

Item 1 – Cover Page

**Part 2A of Form ADV
Brochure for:**

JCSD Capital, LLC

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March 17, 2022

This Brochure provides information about the qualifications and business practices of JCSD Capital, LLC (“JCSD” or the “Firm”). If you have any questions about the contents of this Brochure, please contact the Firm at the address listed above. 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.

JCSD is a registered investment adviser with the SEC. Registration of an investment adviser does not imply any certain level of skill or training.

Additional information about JCSD is also available on the SEC’s website at www.adviserinfo.sec.gov.

Item 2 – Material Changes

This Brochure was prepared for JCSD's annual updating amendment for the fiscal year ending on December 31, 2021. The following is a summary of material changes made to this Brochure since the last update filed on February 24, 2021:

- Item 4 has been updated to reflect JCSD's current assets under management.

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Item 4 – Advisory Business

A. Description of the Advisory Firm

JCSD Capital, LLC, a Delaware limited liability company, was formed on October 6, 2004. Steven J. Didion is the principal owner of JCSD.

B. Types of Advisory Services

JCSD serves as general partner and investment adviser to two private investment funds (the “Clients”).

Pursuant to Clients’ offering memoranda, limited partnership agreements, and subscription documents (“Constituent Documents”), the Clients’ investment objective is to identify management teams with attractive strategies and use JCSD’s knowledge of the inner workings of financial institutions to invest in businesses that will create long term value for its Clients. JCSD will look to find inefficiencies in pricing in the securities markets to create both short and long term profits for its Clients.

JCSD focuses its efforts on equity investments related to the financial services industry with a particular emphasis on banking companies and savings institutions. JCSD’s Clients also may invest in other sectors or types of investments.

The Clients are offering limited partnership interests (“Interests”) to certain qualified investors as described in response to Item 7, below (such investors or prospective limited partners are referred to herein as “Investors”).

C. Client Tailored Services and Client Imposed Restrictions

Advisory services are tailored to achieve the Clients’ investment programs and objectives as described in their Constituent Documents. Generally, JCSD has the authority to select which and how many securities and other instruments to buy or sell without consultation with the Clients or their Investors, and Clients may not impose restrictions on investing in certain securities or types of securities.

D. Wrap Fee Programs

JCSD does not participate in wrap fee programs.

E. Amounts Under Management

JCSD manages the assets of the Clients and has the following assets under management:

Discretionary Amounts:	Non-Discretionary Amounts:	Date Calculated:
\$146,970,764	\$0	December 31, 2021

Item 5 – Fees and Compensation

A. Fee Schedule

The fees and compensation payable to JCSD are negotiable and vary among its Investors. However, the range of compensation is generally as follows:

1. Management Fee

JCSD typically receives a quarterly asset-based management fee calculated as a percentage of each Investor's capital account, payable quarterly in advance. The management fee is generally 1.0% annually (or 0.25% per quarter).

2. Special Profit Allocation

JCSD generally receives a special profit allocation equal to a percentage of the net income allocated to each Investor for the year, but only to the extent net income allocated to that Investor exceeds any cumulative losses that were allocated to that Investor for earlier periods and that have not been recovered (a "high water mark"). This special profit allocation is generally 20% and is typically made at the end of each calendar year.

The special profit allocation will only be charged to accounts of those Investors who are "qualified clients" as defined in Rule 205-3 of the Investment Advisers Act of 1940, as amended ("Advisers Act"), in accordance with applicable state law.

3. Fee Comparison

The expenses of the Clients, including the management fee and special profit allocation may constitute a higher percentage of average net assets than would be found in other investment vehicles.

B. Payment of Fees.

Management fees, incentive allocations, and third-party fees (discussed below) are deducted from Client assets. Management fees, which are paid in advance, are withdrawn at the beginning of the quarter. Incentive allocations are generally allocated as of the last business day of the calendar year and as of any date on which an Investor makes a withdrawal or receives a distribution from such Investor's capital account(s).

C. Third-Party Fees

The Clients bear all costs of their operation including all trading costs and expenses (for example, brokerage commissions, expenses related to short sales, and clearing and settlement charges), all compliance costs and all ongoing legal, accounting and bookkeeping fees and expenses. These expenses also include the fees and expenses of attorneys for JCSD, research consultants, and the costs of service contracts related to online research, portfolio management and quotation services and equipment related thereto.

Please see Item 12 of this Brochure regarding brokerage.

D. Prepayment of Fees

JCSD will pro rate the management fee for Interests held for less than a full quarter. Clients whom JCSD permits to withdraw capital on a date other than the last day of a fiscal quarter do not receive a refund of the management fee paid in advance for that fiscal quarter.

E. Outside Compensation for the Sale of Securities

Neither JCSD nor any of its supervised persons accepts compensation for the sale of securities or other investment products outside of its association with JCSD.

The foregoing discussion in Items 5 represents JCSD's basic compensation arrangements. The management fees and incentive allocations described above are structured to comply with Rule 205-3 under the Advisers Act and applicable state laws. Fees and other compensation are negotiable in certain circumstances and arrangements with any particular Investor may vary. Although JCSD believes its fees are competitive, lower fees for comparable services may be available from other investment advisers.

Item 6 - Performance-Based Fees and Side-By-Side Management

As discussed in Item 5, JCSD generally receives a special profit allocation equal to a percentage of the net income allocated to each Investor for the year. The special profit allocation is only charged to accounts of those Investors who are "qualified clients" in accordance with applicable state law. Due to the Clients' structures, JCSD allocates investment opportunities to the Clients, and not to individual Investor accounts, which mitigates the potential for conflicts of interest.

Differences in JCSD's compensation arrangements with its Investors, particularly if some Investors were to pay higher performance-based compensation, could create incentives for JCSD to manage portfolios so as to favor those portfolios of Investors paying higher performance-based compensation, as could JCSD's ownership interest (e.g., as the general partner) in some Investor accounts. Notwithstanding these conflicts, JCSD will allocate transactions and opportunities among the various Client accounts it manages in a manner it believes to be as equitable as possible, without favoring any Investors at other Investors' expense and considering each account's objectives, programs, limitations and capital available for investment; however, even accounts with similar objectives will often have different investment portfolios.

The special profit allocation may provide a possible incentive for JCSD to make riskier or more speculative investments on behalf of a Client or Investor than it might make otherwise. Notwithstanding this potential incentive, JCSD will evaluate investments in a manner that it considers to be in the best interest of its Clients, given those Clients' investment objectives, investment strategies, suitability of the investment, and risk profile.

Item 7 – Types of Clients

JCSD provides investment advice and management to two private investment funds, referred to as the Clients. JCSD may in the future provide the same or similar services to other privately placed investment funds.

JCSD intends to restrict the number of Investors and will offer Interests only through non-public transactions in order to maintain the Clients' exclusion from "investment company" status under the Investment Company Act of 1940, as amended (the "Investment Company Act").

Prospective Investors in the Clients must meet eligibility criteria and are subject to certain withdrawal requirements and limitations. Prospective Investors are encouraged to thoroughly review the Clients' Constituent Documents, which set forth all of the terms in detail. Each Investor in the Clients generally must be an "accredited investor" (as defined in Regulation D under the Securities Act of 1933), an Investor who is eligible to enter into a performance fee arrangement under state and/or federal law, as applicable, and must meet other criteria as specified in the Constituent Documents. The minimum initial investment is \$500,000, subject to waiver at the discretion of JCSD.

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

A. Methods of Analysis

JCSD's primary methods of analysis include fundamental, technical and cyclical analysis of investment opportunities. Sources of information include financial industry databases, financial newspapers and magazines, inspection of corporate activities, research materials prepared by others, corporate ratings, annual reports, prospectuses, filings with the Securities and Exchange Commission and other regulators, and company press releases.

B. Investment Strategies

JCSD's goal is to combine the talents and experiences of its manager to identify management teams with attractive strategies and use the knowledge of the inner workings of financial institutions to invest in businesses that will create long term value for its Clients. JCSD will look to find inefficiencies in pricing in the securities markets to create both short and long term profits for its Clients.

JCSD focuses its efforts on the financial institutions industry with a particular emphasis on banking companies and savings institutions. The Clients also may invest in other sectors or types of investments if they meet JCSD's value-based investment criteria.

C. Risks of Investments and Strategies Utilized

Investing in securities involves risk of loss that Clients and Investors should be prepared to bear. The following list of risk factors does not purport to be a complete enumeration or explanation of the risks involved in an investment program with JCSD. Prospective Clients should read the entire Brochure as the Clients' Constituent Documents and other materials

that may be provided by JCSD, and consult with their own advisers prior to engaging JCSD's services.

Investment and trading risk factors may include:

General Investment and Trading Risks. Investment in securities and other instruments involves a high degree of risk, including the risk that the entire amount invested may be lost. JCSD may invest in securities and other financial instruments using strategies and investment techniques with significant risk characteristics. No guarantee or representation is made that JCSD's program will be successful. JCSD's investment programs may utilize such investment techniques as option transactions, margin transactions, short sales, forwards, leverage and derivatives trading, the use of which can, in certain circumstances, maximize the adverse impact to which Clients may be subject.

Investment Risks. JCSD invests principally in securities that are publicly traded in U.S. markets. JCSD also engages in short sales of securities, margin trading, hedging and other investment strategies. Markets for such instruments fluctuate and the market value of any particular investment may vary substantially. In addition, such securities may be issued by unseasoned companies and may be highly speculative. JCSD's investment portfolio may not generate any income or appreciate in value.

Information Sources. JCSD selects investments based in part on information and data that the issuers of such securities file with various government agencies or make directly available to JCSD or that it obtains from other sources. JCSD can never learn all relevant information regarding a company or a security and it is not in a position to confirm the completeness, genuineness or accuracy of information and data that it does receive. In some cases, complete and accurate information is not readily available. Further, JCSD may misinterpret or incorrectly analyze the information that it has about a particular company or security. These and other factors may cause JCSD to (a) invest in securities at times that will lead to losses in a Client's portfolio and may cause an Investor to lose a significant portion of its investment or (b) not invest in particular securities at times that would have resulted in gains in a Client's portfolio if JCSD would have caused such Client to invest.

Investment Selection. JCSD engages primarily in long purchases and short sales of securities. It also engages in hedging, option trading, leverage (including, but not limited to, margin trading and investing in derivatives) and other strategies. JCSD may invest in securities with relatively low prices, which may be subject to greater percentage price fluctuations than higher priced securities. JCSD may also invest in illiquid stocks. JCSD's Clients may have higher portfolio turnover than other investment funds. Its brokerage commissions and other transaction costs generally are higher than those incurred by investors or funds with lower portfolio turnover rates.

Short Sales. A short sale involves a finite opportunity for appreciation, but a theoretically unlimited risk of loss. Furthermore, gains from short sales of securities will generally be considered short-term capital gains, subject to less favorable tax rates than long term capital gains.

General Risks of Leverage. JCSD may use leverage by borrowing on margin, entering into swaps and other derivative contracts and other leveraging strategies. Such leverage increases the risk of loss and volatility. In the stock market, "margin" refers to buying stock on credit. Margin customers

are required to keep cash and securities on deposit with their brokers as collateral for their borrowings. As a result, a relatively small price movement in a security may result in immediate and substantial losses to an investor. Trading on margin also results in interest charges, which can be substantial.

Hedging. JCSD may use hedging strategies to attempt to control risk. Hedging may not be effective in controlling risk, due to unexpected non-correlation (or even positive correlation) between the hedging instrument and the position being hedged. JCSD may not be able to hedge a particular position, which can result in undesired exposure to that position and may lead to liquidation of that position when it is disadvantageous to JCSD. JCSD is not obligated to hedge Clients' portfolio positions and it frequently may not do so.

Options and Other Derivatives. JCSD trades in exchange-traded and over-the-counter derivatives, including, but not limited to, futures and other commodity interests, swaps, options and contracts for differences. These instruments can be highly volatile and expose JCSD to a high risk of loss. The low initial margin deposits normally required to establish a position in such instruments permit a high degree of leverage. As a result, depending on the type of instrument, a relatively small change in the price of the contract may result in a profit or a loss that is high in proportion to JCSD's clients actually placed as initial collateral and may result in unquantifiable further loss exceeding any collateral deposited. These changes are extremely difficult to predict. Derivative instruments can be difficult to value accurately. Any misvaluation could adversely affect one or more Clients.

Swaps and Other Securities-Linked Instruments. A counterparty may have the right to terminate a derivative transaction on limited or no notice at its discretion or when certain events occur (whether or not those events are within JCSD's control), including, but not limited to reductions in the Clients' net asset value, "key person" events and defaults by JCSD or its affiliates under other agreements. The counterparty may have the right to recoup its losses due to such termination. Any such termination may occur when it is disadvantageous to JCSD and may adversely affect the Clients.

Forward Trading. Forward contracts and options thereon are not traded on exchanges and are not standardized. Instead, banks and dealers act as principals in these markets, negotiating each transaction on an individual basis. Forward and "cash" trading is substantially unregulated; there are no limits on position sizes or daily price movements. The principals who deal in the forward markets are not required to continue to make markets in the currencies they trade and these markets can experience periods of illiquidity, sometimes of significant duration. There have been periods during which certain participants in these markets have refused to quote prices for certain currencies or commodities or have quoted prices with an unusually wide spread between the price at which they were prepared to buy and that at which they were prepared to sell. Disruptions can occur in any market in which JCSD trades due to unusually high trading volume, political intervention or other factors. Controls by government authorities might also limit JCSD's desired level of forward trading. Any such market illiquidity or disruption could adversely affect JCSD.

Risk of Default by Counterparties, Brokers, FCMs and Exchanges. JCSD is exposed to the credit risk of the counterparties with which, or the brokers, dealers, future commission merchants ("FCMs") and exchanges through which, it deals, whether it engages in exchange-traded or off-exchange

transactions. JCSD may lose its assets on deposit with a broker or FCM in the event of the broker's or FCM's bankruptcy, the bankruptcy of any clearing broker or FCM through which the broker or FCM executes and clears transactions on behalf of JCSD, or the bankruptcy of an exchange clearinghouse.

Service Provider Default Risk. JCSD and its Clients have contractual agreements with various service providers, including its custodians, to perform various functions or effect certain transactions for or on JCSD's or Clients' behalf. These entities may default on their obligations, which could adversely affect JCSD and the Clients.

Securities Lending and Borrowing. JCSD may lend securities to brokers and other institutions to earn additional income or borrow securities from brokers or other institutions to enable short sales. Although security loans typically are fully collateralized daily, the value of the collateral may fall below the value of the loaned securities or JCSD may misjudge the creditworthiness of the other party to the transaction. If the other party becomes insolvent or bankrupt, the Clients could incur losses due to insufficient collateral or experience delays and costs of liquidating the collateral or recovering payment for the securities. If, in the meantime, the value of the securities changes, the Clients could incur further losses.

Repurchase Agreements. JCSD may enter into repurchase agreements, by which it buys a security and simultaneously agrees to sell it back later at a predetermined price, or in reverse repurchase agreements, by which JCSD sells a security and simultaneously agrees to buy it back later at a predetermined price. The repurchase date is usually within 7 days after initiating the agreement. If the other party to a repurchase or reverse repurchase agreement becomes insolvent or bankrupt, JCSD may experience delays and incur costs in recovering payment or the securities. If the value of the security purchased changes in the meantime, JCSD could experience further losses. Repurchase and reverse repurchase agreements can have effects similar to margin trading and other leveraging strategies.

Stock Index Futures. Using stock index futures involves several risks. Price movement in the stock index and price movements in the securities that are the subject of a hedge do not always correlate. Positions in futures contracts may be closed out only on the exchange on which they were entered into or through a linked exchange, and there is no secondary market for those contracts. In addition, there may be no active market for the contracts at any particular time. Some exchanges do not permit trading in particular contracts at prices that fluctuate more than a set limit in any day. If prices fluctuate during a single day beyond those limits, JCSD may not be able to liquidate unfavorable positions promptly and may lose money.

Non-U.S. Securities. Investments in securities of non-U.S. issuers pose a range of potential risks which could include expropriation, confiscatory taxation, imposition of withholding or other taxes on dividends, interest, capital gains or other income, political or social instability, illiquidity, price volatility and market manipulation. In addition, less information may be available regarding securities of non-U.S. issuers, and non-U.S. issuers may not be subject to accounting, auditing and financial reporting standards and requirements comparable to or as uniform as those of U.S. issuers.

Economic Conditions. Changes in economic conditions, including, for example, interest rates, credit availability, inflation rates, industry conditions, government regulation, competition, technological developments, political and diplomatic events and trends, tax and other laws and innumerable other factors, can affect JCSD's investments and prospects materially and adversely. None of these conditions is within JCSD's control and it may not anticipate these developments. These factors may affect the volatility of securities prices and the liquidity of JCSD's investments. Unexpected volatility or illiquidity could impair JCSD's profitability or result in losses.

No Control Over Portfolio Issuers. JCSD may acquire substantial positions in the securities of particular companies. Aside from one such company of which Mr. Tachiera serves on the board, JCSD is unlikely to be represented on the board of directors or share any control over the management of such companies. The success of each investment depends on the ability and success of the management of that company in addition to economic and market factors.

Concentration of Investments. JCSD does not have fixed guidelines for diversifying its investments. In attempting to maximize Clients' returns, JCSD may concentrate investment portfolios in industries and companies that it believes provide the most positive risk/reward ratio. As a result of this lack of diversification, a significant loss in any one industry or position that JCSD has targeted for investment may have a material adverse effect on the value of Clients' portfolios.

Illiquid Investments. Securities and other assets may be subject to legal or other restrictions on transfer or for which no liquid market exists. The market prices, if any, for such investments tend to be volatile and may not be readily ascertainable, and a client may not be able to sell them when it desires to do so or to realize what it perceives to be their fair value in the event of a sale.

PIPES and Other Restricted Securities. In a private investments in public equity ("PIPE") transaction, a client typically purchases unregistered equity securities of a class of securities that is publicly traded and receives registration rights with respect to the unregistered securities that it purchases. The securities are not publicly tradable when the client purchases them, however, and they may never become publicly tradable. Restricted securities generally are difficult or impossible to sell at prices comparable to the market prices of similar securities that are publicly traded. It is highly speculative as to whether and when an issuer will be able to register its securities so that they become eligible for trading in public markets.

Portfolio Turnover/Operating Deficits. JCSD trades securities actively and incurs significant brokerage, custody and other transaction costs and expenses. It may have higher portfolio turnover than other investment advisers. The Clients' brokerage commissions and other transaction costs generally are higher than those incurred by investors with a lower portfolio turnover rate. These and other expenses of operating Clients' accounts (including management fees) are paid out of Clients' capital, reducing Clients' investments and potential for profitability.

More information about the Clients' investments and the associated risk factors is available in the Constituent Documents.

The foregoing list of risk factors does not purport to be a complete enumeration or explanation of the risks involved in an investment with JCSD. Prospective Investors and

Clients should read the entire Brochure as well the Constituent Documents, other materials that may be provided by JCSD and consult with their own advisers prior to engaging JCSD's services.

Item 9 – Disciplinary Information

- Criminal or Civil Actions

JCSD and its management persons have not been a party to any criminal or civil action.

- Administrative Proceedings Before the SEC or Federal Regulatory Agencies

On September 24, 2012, JCSD voluntarily agreed, without admitting any wrongdoing, to a settlement with the SEC relating to Rule 105 of Regulation M under the Securities Exchange Act of 1934. Rule 105 generally prohibits a person from purchasing in a secondary offering if such person shorted the same security within the past 5 trading days. The Rule 105 prohibition applies regardless of whether there is any intent to violate the rule. The settlement relates to JCSD's purchase of securities for Bank of Commerce Holdings in March 2010. JCSD agreed not to violate Rule 105 in the future and pay \$59,522 in disgorgement of profits (plus prejudgment interest) and a \$29,761 civil penalty. JCSD made such payments on September 28, 2012, and no Clients bore any portion of such payments or any cost of resolving the matter.

- Self-Regulatory Organization Proceedings

JCSD and its management persons have not been a party to any self-regulatory organization proceedings.

Item 10 – Other Financial Industry Activities and Affiliations

A. Registration as a Broker-Dealer or Broker-Dealer Representative

Neither JCSD nor its management persons are registered as a broker-dealer or broker-dealer representative.

B. Registration as a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor

Neither JCSD nor its management persons are registered as futures commission merchant, commodity pool operator, or a commodity trading advisor.

C. Relationships Material to this Advisory Business and Possible Conflicts of Interest

Although such relationship is not material to this advisory business, Mr. Tachiera serves on the Board of Directors of Gateway Bank, FSB, a portfolio company of the Clients, and Mr. Tachiera receives

compensation for his service on the board. This compensation may include cash, stock options, and/or restricted stock.

D. Selection of Other Advisors or Managers

JCSD does not utilize nor select other advisors or third-party managers. All assets are managed by JCSD.

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

A. Code of Ethics

JCSD has adopted a Code of Ethics (the “Code”) pursuant to Rule 204A-1 under the Advisers Act. The Code governs the activities of each member, officer, director and employee of JCSD (collectively, “Employees”). JCSD holds its Employees to a high standard of integrity and business practices that reflects its fiduciary duty to the Clients. In serving its Clients, JCSD strives to avoid conflicts of interest or the appearance of conflicts of interest in connection with the personal trading activities of its Employees and Client securities transactions. When persons covered by the Code engage in personal securities transactions, they must adhere to the following general principles as well as to the Code’s specific provisions: (a) employees must act in the best interest of the Clients; (b) personal transactions must be conducted consistent with the Code in manner that avoids any actual or potential conflict of interest; and (c) no inappropriate advantage should be taken of any position of trust and responsibility. Employees covered by the Code have certain trading restrictions and reporting obligations of their personal securities transactions. Each Employee is provided with a copy of the Code and must annually certify that they have received it and have complied with its provisions. In addition, any Employee who becomes aware of any potential violation of the Code is obligated to report the potential violation to the Chief Compliance Officer.

JCSD will provide a copy of its Code of Ethics to Clients and prospective Investors upon request. Such a request may be made by submitting a written request to JCSD at the address on the cover page to this Brochure.

B. Recommendations Involving Material Financial Interests

Neither JCSD nor its related persons recommend securities to the Clients, or buys or sells securities for Client accounts in which JCSD or a related person has a material financial interest.

C. Investing Personal Money in the Same Securities as Clients

Although JCSD generally prohibit its Employees and related persons from trading in the same instruments that JCSD buys or sells for client accounts, there may be limited circumstances in which JCSD, its Employees and/or the related persons may also personally buy or sell the same instruments that JCSD buys or sells for client accounts, and it or they may own securities, or options on securities, of issuers whose securities are subsequently bought for client accounts because of JCSD’s recommendations regarding a particular security. JCSD’s policy as to such transactions is that neither

JCSD nor any of its Employees or related persons is to benefit from price movements that may be caused by transactions for client accounts.

D. Trading Securities At/Around the Same Time as Clients' Securities

As discussed above, from time to time, JCSD, its Employees, or related persons of JCSD may buy or sell securities for themselves that JCSD also recommends to the Clients. JCSD will document any transactions that could be construed as conflicts of interest and will always transact Client business before the business of its Employees and/or related persons when similar securities are being bought or sold.

Item 12 – Brokerage Practices

A. Factors Used to Select or Recommending Broker-Dealers

JCSD will always have discretion as to the placement of brokerage (and accordingly, the commission rates paid). In selecting brokers to effect portfolio transactions, JCSD considers such factors as price, quality of execution, expertise in particular markets, the ability of the brokers to effect the transactions, the brokers' facilities, reliability, reputation, experience, financial responsibility in particular markets, familiarity both with investment practices generally and techniques employed by clients and certain brokerage or research services ("soft dollar items") provided by such brokers and clearing and settlement capabilities, subject at all times to principles of best execution, in accordance with JCSD's policies and procedures. In selecting broker/dealers to execute transactions, JCSD need not solicit competitive bids and does not have an obligation to seek the lowest available commission cost. JCSD believes that the broker-dealers that it recommends provide competitive transaction and custody costs, helping clients to eliminate or control costs and optimize the custodial structure to the benefit of account holders. When possible, JCSD seeks to pre-negotiate preferred terms for its clients providing clients with the benefits associated with the economy of scale and custodial knowledge of the firm.

1. Research and Other Soft Dollar Benefits

- JCSD currently anticipates receiving research and other products and services (other than execution) from broker-dealers or third-parties in connection with client securities transactions ("soft dollar benefits"). JCSD may, when in good faith it considers it to be in the best interest of clients and consistent with JCSD's obligations, enter into "soft dollar" arrangements with one or more broker-dealers. All "soft dollar" arrangements will fall within the safe harbor provided by Section 28(e) of the Securities Exchange Act, as that safe harbor is currently interpreted by the Securities and Exchange Commission. All products and services purchased with "soft dollars" will be eligible "brokerage and research services" as currently interpreted by the Securities and Exchange Commission.
- Within the last fiscal year, JCSD used "soft-dollars" to receive broker-dealer research reports, company financial data and economic data. A broker from which JCSD obtains soft dollar services generally establishes "credits" based on past

transactional business (including markups and markdowns on principal transactions), which may be used to pay for specified expenses. In some cases the process is less formal and a broker simply may suggest a level of future business that would fully compensate the broker for services or products it provides. JCSD monitors the soft dollar services provided to ensure that appropriate transactions are executed with a soft dollar provider.

2. Brokerage for Client Referrals

Certain brokers utilized by JCSD may refer advisory clients to JCSD or investors to investment vehicles managed by JCSD. In selecting a broker, JCSD may consider the broker's referrals of clients or investors to investment funds JCSD manages, referrals of advisory clients to JCSD, the potential for future referrals, and/or the broker's willingness to pay third-party finders' fees for such referrals. To the extent JCSD would otherwise be obligated to pay for "finding" services, it has a conflict of interest in considering those services when selecting a broker. It also faces a conflict because it benefits from increases the size of the investment funds it manages.

3. Directed Brokerage

JCSD does not allow clients to direct brokerage. Securities transactions are executed by brokers selected by JCSD in its discretion and without the consent of clients. JCSD may enter into directed brokerage arrangements in its discretion.

B. Aggregating Trading for Multiple Client Accounts

JCSD may (but is not required to) combine orders on behalf of one client account with orders for other client accounts for which it or its principals have trading authority, or in which it or its principals have an economic interest. When it does, JCSD will generally allocate the securities or proceeds arising out of those transactions (and the related transaction expenses) on an average price basis among the various participants. JCSD believes combining orders in this way will, over time, be advantageous to all participants. However, the average price could be less advantageous to a client than if that client had been the only account effecting the transaction or had completed its transaction before the other participants. Because of JCSD's relationship to the Clients it manages by virtue of its position as an investment manager, there may be circumstances in which transactions for those entities may not, under certain laws, regulations and internal policies, be combined with those of some of JCSD's and its affiliates' other clients, which may result in less advantageous execution for those Clients.

JCSD may place orders for the same security for different clients at different times and in different relative amounts due to differences in investment objectives, cash availability, size of order and practicability of participating in "block" transactions. The level of participation by different clients in the same security may also be dependent upon other factors relating to the suitability of the security for the particular Clients.

In addition, JCSD and/or its related persons or clients may buy or sell specific securities for its or their own account that are not deemed appropriate for Client accounts at the time, based on personal investment considerations that differ from the considerations on which decisions as to investments

in client accounts are made. Where execution opportunities for a particular security are limited, JCSD attempts in good faith to allocate such opportunities among clients in a manner that, over time, is equitable to all clients.

Item 13 – Review of Accounts

A. Frequency and Nature of Periodic Review and Who Makes Those Reviews

JCSD reviews Client accounts on a periodic basis to monitor for consistency with each Clients' strategy and performance objectives. Asset allocation, cash management, market prospects and individual issue prospects are considered. The reviews are conducted by Steven J. Didion or Daniel Tachiera.

B. Factors That Will Trigger a Non-Periodic Review of Client Accounts

Reviews may take place more frequently if triggered by economic, market, or political conditions.

C. Content and Frequency of Regular Reports

JCSD, on behalf of the Clients, sends to each Investor an annual report containing the Clients' audited financial statements, including a balance sheet and statements of income and Investors' equity. JCSD also furnishes to the Investors appropriate tax information each year.

JCSD or the Clients may provide to any Investor (or the Investor's designated agents) statements, reports and other communications relating to the Clients or the Investor's investment in the Clients exclusively in electronic form, such as e-mail, without separate mailing of paper copies, provided that the Investor consents to receive such statements, reports and other communications in such format.

Item 14 – Client Referrals and Other Compensation

A. Economic Benefits Provided by Third Parties

JCSD does not receive any economic benefit, directly or indirectly from any third party for advice rendered to the Clients.

B. Compensation to Non-Advisory Personnel for Client Referrals

Currently, neither JCSD nor its related persons directly or indirectly compensates any person who is not advisory personnel for Client referrals. If in the future JCSD enters into such arrangements, this Brochure will be appropriately amended.

Item 15 – Custody

JCSD satisfies the SEC's custody requirements by holding Client assets with a qualified custodian. Investors are provided with daily statements from the qualified custodian and the Investors are encouraged to carefully review those statements. Investors in the private Funds are provided audited financial statements of their respective Funds by a specified time each year.

Item 16 – Investment Discretion

The Constituent Documents generally authorize JCSD to invest and trade the Client assets in a broad range of investments, to be selected at JCSD's sole discretion, with no specific limitations as to type, amount, concentration, or leverage. Further, JCSD may enter into any type of investment transaction and employ any investment methodology or strategy it deems appropriate.

Pursuant to the Clients' governing documents, each Investor in the Client designates JCSD as its attorney-in-fact to execute, certify, acknowledge, file, record and swear to all instruments, agreements and documents necessary or advisable to carrying out the Clients' business and affairs, including execution of the Clients' governing documents. An Investor's execution of a Clients' subscription agreement constitutes its execution of the Clients' governing documents.

Item 17 – Voting Client Securities

JCSD exercises voting authority over Discretionary Account (as defined below) proxies and as required by Rule 206(4)-6 of the Advisers Act, has adopted proxy voting policies and procedures that are designed to ensure that JCSD votes proxies received in a manner consistent with the best interests of Clients. "Discretionary Accounts" are accounts of Clients who have granted JCSD (i) discretionary proxy voting authority, or (ii) discretionary investment authority without expressly retaining proxy voting authority. All investment funds are Discretionary Accounts.

After carefully considering proxy solicitation materials and other available facts, JCSD votes all proxies on behalf of Discretionary Accounts, except when it abstains from voting as described below. JCSD's Chief Compliance Officer ("CCO") makes all voting decisions on behalf of a Discretionary Account based solely on the CCO's determination of the best interests of that Discretionary Account. JCSD uses reasonable efforts to respond to each proxy solicitation by the deadline for such response.

Certain of JCSD proxy voting guidelines are summarized below:

JCSD votes for a proposal when it believes that the proposal serves the best interests of the Discretionary Account whose proxy is solicited because, on balance, the following factors predominate:

- If adopted, the proposal would have a positive economic effect on Client value;
- If adopted, the proposal would pose no threat to existing rights of the Clients;
- The dilution, if any, of existing shares that would result from adoption of the proposal is warranted by the benefits of the proposal; and
- If adopted, the proposal would not limit or impair the accountability of management and the board of directors to the Clients.

JCSD votes against a proposal if it believes that, on balance, the following factors predominate:

- If adopted, the proposal would have an adverse economic effect on Client value;

- If adopted, the proposal would limit the rights of the Clients in a manner or to an extent that is not warranted by the benefits of adopting the proposal;
- If adopted, the proposal would cause significant dilution of shares that is not warranted by the benefits of the proposal;
- If adopted, the proposal would limit or impair accountability of management or the board of directors to the Clients; or
- The proposal is a shareholder initiative that JCSD believes wastes time and resources of the company or reflects the grievance of one individual.

JCSD abstains from voting proxies when it believes that it is appropriate. Usually, this occurs when JCSD believes that a proposal holds negative but non-quantifiable implications for shareholder value but may express a legitimate concern.

Due to the size and nature of JCSD's operations and JCSD's limited affiliations in the securities industry, JCSD does not expect that material conflicts of interest will arise between JCSD and a Discretionary Account over proxy voting. However, if a material conflict of interest arises, JCSD will vote all proxies in accordance with proxy voting policies outlined above and will not place its own interests ahead of the interests of its Discretionary Accounts in voting proxies.

Clients may obtain a copy of JCSD's complete proxy voting policies upon request. Clients may also obtain information from JCSD about how JCSD voted any proxies on behalf of their account(s).

Item 18 – Financial Information

JCSD has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to Clients and has not been the subject of a bankruptcy petition.

A. Balance Sheet

JCSD does not require nor solicit prepayment of more than \$500 in fees per client, six months or more in advance and therefore does not need to include a balance sheet with this Brochure.

B. Financial Condition

JCSD has discretionary authority over the Clients' assets. At this time, neither JCSD nor its management persons have any financial conditions that are likely to reasonably impair its ability to meet contractual commitments to clients.

C. Bankruptcy Petitions in Previous Years

JCSD has not been the subject of a bankruptcy petition in the last ten years.