling.

#### Relative Value Strategies

Relative Value strategies seek to profit from the relative mispricing of related assets while seeking to remain neutral to directional price movements in any one market. These strategies may be highly quantitative and based on historical or theoretical pricing relationships. Relative Value strategies generally have a low and sometimes negative correlation with equity markets. They frequently use leverage since the mispricings that these strategies exploit are often small. Relative Value strategies include, but are not limited to, convertible bond arbitrage, fixed income arbitrage, options arbitrage, pairs trading and multiple “market neutral” strategies.

#### Catalyst Driven Strategies

Catalyst Driven strategies involve investing in opportunities created by significant transaction events, such as spin-offs, mergers and acquisitions and reorganizations. These strategies are highly issuer and transaction specific and rely more on fundamental research than on quantitative analysis. Because these opportunities are specific to the issuer or transaction they tend to be less correlated to the general equity markets. They are, however, limited in number. Catalyst Driven strategies include risk arbitrage, distressed and special situations investing.

#### Global Macro Strategies

Global Macro strategies profit from taking positions relating to global macro-economic trends. At any given time, a Sub-Manager employing a global macro strategy may take positions in currencies, global or sovereign bonds, global equities and equity indices or commodities. These strategies provide diversified exposure to most other financial assets with a low correlation to equity markets. Global Macro strategies tend to be highly directional and, individually, can be

highly volatile but may, in certain circumstances, provide a hedge against other risk-based strategies that might negatively impact performance in higher market volatility environments.

### Emerging Market Strategies

Emerging Market strategies take positions in the securities of companies in or the sovereign debt instruments of developing or “emerging” countries and often require specialized knowledge of local markets. Sub-Managers designated by the Manager as pursuing Emerging Market strategies invest a majority of the assets they manage (*i.e.*, greater than 50%) in such developing or “emerging” countries. These strategies provide diversification away from the more developed countries but tend to be highly volatile.

### ***Active Portfolio Management***

To optimize the combined benefits and risks of the strategies, allocations to the above strategies can and do change over time based on CDIS’s view of market opportunities. Furthermore, the markets in which the Fund directly or indirectly trades and invests are dynamic and therefore CDIS may increase or decrease the Fund’s allocations to various strategies in response to perceived market changes.

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CDIS may add or remove Sub-Managers and reallocate capital among Sub-Managers at its discretion. While there is no absolute minimum or maximum allocation per Sub-Manager, CDIS expects that no more than 15% of any Series’ total capital will be allocated to any particular Sub-Manager at the time of the allocation. CDIS expects that it will allocate the Fund’s capital to between 15 and 25 Sub-Managers at any given time. There is, however, no pre-established minimum or maximum number of Sub-Managers. While CDIS intends to build a portfolio of diversified investments, there is no requirement that it do so, and there can be no assurance that the Fund’s portfolio will be broadly diversified at all times.

CDIS may also make direct investments on behalf of the Fund in various kinds of debt, equity and hybrid securities including, without limitation, securities issued in the private capital markets, collateralized debt obligations, commercial mortgage-backed securities and other asset-backed securities. The Fund will not invest more than 10% of its assets, measured at the time of investment, in direct investments.

### ***Sub-Manager Selection***

CDIS uses a targeted approach to Sub-Manager selection. The Investment Manager’s significant experience, strong industry relationships and depth of knowledge of alternative assets allows CDIS to cull through the thousands of funds to identify – and invest with – top tier Sub-Managers. The majority of the Sub-Managers CDIS selects are well established and have successful, audited track records. CDIS may also select from time to time newer Sub-Managers that it believes have strong potential in executing their respective strategies. The tax consequences of a particular strategy are not a primary consideration in investment strategy or Sub-Manager selection. In selecting Sub-Managers, CDIS collects, analyzes and evaluates

quantitative and qualitative factors indicative of stability and performance. Quantitative factors typically include historical returns, performance relative to peers, standard deviation, correlation with various market indices and other Sub-Managers, maximum drawdown and use of leverage. The quantitative review also includes simulations of composite long-term performance. Qualitative factors include investment philosophy and process, research methodology, risk management techniques, method of operation as well as a review of the Sub-Manager's personnel, history and background. Finally, CDIS looks for Sub-Managers who have their own capital at risk.

Sub-Managers chosen by CDIS are granted full discretion over all matters relating to the manner, method and timing of investment and trading transactions with respect to the Fund's assets allocated to the Sub-Manager, subject to the Fund's stated investment objectives, policies and restrictions. Once invested with a Pooled Investment Vehicle or a Sub-Manager, CDIS will monitor the investment on an ongoing basis. As part of the monitoring process, CDIS reviews each Pooled Investment Vehicle's performance against its peers, as well as management stability, asset growth and shrinkage, style drift, suspicious activity, employee turnover, and changes in strategy, approach or administrative procedures.

## **RISK FACTORS**

CDIS's investment strategies are speculative and entail substantial risks. There can be no assurance that the investment objectives of the Fund will be achieved. In fact, the investment techniques that the Pooled Investment Vehicles may employ from time to time can, in certain circumstances, maximize the adverse impact to which the Fund's investment portfolio may be subject. Accordingly, the Fund's activities could result in substantial losses under certain circumstances.

The principal risks associated with CDIS's strategy include, but are not limited to, the following:

- General Investment Risk, *i.e.*, the risk of deterioration in the financial markets in general;
- Strategy Risk, *i.e.*, the risk that the Fund's investment strategies and/or investment techniques may not work as intended;
- Sub-Manager Risk, *i.e.*, the risks associated with the Fund's use of third-party investment management firms, such as fraud, deviation from defined strategies, human or system error and poor judgment;
- Institutional Risk, *i.e.*, the risk that the Fund could incur losses due to: the failure of counterparties to perform their contractual commitments to the Fund or to Pooled Investment Vehicles in which the Fund invests; or (ii) the financial difficulty of brokerage firms, banks or other financial institutions that hold assets of the Fund or of Pooled Investment Vehicles in which the Fund invests;
- Fund Structure Risk, *i.e.*, the special considerations and risks arising from the operation of certain provisions of the LLC Agreement;

- Operational Risk, *i.e.*, the special considerations and risks arising from the day-to-day management of a pooled investment vehicle like the Fund; and
- Tax Risk, *i.e.*, the special considerations and risks arising from the operation of an investment vehicle treated as a partnership for U.S. federal tax purposes.

## **ITEM 9            DISCIPLINARY INFORMATION**

In the past ten years, neither CDIS nor any of its management persons have been involved in any material legal or disciplinary events. For the purpose of this item, a “management person” includes anyone with the power to exercise, directly or indirectly, a controlling influence over CDIS’s management or policies, or to determine the general investment advice given to its clients. Generally, management persons include (a) a firm’s principal executive officers, such as its chief executive officer, chief financial officer, chief operations officer, chief legal officer, and chief compliance officer; its directors, general partners, or trustees; and other individuals with similar status or performing similar functions and (b) members of its investment committee or group that determines general investment advice to be given to clients.

The SEC lists the following specific and disciplinary events presumed to be material unless the event was resolved in the firm’s favor or otherwise shown to be non-material, although this list is not an exclusive list of material legal or disciplinary events. Neither CDIS nor any of its management persons have been involved in any of these events:

A. A criminal or civil action in a domestic, foreign or military court of competent jurisdiction in which CIC or a management person

1. was convicted of, or pled guilty or nolo contendere (“no contest”) to (a) any felony; (b) a misdemeanor that involved investments or an investment-related business, fraud, false statements or omissions, wrongful taking of property, bribery, perjury, forgery, counterfeiting, or extortion; or (c) a conspiracy to commit any of these offenses;
2. is the named subject of a pending criminal proceeding that involves an investment-related business, fraud, false statements or omissions, wrongful taking of property, bribery, perjury, forgery, counterfeiting, extortion, or a conspiracy to commit any of these offenses;
3. was found to have been involved in a violation of an investment-related statute or regulation; or
4. was the subject of any order, judgment, or decree permanently or temporarily enjoining, or otherwise limiting, your firm or a management person from engaging in any investment-related activity, or from violating any investment-related statute, rule, or order.

B. An administrative proceeding before the SEC, any other federal regulatory agency, any state regulatory agency, or any foreign financial regulatory authority in which CIC or a management person

1. was found to have caused an investment-related business to lose its authorization to do business; or
2. was found to have been involved in a violation of an investment-related statute or regulation and was the subject of an order by the agency or authority
  - (a) denying, suspending, or revoking the authorization of your firm or a management person to act in an investment-related business;
  - (b) barring or suspending your firm's or a management person's association with an investment-related business;
  - (c) otherwise significantly limiting your firm's or a management person's investment-related activities; or
  - (d) imposing a civil money penalty of more than \$2,500 on your firm or a management person; or

C. A self-regulatory organization (SRO) proceeding in which your firm or a management person

1. was found to have caused an investment-related business to lose its authorization to do business; or
2. was found to have been involved in a violation of the SRO's rules and was: (i) barred or suspended from membership or from association with other members, or was expelled from membership; (ii) otherwise significantly limited from investment-related activities; or (iii) fined more than \$2,500.

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

A.

Neither CDIS nor any of management persons (as defined above in Item 9) are registered, or have an application pending to register as broker-dealer. The following management persons of CDIS are registered representatives of CDIS's sister company, Managed Account Services, LLC ("MAS"): Elliott Wislar – CDIS's President.

B.

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

C.

There are no relationships or arrangements that are material to CDIS's advisory business or to our clients that CDIS or any of its management persons (as defined above in Item 9) have with any of the following related persons listed below:

1. broker-dealer, municipal securities dealer or government securities dealer or broker
2. investment company or other pooled investment vehicle (including a mutual fund, closed end investment company, unit investment trust, private investment company or "hedge fund," and offshore fund)
3. other investment adviser or financial planner
4. futures commission merchant, a commodity pool operator or commodity trading advisor
5. banking or thrift institution
6. accountant or accounting firm
7. lawyer or law firm
8. insurance company or agency
9. pension consultant
10. real estate broker or dealer
11. sponsor or syndicator of limited partnerships

D.

CDIS does not recommend other investment advisers for clients and receive compensation directly or indirectly from those advisers. CDIS has no other business relationships with those advisors that create conflicts of interests.

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

##### **A. Code of Ethics.**

CDIS has adopted a Code of Ethics (the "Code") that sets forth the standards of conduct expected of CDIS personnel. All personnel are required annually to acknowledge in writing that they have received and will comply with the Code. The Code requires all personnel to comply with federal securities laws and to report all violations of the Code to CDIS's Chief Compliance Officer ("CCO"). The Code states that CDIS's personnel owe a fiduciary duty to CDIS's clients requiring them to act in the best interests of CDIS's clients. CDIS personnel must avoid conflicts of interest with clients and actions or activities that allow (or appear to allow) them or their family members to profit or benefit from their relationships with CDIS at the expenses of clients. The Code contains policies specific to the safeguarding of non-public personal information of clients and the avoidance of conflicts of interest. The Code also prohibits manipulative trading practices and insider trading. In addition, the Code restricts personnel

from giving or receiving gifts in excess of de minimus value to or from persons that do business with or on behalf of CDIS.

The Code also contains provisions specific to certain personnel called "Access Persons." These provisions are intended to guard against front-running, insider trading, and other trading improprieties by Access Persons. CDIS defines Access Persons to include the following personnel: any officer or employee who directly or indirectly (i) has access to nonpublic information regarding clients' purchases or sales of securities prior to, or within 48 hours after, the completion of such purchases or sales, or (ii) has access to nonpublic securities recommendations, whether discretionary or non-discretionary, prior to, or within 48 hours after, the making of such recommendations. Access Persons are required to provide CDIS's CCO with annual personal securities holdings reports and quarterly securities transaction reports (or brokerage statements in lieu of such reports). In addition, Access Person investments in initial public offerings and private placements must be pre-approved by CDIS's CCO.

CDIS's CCO is required to report issues that arise under the Code to senior management at least annually. CDIS will provide a copy of its Code of Ethics to any client upon request.

**B. Financial Interest in Recommended or Purchased and Sold Securities.** Neither CDIS nor any of its related persons recommends to clients, or buys or sells for client accounts, securities in which CDIS or the related person has a material financial interest.

**C. Investment in Recommended Securities.** Neither CDIS nor any of its related persons invests in the same or related securities that recommends to clients.

**D. Trades in the Same Securities at the Same Time as a Client.** Neither CDIS nor any of its related persons recommends securities to clients, or buys or sells securities for client accounts at the same time that CDIS or the related person buys or sells the same securities for its own (or the related person's own) account.

## **ITEM 12      BROKERAGE PRACTICES**

**A.** CDIS does not select or recommend broker-dealers.

CDIS has no soft-dollar or research arrangements or agreement to receive client referrals with any other broker-dealer. CDIS does not routinely recommend, request or require that a client direct CDIS to execute transactions through a specified broker-dealer.

**B.** CDIS does not aggregate the purchase or sale of securities for client accounts.

## **ITEM 13      REVIEW OF ACCOUNTS**

A and B.

Once invested with a Pooled Investment Vehicle or a Sub-Manager, CDIS will monitor the investment on an ongoing basis. As part of the monitoring process, CDIS reviews each Pooled Investment Vehicle's performance against its peers, as well as management stability, asset growth and shrinkage, style drift, suspicious activity, employee turnover, and changes in strategy, approach or administrative procedures. This results of CDIS' ongoing due diligence process will be furnished to the investment committee for final review and, if requires, action.

C.

As soon as reasonably practicable after the end of each calendar quarter, the Fund will provide to each Member a report reflecting the NAV of such Member's Capital Account(s) as of the end of such quarter as compared with the end of the previous quarter.

As soon as reasonably practicable after the end of each calendar year, but in no event later than 180 days after the end of the calendar year, or by such date as proscribed by law or regulation, the Fund will provide to each Member an audited balance sheet of the Fund as of the end of such year and audited statements of income and changes in financial position of the Fund for such year.

As soon as practicable after the end of each calendar year, the Fund will provide each Member with such tax information and schedules as are necessary to enable such Member to prepare its federal income tax return. However, because the Fund must receive such information from the Pooled Investment Vehicles before it can provide it to the Members, the Members should expect to file an extension for their income tax returns for each year in which they are invested in the Fund.

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

CDIS may arrange for a third-party to provide additional research and/or capacity for CDIS and the Fund. Presently, there are no such arrangements with third parties at this time.

Currently, neither CDIS nor a related person directly or indirectly compensate any third parties for client referrals other than employees.

#### **ITEM 15      CUSTODY**

CDIS' related affiliate, CDIS LP is the general manager of CDIS Core Fund LLC. In this capacity CDIS LP does have custody of client funds or securities. As such, the CDIS Core Fund, LLC is audited on an annual basis by Ernst & Young, a major public accounting firm registered with the Public Accounting Oversight Board

#### **ITEM 16      INVESTMENT DISCRETION**

CDIS has been delegated full authority pursuant to the Fund's Investment management Agreement to invest and reinvest the Fund's assets in Pooled Investment Vehicles and Managed Accounts in accordance with the Fund's investment objectives. All investors must



sign the Fund's subscription agreement prior to becoming an investor.

**ITEM 17      VOTING CLIENT SECURITIES**

CDIS does not participate in the selection, buying or selling of specific securities of operating issuers, but does select hedge funds or other private investment vehicles in which the Fund invests or sub-advisors to the Fund. As such, CDIS will not accept or have authority to vote proxies on behalf of clients.

**ITEM 18      FINANCIAL INFORMATION**

A.

CDIS is not required to provide financial information because it does not require prepayment of more than \$1,200 in fees per client, six months or more months in advance.

B.

There are no known financial conditions that would impair CDIS's ability to meet contractual commitments to clients.

C.

CDIS has not been the subject of a bankruptcy petition.