



## **Consilium Investment Management, LLC**

3101 N. Federal Highway, Suite 502  
Fort Lauderdale, FL 33306

### **Form ADV Part 2A**

The information contained herein is provided to Clients and prospective clients about the qualifications and business practices of Consilium Investment Management, LLC. 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. If you have any questions about the contents of this Brochure, please contact us at the telephone number listed below.

Consilium Investment Management, LLC  
3101 N. Federal Highway, Suite 502  
Fort Lauderdale, FL 33306  
Phone: (954)315-9387  
Contact Email: [mnovick@consimllc.com](mailto:mnovick@consimllc.com)  
[www.consimllc.com](http://www.consimllc.com)

Consilium Investment Management, LLC is an SEC Registered Investment Adviser however registration does not imply a certain level of skill or training. You should not make a determination to hire or retain any adviser based solely on the fact that the adviser is registered.

Additional information about Consilium Investment Management, LLC is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC's website also provides information about those persons affiliated with Consilium Investment Management, LLC who are registered as investment adviser representatives of the Firm.

**March 2015**

## Item 2 - Material Changes

In the past Consilium Investment Management LLC (hereinafter referred to as “Consilium”) has offered or delivered information about our qualifications and business practices to clients on at least an annual basis. Pursuant to new SEC Rules, we will ensure that you receive a summary of any material changes to this and subsequent brochures within 120 days of the close of our business’ fiscal year. We may further provide other ongoing disclosure information about material changes, as necessary.

Consilium will further provide you with a new Brochure, as necessary, based on changes or new information, at any time, without charge. This Brochure dated March 20, 2015 contains a summary of material changes occurred during the last calendar year as outlined below:

- **Item 10 - Other Financial Industry Activities or Affiliations:** Consilium’s related person, Consilium GP, LLC is the general partner of Consilium Frontier Equity Fund, LP, a pooled investment vehicle as detailed in Item 15 of this Brochure.
- **Item 15 – Custody:** Consilium is deemed to have custody as it serves as the manager for a client and by way of its related persons: Consilium GP, LLC, Jonathan Binder and Charles Cassel, having authority to access and obtain possession of clients’ assets.

Our brochure may be requested, free of charge, by contacting Marta Novick, Director of Operations, at 954-315-9387 or [mnovick@consimllc.com](mailto:mnovick@consimllc.com). Additional information about us is also available via the SEC’s website [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC’s website also provides information about any of our affiliates who may be registered as investment advisers.

### Item 3 - Table of Contents

|  |    |
|--|----|
| ITEM 2 - MATERIAL CHANGES .....  | 2  |
| ITEM 3 - TABLE OF CONTENTS.....  | 3  |
| ITEM 4 – ADVISORY BUSINESS.....  | 4  |
| 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 .....                           | 9  |
| ITEM 9 – DISCIPLINARY INFORMATION .....  | 11 |
| ITEM 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS .....                                 | 12 |
| ITEM 11 – CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING..... | 13 |
| 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

Consilium is a Limited Liability Company organized under the laws of the State of Florida. The firm was founded in May 2004 by Managing Directors, Jonathan Binder and Charles Cassel. The firm is 100% employee owned and is registered with the SEC.

- **One hundred percent of Consilium Investment Management’s business involves managing investment advisory accounts not involving investment supervisory services.**
- **Our services are not considered “Financial Planning.”**
- **Investment advisory services are offered for a percentage of assets under management as well as other compensation structures, as described in more detail below.**

Consilium provides investment advice and management to both U.S. investment LLCs, non-U.S. investment funds (“Investment Funds”), Investment Companies and managed accounts. Investor funds are deposited in either a brokerage firm or a bank custodian account. Consilium may also serve as manager for special purpose vehicles.

As of February 28, 2015, Consilium managed approximately \$311 million in clients’ assets on a discretionary basis and \$140 million on a non-discretionary basis.

## Item 5 – Fees and Compensation

We offer our services on a fee-only basis. The typical management fee and performance allocation (with respect to onshore funds) or performance fee (with respect to offshore funds) structure is as follows:

**Consilium EM Small Cap Equity Strategy.** The investment management fee for our EM Small Cap Equity Strategy is 1.20% for all assets. The minimum size for a separate account in this strategy is USD\$ 40 million. Expenses of the strategy are paid directly by the investor, including brokerage fees, custody fees and other expenses.

**Consilium Frontier Equity Strategy.** The investment management fee for our Frontier Market Equity Strategy is 1.20% for all assets. The minimum size for a separate account in this strategy is USD\$ 20 million. The fund vehicle has a USD\$1 million initial subscription minimum. The strategy offers monthly liquidity with 60 days notice. Expenses of the fund/strategy are paid by the fund/client, including brokerage fees, custody fees and other fund expenses.

**CCRF.** The CCRF follows a secured sub-investment grade credit strategy and charges an investment management fee of 1.8%. The performance fee is 20% over a specified hurdle rate, and it is paid yearly in arrears. Expenses of the strategy are paid by the investor, including brokerage fees, custody fees and other expenses. The strategy is not open to new investors.

**CFP I Holdings, LLC.** CFP I Holdings is a Delaware limited liability company pursuing a credit tenant commercial real estate investment strategy. It charges a 1.15% management fee payable quarterly. The performance fee is 20% based on net appreciation and is payable on the ultimate sale of each asset.

***NOTE:*** *Investors should refer to each Fund's Offering Memorandum, Subscription Agreements and other offering documents for addition/supplementary information regarding the Funds as well as the fees and expenses paid by the Funds. Consilium reserves the right to negotiate fees and investment minimums.*

## **Item 6 – Performance-Based Fees and Side-By Side Management**

Consilium Investment Management does charge performance based fees in certain fund products/strategies based on a share of capital gains on or capital appreciation of the assets of a client. These types of performance fees vary and are specific to each particular fund/strategy. Fee Agreements that Consilium currently employ include straight percentages applied to fund appreciation with a traditional “high-water mark” and paid yearly in arrears and; a straight percentage over a designated benchmark, paid yearly in arrears, and; for commercial real estate purchases, a straight percentage applied to any appreciation in the asset upon disposition.

## Item 7 – Types of Clients

Consilium generally provides investment advice to private Investment Funds. Investors in the Investment Funds include:

- Municipal and State Plans
- Pension and profit-sharing plans
- Trusts, estates, foundations/endowments and other charitable organizations
- Insurance companies
- Corporations and business entities other than those listed

### Types of Investments

Consilium is authorized to enter into any type of investment transaction that it deems appropriate for its investors, pursuant to the terms of its investment management agreements. Consilium does not currently advise investors on any types of investments other than those identified below.

Currently, Consilium may offer investment advice on the following types of investments:

- Equity securities, including exchange-listed securities, securities traded over-the-counter and foreign issues
- Corporate debt securities (other than commercial paper)
- United States government securities
- Option contracts on securities
- Limited partnership interests
- Private investment funds
- Futures contracts
- Derivatives contracts
- U.S. Commercial Real Estate

Consilium trades and invests principally, but not solely, in debt and equity securities that are traded in non-U.S. and U.S. public markets. When deemed appropriate, Consilium also invests in options, bonds, convertible debt, preferred stock, swaps (including, but not limited to, interest rate swaps, variance swaps, volatility swaps, commodity swaps, credit default swaps, asset swaps, total return

swaps, equity swaps including baskets and emerging markets swaps, variations on any of the foregoing and any other type of over-the-counter instrument), notes, bills, warrants, futures, rights, derivatives, non-U.S. currencies, restricted securities, fixed-income assets and other securities or assets. Consilium provides investment advice for U.S. Real Estate holdings to CFP I Holdings, LLC.



## **Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss**

- Fundamental analysis
- Global Macro analysis
- Technical analysis

The main sources of information Consilium utilizes include, but are not limited to the following:

- FactSet, Business Monitor and Bloomberg
- Financial newspapers and magazines
- Inspections of corporate activities
- Research materials prepared by others
- Annual reports, prospectuses and filings with the U.S. Securities and Exchange Commission
- Company press releases
- Inspection of commercial real estate

Investment strategies used to implement investment advice given to Clients include:

- Long-term purchases (securities held at least a year)
- Short-term purchases (securities sold within a year)
- Exchange-traded and OTC derivatives, including interest rate, currency and equity swaps; interest rate caps, collars and floors; equity and currency options; futures and options on futures; forward foreign currency exchange contracts; capped, inverse, dual index and range floaters; and structured notes
- Purchase and Management of U.S. Commercial Real Estate

### **Consilium's Investment Strategies:**

Consilium's current investment universe consists of the global markets, including emerging, frontier and developed markets. Each strategy seeks to control various types of risk through the application of certain guidelines. These limitations represent guidelines measured at the time of investment and, accordingly, each Portfolio may not be within these limits at all times due to changes in the values of its investments and the underlying capital of the Portfolio. In the event that the specific Portfolio exceeds a specified target, the Manager will seek to bring the Fund back with the limitations within a reasonable time subject to market conditions. In addition, in some portfolios, typically the Manager may exceed these guidelines if it believes conditions warrant, and certain guidelines may be subject to change by the Manager immediately upon notice to Shareholders. The following are examples of investment guidelines that seek to control risk within the various portfolios.

- Exposure to any one security will generally be limited to a percentage of the overall portfolio/strategy;
- Exposure to any one country will generally be limited to a percentage of the overall portfolio/strategy;
- Exposure to any one industry will generally be limited to a percentage of the overall portfolio/strategy;

- Gross equity issuer concentration limit will be a specific percentage and debt issuer concentration limit will be a certain percentage of overall capital; and
- Real Estate purchases are limited to commercial properties located within the United States.

These general risk guidelines, and/or any portion thereof, may be employed to one or more of the above-listed portfolio products as relevant and necessary. Other additional risk guidelines may be developed and implemented as necessary. These are general limits and may be tailored to meet a specific mandate.

**Note: All investments involve the risk of loss, including (among other things) loss of principal, a reduction in earnings (including interest, dividends and other distributions), and the loss of future earnings. These risks include market risk, interest rate risk, issuer risk, and general economic risk. Although we manage the assets in a manner consistent with risk tolerances, there can be no guarantee that our efforts will be successful. The investor should be prepared to bear the risk of loss.**

## **Item 9 – Disciplinary Information**

We are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of our business or the integrity of our management. None of Consilium’s ownership and personnel have been the subject of any legal or disciplinary events.

## **Item 10 – Other Financial Industry Activities and Affiliations**

### ***Broker-Dealer Registration***

Consilium or its management persons are neither registered nor have applications pending to register in the U.S. with the Securities and Exchange Commission (SEC) as a securities broker-dealer or registered representatives respectively.

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

Consilium or its management persons are neither registered nor have applications pending to register with the Commodity Futures Trading Commission (“CFTC”) as a futures commission merchant (“FCM”), a commodity pool operator (“CPO”) or a commodity trading advisor (“CTA”).

### ***Other Financial Affiliations***

Consilium’s related person, Consilium GP LLC is the general partner of Consilium Frontier Equity Fund LP, a pooled investment vehicle. Please refer to Item 15- Custody for further details.

## **Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

### **Code of Ethics**

We have adopted a Code of Ethics (“Code”) to address the securities-related conduct of our employees and representatives. It is the policy of this firm to establish such procedures and guidelines governing the conduct of its business to prevent actual or potential conflicts of interest with its clients and to prevent violations of securities laws or other duties owed to clients.

In addition to the firm's fiduciary duty to its clients which requires each employee to act solely for the benefit of the clients, employees also have a duty to act in the best interests of the firm. Therefore, it is in the best of interests of Consilium to avoid potential conflicts of interest, or even the appearance of such conflicts, in the conduct of our officers and employees.

While it is impossible to define all situations which might pose a risk of securities laws violations or create conflicts, this Code is designed to address those circumstances where such concerns are most likely to arise. By complying with the guidelines below, the firm's employees can minimize their and the firm's potential exposure to violations of securities laws, prevent fraudulent activity and reinforce fiduciary principles.

Failure to comply with the provisions of this Code is a ground for disciplinary action, including discharge, by the firm. Adherence to the Code is considered a basic condition of employment with the firm. If any employee has any doubt as to the propriety of any activity, they are instructed to consult with the firm's Chief Compliance Officer (“CCO”), Charles T. Cassel III.

A copy of this Code and any amendments will be provided to each supervised person (as defined in the Investment Advisers Act of 1940) and employee of Consilium. Each person must acknowledge in writing the receipt of these copies. A “supervised person” means any partner, Officer, director (or other person occupying a similar status or performing similar functions), or employee of an investment adviser, or other person who provides investment advice on behalf of the investment adviser and is subject to the supervision and control of the investment adviser received the materials. Quarterly, each supervised person/employee must certify that he or she complied with the Code of Ethics during that period. Clients and prospective Clients may obtain a copy of Consilium's Code of Ethics by contacting Marta Novick at [mnovick@consimllc.com](mailto:mnovick@consimllc.com).

### **Other Conflicts of Interest**

Directors, officers and employees have a duty to act in the best interests of the Company and its shareholders at all times. As part of this duty, directors, officers and employees are prohibited from engaging in any transaction which involves an improper conflict of interest.

A “conflict of interest” exists when a person's private interests interfere in any way with the interests of the Company. A conflict situation can arise when a director, officer or employee takes actions or has interests that may make it difficult to perform his or her Company work objectively and effectively. Conflicts of interest may also arise when a director, officer or employee, or members of his or her family, receives improper personal benefits as a result of his or her position in the

Company. Loans to, or guarantees of obligations of, employees and their family members may create conflicts of interest.

It is almost always a conflict of interest for a Company employee to work simultaneously for a competitor, customer or supplier. Employees are not allowed to work for a competitor as a consultant or board member. The firm's policy is to avoid any direct or indirect business connection with our customers, suppliers or competitors, except on our behalf.

Conflicts of interest are prohibited as a matter of Company policy, unless they have been approved by the Company. Wherever a conflict of interest arises, the person involved must promptly disclose the circumstances of the conflict to the Chief Compliance Officer.

Consilium does not recommend to Clients that they buy or sell securities in which it has some financial interest. Consilium does not buy or sell for itself securities that it also recommends to Clients.

### **Personal Trading**

Consilium's policy prohibits "access persons" (as defined below) from engaging in Personal Securities Transactions (as defined below) involving securities and financial instruments which the firm and any of its affiliates is recommending or trading or contemplates recommending to clients, and certain other securities and financial instruments.

No access person may engage in Personal Securities Transactions involving any financial instruments which are:

- Owned by a client. This includes all collective investment schemes and managed accounts. This ban also holds true for financial instruments where a credit report is being prepared.
- Actively contemplated for transactions on behalf of clients, even though no buy or sell orders have been placed. This restriction applies from the moment that an employee has been informed in any fashion that any advisory representative intends to purchase or sell a specific security for clients' accounts. This is a particularly sensitive area and one in which each employee must exercise caution to avoid actions which, to his or her knowledge, are in conflict or in competition with the interests of clients;
- Debt or equity securities in emerging markets, defined as a country outside the G-10;

The prohibition in this Section of the Code, however, does not extend to sovereign debt securities, and shares of ETF's or open – or closed-end investment companies (mutual funds).

Unless short sales, options, and margin transactions involve financial instruments which fall within the above prohibitions, employees may engage in such transactions; however, such transactions are strongly discouraged. Any employee engaging in such transactions should recognize the danger of being "frozen" because of the general restrictions which apply to personal transactions as noted above.

Any employee, who feels that the above prohibitions create a particular hardship for him or her in a particular case, should discuss the facts with the CCO. In specific cases of extreme hardship, an exception may be granted if the interests of the firm's clients permit.

An "access person" is a supervised person who has access to nonpublic information regarding clients' purchase or sale of securities, is involved in making securities recommendation to clients or who has access to such recommendation that are nonpublic. Note that under this last clause, even if an employee has no involvement in making recommendations, they may become an access person simply by learning of recommendations or decisions being made by Consilium in the course of their employment duties.

For the purpose of our Code, "Personal Securities Transactions" include securities transactions for an employee's own account or transactions for other accounts in which they have "beneficial interest," unless they have no direct or indirect influence or control over the account or the transaction. "Beneficial interest" means the opportunity, directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise, to profit, or share in any profit derived from, a transaction in the subject securities. An access person is deemed to have a beneficial interest in securities owned by members of his or her immediate family. Common examples of beneficial interest include joint accounts, spousal accounts, UTMA accounts, partnerships, trusts and controlling interests in corporations. Any uncertainty as to whether an access person has a beneficial interest in a security should be brought to the attention of the CCO.

"Immediate family" of an access person means any of the following persons who reside in the same household as the Access Person:

|             |               |                 |
|-------------|---------------|-----------------|
| child       | grandparent   | son-in-law      |
| step-child  | spouse        | daughter-in-law |
| grand-child | sibling       | brother-in-law  |
| parent      | mother-in-law | sister-in-law   |
| step-parent | father-in-law |                 |

Immediate family includes adoptive relationships and any other relationship (whether or not recognized by law) which the CCO determines could lead to the possible conflicts of interest, diversions of corporate opportunity, or appearances of impropriety which this Code is intended to prevent.

If an employee has a substantial measure of influence or control over an account, but neither the employee nor his/her family have any direct or indirect beneficial interest (e.g., a trust for which they serve as trustee but are not a direct or indirect beneficiary), the rules relating to Personal Securities Transactions are not considered to be directly applicable. Therefore, the employee is not prohibited from engaging in Personal Securities Transactions with respect to such accounts, and reporting of such transactions (discussed below) is not required. In all transactions involving such accounts each employee should, however, conform to the spirit of these rules and avoid any activity which might appear to conflict with the firm's investment advisory clients or with respect to the employee's position as a supervised person of the firm.

## **Pre-Clearance of Personal Securities Transactions**

Every Personal Securities Transaction by an access person must be pre-cleared prior to execution in accordance with the procedures set forth below.

Any access person wishing to enter into a Personal Securities Transaction shall submit via e-mail a notice to the CCO and/or the Compliance Associate. The notice shall (a) state the name of the issuer and type of security, the proposed transaction date, the number of shares or the face amount of the security proposed to be purchased or sold, and (b) represent that to the knowledge and belief of the advisory representative, after due inquiry, the proposed Personal Securities Transaction is not prohibited under the Code. Such a notice shall be submitted, and approval of the proposed transaction shall be provided by the CCO or the Compliance Associate via e-mail, before execution of the proposed transaction. The CCO or the Compliance Associate is required to approve the transactions of other access persons.

## **Reporting Requirements**

The Securities and Exchange Commission ("SEC") has proposed Rule 204A-1 under the Advisers Act that would require access persons of investment advisors to report their personal securities transactions and holdings. Rule 17j-1 of the Investment Company Act was adopted in 1980 and has required that advisers to investment companies have procedures in place that require access persons to submit periodic reports regarding their personal securities holdings and transactions. Consilium has determined to adopt policies under its Code that mirror many of the requirements under 17j-1.

Consilium requires that a record of all Personal Securities Transactions made by access persons be made and kept available for inspection, and that these records be maintained on a monthly basis. To comply with this policy, every access person and members of his or her immediate family must arrange for the Compliance Staff to receive from any broker, dealer, or bank that executes any Personal Securities Transaction, duplicate copies of statements for EACH brokerage account in which such access person or such immediate family member has a beneficial interest. Each month, the Compliance Staff will review the brokerage statements, together with the log of transactions in all client accounts and will discuss any apparent issues first with the access person. In addition access persons are required to present an Initial Statements of Holdings (upon first joining the company) and Annual Statements of holdings, as required by rule 17j-1.

Additionally, every access person must file a Quarterly Certificate Form with the Compliance staff within 20 calendar days after the end of each calendar quarter. The Quarterly Certificate Form will require every access person to represent that s/he, and each member of his/her immediate family has arranged for the duplicate confirmations and monthly statements for each brokerage account required in the preceding paragraph to be sent to the Compliance staff. Quarterly Certificate Forms will be distributed to all access persons. Completed forms should be sent to the Compliance staff. All access persons must file Quarterly Certification Forms even if there were no reportable transactions during the quarter. All Quarterly Certification Forms and periodic brokerage statements must be maintained in an easily accessible place for a period of not less than six years, the first two years in an appropriate office of Consilium.



## Item 12 – Brokerage Practices

Consilium trades from a list of pre-approved Counter-Parties/Directed Brokers. All are evaluated as to their respective abilities to provide competitive prices, to provide liquidity in the market, and are assessed for their financial strength. Certain brokers benefit from directed trades, wherein pre-agreed commission schedules within market norms are followed in order to compensate them.

In general, our Directed Brokers provide the following additional services that include (but are not limited to):

- Quality research information;
- Culled company financial data;
- Arrangement of meetings with Companies in-country;
- Arrangement of group meetings with companies at regional events;
- Additional information and data as may be requested;

Our portfolio managers ultimately decide on the most effective counterparties to be used based on these qualitative factors, which are carefully considered by the portfolio managers prior to the ultimate decision being made to direct a trade to a particular Directed Broker. Currently due to the volume of Consilium's equity trades, the firm is limited in the amount of commissions that can be distributed. As a result, on various occasions, the firm's choice of available Counter-Party/Directed Brokers to whom trades are directed may also be somewhat limited. Nevertheless, Consilium fully evaluates and chooses the best possible Counter-party/Directed Broker for any of its particular trades or groups of trades. Following the selection of a particular broker/counterparty, so as to insure continued best execution and full operational compliance, Consilium's operations department continually monitors the selection and volumes of the Counter-Parties/Directed Brokers that we are trading with within each fund. Broker Volume reports are prepared and reviewed by the compliance department and the managing directors' quarterly and qualitative assessments and future trade allocations are made based on those existing broker volumes and concentrations.

## Item 13 – Review of Accounts

**Consilium applies the following procedures for, and the individuals indicated are involved in, the Firm's account reviews.**

Consilium's Chief Investment Officer and Chief Risk Officer, jointly review all accounts managed by Consilium on an ongoing basis. The reviews focus on consistency of portfolio investments with objectives and risk tolerances. Asset allocation, cash management, market prospects and individual issue prospects are considered. Daily compliance tests are applied both pre-trade and post-trade electronically to insure compliance with the various Funds investment parameters. Account reviews may also be triggered by potential change, including changes in general economic and market conditions, analyst reports, company news and interest rate movement. Adjustments are made as necessary.

Clients may receive the following reports:

- Monthly: Letter to investors stating performance for the month
- Quarterly: Letter to investors stating performance for the quarter
- Annually: Letter to investors stating annual performance and investment outlook

Fund investors receive monthly and/or quarterly account statements listing the value of their investments. Fund investors also receive an annual K-1, if applicable and a copy of the annual audit for each Fund in which they are invested. Taxable accounts receive an annual tax summary.

In addition, due to legal and/or regulatory constraints that must be followed by some of the firm's investors and/or the specific needs and requests by certain investors, the firm may at its discretion agree to provide certain investors more frequent reports and/or certain other reports than those described above.

## **Item 14 – Client Referrals and Other Compensation**

Consilium does not receive any economic benefit from non-clients in connection with giving advice to clients.

Consilium does have introducer (solicitor) arrangements with certain individuals and entities. These solicitors introduce prospective clients to the advisor for its privately placed funds and managed accounts for which the Advisor receives management fees and performance fees. The solicitor receives compensation which is formula based on the amount of capital invested. There are no conflicts of interests that arise from any of these arrangements.

## Item 15 – Custody

Consilium's provides bill-paying services for certain clients and, therefore, is authorized to withdraw funds from the client's account to process direct payments for third party service providers related to operational expenses of the clients. Consilium also serves as a manager for Consilium Emerging Markets Absolute Return Fund LLC, a limited liability company incorporated in the state of Delaware and its management persons serve as directors to Consilium Corporate Recovery Master Fund Ltd., an entity incorporated as an exempted company under the laws of the Cayman Islands. In addition, Consilium is the sole member of Consilium GP, LLC, an entity that serves as the general partner to Consilium Frontier Equity Fund LP, a limited partnership incorporated in the state of Delaware. All the funds described above are collectively referred to in this Brochure, together, as "the Funds."

As such, the Adviser is deemed to have custody due to its authority to obtain possession of the assets of the Funds. The Adviser is subject to all applicable provisions of the Custody Rule, which includes either subjecting itself to a surprise annual examination by an independent public accountant (the Surprise Examination Approach) or, alternatively, engaging an independent public accountant registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board (PCAOB) to conduct an annual audit of the private fund and deliver audited financial statements to all limited partners or other beneficial owners within 120 days of the end of its fiscal year (the Annual Audit Approach).

The Adviser maintains all securities and funds of its clients with a "qualified custodian." Clients will receive no less than, on a quarterly basis, statements directly from the broker-dealer, bank, or other qualified custodian that holds and maintains such client's assets. Consilium urges its clients to carefully review these statements and compare them to the account statements, if any, that may be provided by the Adviser. The Adviser's statements may vary from the statements provided by the qualified custodian because of accounting procedures, reporting dates, or valuation methodologies used to value certain securities.

## Item 16 – Investment Discretion

The manner in which Consilium exercises its investment discretion and Consilium's brokerage practices are described in more detail below. The most important and basic principle by which we operate in all aspects of our business is equal and fair treatment between all of our clients and their portfolios. Specifically this principle is never to be influenced by any consideration for differences in fee arrangements, size of account, length of a relationship, potential for additional or new business, etc. It is recognized that we may manage a number of funds and managed accounts where there is significant potential for common ownership of individual credits and securities in these portfolios.

It is also recognized that while (ii) above is true, no single portfolio is necessarily exactly the same as another. This applies both in the static sense of the overall standing risk-return profile that has been agreed with the client (this is not solely a quantitative function of the prospectus limits but is also influenced by what has been agreed orally and in writing on a qualitative basis) and in the dynamic sense such as cash inflows and outflows that are different for any one portfolio at any one particular time. The firm maintains and adheres to the investment parameters and compliance requirements for each fund.

For certain of its fund products, Consilium has authority to determine the following without obtaining specific Client consent:

- Securities to be bought or sold
- Amount of the securities to be bought or sold
- Broker or dealer to be used
- Commission rates paid

Consilium obtains permission for securities in one managed account. For these types of accounts, the client may also provide a list of pre-approved securities that Consilium can make investment decisions on. Consilium submits securities for approval for the managed account client. Once the security has been approved, no further notification is required.

For investment in U.S. commercial real estate, Consilium does not have ultimate purchase discretion. Consilium provides investment advice regarding each asset to the client who ultimately approves or denies each purchase decision.

Investment discretion is typically defined in detail in the specific investment advisory contract with each particular client and the prospectus for each Fund.

## Item 17 – Voting Client Securities

It is Consilium's duty to monitor corporate actions and vote its clients' proxies for most of its clients. Consilium's policy is to always vote a proxy in the best interest of the client. Should Consilium find itself in conflict of interest with its client on a proxy matter, Consilium will disclose the conflict in writing to the client and propose the vote it intends to cast. The client must consent in writing to the proposed vote. If the client objects, it must instruct Consilium as to the vote to be cast. Consilium will follow that instruction.

As part of its record keeping requirements, Consilium will retain copies of its voting policies and any amendments thereto. Consilium maintains (i) all proxy statements received regarding the client's securities, (ii) an electronic "Proxy Voting" log and hard copies and/or other records reflecting votes cast on behalf of the client (iii) copies of communications with the client disclosing a conflict of interest and the client's response (iv) records of the client's request for proxy voting information, and (v) any documents prepared or used by the adviser that were material to making a decision on how a vote should be cast.

For certain clients and accounts, the right to vote Proxy's is reserved solely for the client. Consilium is typically provided with details of such proxy votes upon request.

Consilium will maintain hard copy folders of all proxy information received and the Compliance Associate/CCO will review the log on a monthly basis to ensure that any and all proxies are voted in accordance with these policies and procedures. Clients may obtain a copy of Consilium's voting policies and procedures upon request to Marta Novick at [mnovick@consimllc.com](mailto:mnovick@consimllc.com).

## **Item 18 – Financial Information**

We are required to provide you with certain financial information or disclosures about our financial condition. We have no financial commitment that impairs our ability to meet contractual and fiduciary commitments to you and we have not been the subject of a bankruptcy proceeding. We do not require or solicit pre-payment of any type of client fees in advance.