

ITEM 1: COVER PAGE

Part 2A of Form ADV: Firm Brochure

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This brochure provides information about the qualifications and business practices of CenterStar Asset Management, LLC (“CSAM” or the “Firm”), CenterStar Fund, LLC (the “CenterStar Fund”), and CSTAR Breakout Fund, LLC (the “Breakout Fund” and, together with the CenterStar Fund, the “Funds”). If you have any questions about the contents of this brochure, please contact us at investor_relations@centerstaram.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

Additional information about CenterStar Asset Management, LLC also is available on the SEC’s website at www.adviserinfo.sec.gov.

SEC registration does not constitute an endorsement of the firm by the Commission nor does it indicate that the adviser has attained a particular level of skill or ability.

ITEM 2: MATERIAL CHANGES

This brochure represents an amendment to CSAM's annual brochure update that was filed on March 14, 2019. This amendment contains several changes related to CSAM providing advisory services to a new private fund, CSTAR Breakout Fund, LLC ("Breakout Fund"). Other changes arise from the fact that CSAM no longer advises a separately managed account. While the changes noted above permeate through the entire document, they are most prevalent in the following sections:

1. **Item 4: Advisory Business** – Item 4 of this brochure was amended to reflect two changes to CSAM's advisory business; specifically, that CSAM has created a second private fund, Breakout Fund, and that CSAM no longer provides advisory services to a separately managed account.
2. **Item 5: Fees and Expenses** – Item 5 of this brochure was amended to note that the two private investment funds advised by CSAM have different fee and expenses structures.
3. **Item 7: Types of Clients** – Consistent with the changes to Item 4 noted above, Item 7 of this brochure was amended to note that CSAM now advises two private funds and no longer advises a separately managed account.
4. **Item 8: Methods of Analysis, Investment Strategies, and Risk of Loss** – Item 8 of this brochure was amended to add additional risk factors in light of the commodity trading activities of the new private fund, Breakout Fund. In this regard, the principal risk factors were amended and reorganized into the following categories (1) General Risk Factors; (2) General Risks Specific to Private Funds; (3) Risks with Respect to Trading Equities and Equity Options; and (4) Risks with Respect to Commodity Futures and Options on Commodity Futures.
5. **Item 10: Other Financial Industry Activities and Affiliations** – Item 10 of this brochure was amended to acknowledge the role of CSAM's affiliate, SpiderRock EXS, LLC, as an introducing broker for Breakout Fund and the conflicts of interest that exist as a result.
6. **Item 12: Brokerage Practices** – Item 12 of this brochure was amended, in a manner similar to Item 10, to acknowledge the role of CSAM's affiliate, SpiderRock EXS, LLC, as an introducing broker for Breakout Fund and the conflicts of interest that exist as a result.

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ITEM 4: ADVISORY BUSINESS

Overview

CSAM was formed on July 17, 2017 and its sole office is located in Chicago, Illinois. The Firm is principally controlled, operated, and owned by SpiderRock Holdings, LLC, a Chicago, Illinois based limited liability company. George Papa is the majority owner of SpiderRock Holdings, LLC.

CSAM provides advisory services on a discretionary basis to two private investment funds, CenterStar Fund and Breakout Fund, each of which are referred to individually as a “Fund” and collective as the “Funds.” CSAM tailors its advisory services to the strategies and conditions set forth in each Fund’s respective private placement memorandum (hereafter referred to as a Fund’s “Offering Documents”), providing advisory services to each Fund, rather than to any individual investor of the Funds.

CSAM does not participate in wrap fee programs.

As of February 1, 2019, CSAM managed \$91,034,555 in regulatory assets under management on a discretionary basis. The Firm does not manage any assets on a nondiscretionary basis.

ITEM 5: FEES AND COMPENSATION

Asset-Based Compensation

CSAM does not have a general fee structure applicable to its clients or prospective clients. The specific fees that it charges to each Fund are described in the Offering Documents of each relevant Fund. CSAM charges its Funds an investment management fee of up to 2.0% per annum (though such rates could be higher or lower) based on the value of the Fund’s assets under management in each Fund. The rate of the management fee varies from Fund to Fund.

Investors in the Funds are subject to this management fee indirectly through their investment in the Funds. The investment management fees are generally not negotiable, however, CSAM may, in its sole discretion, waive, reduce, or modify the investment management fee and/or the process for payment thereof, for the Funds or investors in the Funds, including, but not limited to, members, employees or affiliates of the Firm, relatives of such persons, and certain large or strategic investors. CSAM may assign or transfer to a subadvisor, portfolio manager or affiliate all of a portion of the investment management fee on such terms and conditions as CSAM may determine in its sole discretion.

The investment management fee is typically payable quarterly, on the first day of each quarter, with the fee deducted by each Fund’s custodian from the Fund’s respective account pursuant to instructions from CSAM.

Performance-Based Compensation

CSAM also receives a performance-based allocation that is based on a share of capital gains on, or capital appreciation of, the assets of the Funds. This compensation may equal up to 40% of trading profits, subject to a loss carryforward, with the actual percentage charged and calculation of trading profits more fully explained in each Fund’s Offering Documents. The rate of performance-based compensation varies from Fund to Fund.

The performance-based fees are generally not negotiable, however, CSAM may, in its sole discretion, waive, reduce, or modify the performance-based fee and/or the process for payment thereof, for the Funds

or investors in the Funds, including, but not limited to, members, employees or affiliates of the Firm, relatives of such persons, and certain large or strategic investors. In addition, CSAM may assign or transfer to a subadvisor, portfolio manager, or affiliate, all or a portion of the performance-based allocation on such terms and conditions as CSAM may determine in its sole discretion.

Other Expenses

In addition to paying investment management fees and performance-based compensation to CSAM, certain other expenses may be paid by the Funds, which are more fully described in each Fund's respective Offering Documents. For CenterStar Fund, these expenses include (i) direct trading expenses, (ii) Fund-related administrative expenses, and (iii) other program expenses, while for Breakout Fund, they include (x) direct trading expenses and (y) Fund-related administrative expenses. Direct trading expenses may include, but are not necessarily limited to, trading technology, execution, clearing, regulatory, exchange, brokerage, NFA fees, custodial fees, foreign exchange and settlement fees, fees associated with the lease, acquisition, or assignment of exchange trading rights (i.e., exchange memberships), expenses related to accepting or making delivery of a physical commodity, and interest expenses, all of which result directly or indirectly from the trading and financing activity of the Fund. Fund-related administrative expenses include, but are not necessarily limited to, certain administrative expenses, including taxes and tax preparation fees, governmental fees, accounting, auditing, legal, and other organizational and professional expenses of the Fund, and interest and fees on any borrowing by the Fund. Other program expenses include, but are not necessarily limited to, rent and lease payments, salaries and payroll expenses, market data fees, vendor fees, computer software, news services subscriptions fees, and expenses related to obtaining exchange trading rights.

As further described in Item 10 of this document, some of these expenses, including but not limited to the rent charges noted above, may be paid by the Funds to CSAM or directly or indirectly to an affiliate of CSAM, which may create a potential conflict of interest with respect to that expense. Similarly, expenses related to obtaining exchange trading rights may be paid to CSAM, its parent, and/or its affiliates, as reimbursement for the acquisitions of exchange seat licenses and other exchange subscription fees. Finally, brokerage commission fees may be paid, directly or indirectly, to a broker/dealer and introducing broker that is an affiliate of CSAM, pursuant to a commission fee sharing agreement.

ITEM 6: PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

"Performance-Based Fees" are fees that are based on a share of the capital gains or capital appreciation of the assets of an account. As discussed in *Item 5 – Fees and Compensation*, and as permitted by applicable law, CSAM may receive performance-based fees or allocations when advisory services are provided to the Funds.

Differences in performance-based fees between and among the Funds may create an incentive for CSAM and/or its portfolio managers to invest in trades that may be riskier or more speculative than those that would be recommended under a different fee arrangement. Similarly, performance-based fee arrangements may also create an incentive to favor higher fee-paying accounts over other accounts in the devotion of time and resources and the allocation of investment opportunities.

CSAM has adopted a number of compliance policies and procedures to manage the conflicts of interest noted above. In this regard, the Firm's Code of Ethics, Compliance Manual, trade allocation and aggregation policies, and allocation review procedures seek to ensure that investment opportunities are allocated fairly among Funds and that any unfair or unequal treatment is identified. CSAM does not consider fee structure in allocating investment opportunities.

ITEM 7: TYPES OF CLIENTS

CSAM provides discretionary investment advisory services to two private investment funds, both of which rely on certain exclusions from the definition of an “investment company” in the Investment Company Act of 1940, as amended (the “Investment Company Act”). Accordingly, neither Fund is registered as an investment company with the SEC.

Investors in CenterStar Fund must be “accredited investors” under Regulation D of the Securities Act of 1933, as amended (the “Securities Act”), and “qualified clients” or “knowledgeable employees” as such terms are defined in the Investment Company Act. As CenterStar Fund charges a performance fee or incentive allocation, Fund investors must also be eligible to enter into a performance arrangement under the Advisers Act.

Investors in Breakout Fund must be “qualified eligible persons” pursuant to 17 CFR 4.7 in order for CSAM to qualify for an exemption from certain requirements for commodity pool operators under to that rule.

Investors in the Funds may include, but are not limited to, institutions, funds of funds, businesses, pensions, trusts, government entities and individuals meeting certain net worth requirements. The minimum investment required by an investor in either Fund is \$500,000, though the amount could be more or less. Investment minimums are generally subject to waiver by CSAM. Fund investors should review the Fund’s respective Offering Documents for further information with respect to minimum requirements for investment.

ITEM 8: METHOD OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

All references to the Funds in this brochure, including but not limited to their investments and the strategies used in managing the Funds, are qualified in their entirety by reference to each Fund’s Offering Documents. The following is a general discussion of the methods of analysis, investment strategies and the risk of loss associated with CSAM’s overall investment strategies. These risk factors may change over time.

The following is not a substitute for the Funds’ Offering Documents. Potential investors in a Fund must review that Fund’s Offering Documents in their entirety before investing.

Methods of Analysis and Investment Strategy

The Funds each have distinct methods of analysis and investment strategies that are set forth in their respective Offering Documents. Generally, the collective investment objective of the Funds is to seek higher than average rates of returns, relative to the level of risks assumed. To accomplish this, the Funds may trade in securities on domestic and foreign exchanges that are publicly traded, such as stocks (common and preferred), convertible securities, rights and warrants on stocks, bonds, debentures and other forms of debt securities, options (including securities options and index options), non-public securities, and, subject to all regulatory requirements, commodity interests, including futures contracts, options on futures, commodity swaps and any other products hereafter approved by CSAM (hereafter collectively referred to as “Products”). The specific products traded by each Fund are detailed in their respective Offering Documents.

General Risk Factors

Investments in Funds are only suitable for experienced and sophisticated persons who are able to bear the risk of substantial impairment or total loss of investment. The Funds are relying on the discretionary market judgment of CSAM and its portfolio managers.

The following is a general summary of some of the material risk factors associated with investments in the Funds. The information below does not attempt to describe all of the risks associated with an investment in Funds, but instead presents a brief summary of the risks involved. For a complete explanation of all relevant risks, especially with respect to the unique trading strategy of each Fund, investors and potential investors should review the applicable Fund Offering Documents, which contain a more detailed discussion of the risks associated with investing in the Funds.

No Guarantee of Profit

The investment performance and the success of any investment strategy or particular investment can never be predicted or guaranteed, and the value of an investment in the Funds will fluctuate due to market conditions and other factors. The investment decisions made and the actions taken for the Funds will be subject to various market, liquidity, currency, economic, political and other risks, and will not necessarily be profitable and may lose value. **Past performance of the Funds is not indicative of future performance.** In addition to the risks listed here, there may be additional material risks associated with the types of products in which the Funds invest. Investors in the Funds should refer to each Fund's respective Offering Documents for a discussion of applicable risk factors for that particular investment.

Risk of Loss

Investors in the Funds should understand that all investment strategies and the investments made pursuant to such strategies involve risk of loss, including the potential loss of the entire investment in the Funds, which they should be prepared to bear. **Past performance of the Funds is not indicative of their future performance and an investment in the Funds is speculative and involves a substantial risk of loss.**

Limited Operating History

CSAM and the Funds have operated for a limited period of time and are, therefore, subject to the risks incidental to the creation of a new business, including a lack of operating history upon which prospective investors may base an evaluation of the likely performance of the Funds. Investors should not rely upon the Funds' operating results for its limited life as being indicative of the Funds' future performance, because **past results are never indicative of future performance.**

Dependence upon Key Individuals and CSAM

CSAM is dependent on the expertise of certain key personnel, many of whom have investment management agreements with CSAM or are otherwise described in each Fund's Offering Documents. The success of the Funds' investment programs depend, in part, on the ability of these key personnel to develop and implement investment strategies. Accordingly, if CSAM, or certain of its key personnel, were to become unable to participate in the management of the Funds' assets, the consequences to the Funds could be material and adverse.

Investment Strategy and Portfolio Management Risk

There can be no assurance that an investment strategy will produce an intended result, which would result in losses to the Funds, including, potentially, a complete loss of principal. The performance of a strategy depends on the skill of CSAM and its portfolio manager(s) in making appropriate investment decisions. There can be no assurance that it or they will be successful in doing so.

Identification of Opportunities

The Funds' trading activities require a continual ability to monitor and analyze market activity, price movements, individual transactions, positions, and a wide range of other information regarding market demand for particular Products. CSAM may fail to identify and/or take advantage of profit opportunities. This may be due to flaws in the investment strategy of CSAM and/or its portfolio managers, a failure of CSAM systems to identify these opportunities, or CSAM's inability to implement its strategy.

Potential Limited Investment Opportunities

The availability of investment opportunities is subject to changes in economic and market conditions, and there is no assurance that CSAM will be able to identify opportunities that are sufficient to achieve its investment objective.

Model Risk

CSAM may utilize quantitative and technical valuation models in implementing its investment strategies. As market dynamics shift over time, a previously successful model could become outdated or inaccurate, perhaps after losses are incurred. There can be no assurance that CSAM will be successful in developing and maintaining effective quantitative and technical models. Correlations among the instruments in a portfolio will change over time and could result in a loss of diversification and/or substantially more risk than CSAM's models, methods and techniques would have estimated. CSAM relies on historical data as part of its risk management, but historical data can prove to be quite different from future dynamics in the marketplace and thus result in a materially greater risk profile than CSAM would expect. There is no standard, approved or accepted methodology for calculating risks in the investment management industry and, while CSAM uses its best efforts to measure and control risk, its methodologies will likely differ from other investment managers.

Reliance on Third-Party Data

All models rely on correct market data inputs. CSAM intends to rely on information and data supplied by third-parties, which may prove to be incorrect or incomplete, exposing the Funds to potential risks. If incorrect market data is entered into even a well-founded model, the resulting information will be incorrect. However, even if market data is input correctly, "model prices" will often differ substantially from market prices.

Risks of Technology

CSAM's services are highly reliant on the accurate performance of our technology infrastructure, including software, communication networks, market data, and algorithms. A malfunction or failure in any of these could cause the Funds to experience losses, some or all of which could be significant. In addition, in the event of electronic system or component failure, it might not be possible to enter new orders, execute existing orders or modify or cancel orders that were previously entered, and orders may be lost or lose priority. Accordingly, there are numerous scenarios, including the failure of the communication lines, networks, technology and software systems, or inaccurate data, which could prove critical in our ability to fulfill our responsibility. As with any technology, software, algorithm, data point, or communication line, performance or accuracy can be compromised or prove unpredictable. It is important to note that CSAM's reliance on the collective technology and communication infrastructure is critical for CSAM to perform its advisory services. Any interruption or failure of these systems could have an adverse effect on the Funds, as it may limit or prohibit CSAM from performing its advisory duties. In addition, this interruption could result in material Fund losses.

Market Judgment

Although CSAM relies heavily on technology, software and systems to evaluate trades and portfolio risks, strategies are by no means wholly systematic; the market judgment and discretion of CSAM staff, portfolio managers, and sub-advisors are fundamental to the implementation of these strategies. There can be no assurances that the market judgment and discretion of CSAM staff, portfolio managers and sub-advisors will be successful when applied to current or future markets.

Illiquid Instruments

A portion of the strategies used by the Funds may apply to Products and other financial instruments that are not actively and widely traded. Consequently, it may be relatively difficult for CSAM to dispose of such

investments rapidly and at favorable prices in connection with a withdrawal requests due to adverse market developments or other factors. Adverse market conditions can lead to a “liquidity crisis,” i.e., the inability to sell many Products at expected prices. There can be no assurance that future market conditions will not result in a liquidity crisis.

Limited Ability to Liquidate Investment Interests

The interests in the Funds cannot be redeemed, assigned, transferred, pledged or encumbered except on the terms and conditions set forth in their respective Operating Agreements. As further set forth in their respective Offering Documents, investors in the Funds may generally request to redeem all or a portion of their interests as of any quarter-end at Net Asset Value. However, the redemption value of interests may differ significantly from their value when redemption is requested. Investors in the Funds should not view their investment in the Funds as liquid.

Market Disruption

It is possible that Funds may incur losses in the event of disrupted markets, and other extraordinary events that may not be consistent with historical pricing relationships on which CSAM bases its models. This risk of loss may be compounded by the fact that in disrupted markets many positions become illiquid, making it difficult or impossible to close out positions against which the markets are moving. Market disruptions caused by unexpected credit crises, political, military and terrorist events may from time to time cause losses for certain strategies utilized by CSAM, and such events can result in otherwise historically low-risk strategies performing with unprecedented volatility and risk.

Portfolio Turnover and Commission Expense

Certain investment strategies may require CSAM to actively trade the Funds’ portfolios, and as a result, turnover and brokerage commission expenses and other transaction costs of the Funds may exceed those of other investments. The Funds may also take frequent trading positions, especially if and when it enters into so-called “spread” positions, which involve the contemporaneous opening of opposite positions in related futures contracts. Consequently, the Funds’ portfolio turnover and brokerage commission expenses may exceed those of most investment entities of comparable size. In addition, an affiliate of CSAM will be sharing in certain commissions generated by the Funds’ trading activities or otherwise benefit from the Funds’ order flow. This provides an incentive for CSAM to churn the Funds’ accounts so as to create higher commission payments for CSAM’s affiliate.

Cybersecurity Risk

With the increased use of the Internet to conduct business, the Funds are susceptible to operational and information security risks. In general, cyber incidents can result from deliberate attacks or unintentional events. Cyber-attacks include, but are not limited to, infection by computer viruses or other malicious software code, gaining unauthorized access to an entity’s digital systems through system-wide “hacking” or other means for the purpose of misappropriating assets or sensitive information, corrupting data, or causing operational disruption. Cyber-attacks may also be carried out in a manner that does not require gaining unauthorized access, such as denial-of-service attacks on an entity’s website. In addition, authorized persons could inadvertently or intentionally release confidential or proprietary information stored on an entity’s systems.

Cybersecurity failures by, and security breaches of, CSAM’s third-party service providers (including, but not limited to, the custodians, administrators and financial intermediaries) and the issuers of Products in which the Funds invests, may cause disruptions and impact the service providers’ and CSAM’s business operations. This could potentially result in financial losses, the inability of CSAM to transact business or process transactions, the inability to calculate the Funds’ net asset value, violations of applicable privacy and other laws, regulatory fines, penalties, reputational damage, reimbursement or other compensation costs, and/or additional compliance costs. The Funds may also incur incremental costs to prevent cyber

incidents in the future and the Funds could be negatively impacted as a result.

While CSAM has established business continuity and cyber security plans, as well as risk management systems intended to prevent or reduce the impact of such cyber-attacks, there are always inherent limitations in such plans and systems, including the possibility that certain risks have not been adequately identified or prepared for. Furthermore, CSAM cannot directly control any cybersecurity plans and systems put in place by third-party service providers or issuers in which CSAM invests.

Brokerage and Custodial Risk

There are risks involved in dealing with the custodians, prime brokers or futures commission merchants that settle the Funds' trades. The Funds will maintain custody accounts with its prime brokers and primary custodians. There is no guarantee that the prime brokers or any other custodian that CSAM may use from time to time, will not become bankrupt or insolvent. While both the U.S. Bankruptcy Code and the Securities Investor Protection Act of 1970 seek to protect customer property in the event of a bankruptcy, insolvency, failure, or liquidation of a broker-dealer, there is no certainty that, in the event of a failure of a broker-dealer that has custody of the Funds' assets, the Funds would not incur losses due to its assets being unavailable for a period of time and/or receiving less than full recovery of its assets.

Ownership of Exchange Trading Rights. CSAM may cause one or both of the Funds, as an expense to that Fund, to lease, acquire or otherwise have assigned to it from third-parties, which may include CSAM, its parent, and/or its affiliates, exchange trading rights (i.e., exchange memberships) and the Funds may become a member firm of one or more exchanges, all with the goal of reducing transaction fees. CSAM expects that the acquisition of exchange trading rights in order to qualify as a member firm of a given exchange will have the salutary effect of reducing transaction fees. However, there exists a conflict of interest because the third-parties from whom a Fund may acquire exchange trading rights will likely include CSAM, its parent, and/or its affiliates, and these third-parties alone will benefit from any appreciation in the underlying instruments required to obtain the exchange trading rights.

No Clawbacks. The performance-based allocation noted in Item 5 above is not subject to clawback. This means, for example, that if a Fund's trading is profitable for the first eleven months of a calendar year, and then has significant losses in the last month of the year such that, as calculated on an annual basis, the Fund was overall unprofitable, there is no mechanism to claw back from CSAM the performance-based allocation previously allocated to it during the year. Instead, using the same example, the loss in the last month of the year would be a loss carryforward that would have to be cured before any further performance-based allocation would be allocated to CSAM with respect to that Fund.

Conflicts of Interest. THE FUNDS ARE SUBJECT TO CERTAIN POTENTIAL AND ACTUAL CONFLICTS OF INTEREST. SEE ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS SECTION BELOW.

General Risks Specific to Private Funds

Absence of Regulatory Oversight

Private funds are not required to be registered under the Investment Company Act. As a result, private funds are not subject to the same regulatory requirements as mutual funds.

Fees and Expenses

The Funds are subject to fees, transaction costs and other expenses, regardless of whether they realize any profits. Accordingly, the Funds must earn substantial trading profits to avoid depletion of its assets due to such fees and expenses.

Complex Tax Structures

Private funds may involve complex tax structures resulting in delays in distributing important tax information.

Limited Reporting

While private funds generally may provide periodic performance reports and annual audited financial statements, they are generally not otherwise required to provide periodic pricing or valuation information to Fund investors.

Investors Will Be Taxed on Profits Whether or Not Cash or Other Property Is Distributed. The Funds are not required to distribute profits, and CSAM does not intend to make any such distributions. If the Funds have taxable income for a fiscal year, such income will be taxable to the investors in accordance with their distributive shares of the Funds' profits, whether or not cash or other property has been distributed to the investors or if the investor redeems any portion of his, her or its interest in the Funds. Accordingly, the tax liability of investors for any profits of the Funds may exceed distributions received from the Funds. Also, the Funds could sustain losses offsetting such profits after the end of the year, so that an investor who did not redeem as of the year-end would never receive distributions in respect of any of the actual profits on which taxes were paid.

Risks with Respect to Trading in Equities and Equity Options

As further detailed in each Funds' respective Operating Documents, the Funds may trade in equity securities and options on equity securities. While the specific trading activities of the Funds and risks inherent in such trading activities are set forth in greater detail in each Fund's relevant Offering Documents, an overview of these risks is provided below.

Equity Related Instruments in General

The Funds may use equity-related instruments in its investment programs. Certain options and other equity-related instruments (for example, exchange traded funds) may be subject to various types of risks, including market risk, liquidity risk, counterparty credit risk, legal risk and operations risk. In addition, equity-related instruments can involve significant economic leverage and may, in some cases, involve significant risks of loss.

Equity Securities

The value of equity securities fluctuates in response to issuer, political, market, and economic developments. Fluctuations can be dramatic over the short as well as long term, and different parts of the market and different types of equity securities can react differently to these developments. For example, large cap stocks can react differently from small cap stocks, and "growth" stocks can react differently from "value" stocks. Issuer, political, or economic developments can affect a single issuer, issuers within an industry or economic sector or geographic region, or the market as a whole. Changes in the financial condition of a single issuer can impact the market as a whole. Terrorism and related geo-political risks have led, and may in the future lead, to increased short-term market volatility and may have adverse long-term effects on world economies and markets generally.

Short Selling

The Funds may engage in short selling. Short selling involves selling securities that may or may not be owned and borrowing the same securities for delivery to the purchaser, with an obligation to replace the borrowed securities at a later date. Short selling allows the Funds to profit from declines in the subject securities. There can be no assurance that the price of the underlying security will not increase, thus increasing the cost of buying those securities to cover the short position. Accordingly, a short sale involves the risk of a theoretically unlimited increase in the market price of the particular investment sold short,

which could result in an inability to cover a short position and a theoretically unlimited loss.

Hedging

CSAM may engage in hedging activities with respect to the Funds' portfolios. Hedging techniques involve one or more of the following risks: (i) imperfect correlations between the performance and value of the hedging instrument and the Funds' positions being hedged; (ii) possible lack of a secondary market for closing out a position in such instruments; (iii) losses resulting from interest rate, spread or other market movements not anticipated by CSAM; (iv) the possible obligation to meet additional margin or other payment requirements, all of which could worsen the Funds' position; and (v) default or refusal to perform on the part of the counterparty with which the Funds trade. Furthermore, to the extent that any hedging strategy involves the use of derivative instruments, such a strategy will be subject to the risks applicable to such instruments, including the effects of the implementation of the various regulations adopted pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act").

Exchange-Traded Funds

From time to time, the Funds may invest their assets in exchange-traded funds ("ETFs") to gain exposure to certain markets or implement certain currency hedging or currency management strategies. ETFs represent shares of ownership in funds, unit investment trusts or depository receipts that hold portfolios of securities or individual issuers that closely track the performance of specific instruments, including broad market, sector or international indexes. There is typically some tracking error between an ETF and the index that the ETF attempts to replicate and ETFs can be subject to periods of illiquidity. There must be an active market in order to use ETFs effectively to express market views, and there can be no assurance that there will be adequate liquidity.

Trading in Options Contracts. The Funds may actively engage in the trading of equity options contracts. Although successful trading in options contracts requires some of the same skills required for successful securities trading generally, the risks involved are different. Although the purchaser of an option cannot lose more than the purchase price of the option, the seller of an option has no such protection and is subject to unlimited liability. Accordingly, the strategy of selling options is extremely risky. Investors in the Funds must be aware that the Fund intends to allocate a portion of its assets to strategies involving the sale of options.

Option Losses and Limited Gains

In the case of an option purchase (long call or long put), the Fund's entire initial investment of premium can be lost. In the case of a covered option short sale (short call or short put), upside gains can be limited by the sale of a short call against an underlying stock position (see also Assignment Risk for Options below) and a forced purchase of stock can occur in the case of a short cash covered put sale. In the case of a naked call or put sale (a call with no underlying stock position and a put with no cash to cover the possibility of a forced stock purchase) there is the risk of unlimited loss in the call position and substantial loss in the put position.

Assignment Risks for Options

Having a short call or put position can lead to an assignment and involuntary transaction, which cannot otherwise be avoided. In the case of a short call, being assigned can lead to a forced sale of stock, whether it is held long in the portfolio or not. Being short a put can lead to a forced purchase of the underlying stock for which funds will have to be provided by the account holder.

Lack of Liquidity of Option Contracts

Some option markets are very thinly traded and highly illiquid, resulting in wide markets and limited trading opportunities. Should it be determined that an option trade will be attempted in such a market, there is the risk of a fill price that is either substantially higher (purchase) or substantially lower (sale) than mid-market.

In addition, in such illiquid markets and despite best efforts there is the risk that no fill will occur at all for the intended order.

Other Option Risks

There are various other risks associated with option positions. Options are complex derivative securities and should not be traded without full knowledge of all the factors affecting their value. These factors include changes in implied volatility in the market that can cause an increase/decrease in the value of an option with no concurrent change in the underlying price of the stock. In addition, changes in the underlying stock dividend, time to expiration, market interest rates and other factors can affect the value of an option position.

Risks with Respect to Commodity Futures and Options on Commodity Futures

As further detailed in each Funds' respective Operating Documents, the Funds may trade in commodities and options on commodities. While the specific trading activities of the Funds and risks inherent in such trading activities are set forth in greater detail in each Fund's relevant Offering Documents, an overview of these risks is provided below.

General Risks to Futures Trading

The use of futures is a specialized activity that involves investment strategies and risks different from those associated with ordinary portfolio securities transactions, and there can be no guarantee that their use will increase the return or not cause large losses. While the use of these instruments may reduce certain risks associated with portfolio positions, these techniques themselves entail certain other risks. The Funds could experience losses if the values of its futures positions were poorly correlated with its other investments, or if they could not close out their positions because of an illiquid market. In addition, Funds will incur transaction costs, including trading commissions, in connection with its futures transactions and these transactions could significantly increase the strategy's investment turnover rate. There is no assurance that a liquid secondary market will exist for futures contracts or options purchased or sold, and the strategy may be required to maintain a position until exercise or expiration, which could result in losses. Many futures exchanges limit the amount of fluctuation permitted in contract prices during a single trading day. Once the daily limit has been reached in a particular contract, no trades may be made that day at a price beyond that limit. Contract prices could move to the daily limit for several consecutive trading days permitting little or no trading, thereby preventing prompt liquidation of futures and options positions and potentially subjecting the strategy to substantial losses. In addition, the Funds will be subject to margin calls in the event that their assets on deposit with a futures commission merchant are insufficient to satisfy margin requirements.

Futures Trading Is Highly Leveraged. As further discussed in each Fund's respective Offering Documents, the Funds may trade, in part, in futures contracts and options on futures that allow the Fund to obtain investment exposure in excess of its assets. The low margin deposits normally required in futures trading permit an extremely high degree of leverage; margin requirements for futures trading being in some cases as little as 2% of the face value of the contracts traded. For example, if at the time of purchase 10% of the price of the futures contract is deposited as margin, a 10% decrease in the price of the futures contract would, if the contract was then closed out, result in a total loss of the margin deposit before any deduction for the trading commission. A decrease of more than 10% would result in a loss of more than the total margin deposit. Accordingly, a relatively small price movement in a futures contract may result in immediate and substantial loss to the investor. Like other leveraged investments, any trade may result in losses in excess of the amount invested, and Investors in the Funds can lose all or substantially all of their investment if the Funds' trading positions suddenly turn unprofitable.

Futures Trading is Speculative and Volatile. Speculative trading in the futures markets typically results in volatile performance. The price movements of futures contracts are influenced by changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies, national and

international political and economic events, the purchasing and marketing programs of different nations, changes in interest rates, and numerous other factors. In addition, governments occasionally intervene, directly and by regulation, in certain markets, particularly those in currencies and interest rates. Government intervention is often intended to influence prices directly. CSAM cannot control these factors nor give assurance that the Funds will engage in profitable trades and will not incur substantial losses.

Correlation and Liquidity Risks

In connection with the use of futures contracts and options, there may be an imperfect correlation between the change in market value of a security and the prices of the futures contracts and options held by the Funds. In addition, CSAM's investments in security futures and options may encounter a lack of a liquid secondary market for a futures contract and the resulting inability to close a futures position prior to its maturity date.

Risks Associated with Government and Other Interest Rate Securities

Income securities, which may be employed as cash equivalents from time to time, are subject to interest rate, market and credit risk. Interest rate risk relates to changes in a security's value as a result of changes in interest rates generally. Even though such instruments are investments that may promise a stable stream of income, the prices of such securities are inversely affected by changes in interest rates and, therefore, are subject to the risk of market price fluctuations. In general, the values of fixed income securities increase when prevailing interest rates fall and decrease when interest rates rise. Depending on the timing of the purchase of a fixed-income security and the price paid for it, changes in prevailing interest rates may increase or decrease the security's yield. Typically, the longer the maturity of a debt security, the greater the effect a change in interest rates could have on the security's price. Market risk relates to the changes in the risk or perceived risk of an issuer, country or region. Credit risk relates to the ability of the issuer to make payments of principal and interest. The values of income securities may be affected by changes in the credit rating or financial condition of the issuing entities.

Spread Trading. Engaging in spread trading, or entering into spread positions, especially with futures contracts, involves certain special risks, including the risk of loss. The margin requirements associated with spread positions are typically less than those associated with individual "long" or "short" positions; accordingly, relatively minor adverse price movements and market volatility may have a greater negative impact on the value of the spread positions and the assets of the Funds than would be the case if the Funds were not taking spread positions. Further, because each "spread trade" actually involves entering (and eventually exiting) two separate positions, the commissions associated with spread trading are, on average, greater than those associated with trading that does not involve spreads.

Derivatives and Counterparty Risk

To the extent that the Funds invest in swaps, derivative or synthetic instruments, repurchase agreements, forward contracts, certain types of options, or other over-the-counter transactions or customized financial instruments, or, in certain circumstances, non-U.S. securities, it may take a credit risk with regard to parties with whom it trades and may also bear the risk of settlement default. These risks may differ materially from those entailed in exchange-traded transactions that generally are backed by clearing organization guarantees, daily mark-to-market and settlement, and segregation and minimum capital requirements applicable to intermediaries. Transactions entered directly between two counterparties generally do not benefit from such protections and expose the parties to the risk of counterparty default. It is expected that securities and other assets deposited with custodians or brokers will be clearly identified as being assets (directly or indirectly) of the Funds, and hence the Funds should not be exposed to a credit risk with regard to such parties. However, it may not always be possible to achieve this segregation, and there may be practical or time problems associated with enforcing rights to its assets in the case of an insolvency of any such party.

CSAM makes no guarantee or representation that its investment recommendations will be successful. Past performance is no guarantee of future results. Investing in Options involves additional risk and is not suitable for everyone.

ITEM 9: DISCIPLINARY INFORMATION

Neither CSAM nor any of its management persons have been involved in any legal or disciplinary events, material or otherwise. However, an affiliate of CSAM has disciplinary history, descriptions of which can be found in Part 1 of CSAM's Form ADV.

ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

CSAM is registered with the Commodity Futures Trading Commission as a commodity pool operator and commodity trading advisor and is a member of the National Futures Association ("NFA"). Certain management personnel of CSAM are registered with the NFA as principals and associated persons.

CSAM also has relationships or arrangements with related persons that are material to its advisory business and its Funds. In this regard, CSAM's Manager provides management, financial, operational and other services to affiliates of CSAM and may devote the majority of its time to providing such services. This fact, and the other relationships that are more fully detailed below, create a conflict of interest.

Registrations with a Broker-Dealer

SpiderRock EXS, LLC ("SR EXS") is an affiliate of CSAM and is a registered broker-dealer and member of FINRA, the NFA (as an introducing broker) and the Securities Investor Protection Corporation ("SIPC"). George Papa, who is the Managing Member of SpiderRock Holdings, LLC ("SR Holdings"), which is the Manager of CSAM, is also registered with SR EXS as a registered representative and general securities principal. The broker-dealer business of SR EXS provides trading technology, risk management, electronic execution and market access services utilizing the technology of another affiliated entity, SpiderRock Platform Services, LLC ("SR Platform").

SR EXS provides access to a trading platform that routes transactions for the Funds and is compensated for providing such services, thereby benefiting from the Funds' trading activities. The fees paid by the Funds to SR EXS, if any, are not negotiated at arm's length and any benefit received by SR EXS is not shared with the Funds. In addition, SR EXS may introduce the trading accounts of the Funds to other broker/dealers or to futures commission merchants for execution, clearing or other services, and in such situations, SR EXS will benefit from a Fund's order flow because the other broker/dealers and futures commission merchants will share their commissions with SR EXS. **This may create a conflict of interest due to an incentive for CSAM to choose the affiliate over a third-party for order routing and execution services.** In an attempt to mitigate this potential conflict, CSAM and its Chief Compliance Officer conduct ongoing market comparisons, surveying the market to confirm that SR EXS is providing the Funds services at a market or better than market rate.

The Funds may also purchase market data or other securities related services and products from other SpiderRock companies, including but not limited to SpiderRock Gateway Technologies, LLC and SpiderRock Platform Services, LLC. The prices paid for the market data and other products and services will not be shared with the Funds or the investors in the Funds and are not established at arm's length.

In addition to routing services, SR EXS and CSAM have entered into a Shared Cost Agreement, pursuant to which CSAM pays SR EXS a prorated share of office expenses for a furnished office space, office utilities, shared conference facilities, security access, miscellaneous supplies and office insurance. Some of

these expenses are passed on to CenterStar Fund as noted in Item 5 below. This agreement also is not negotiated at arm's length and any benefit received by SR EXS is not shared with the Funds.

Arrangements with Affiliated Entities

CSAM conducts business with certain affiliated entities in addition to SR EXS. The referral agreements that CSAM and/or its Funds may have with these affiliates create a conflict of interest because CSAM has a financial incentive to recommend its affiliates' services. While the Firm believes that compensation charges by its affiliates are competitive, such compensation may be higher than fees charged by other firms providing the same or similar services. In addition, CSAM shares the same office space with its affiliated entities; however, the area devoted to CSAM is segregated for purposes of privacy, compliance, and investor confidentiality. In light of this shared space arrangement, the affiliated entities have developed an Information Barriers Policy that ensures that confidential information remains exclusive to each respective entity. Additional information on these affiliates, and any potential conflicts of interest with respect to these entities, is further detailed below.

SpiderRock Holdings, LLC

SR Holdings is a holding company that is the Manager of CSAM and also has a controlling ownership interest in SR EXS, SR Platform, SpiderRock Gateway Technologies, LLC ("SR Gateway"), and SpiderRock Advisors, LLC ("SR Advisors"). CSAM has entered into a Corporate Service Cost Agreement with SR Holdings, pursuant to which it pays SR Holdings for corporate support services including, but not necessarily limited to, human resources, compliance, corporate tax, audit and accounting support, office information technology support, and office reception support services. This agreement was not negotiated at arm's length and the prices paid for these services and products are not shared with the Funds. In addition, George Papa, the Managing Member of SR Holdings, has passive interests in certain unaffiliated proprietary trading entities that trade in Products. While Mr. Papa's interests in such entities are generally passive, they may nonetheless create a conflict should the proprietary entities enter trades with the Funds.

SpiderRock Platform Services, LLC/ SpiderRock Gateway Technologies, LLC

SR Holdings also manages SR Platform, a technology services company that is responsible for the development and deployment of systems used by SR EXS, and SR Gateway, which has direct access to exchange market data feeds and is the market data vendor to clients of SR Platform (as well as other unrelated entities). CSAM and/or its Funds indirectly purchase technology solutions from SR Platform through its Customer Agreement with SR EXS and also purchases market data services, server access, and other products from SR Gateway, some of which are expenses of the Funds. Both the Customer Agreement with SR EXS and any service agreement between CSAM and/or its Funds and SR Gateway are not negotiated at arm's length, and the prices paid for these services are not shared with the Funds. **This may create a conflict of interest due to an incentive for CSAM and/or the Funds to choose the affiliate over a third-party for these services.**

In addition, the Funds' third-party administrator has retained SR Gateway to provide market data that is used to value the holdings of the Funds. While SR Gateway offers similar market data services to other unrelated parties, this arrangement creates a potential conflict of interest where the affiliate has an incentive to cause the administrator to value the Funds' holdings to the benefit of the Funds, especially in instances affecting the calculation of performance-based fees. CSAM mitigates this conflict through its Valuation Policy, which requires it to compare, on a monthly basis, the valuations presented by the Funds' administrator against those calculated by the Funds' prime broker. Pursuant to this policy, any material price discrepancies are investigated by CSAM and verified by third-party, unaffiliated pricing.

SpiderRock Advisors, LLC

SR Holdings is a member of SpiderRock Advisors, LLC ("SR Advisors"), an investment adviser registered

with the SEC that provides option overlay and other alternative investment strategies.

CenterStar Fund, LLC and CSTAR Breakout Fund, LLC

The Firm serves as the investment adviser to CenterStar Fund and Breakout Fund, neither of which have independent management. CSAM has negotiated the investment management agreements with the Funds, the material terms of which are fully disclosed to all investors in the Funds prior to their investment. CSAM's affiliates, principals and employees, and their related persons, may invest in one or more series or class of interest in the Funds that is not generally offered to other investors in the Funds and which generally is not subject to the management fees described in Item 5.

Recommendation of Other Investment Advisers

From time to time, CSAM may recommend and engage other advisers to act as sub-advisers for its Funds and delegate some or all of its role as adviser to these sub-advisers. Prior to recommending and engaging these sub-advisers, CSAM performs detailed due diligence that includes, but is not limited to, analysis of the adviser's investment process and results, including the length of their track record, consideration of the assets under management, and interviews with members of the adviser's senior management and investment teams. CSAM's decision to engage a sub-adviser depends upon various factors that may include, but not be limited to, the sub-adviser's performance record, management style, number and continuity of investment professionals, and client servicing capabilities.

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

General Overview: Code of Ethics

CSAM has adopted a Code of Ethics (the "Code") in accordance with Rule 204A-1 under the Advisers Act, and the Code is applicable to all of its employees, managers and officers. The Code includes, among other things, provisions concerning (i) compliance with laws, rules and regulations; (ii) conflicts of interest; (iii) confidentiality; (iv) protection and proper use of assets; (v) the prohibition of insider trading; (vi) restrictions on giving and receiving gifts, and (vii) personal securities trading procedures. Under this Code, CSAM principals and employees are required to file certain periodic reports with CSAM's Chief Compliance Officer as required by Rule 204A-1 of the Advisers Act.

The Code is available to investors and potential investors of the Funds upon request, which can be made at the address, telephone number or email address on the cover page of this Brochure.

Participation or Interest in Client Transactions

Affiliated Investment Advisor

SR Advisors is an SEC registered affiliated investment advisor that provides option overlay and other alternative investment strategies primarily to other investment advisors. As both CSAM and SR Advisors are providing investment advisory services, it is possible that they could inadvertently engage in principal and/or agency cross transactions with one another. In addition, as the advisory services offered by SR Advisors are different from those of CSAM, it is also possible for one entity to recommend the sale of a security while the other recommends its purchase.

CSAM has implemented policies and procedures specifically designed to address this conflict of interest and insure that, to the extent any principal or agency cross transactions occurs between the affiliated advisers, such transactions are entirely inadvertent. In addition, while the advisors share one Member, all portfolio managers and traders are unique to each advisor.

Personal Trading Practices

CSAM manages the potential conflict of interest inherent in employee personal trading activities through the policies and procedures contained in its Code. These procedures contain limitations on the personal investment activities of the Firm's supervised persons, including pre-clearance requirements and reporting guidelines. In addition, the Firm utilizes Schwab Compliance Technologies to assist it in receiving and reviewing employee transaction and holdings reports to ensure that its supervised persons are conducting their personal trading activities in accordance with the Firm's Code.

Investments in the Funds

The fact that CSAM, its affiliates, principals, employees, and their related persons, may have financial ownership interests in the Funds creates a potential conflict in that CSAM may make different investment decisions than if such parties did not have such ownership interests. Further, CSAM receives management fees and performance-based compensation from the Funds. The management fees are payable without regard to the overall income earned by the Funds and therefore may create an incentive on the part of CSAM to raise or otherwise increase assets under management to a higher level than would be the case if CSAM were receiving no management fee. In addition, performance-based compensation may create an incentive for CSAM to make investments that are riskier or more speculative than investments made in the absence of such performance-based compensation. These conflicts are addressed through certain requirements in the CSAM's Code, fee disclosures made in each Fund's respective Offering Documents, and regular monitoring of the Funds' portfolios.

ITEM 12: BROKERAGE PRACTICES

Soft Dollar Benefits and Client Referrals

CSAM does not receive research or other products or services, known as "soft dollar benefits," from its executing brokers. It further does not select executing brokers based on their ability to provide investor referrals to the Firm.

Directed Brokerage

CSAM has full discretionary authority to direct the Funds' trades and therefore has a duty to obtain best execution for those transactions. In meeting this duty, CSAM determines the reasonableness of a broker's compensation based on the quality of the broker's services, including execution capability, depth of connectivity, reputation, prior working experience, financial strength, and fairness in resolving disputes. Best execution is determined not by the lowest possible commission rate but rather by the best qualitative execution.

CSAM has determined that best execution for CenterStar Fund is primarily achieved through the order routing services and trading platform access (collectively the "platform") provided by an affiliate, SR EXS. In this regard, SR EXS provides CSAM with this platform, which finds an appropriate execution venue at competitive execution rates. CenterStar Fund pays SR EXS a technology fee for this platform, which is not shared with CenterStar Fund, and the fee is not negotiated at arm's length. In an attempt to mitigate this potential conflict, CSAM and its Chief Compliance Officer conduct ongoing market comparisons, surveying the market to confirm that SR EXS is providing CenterStar Fund services at a market or better than market rate. In addition, CSAM conducts periodic best execution meetings to confirm that SR EXS continues to primarily provide the best execution for CenterStar Fund.

CSAM has also determined that best execution for Breakout Fund is primarily achieved through the introduction of the trading accounts of Breakout Fund by SR EXS to other broker/dealers and futures commission merchants for execution, clearing and other services, including but not necessarily limited to trading technology and risk management services. CSAM conducts periodic best execution meetings to

confirm that SR EXS continues to primarily provide the best execution for Breakout Fund.

Aggregation of Orders/Allocation of Trades

There may be occasions when CSAM decides to purchase or sell the same security for several Funds at approximately the same time. CSAM may (but is not obligated to) combine or “bunch” such orders in order to secure certain efficiencies and results with respect to execution, clearance and settlement of orders. CSAM will aggregate and allocate orders in a manner designed to ensure that no particular Fund is favored and that participating Funds are treated in a fair and equitable manner over time.

ITEM 13: REVIEW OF ACCOUNTS

CSAM’s portfolio managers or their designees review the Funds’ holdings on an ongoing basis as part of CSAM’s portfolio management activities.

Investors in the Funds will receive such reports as are permitted by terms described in each Fund’s respective Offering Documents (or as otherwise negotiated with CSAM), which generally include (i) monthly account statements computed by the Funds’ administrator and (ii) an annual audited financial statement of the Funds. In addition, CSAM may provide, at its discretion, prospectus updates, semi-annual or annual reports, and general emails and other communications to investors in the Funds from time to time.

ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION

CSAM does not receive any economic benefit from anyone other than its Funds for providing investment advice or other advisory services to its Funds.

ITEM 15: CUSTODY

CSAM is deemed to have custody of the Funds’ assets because, among other reasons, they have the authority as investment manager to obtain the Funds’ assets by, for example, deducting advisory fees from the Funds or otherwise withdrawing monies from the Funds’ account to pay expenses of each Fund. Each Fund maintains its assets, in its own name, with qualified custodians or otherwise as permitted under Rule 206(4)-2 under the Advisers Act (the “Custody Rule”).

To ensure compliance with the Custody Rule, CSAM has a reasonable belief that all investors in the Funds will be provided with financial statements for their respective Fund, audited by an independent accounting firm that is registered with and subject to review by the Public Company Accounting Oversight Board, in accordance with U.S. Generally Accepted Accounting Principles, within 120 days of the end of the Funds’ fiscal year.

ITEM 16: INVESTMENT DISCRETION

CSAM has broad discretionary authority to trade on behalf of its Funds. Such authority is set forth in the advisory agreements between CSAM and the Funds. In all cases, CSAM exercises its discretion in a manner consistent with the investment objectives as stated in these documents.

ITEM 17: VOTING CLIENT SECURITIES

It is the general policy of CSAM to abstain from voting the Funds’ proxies. The systematic trading strategy pursued by CSAM coupled with the short hold time of positions makes the outcome of proxy votes largely irrelevant to the investment return achieved by its Funds.

ITEM 18: FINANCIAL INFORMATION

CSAM is not aware of any financial commitment or condition that likely impairs its ability to meet its contractual and fiduciary commitments to the Funds and CSAM has not been the subject of a bankruptcy proceeding.