

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

### **Item 1. Cover Page**

#### **Collegiate Peaks Asset Management, LLC**

201 Milwaukee Street, Suite 200  
Denver, Colorado

March 15, 2024

This Brochure provides information about the qualifications and business practices of Collegiate Peaks Asset Management, LLC (“Collegiate Peaks,” “CPAM” or the “Firm”). If you have any questions about the contents of this Brochure, please contact Collegiate Peaks’ Chief Compliance Officer at (303) 801-3549 or [joer@cpamllc.com](mailto:joer@cpamllc.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Any reference to Collegiate Peaks as a registered investment adviser does not imply a certain level of skill or training. Additional information about Collegiate Peaks also is available on the United States Securities and Exchange Commission’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2 – Material Changes**

This brochure is the annual updating amendment to Collegiate Peaks Asset Management, LLC's most recent brochure dated November 3, 2023. There have been no material changes since the last update.

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## **Item 4 – Advisory Business**

**A. Describe your advisory firm, including how long you have been in business. Identify your principal owner(s).**

### **Advisory Business**

Collegiate Peaks Asset Management, LLC (“CPAM”), was formed in May of 2022 as a Delaware limited liability company.

CPAM provides investment advice and management to a privately placed investment fund, a Cayman Islands-based limited partnership (the “Current Fund”), of which CPAM is the investment manager (collectively, and along with any yet to be created privately placed investment funds, referred to herein as the “Funds”). CPAM also serves as an investment manager for and provides discretionary advisory services to separately managed accounts, primarily for institutions (“Separate Accounts”). The Funds and Separate Accounts are collectively referred to herein as “Clients.”

In the case of the Current Fund, an affiliate of CPAM serves as its general partner with authority to make investment decisions on its behalf.

### **Principal Owners/Ownership Structure**

CPAM is a wholly owned subsidiary of Collegiate Peaks Investors, LLC, a Delaware limited liability company, which is owned 77.5% by Michael O’Shea, the Firm’s Chief Executive Officer and Chief Investment Officer; 22.5% owned by Charles Laarsen, the Firm’s Chief Operating Officer.

**B. Describe the types of advisory services you offer. If you hold yourself out as specializing in a particular type of advisory service, such as financial planning, quantitative analysis, or market timing, explain the nature of that service in greater detail. If you provide investment advice only with respect to limited types of investments, explain the type of investment advice you offer, and disclose that your advice is limited to those types of investments.**

CPAM’s investment objective is to invest primarily in structured products assets, which may include residential mortgage-backed securities (“RMBS”), commercial mortgage-backed securities (“CMBS”), asset-backed securities (“ABS”), collateralized mortgage obligations (“CMO”), small balance commercial securities, mortgage-related derivatives, collateralized debt obligations (“CDO”), net interest margin securities (“NIM”) and other similar securities. CPAM seeks to identify, evaluate, acquire, manage, and sell structured products and other assets in order to deliver performance that is non-correlated to major indices.

**C. Explain whether (and, if so, how) you tailor your advisory services to the individual needs of clients. Explain whether clients may impose restrictions on investing in certain securities or types of securities.**

The advisory services provided to each Client are tailored to the investment objectives, investment strategy and investment restrictions, if any, as set forth in the Governing Documents (as defined below) for each Client. Regarding the Funds, CPAM does not tailor its advisory services to the individual needs of investors in its Funds; CPAM's investment advice and authority for each Fund are tailored to the investment objectives of each particular Fund. Investment advice for the Separate Accounts is tailored to each Separate Account. The objectives of each Client are described in the private placement memorandum, limited partnership agreement, subscription agreement, investment management agreement and/or other governing documents of the relevant Fund or Separate Account (collectively, "Governing Documents"). Investors determine the suitability of an investment in a Fund or in a Separate Account, based on, among other things, these Governing Documents which outline applicable investment risks.

Regarding the Funds, Fund investors cannot impose restrictions on investing in certain securities or types of securities. Investors participate in the overall investment program for the applicable Fund, but can be excused from a particular investment due to legal, regulatory or other applicable constraints, pursuant to the terms of the applicable Governing Documents. In accordance with industry common practice, a Fund's General Partner may enter into side letters or similar agreements with certain investors in the Funds that have the effect of establishing rights under, or altering or supplementing a Fund's Governing Documents. Examples of side letter rights that could be entered into include certain fee provisions, confidentiality provisions, liquidity and withdrawal provisions, concentration limits, notification provisions and most favored nations provisions. These rights, benefits or privileges are not always made available to all investors nor in some cases are they required to be disclosed to all investors, consistent with general market practice. There can be no assurance that the side letter rights granted to one or more investors will not in certain cases disadvantage other investors.

Regarding Separate Accounts, CPAM's investment advice is focused solely on investing in structured products and is tailored to that particular Client.

**D. If you participate in wrap fee programs by providing portfolio management services, (1) describe the differences, if any, between how you manage wrap fee accounts and how you manage other accounts, and (2) explain that you receive a portion of the wrap fee for your services.**

CPAM does not participate in wrap-fee programs.

**E. If you manage client assets, disclose the amount of client assets you manage on a discretionary basis and the amount of client assets you manage on a non-discretionary basis. Disclose the date "as of" which you calculated the amounts.**

As of December 31, 2023, CPAM manages \$344,241,480 in regulatory assets under management on a fully discretionary basis. CPAM does not anticipate managing Client assets on a non-discretionary basis.

## Item 5 – Fees and Compensation

**A. Describe how you are compensated for your advisory services. Provide your fee schedule. Disclose whether the fees are negotiable.**

As compensation for investment advisory services rendered to Funds, CPAM generally receives a management fee, and its affiliated general partners receive a performance-based incentive fee (as described more fully below in Item 6) from Clients. In the case of Separate Accounts, CPAM generally receives both a management fee and a performance-based incentive fee. Investors also bear certain other expenses, as described below in relation to the Funds. The Governing Documents of each Client detail the fees, compensation, and expenses in greater detail. Differences exist from Client to Client and may exist at times among investors in each Client.

CPAM typically receives from a Client an asset-based management fee, calculated as a percentage of the investment attributable to the investor, payable quarterly in arrears.

Management fees and other compensation are negotiable in certain circumstances and arrangements with any particular Client can vary. The relevant Fund general partner is permitted, in its sole discretion, to waive or reduce an investor's management fee or incentive fee.

**B. Describe whether you deduct fees from clients' assets or bill clients for fees incurred. If clients may select either method, disclose this fact. Explain how often you bill clients or deduct your fees.**

To the extent applicable, management fees, incentive fees and other expenses (discussed in Item C below) are deducted from Fund assets. Management fees are accrued and paid after the accrual date on a quarterly basis as per each Fund's Governing Documents. Incentive fees are 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).

The Governing Documents with most Separate Account Clients contain a written authorization which permits fees to be paid directly from each Separate Account Client's account. In such cases, CPAM sends an invoice to each Separate Account Client and their qualified custodian showing the amount of fees due along with the account value on which the fee is based, how the fee was calculated and then deducts fees directly from the Separate Account Client's account at the qualified custodian.

**C. Describe any other types of fees or expenses clients may pay in connection with your advisory services, such as custodian fees or mutual fund expenses. Disclose that clients will incur brokerage and other transaction costs, and direct clients to the section(s) of your brochure that discuss brokerage.**

### Client Expenses

Subject to the provisions of the respective Governing Documents, Funds shall pay such costs and expenses as CPAM shall reasonably determine to be necessary, appropriate, or advisable to carry on its

business and realize its objective.

Each Fund is governed by its own Governing Documents, which detail a description of expenses for such Fund. While differences exist among Funds, the following is a description of expense categories generally charged to each Fund. The Funds' expenses include, but are not limited to, the following expenses incurred, and differ across Funds: (i) all third party and out of pocket expenses, including legal, tax, accounting, travel, registration and filing, capital raising and other organizational fees and expenses incurred in the formation of the Fund and the general partner and the negotiation, execution, and delivery of partnership agreements, subscription agreements, side letters, management agreements, and other agreements relating to the foregoing in connection with the initial offering of Interests in the Fund up to a limit as specified in each Fund's Governing Documents; (ii) all third party and out of pocket expenses, including legal, tax, accounting, travel, registration and filing, capital raising and other organizational fees and expenses incurred in the formation of the Fund and the general partner and the negotiation, execution, and delivery of partnership agreements, subscription agreements, side letters, management agreements, and other agreements relating to the foregoing in connection with the any offering subsequent to the initial offering; (iii) all Fund investment expenses including, without limitation, fees, taxes, costs and expenses related to the acquisition, operation, management, monitoring and sale of investments, including interest, fees and expenses of custodians, consultants, counsel and accountants and brokerage commissions, out-of-pocket costs incurred in investigating and pursuing potential investments that are not consummated, and the out-of-pocket cost of organizing and maintaining special purpose vehicles; (iv) other expenses of the general partner or the Firm reasonably related to their status as general partner or investment manager of the Fund, as applicable, or performance of their respective duties relating to the Fund, including without limitation compliance expenses and fees and expenses of legal counsel and other professional advisers of the general partner and the Firm, as applicable; (v) Fund administration expenses (other than the general partners' and the Firm's overhead), including, without limitation, initial and ongoing fees of any third-party administrator and any other costs incurred in connection with performing anti-money laundering procedures, maintaining the books and records of the Fund, communicating with the investors and providing periodic reports to the investors, valuation costs, completing regulatory reports, any insurance, indemnity or litigation expense (including any judgments or settlements paid in connection therewith), auditing expenses of the Fund, financial statement and tax return preparation costs, other ongoing tax advice, compliance and regulatory fees and expenses, filing and registration fees, expenses of winding up and liquidating the Fund, the general partner and any special purpose entity, and any taxes, fees or other governmental charges levied against the Fund or any investment.

CPAM's fees and expenses are exclusive of brokerage commissions, transaction fees and other related costs and expenses incurred by the Funds. Such charges, fees and commissions are exclusive of and in addition to CPAM's management fee, and CPAM shall not receive any portion of these commissions, fees and costs. Please see Item 12 of this Brochure for more information about CPAM's brokerage arrangements for its Clients.

Expenses for Separate Account Clients are negotiated on a Client-by-Client basis and are reflected in each Client's Governing Documents; many of the expenses are similar to those paid by the Funds.

## **Allocation of Fees and Expenses**

In good faith and in its fair and reasonable discretion, CPAM determines on a case-by-case basis whether an expense should be borne by the Firm, a Client, multiple Clients or a portfolio investment. To the extent that the Governing Documents do not expressly provide for a method of allocation or to the extent that an invoice does not relate to a specific Client, CPAM will typically allocate common expenses among multiple Clients on a pro rata basis based on each Client's current Net Asset Value ("NAV"), unless another method is more equitable. Where one or more Clients to which an expense would otherwise be allocable are not permitted to receive an allocation based on the applicable Governing Documents, the portion of the expense attributable to such Client will be borne by CPAM.

**D. If your clients either may or must pay your fees in advance, disclose this fact. Explain how a client may obtain a refund of a pre-paid fee if the advisory contract is terminated before the end of the billing period. Explain how you will determine the amount of the refund.**

Subject to the terms of each Client's Governing Documents, CPAM generally permits withdrawals quarterly or annually on the day preceding the anniversary of an investor's capital contribution, subject to various other factors. In the case of Separate Accounts, however, there may be no withdrawals permitted until the first anniversary of the account and thereafter withdrawals may be limited to 25% of the NAV per quarter. In the event that CPAM makes an exception to these policies, it will not refund the prepaid management fee for any interests held for less than a full period.

**E. If you or any of your supervised persons accepts compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds, disclose this fact and respond to Items 5.E.1, 5.E.2, 5.E.3 and 5.E.4.**

Neither CPAM nor its supervised persons accept compensation for the sale of securities or other investment products outside of its association with CPAM.

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

**If you or any of your supervised persons accepts performance-based fees – that is, fees based on a share of capital gains on or capital appreciation of the assets of a client (such as a Client that is a hedge fund or other pooled investment vehicle) – disclose this fact. If you or any of your supervised persons manage both accounts that are charged a performance-based fee and accounts that are charged another type of fee, such as an hourly or flat fee or an asset-based fee, disclose this fact. Explain the conflicts of interest that you or your supervised persons face by managing these accounts at the same time, including that you or your supervised persons have an incentive to favor accounts for which you or your supervised persons receive a performance-based fee, and describe generally how you address these conflicts.**

As discussed in Item 5.A., in addition to management fees, an affiliate serving as general partner of a Fund generally receives an incentive fee equal to a percentage of the net income allocated to each investor for the year. Such incentive fee is subject to a "high water mark" such that if there is a

temporary decline in an investor's capital account due to net losses, the general partner will not receive the incentive fee for such investor until these losses are recovered. This incentive fee is generally 15% and, in two cases, as of December 31, 2023, are subject to a hurdle, depending on the Client, and is typically made at the end of each calendar year.

All performance-based incentive fees are calculated and paid in accordance with Section 205(a)(1) of the Investment Advisers Act of 1940, as amended ("Advisers Act"), and the exemptions set forth in Rule 205-3. Similar to management fees, CPAM is permitted to reduce or waive a portion of a Client's or a Client investor's incentive fee in its sole discretion.

The incentive fee has the potential to provide an incentive for CPAM to make riskier or more speculative investments on behalf of a Client than those which would be recommended under a different fee arrangement. In addition, this arrangement can cause Clients to pay a greater expense than if such fees were not charged. Notwithstanding this potential incentive, CPAM will evaluate investments in a manner that it considers to be in the best interest of the Clients, given those Clients' investment objectives, investment strategies, suitability of the investment and risk profile. Investors are provided with clear disclosure as to how performance-based compensation is charged and the risks associated with such performance-based compensation prior to making an investment. CPAM's ability to attract future investors is tied to the performance of its investments, as is the performance-based incentive fee paid to CPAM and its affiliates, thus aligning, to some extent, the interests of CPAM with the interests of the Clients.

In addition, CPAM manages multiple Clients, many of which have similar investment strategies and are managed on a side-by side basis. As a result of the foregoing, CPAM and/or the general partners will potentially have conflicts of interest in: (i) allocating their time and activity among the multiple Clients; (ii) allocating investments among the multiple Clients; and (iii) effecting transactions among the multiple Clients, including ones in which CPAM and/or the general partners have a greater financial interest. These conflicts of interest can create an incentive for CPAM to favor a Client in which it and/or a general partner have a greater financial interest with respect to allocation of time and activity, limited investment opportunities or investments that CPAM regards as more attractive or better performing.

To address these conflicts of interest, the Firm has implemented policies and procedures to ensure that all Clients receive equitable and fair treatment over time with respect to the allocation of investment opportunities. These policies and procedures, along with each Client's Governing Documents, require CPAM to at all times allocate investments among its Clients in a manner which it believes to be fair and equitable and taking into consideration certain factors, as determined in the Firm's sole discretion. CPAM will not base an allocation decision in whole or in part, on any of the following, or similar, reasons: (i) to generate higher fees paid by one Client over another, or to produce greater fees to CPAM or any of its affiliates; (ii) to develop a relationship with an existing or potential investor; (iii) to compensate an investor for past services or benefits rendered to CPAM or any employee of CPAM; or (iv) to induce future services or benefits to be rendered to CPAM or any employee of CPAM.

## Item 7 – Types of Clients

**Describe the types of clients to whom you generally provide investment advice, such as individuals, trusts, investment companies, or pension plans. If you have any requirements for opening or maintaining an account, such as a minimum account size, disclose the requirements.**

As discussed in Item 4 above, CPAM currently provides investment advice and management to the Current Fund and Separate Accounts. The Current Fund is not registered or required to be registered under the Investment Company Act of 1940 (“Investment Company Act”); are not made available to the general public; their securities are not registered or required to be registered under the Securities Act of 1933, as amended (“Securities Act”); and Current Fund interests are privately placed to qualified investors. Qualified investors include individuals or entities to which Current Fund interests are permitted to be sold, which generally includes (i) in the United States, people or organizations who meet certain net worth, income and/or financial sophistication requirements as described above or (ii) in other countries, as permitted by the relevant securities laws in such jurisdiction and in compliance with any foreign offering provisions applicable to CPAM and/or the Current Fund.

Prospective investors in the Current Fund must meet eligibility criteria and are subject to certain withdrawal requirements and limitations. Investors must be (i) “accredited investors” (as defined in Regulation D under the Securities Act) and (ii) “qualified clients” as defined in the Advisers Act or (iii) “qualified purchasers” or “knowledgeable employees” as defined in the Investment Company Act. The minimum initial investment in the Current Fund is \$1,000,000, subject to waiver at the discretion of CPAM. The Current Fund’s Investment Manager may specify its investment minimum.

Generally, similar terms will apply to Separate Accounts, though investors in such Separate Accounts have negotiated terms that differ from those for the Current Fund.

Separate Account Clients and investors in the Current Fund may include, but are not limited to, banks or thrift institutions, trusts, estates or charitable organizations, university endowments, insurance companies, corporations or other business entities and high net worth individuals and family offices.

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

**A. Describe the methods of analysis and investment strategies you use in formulating investment advice or managing assets. Explain that investing in securities involves risk of loss that clients should be prepared to bear.**

CPAM’s investment objective is to capitalize on strong fundamentals and market inefficiencies in the non-standardized legacy Non-Agency RMBS markets to (i) Invest in specialized, misunderstood and obscure asset types and credit stories to generate strong returns, (ii) Discover deeply buried attributes, trends, and structures that construct an ‘asymmetric return skew’, and (iii) Develop deep understanding and underwriting down to deal documentation to (a) help avoid unintended consequences and (b) seek value by finding actual or forecasted cash flows that may be missing from

standard deal documentation. We simultaneously seek to build portfolios that are immunized from certain risks – particularly those driven by market beta and that capitalize on opportunities meeting CPAM’s desired goal of generating long-term capital appreciation while also providing downside protection for Client portfolios.

To this end, CPAM’s investment strategy for its Clients is to invest primarily in a variety of structured products and asset backed securities. A more detailed description of the investment strategies are contained in each Client’s applicable Governing Documents.

**B. For each significant investment strategy or method of analysis you use, explain the material risks involved. If the method of analysis or strategy involves significant or unusual risks, discuss these risks in detail. If your primary strategy involves frequent trading of securities, explain how frequent trading can affect investment performance, particularly through increased brokerage and other transaction costs and taxes.**

No guarantee or representation is made that CPAM will achieve its investment objectives; investment involves significant risks and conflicts of interest, including, but not limited to, the risk of a complete loss of the amount invested. The risks set out below do not purport to be exhaustive. Additional risks and uncertainties that are currently unknown or currently deemed immaterial can become material factors that affect the Clients. Prospective investors should carefully consider the risks involved in an investment with CPAM, including but not limited to those discussed below. Prospective investors should consult their own legal, tax and financial advisers as to all these risks and as to an investment with CPAM generally. Each of the risks listed below do not necessarily apply to all of the Funds or Separate Account Clients. For a more detailed description of the risks relevant to each Fund or Separate Account Client, please refer to the applicable Governing Documents.

*General Economic and Market Conditions.* The success of CPAM’s activities can be affected by general economic and market conditions, such as interest rates, currency exchange rates, availability of credit, inflation rates, economic uncertainty, changes in laws and national and international political circumstances. None of these factors are within the control of CPAM. These factors have the potential to affect the level and volatility of securities or real estate prices and the liquidity of the Clients’ investments. Unexpected volatility or illiquidity could impair the Clients’ profitability or result in losses.

*Possibility of Additional Government or Market Regulation.* Market disruptions, including periodic market downturns and credit crises, the dramatic increase in the capital allocated to alternative investment strategies during recent years, and the growing concern about the lack of regulation of private investment funds, have led to increased governmental as well as self-regulatory scrutiny of the private investment fund industry in general. Certain legislation proposing greater regulation of the industry periodically is considered by U.S. federal, state and local and non-U.S. governments, regulatory or administrative agencies, self-regulatory organizations or other similar entities. It is impossible to predict what, if any, changes in the regulations applicable to the Clients, the general partners, CPAM, the markets in which they trade and invest or the counterparties with which they do business will be

instituted in the future. Any such regulation could have a material adverse impact on the profit potential of the Clients, as well as require increased transparency as to the identity of the investors. The financial services industry generally, and certain investment activities of private investment funds similar to the Funds, and their managers, in particular, have been subject to intense and increasing regulatory scrutiny.

Additional governmental scrutiny has the potential to increase the Clients', the general partners' and CPAM's exposure to potential liabilities and to legal, compliance and other related costs. Increased regulatory oversight, enhanced regulation and the adoption of new statutes, rules or regulations with respect to the investment activities of the Clients can also reduce the amount and availability of the investment opportunities of a Client. The reduction of such investment opportunities could have a material and adverse effect on the investment performance of the Clients. Such increased regulatory oversight and regulation can also impose additional administrative burdens on CPAM and such regulatory proposals, or any future proposals, if adopted could adversely affect the Clients, including the business, financial condition and prospects of a Client, and could also require increased transparency as to the identity of the investors.

*Economic Disruptions Due to Public Health Emergencies.* Pandemics and other widespread public health emergencies, such as, and including but not limited to the recent global spread of COVID-19 (the "coronavirus") have shown an ability to result in a broad-based economic decline and significant market volatility. Pandemics represent economic threats that are subject to frequent and rapid change and therefore present material uncertainty and risk with respect to the Clients' performance and financial results. The extent of the impact of any public health emergency on the Clients' and its portfolio companies' operational and financial performance will depend on many factors, including the duration and scope of such public health emergency, the extent of any related travel advisories and restrictions implemented, the impact of such public health emergency on overall supply and demand, goods and services, investor liquidity, consumer confidence and levels of economic activity and the extent of its disruption to important global, regional and local supply chains and economic markets, the effectiveness of vaccines and the implementation of vaccination programs, and governmental, regulatory and private sector safety precautions, all of which are highly uncertain and cannot be predicted.

*All Investments Risk the Loss of Capital.* CPAM believes that its investment programs and its research and risk-management techniques moderate risk through a careful selection of investment assets. No guarantee or representation is made that the investment program will be successful, and investment results can vary substantially over time. CPAM is permitted, within the bounds of the applicable Governing Documents, to change its investment strategy, asset allocation and/or operational policies without investor consent, which can result in riskier investments.

*Concentration of Investments.* Governing Documents of the Funds generally do not limit the amount of the Funds' capital that is permitted to be committed to any single investment, industry or sector and may potentially hold a relatively small number of investments. That said, however, CPAM will attempt to spread the Funds' capital among a number of investments. Losses incurred in any of those positions

could have a materially adverse effect on the Funds' overall financial condition. CPAM generally has similarly broad discretion over Separate Accounts; however, the possibility of negotiation on the investment strategy can result in limits being imposed.

*Limited Liquidity of Some Investments.* Some of the investments in which the Clients invest are relatively illiquid because they are thinly traded, because they are subject to transfer restrictions, or because there is no ready market for the investments. It is possible that Clients will not be able to liquidate those investments promptly if the need should arise, and their ability to realize gains, or to avoid losses in periods of rapid market activity, can therefore be affected. The value assigned to thinly traded investments or non-marketable securities for the purposes of determining investors' ownership percentages and determining gains and losses can differ from the value Clients are ultimately able to realize.

*Use of Leverage.* Under the terms of each Clients' Governing Documents, CPAM may have discretion, with prior Client consent, to leverage the Clients' investment positions by borrowing funds from securities broker-dealers, futures commission merchants, banks or others. Leverage, if employed, has the potential to increase both the possibilities for profit and the risk of loss. The cost and availability of leverage is highly dependent on the state of the broader credit markets (which can be impacted by regulatory restrictions and guidelines) and which state is difficult to accurately forecast, such as the uncertainty in connection with unforeseen global events.

*Volatility.* The market value of certain of the Clients' investments can be volatile, and will generally fluctuate due to a variety of factors that are inherently difficult to predict, including, among other things, the macro business and economic environment, specific developments or trends within a company or in any particular industry, the market's overall perception of risk, general economic conditions, the condition of certain financial markets, domestic and international economic or political events, prevailing credit spreads, changes in prevailing interest rates and the financial condition of counterparties.

*Information Sources.* CPAM selects investments for the Clients based, in part, on information and data that the issuers of such securities file with various government agencies or make directly available to the Firm or that the Firm obtains from other sources. The Firm can also, in its discretion, utilize information, data and analysis provided by third parties. The Firm is not in a position to confirm the completeness, genuineness or accuracy of such information, data and analysis, and, in some cases, complete and accurate information is not readily available.

*Portfolio Valuation.* Valuations of the Clients' portfolios, which will affect the amount of any management fee or incentive fee, if any, involves uncertainties and judgmental determinations. There can be no guarantee that third-party pricing information will always be available regarding certain of the Clients' securities, derivatives and other assets. A disruption in the secondary markets for the Client' investments is likely to limit the ability of the Clients to obtain accurate market evaluations for purposes of valuing their investments and calculating the value of the net assets of the Clients. Further, because of the overall size and concentrations in particular markets and maturities of positions that are held by the Clients from time to time, the liquidation values of the Clients' securities and other

investments can differ significantly from the interim valuations of these investments derived from the valuation methods described herein. The amount of any accruals and other determinations in respect of a Client's liabilities will be determined by the Firm in its sole discretion, in concert with advisors in the case of Funds. If the valuation of the Clients' portfolio assets or liabilities should prove to be incorrect, the value of the net assets of the Clients could be adversely affected. Incorrect valuations of the Clients' investments could lead to subscriptions and withdrawals of Client interests being affected at net asset values that do not accurately reflect the true value of such interests, and could result in excessive management fees and incentive fees. Valuation determinations recorded by the administrator, in accordance with the Firm's valuation policy, are conclusive and binding. There will be no retroactive adjustment in the valuation of any investment or the management fees and/or incentive fee paid to the Firm to the extent any valuation proves to not accurately reflect the realizable value of an investment.

It is possible that the valuation procedures described above will produce different valuations than those produced pursuant to ASC 820 adopted by the Financial Accounting Standards Board. In this case, the valuation presented in each Client's audited financial statement will differ from the net asset value of the Client, and purchases and sales as well as fees and reallocations will continue to be calculated based on the Client's net asset value. In such circumstances, a Client will reconcile the net asset value of the Client and valuation presented in the Client's audited financial statements in the notes to the audited financial statements of such Client.

*Dependence on the Manager and Key Personnel.* All allocation or investment decisions with respect to the Clients' assets are made by CPAM. Neither the Clients nor their investors have the ability to take part in the day-to-day management or investment operations of the Clients. As a result, the success of the Clients depends largely upon the abilities of CPAM and its personnel, and there can be no assurance that (i) the composition of the professionals in the Firm will not change over time, (ii) the professionals who have contributed to the past performance of any prior Clients will continue to be members of CPAM or serve in the same or similar roles thereon or (iii) more generally, that trading on behalf of the Clients will be profitable in the future. Accordingly, no investor should purchase an interest unless such investor is willing to entrust all aspects of the management of the Clients to the general partners and CPAM. If the Clients were to lose the services of the Firm, or if the Firm is terminated, the Clients might have to be liquidated.

*Side Letters and Other Agreements with Clients.* General Partners of the Funds, to the fullest extent permitted by the relevant partnership agreements and applicable law, may have the absolute discretion to enter into separate agreements with certain investors, such as those affiliated with the Firm or those deemed to involve a significant or strategic relationship, which include terms which are not available to existing investors. In such cases the parties will enter into a written side arrangement to: (i) waive or modify the terms, conditions and/or application of any provision of the offering terms; or (ii) allow such investors to invest on different terms than those specifically described in the relevant Governing Documents (including, without limitation, with respect to fees, liquidity or type of information provided to such investors concerning the Funds), in each case without obtaining the consent of any other investor. Under certain circumstances, these agreements could create preferences or priorities

for such investors with respect to other investors of the Funds.

*Risk Management; Operational Controls.* The operational controls and risk management techniques used by the Clients involve third parties over whom CPAM does not exercise control, including outsourced providers of fund administration, legal, information technology and custody services. The proper operation of a Client and safekeeping of its assets depend on the performance and financial wherewithal of these third parties, as well as the continued operation and security of their systems. The operational controls and risk management techniques CPAM uses also necessarily include subjective elements, making the judgment and discretion of the Firm's professionals fundamental to the risk management process. The greater the importance of subjective factors, the more challenging it becomes for the Firm to control for risk, which in turn increases the likelihood of unpredictable results with respect to a portfolio company and a Fund's overall performance.

Additional operational risks arise from such factors as processing errors, human errors, inadequate or failed internal or external processes, failures in systems and technology (including those highlighted below under "Cybersecurity"), changes in personnel, errors caused by third parties or other disruptive events. While CPAM has adopted a business continuity program designed to minimize the disruption these events could otherwise cause to normal business operations, business continuity programs are inherently limited. For example, the Firm could experience unanticipated contingencies, or the planned controls and oversight may not function as intended. In addition, certain circumstances, including natural disasters, war, terrorism, public health crises, power or utility shortages and other system failures and malfunctions could prevent the Firm and its service providers from performing certain tasks, potentially for extended periods of time, including funding an investment, finalizing valuations, making a distribution, or reporting to investors. Any such failure could cause losses to a Client.

*Cybersecurity.* Cybersecurity incidents, cyber-attacks, denial of service attacks and social engineering attempts (including business email compromise attacks), both generally and within the financial services industry, have been occurring globally at a more frequent and secure level and will likely continue to increase in frequency in the future. CPAM, its Clients, service providers, counterparties and other market participants on whom CPAM relies increasingly depend on complex information technology and communications systems to conduct business functions. These systems are subject to a number of different threats or risks that could adversely affect the Clients and/or their investors, despite the efforts of CPAM, its service providers, its counterparties and other market participants on whom CPAM relies to adopt technologies, processes and practices intended to mitigate these risks and protect the security of their computer systems, software, networks and other technology assets, as well as the confidentiality, integrity and availability of information belonging to the Clients and/or their investors. For example, unauthorized third parties can attempt to improperly access, modify, disrupt the operations of, or prevent access to these systems of CPAM, its service providers, its counterparties and other market participants on whom CPAM relies on or data within these systems. Third parties can also attempt to fraudulently induce employees, customers, third-party service providers or other users of systems to disclose sensitive information in order to gain access to CPAM's data or that of its investors. A successful penetration or circumvention of the security of CPAM's systems or the

systems of CPAM's service providers, counterparties or other market participants on whom CPAM relies could result in the loss or theft of investor data or funds, the inability to access electronic systems, loss or theft of proprietary information or corporate data, physical damage to a computer or network system or costs associated with system repairs. Such incidents could cause the Clients, CPAM, their service providers, their counterparties and other market participants on whom CPAM relies to incur regulatory penalties, reputational damage, additional compliance costs or financial loss.

*Outsourced Services to Third-Party Service Providers.* Services required by a Client (including some services historically provided by CPAM or its affiliates to the Clients) are, for certain reasons including efficiency and economic considerations, outsourced in whole or in part to third parties in the discretion of CPAM. CPAM has an incentive to outsource such services to third parties at the expense of the Client to, among other things, leverage the time and use of Firm personnel and/or for other purposes in a manner which recoups the costs of some of its overhead. Such services include, without limitation, legal, fund administration, information technology, custodial, accounting, tax support and other similar services. Outsourcing does not necessarily occur universally for all Clients and accordingly, it is possible that certain costs will be incurred by a Client for a third-party service provider that is not incurred for comparable services by other Clients. The decision by CPAM to initially perform a service for a Client in-house does not preclude a later decision to outsource such services (or any additional services) in whole or in part to a third-party service provider in the future. The costs and expenses of any such third-party service providers will be borne by the Client in accordance with a Client's Governing Documents.

**C. If you recommend primarily a particular type of security, explain the material risks involved. If the type of security involves significant or unusual risks, discuss these risks in detail.**

*Residential Mortgage-Backed Securities.* The Clients' investment portfolios include RMBS. Many of the loans underlying these securities have had, in some cases, higher default rates than those loans that meet government underwriting requirements. Non-agency loans refer to loans made to borrowers in the private market that were not originated through any government related entity and have no implicit or explicit guarantees of performance. Due to the potential higher delinquency rates and losses associated with non-agency loans, the performance of the Clients' RMBS could be correspondingly adversely affected.

The underlying residential mortgages are subject to prepayments that shorten the securities' weighted average life and can lower their returns. If the credit support or enhancement is exhausted, losses or delays in payment will potentially result if the required payments of principal and interest are not made. The value of these securities can change because of changes in the market's perception of the creditworthiness of the underlying assets, the servicing agent for the pool, the originator of the pool, or the financial institution providing the credit support or enhancement.

RMBS evidence interests in, or are secured by, pools of residential mortgage loans. Non-performing loans will potentially require a substantial amount of workout negotiations and/or modification, which

could entail, among other things, a substantial reduction in the interest rate, capitalization of interest payments and a substantial write-down of the principal of the loan. However, even if a modification were successfully accomplished, a risk exists that upon maturity of such mortgage loan losses could still occur.

It is likely that the servicers of RMBS transactions in which the Clients invest will find it necessary or desirable to foreclose on some, if not many, of the underlying loans. The foreclosure process is often lengthy and expensive. Borrowers can resist mortgage foreclosure actions by asserting numerous claims, counterclaims and defenses, including, without limitation, numerous lender liability claims and defenses, even when such assertions have no basis in fact, in an effort to prolong foreclosure actions and force lenders into a modification of the loans or a favorable buy-out of the borrowers' positions.

*Asset-Backed Securities.* The Clients invest in ABS other than RMBS that are backed by debt or assets other than residential mortgage assets. Interest and principal payments ultimately depend on payment of or cash flow generated by the underlying assets, although the securities can be supported by letters of credit or other credit enhancements.

The underlying assets and loans are subject to prepayments that shorten the securities' weighted average life and can lower their returns. If the credit support or enhancement is exhausted, losses or delays in payment will potentially result if the required payments of principal and interest are not made. The value of these securities can change because of changes in the market's perception of the creditworthiness of the underlying assets, the servicing agent for the pool, the originator of the pool, or the financial institution providing the credit support or enhancement.

*Commercial Mortgage-Backed Securities.* The Clients may invest in CMBS which are securities backed by loans issued to commercial properties. Most commercial mortgage loans underlying CMBS are effectively nonrecourse obligations of the borrower, meaning that there is no recourse against the borrower's assets other than the collateral. If borrowers are not able or willing to refinance or dispose of encumbered property to pay the principal and interest owed on such mortgage loans, payments on any classes of the related CMBS are likely to be adversely affected.

The underlying commercial loans are subject to prepayments that shorten the securities' weighted average life and can lower their returns. If the credit support or enhancement is exhausted, losses or delays in payment will potentially result if the required payments of principal and interest are not made. The value of these securities can change because of changes in the market's perception of the creditworthiness of the underlying assets, the servicing agent for the pool, the originator of the pool, or the financial institution providing the credit support or enhancement.

*Subordinated and Residual Interest Securities.* Investments in subordinated and residual interest securities involve greater credit risk of default than the senior classes of the issue or series. Default risks can be further pronounced in the case of securities evidencing an interest in a relatively small or less diverse pool of underlying loans. Certain subordinated securities absorb all losses from default before any other class of securities is at risk, particularly if such securities have been issued with little or no credit

enhancement or equity. Certain structures include “triggers” for delinquencies and default losses where cash flow can be reduced or eliminated in its entirety. Such securities, therefore, possess some of the attributes typically associated with equity investments.

*Investments in Distressed Assets Generally.* CPAM is permitted to invest in distressed or troubled assets which involve a substantial degree of risk. Clients can lose their entire investment in a distressed asset. Distressed investments will, in some cases, not show any returns for a considerable period of time. In certain instances, there will be very long-term limited markets, if any, for the Clients’ holdings. There is no assurance that the investments in the Clients’ portfolios will have a readily available market at all.

*Special Risks of Securities Linked to the Real Estate Market.* Since the Clients’ concentrate their investments in securities related to the real estate industry, their performance is significantly affected by the performance of the real estate markets. Real property investments are subject to varying degrees of risk. Property values can fall due to increasing vacancies or declining rents resulting from economic, legal, cultural, or technological developments. The yields available from investments in real estate related assets depends on the amount of income and capital appreciation generated by the related properties. Income and real estate values can also be adversely affected by such factors as applicable laws, interest rate levels and the availability of financing. If the properties do not generate sufficient income to meet operating expenses, including, where applicable, debt service, ground lease payments, tenant improvements, third-party leasing commissions and other capital expenditures, the income and ability of the borrower to make payments of any interest and principal on its debt will be adversely affected. In addition, real property is subject to the quality of credit extended and defaults by borrowers and tenants. The performance of the economy in each of the regions in which the real estate owned, by a real estate company or trust, is located affects occupancy, market rental rates and expenses and, consequently, has an impact on the income from such properties and their underlying values. The financial results of major local employers also can have an impact on the cash flow and value of certain properties. In addition, real estate investments are relatively illiquid and, therefore, the ability to vary a portfolio promptly in response to changes in economic or other conditions is limited.

*Market Conditions.* The Clients’ investments in real estate securities will be subject to the risks incident to the ownership and operation of real estate, including risks associated with both the domestic and international general economic climate, local real estate conditions, changes in supply of, or demand for, competing properties in an area (as a result, for instance, of over-building), energy and supply shortages, various uninsured or uninsurable risks, natural disasters, public health emergencies, the ability of third-parties to manage the properties, government regulations (such as rent control), or potential environmental and other legal liabilities. Certain of these risks cannot be predicted with certainty or controlled by the Clients.

*Possible Lack of Product.* The Clients’ investment strategies are based upon the purchase and sale of securities related to real estate. However, given the fluctuating nature of the securities markets and interest rates, it will not necessarily be advantageous for new issuers or owners to sell these types of securities. Accordingly, the availability of product can vary over time. CPAM believes that it will have

access to a sufficient transaction flow to invest the capital of the Clients. However, there can be no assurances that CPAM will be able to locate investment opportunities that satisfy the investment objectives of each Client or that it will be able to fully invest the capital of the Clients. This can adversely affect the overall return of one or more of the Clients.

### **Item 9 – Disciplinary Information**

**If there are legal or disciplinary events that are material to a client’s or prospective client’s evaluation of your advisory business or the integrity of your management, disclose all material facts regarding those events.**

Registered investment advisers are required to disclose any legal or disciplinary events that are material to an investor or prospective investor’s evaluation of its advisory business or the integrity of its management. CPAM and its management personnel have no reportable disciplinary events to disclose.

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

**A. If you or any of your management persons are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer, disclose this fact.**

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

**B. If you or any of your management persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities, disclose this fact.**

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

**C. Describe any relationship or arrangement that is material to your advisory business or to your clients that you or any of your management persons have with any related person listed below. Identify the related person and if the relationship or arrangement creates a material conflict of interest with clients, describe the nature of the conflict and how you address it.**

1. Broker-dealer, municipal securities dealer, or government securities dealer or broker
2. Investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or “hedge fund,” and offshore fund)
3. Other investment adviser or financial planner
4. Futures commission merchant, commodity pool operator, or commodity trading advisor
5. Banking or thrift institution

6. Accountant or accounting firm
7. Lawyer or law firm
8. Insurance company or agency
9. Pension consultant
10. Real estate broker or dealer
11. Sponsor or syndicator of limited partnerships

CPAM does not have arrangements with a related person who is a broker-dealer, municipal securities dealer, government securities dealer or broker, investment company, other investment adviser or financial planner, futures commission merchant, commodity pool operator, commodity trading advisor, banking or thrift institution, accountant or accounting firm, lawyer or law firm, insurance company or agency, pension consultant, real estate broker or dealer, or sponsor or syndicator of limited partnerships that are material to its advisory business or to its Clients or any Fund investors. CPAM has and will continue to develop relationships with professionals who provide services it does not provide, including legal, accounting, banking, investment banking, tax preparation, insurance brokerage and other services. Some of these professionals may at some point provide services to the Firm's principals, the Clients or their portfolio investments.

As described in Item 4 above, CPAM is affiliated with each Fund's general partner. These general partners are deemed registered with the SEC under the Advisers Act pursuant to CPAM's registration. These affiliated entities operate as a single advisory business together with CPAM and serve as general partners of private investment funds, other pooled vehicles and generally share common owners, officers, partners, employees, consultants or persons occupying similar positions. These affiliated entities do not have employees of their own.

**D. If you recommend or select other investment advisers for your clients and you receive compensation directly or indirectly from those advisers that creates a material conflict of interest, or if you have other business relationships with those advisers that create a material conflict of interest, describe these practices and discuss the material conflicts of interest these practices create and how you address them.**

CPAM does not utilize nor select other advisers or third-party investment advisers to manage Client assets. All Client assets are managed by CPAM.

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

**A. If you are an SEC-registered adviser, briefly describe your Code of Ethics adopted pursuant to SEC Rule 204A-1 or similar state rules. Explain that you will provide a copy of your Code of Ethics to any client or prospective client upon request.**

CPAM has adopted a Code of Ethics to govern its ethical obligations regarding personal securities transactions pursuant to Rule 204A-1 under the Advisers Act. The Code of Ethics requires all supervised persons to place Client interests ahead of the Firm's interests, to avoid taking advantage of

his or her position and to maintain full compliance with the federal securities laws.

Supervised persons are required to certify to their compliance with the Code of Ethics upon hire and on an annual basis. Supervised persons of CPAM who violate the Code of Ethics are subject to remedial actions, including, but not limited to, profit disgorgement, fines, censure, suspension or dismissal. Supervised persons are also required to promptly report any violations of the Code of Ethics of which they become aware.

CPAM will provide a copy of its Code of Ethics to any existing investor upon their individual request.

**B. If you or a related person recommends to clients, or buys or sells for client accounts, securities in which you or a related person has a material financial interest, describe your practice and discuss the conflicts of interest it presents. Describe generally how you address conflicts that arise.**

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

CPAM principals and employees engage in personal securities trading in a manner that differs from or is inconsistent with the advice given to the Clients. Certain of these transactions require the consent of the applicable Fund or Separate Account Client.

Section 206(3) of the Advisers Act generally prohibits investment advisers from engaging in principal, cross and agency cross transactions without the appropriate disclosure and consent. CPAM will only enter into a principal, cross or agency cross transaction with the appropriate disclosure and consent.

Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliate, buys from or sells a security to an advisory client. A principal transaction can also be deemed to have occurred if a security is crossed between an affiliated fund (one in which the adviser or any affiliates, owners or controlling persons own 25% or more of either client) and another client account. Cross transactions are defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction. An adviser is not “acting as a broker” if the adviser receives no compensation (other than the advisory fee earned in the ordinary course of managing the assets) for effecting the transaction and therefore is not considered to be conducting a cross transaction under Section 206(3) of the Advisers Act. Agency cross transactions can arise where an adviser is dually registered as a broker-dealer or has an affiliated broker-dealer, which is not applicable to CPAM.

From time to time, and in appropriate circumstances, for structured products, CPAM and its affiliates will affect securities trades (including outright purchases and sales) between or among Clients or affiliates, as on occasion can occur when rebalancing accounts. Any cross-trading transactions conducted between or among Clients or affiliates will be made at the then market rate for similar

transactions between unrelated parties and only where an independent pricing mechanism (such as the last sales price on the exchange where the security is principally traded) is available. Transactions between the Clients or affiliates are affected for no consideration other than cash payment against prompt delivery of the relevant security or other instrument and are affected at current market prices.

In the event CPAM were to recommend a principal transaction for the Client accounts, it would only be after: (i) the Firm has determined the transaction to be in the best interest of participating Clients; (ii) the transaction is permitted by the relevant Governing Documents; (iii) proper disclosure is given to the relevant general partner, advisory board or investors, as appropriate; (iv) consent is obtained from the appropriate parties; and (v) the Firm ensures that best execution is achieved for the transaction.

### **Conflicts of Interest**

CPAM's Code of Ethics requires Firm supervised persons to place the interests of Clients first, and on an annual basis each supervised person must certify that he or she has read and understands the Code of Ethics and has complied with its provisions. If any matter arises that CPAM determines in its good faith constitutes an actual conflict of interest, CPAM will take such actions as it deems necessary or appropriate, within the context of the applicable Governing Documents, to address the conflict.

The material conflicts of interest that a Client encounters include those discussed below and elsewhere in this Brochure. The following summary is not intended to be an exhaustive list of all conflicts or their potential consequences. Identifying potential conflicts of interest is complex and fact intensive and it is not possible to foresee every conflict of interest that will arise during a Client's life. Investors should be aware that CPAM, its personnel, and its affiliates will likely in the future engage in further activities that can result in additional conflicts of interest not addressed below. There can be no assurance that CPAM will identify or resolve all conflicts of interest and, if resolved, that such conflicts will be resolved in a manner that is favorable to the Clients. In particular, CPAM expects in the future to identify additional conflicts of interest that currently are not apparent to the Firm or to the broader alternative investments industry, as well as conflicts of interest that arise or increase in materiality as the Firm develops new investment platforms or business lines and otherwise adapts to dynamic markets and an evolving regulatory environment. To the extent that CPAM identifies conflicts of interest in the future, the Firm intends to, but is under no obligation to, disclose these conflicts and their implications to investors through a variety of channels, including in subsequent Brochures or in other written or oral communications to investors more generally. Each of the potential conflicts of interest listed below do not necessarily apply to all of the Funds or Separate Account Clients. The Governing Documents for each Client include a description of what CPAM believes to be the most significant conflicts of interest associated with an investment in such Client. Investors should carefully consider the conflicts of interest herein as well as those outlined in each applicable Client's Governing Documents prior to investing in a Client.

*Time and Attention.* Each CPAM principal will use his best efforts in connection with the purposes and objectives of the Clients and will devote as much of his time and effort to the affairs of the Clients as is, in their judgment, necessary to accomplish the purposes of the Clients. Subject to the restrictions

of the relevant Governing Documents, the relevant general partner, and its directors, members, partners, shareholders, officers, employees, agents and affiliates (hereinafter referred to as the “Affiliated Parties”) are permitted to conduct any other business, including any business within the securities industry or otherwise, whether or not such business is in competition with the Funds. Without limiting the generality of the foregoing, the Affiliated Parties are permitted to act as investment adviser or investment manager for others, manage funds, separate accounts or capital for others and serve as an officer, director, consultant, partner or stockholder of one or more investment funds, partnerships, securities firms or advisory firms. It is possible that such other entities or accounts will have investment objectives or will implement investment strategies similar or different to those of the Clients. In addition, on occasion the Affiliated Parties will, through other investments, including other investment funds, have interests in investments which the Clients invest as well as interests in investments in which the Clients do not invest. As a result of the foregoing, the Affiliated Parties can face conflicts of interest in allocating their time and activity between the Clients, in allocating investments among the Clients and other entities and in effecting transactions for the Clients and other entities, including ones in which the Affiliated Parties have a greater financial interest.

*Investment Allocation.* CPAM attempts to allocate investment opportunities to each Client on a fair and equitable basis, consistent with its fiduciary duties and in accordance with the Governing Documents of each Client. CPAM will have no obligation to purchase or sell financial instruments or provide an investment opportunity to a Client because it purchases or sells the same financial instrument for, enters into a transaction or provides an opportunity to a Client if, in CPAM’s reasonable opinion, such financial instrument, investment opportunity or transaction does not appear to be suitable, practical or desirable for a particular Client. On occasion one Client invests together with another Client in the manner set forth in the Governing Documents. Additionally, transactions which are appropriate for more than one Client will generally be allocated proportionately to each Client based on capital commitment unless “opt-out” provisions apply. Such “opt-out” provisions are directed by the applicable investor in Fund side-letters or, for Separate Accounts, in other Governing Documents. In allocating investments among its Clients, CPAM attempts to avoid potential conflicts that exist under certain circumstances, including, without limitation, when (i) one Client is purchasing or selling a specific investment within a short period of time prior to another Client taking the same or a contrary position, or (ii) a larger Client, by virtue of the size of its holdings or otherwise, can have the ability to influence the market of an investment held by a smaller Client. While CPAM will allocate investment opportunities in a way that it believes in good faith is fair and equitable to each Client, there can be no assurance that a Client’s actual allocation of an investment opportunity, if any, or terms on which the allocation is made, will be as favorable as they would be if the potential conflicts of interest did not exist.

Any investment by such Client in an entity in which another Client has a pre-existing investment (or vice versa) could be viewed, especially in hindsight, to have been made based on a non-arms-length valuation. Similarly, other Clients will potentially later invest in entities in which another Client has invested, and such investment can have an effect (either positive or negative) on the market value of such Client’s investments.

CPAM reserves the right to make independent decisions regarding recommendations of when a Client should purchase and sell investments. As a result, it is possible that a Client will be purchasing an investment at a time when another Client is selling the same or a similar investment, or vice versa. There can be no assurance that the return on a Client's investments will not be less than the returns obtained by other Clients participating in the investment.

*Expense Allocation.* In good faith and in its fair and reasonable discretion, CPAM determines on a case-by-case basis whether an expense should be borne by CPAM or by the Clients in accordance with the Governing Documents of each Client and with CPAM's internal policies and procedures. A conflict of interest could arise in CPAM's determination of whether certain costs or expenses that are incurred in connection with the operation of the Clients meet the definition of operational expenses for which the Clients are responsible, whether such expenses should be borne by CPAM or the manner in which CPAM allocates expenses. The Clients will be reliant on the determinations of CPAM in this regard. From time to time, it is possible that subsequent review of allocations could result in an identification of expenses that should have been allocated in a different manner, in which case measures will be undertaken to correct such circumstance, which might include a reversal of the original expense allocation, if possible, or such other equitable adjustment believed by CPAM to be the most appropriate corrective measure.

*Industry Relationships.* As with many other private fund sponsors, as part of CPAM's business, CPAM and its employees have developed relationships with third parties which have the potential to raise conflicts of interest. Such third parties include lenders, consultants, professional advisors (such as attorneys and accountants), joint venture partners, and current and former industry connections. Certain of these third parties may, on occasion: (i) introduce investment opportunities to CPAM; (ii) arrange for, or facilitate the financing of, the purchase or recapitalization of current and potential investments; (iii) facilitate the disposition of investments; or (iv) provide financing, consulting, legal or advisory services to CPAM, the Clients, or portfolio investments. Such third parties may also on occasion provide goods or services to or have business, personal, financial or other relationships with a CPAM supervised person. In addition, such third parties may become investors in one or more Clients or provide other significant business or investment services to CPAM, the Clients and/or their investments. These relationships have the potential to influence CPAM in deciding whether to select or recommend any such third party to perform services for the Clients or an investment. The cost of any services provided by such third parties will generally be borne by the Clients or its portfolio investments, as applicable.

*Diverse Membership.* Each Fund's investors include persons or entities resident in various jurisdictions, including the United States and other countries, who will, in certain circumstances, have conflicting investment, tax and other interests with respect to their investments. The conflicting interests of individual investors can relate to or arise from, among other things, the nature of investments made by each Fund, the structuring of the acquisitions for each Fund and the timing of the disposition of investments. Such transactions and trading have the potential to result in different after-tax returns being realized by different investors. As a consequence, conflicts of interest can arise in connection with decisions made by CPAM that have the potential to be more beneficial for one investor than

another investor, especially with respect to investors' individual tax situations. CPAM considers the investment and tax objectives of each Fund as a whole, and not the individual investment, tax or other objectives of any particular investor.

*Conflicts Related to the Interpretation of Governing Documents and Other Legal Requirements.* The Governing Documents of each Client are detailed agreements that establish complex arrangements among CPAM, the investors, the general partner and other entities and individuals. Questions can arise under these agreements regarding the parties' rights and obligations in certain situations, some of which will not have been contemplated at the time of the agreements' drafting and execution. In these instances, the operative provisions of the agreements, if any, can be broad, general, ambiguous or conflicting, and permit more than one reasonable interpretation. At times there will not be a provision directly applicable to the situation. While CPAM will construe the relevant agreements in good faith and in a manner consistent with its legal obligations (and, when appropriate, in consultation with external legal counsel), the interpretations CPAM adopts will not necessarily be, and need not be, the interpretations that are the most favorable to the Clients or their investors.

**C. If you or a related person invests in the same securities (or related securities, e.g., warrants, options or futures) that you or a related person recommends to clients, describe your practice and discuss the conflicts of interest this presents and generally how you address the conflicts that arise in connection with personal trading.**

CPAM, its employees and/or related persons on occasion personally buy or sell the same instruments that CPAM buys or sells for Client accounts, on occasion own securities or options on securities of issuers whose securities are subsequently bought for Client accounts. As mentioned below in 11.D., such personal securities transactions require the pre-approval of the Chief Compliance Officer. In addition, principals, employees and affiliates sometimes participate in transactions offered to but rejected by the Clients or that are outside the investment mandate of the Clients.

CPAM's Code of Ethics is designed to: (i) prevent potential legal, business or ethical conflicts; (ii) minimize the risk of unlawful trading in any account where supervised persons have an interest; and (iii) guard against the misuse of confidential information. All personal trading and other activities must avoid any conflict or potential conflict of interest with the Clients. Supervised persons and their covered family members are prohibited from engaging in unlawful trading, either personally or on behalf of others, in securities while in possession of material non-public information or communicating material non-public information to others. The Code of Ethics establishes guidelines for personal trading requirements, insider trading and reporting of personal securities transactions, including certain pre-clearance and reporting obligations. In addition, supervised persons are required to file certain reports and submit their brokerage account statements to the Chief Compliance Officer for review.

CPAM principals and employees carry on investment activities for their own accounts and, potentially, for those of family members, friends or others, and it is possible they will give advice and recommend

securities which differ from advice given to, or securities recommended or bought for, the Clients, even if their investment objectives are the same or similar.

**D. If you or a related person recommends securities to clients, or buys or sells securities for client accounts, at or about the same time that you or a related person buys or sells the same securities for your own (or the related person's own) account, describe your practice and discuss the conflicts of interest it presents. Describe generally how you address conflicts that arise.**

Supervised persons are required to seek pre-approval from the Chief Compliance Officer for transactions in CPAM's investable universe; thus, a supervised person wishing to buy or sell the same security for his or her own personal account that a Client is also buying or selling would be required to obtain pre-approval from the Chief Compliance Officer for such transaction.

## **Item 12 – Brokerage Practices**

**A. Describe the factors that you consider in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation (e.g., commissions).**

CPAM is authorized to determine the broker-dealer, if any, to be used for each investment for the Clients. Where best price and execution can be obtained from more than one broker-dealer, CPAM will typically purchase and sell investments through broker-dealers who provide research, statistical and other information, although there can be no guarantee that the Clients will necessarily, in any particular instance, be the direct or indirect beneficiary of the research services provided. Research and related services furnished or paid for by broker-dealers will, in some cases, include, but is not limited to: written information and analyses concerning specific investments, companies or sectors; market, financial and economic studies and forecasts; financial publications; and statistic and pricing services. CPAM will take into account the financial stability and reputation of brokerage firms and the brokerage and research services provided by such broker-dealers. CPAM need not solicit competitive bids and does not have an obligation to seek the lowest available commission cost.

- 1. Research and Other Soft Dollar Benefits. If you receive research or other products or services other than execution from a broker-dealer or a third party in connection with client securities transactions ("soft dollar benefits"), disclose your practices and discuss the conflicts of interest they create.**

CPAM does not receive any soft dollar benefits.

- 2. Brokerage for Client Referrals. If you consider, in selecting or recommending broker-dealers, whether you or a related person receives client referrals from a broker-dealer or third party, disclose this practice and discuss the conflicts of interest it creates.**

In selecting broker-dealers and negotiating compensation, CPAM follows its policies and procedures governing best execution. In selecting a broker-dealer for less liquid securities, CPAM will consider

the following factors: a broker-dealer's access to markets for a particular security; whether the broker-dealer is a buyer or seller themselves of a security; a broker-dealer's trading expertise in a particular product; a broker-dealer's insight into the competitive market for a particular security and ability to provide CPAM with access to a competitive process; a broker-dealer's reputation and integrity; a broker-dealer's familiarity with the investment practices generally and strategies and techniques employed by CPAM; CPAM's past experience in working with a broker-dealer; and other factors as CPAM will, in its discretion, consider from time to time. In the unlikely event CPAM trades in more liquid securities, it will follow the factors governing best execution as laid out in its policies and procedures.

Neither the Firm nor any Fund and/or Separate Account separately compensate any broker-dealer for any of these other services.

Each Client's securities transactions generate brokerage commissions and other compensation, all of which the respective Fund and/or Separate Account, not CPAM, will be obligated to pay. CPAM has complete discretion in deciding what broker-dealers each Fund and/or Separate Account will use and in negotiating the rates of compensation a Fund and/or Separate Account will pay. In addition to using brokers as "agents" and paying commissions, each Fund and/or Separate Account is permitted to buy and sell securities directly from or to dealers acting as principals at prices that include markups or markdowns, and to buy securities from underwriters or dealers in public offerings at prices that include compensation to the underwriters and dealers.

While unlikely, CPAM recognizes that it can have an incentive to favor broker-dealers that provide capital introduction services to CPAM or refer investors. CPAM receives asset-based fees and accordingly would receive a financial benefit from the increase in assets under management that result from capital introduction services and investor referrals. Similarly, CPAM receives a performance-based fee and accordingly could receive a larger performance-based fee in any given profit period as a result of an increase in assets under management that results from capital introduction services and investor referrals. The potential for higher fees presents a potential conflict in that CPAM has an incentive to favor broker-dealers that provide services that have a direct impact on fees even if those broker-dealers rate unfavorably in other categories. CPAM expects to address this potential conflict by periodically reviewing its broker-dealer arrangements and evaluating each broker-dealer's performance in a variety of categories. Such reviews are expected to enable CPAM to determine when broker-dealers that outperform in capital introduction and investor referrals also underperform in other areas. CPAM would also provide heightened scrutiny to its relationship with broker-dealers who underperform in other areas.

### **3. Directed Brokerage**

CPAM does not have any directed brokerage arrangements on behalf of the Funds. However, Separate Account owners are permitted to select their own custodians.

**B. Discuss whether and under what conditions you aggregate the purchase or sale of securities for various client accounts. If you do not aggregate orders when you have the opportunity to do so, explain your practice and describe the costs to clients of not aggregating.**

CPAM is permitted (but is not required) to aggregate orders for Client accounts. When it does aggregate orders, CPAM's policy is to allocate securities in a fair, consistent and equitable manner among CPAM's participating Clients. When CPAM deems the purchase and sale of securities to be in the best interest of more than one Client, it will aggregate the securities to be purchased or sold in order to attempt to obtain superior execution and/or lower brokerage expenses. In such circumstance, the Firm will allocate on a pro rata basis among participating Clients, unless investment restrictions or investment guidelines otherwise require, and subject to minimum order quantities and other appropriate factors such as the leveling of accounts, client tax profiles and the timing of capital flows.

### **Item 13 – Review of Accounts**

**A. Indicate whether you periodically review client accounts or financial plans. If you do, describe the frequency and nature of the review, and the titles of the supervised persons who conduct the review.**

Client accounts are reviewed regularly by CPAM's investment professionals. The Chief Compliance Officer participates in regular reviews of portfolios of CPAM's Clients to confirm that they are maintained consistently with the investment objectives established for the Clients.

The Chief Compliance Officer or his designee will periodically review the portfolios of each Client to ensure that they comply with any restrictions detailed in the relevant Governing Documents, including, but not limited to restrictions relating to the use of illiquid securities, leverage or asset class. It is CPAM's policy that any such issues regarding the Client portfolios shall promptly be brought to the attention of the Chief Compliance Officer. The Chief Compliance Officer will take any necessary steps to address the matter and will maintain a record of his actions.

**B. If you review client accounts on other than a periodic basis, describe the factors that trigger a review.**

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

**C. Describe the content and indicate the frequency of regular reports you provide to clients regarding their accounts. State whether these reports are written.**

CPAM generally will provide to its investors in the Funds: (i) audited financial statements annually within 120 days of year end, commencing with the first year in which a Fund either is in operation for at least six months or makes an investment, prepared in accordance with United States GAAP as promulgated by the Financial Accounting Standards Board, accompanied by the report of the independent certified public accountant; (ii) unaudited financial statements for the first three quarters of each fiscal year; and (iii) annual tax information necessary for each partner's U.S. tax returns. All

reports are delivered to investors by the Firm's third-party administrator. The Firm also has contact with investors (personal visits, telephone, video conference and e-mail) throughout the year as conditions warrant.

Investors in the Separate Accounts receive reports as agreed to with each such Client.

In the course of conducting due diligence or otherwise, Clients and their investors periodically request information pertaining to CPAM's investments. CPAM responds to these requests, and in answering such requests, provides information that is not generally made available to other Clients or investors who have not requested such information. While CPAM does not have an obligation to update any such information provided, the Firm endeavors to provide the information requested in the most current form available. Additionally, as it pertains to existing Clients and investors, upon request or pursuant to contractual obligations (such as agreed to in a side letter), certain Clients or investors receive additional information and reporting that other Clients or investors do not receive. The fact that CPAM provides such information upon request to one or more Clients or investors does not obligate CPAM to affirmatively provide such information to all Clients and investors. As a result, certain Clients or investors will have more information than other Clients or investors, and CPAM has no duty, and does not intend, to ensure that all Clients and investors seek, obtain or possess the same information regarding a Client and its investments.

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

**A. If someone who is not a client provides an economic benefit to you for providing investment advice or other advisory services to your clients, generally describe the arrangement, explain the conflicts of interest, and describe how you address the conflicts of interest. For purposes of this Item, economic benefits include any sales awards or other prizes.**

CPAM does not receive an economic benefit, directly or indirectly from any third party for advisory or other services rendered to the Clients.

**B. If you or a related person directly or indirectly compensates any person who is not your supervised person for client referrals, describe the arrangement and the compensation.**

CPAM does not engage third parties to make Client referrals.

#### **Item 15 – Custody**

**If you have custody of client funds or securities and a qualified custodian sends quarterly, or more frequent, account statements directly to your clients, explain that clients will receive account statements from the broker-dealer, bank or other qualified custodian and that clients should carefully review those statements. If your clients also receive account statements from you, your explanation must include a statement urging clients to compare the account statements they receive from the qualified custodian with those they receive from you.**

CPAM is deemed to have custody over the Funds' assets because the general partners are not operationally independent from CPAM: each Fund's general partner or managing member generally has full discretion and control over Fund investments and cash, including the ability of the relevant general partner or affiliate to deduct fees from Fund accounts. To comply with Advisers Act Rule 206(4)-2 (the "Custody Rule"), the Firm has elected to undergo an annual GAAP financial statement audit by an independent public accountant registered with and subject to inspection by the Public Company Accounting Oversight Board for each of its Funds over which it is deemed to have custody, a copy of which is delivered to investors within 120 days of the fiscal year end. In addition, upon the final liquidation of a Fund, CPAM will obtain a final audit and distribute audited financial statements prepared in accordance with GAAP with respect to such Fund to all underlying investors promptly upon completion of the audit. Investors in the Funds should carefully review such financial statements.

CPAM does not accept physical custody of Fund assets or securities (other than certain privately offered securities to the extent permitted by the Advisers Act); called capital is directly sent or wired to the relevant Fund qualified custodial account and certain securities are held with broker-dealers or transfer agents who act as custodians for such securities. The Firm receives statements from all of its custodians on behalf of the Funds each month. For a list of CPAM's qualified custodians, please see ADV Part 1, Schedule D, Item 7.B.(1).

Separate Accounts have established their own, independent relationships with specific qualified custodians and CPAM does not have custody over such Separate Account Clients.

#### **Item 16 – Investment Discretion**

**If you accept discretionary authority to manage securities accounts on behalf of clients, disclose this fact and describe any limitations clients may (or customarily do) place on this authority. Describe the procedures you follow before you assume this authority (e.g., execution of a power of attorney).**

With regard to the Funds, CPAM is authorized to invest and trade the Funds' assets in a broad range of investments, to be selected at CPAM's sole discretion, with no specific limitations as to type, amount, concentration, except as specifically limited by a Fund's Governing Documents. Accordingly, CPAM is permitted to enter into any type of investment transaction and employ any investment methodology or strategy it deems appropriate within the parameters of each investment program.

Pursuant to each Fund's Governing Documents, investors designate CPAM as their attorney-in-fact to execute, certify, acknowledge, file, record and swear to all instruments, agreements and documents necessary or advisable to carrying out the Fund's business and affairs. Once an investor executes such Governing Documents, with limited exceptions, such as certain conflicts of interest as discussed elsewhere in this Brochure, CPAM is not required to contact such investor prior to transacting business in a Fund.

Generally, CPAM's only restrictions with respect to managing a Fund, such as (but not limited to) the type of securities in which a Fund is permitted to invest, will be contained in the relevant Fund's

Governing Documents. However, investors in the Funds can seek to impose limitations on CPAM's authority through a side letter agreement and the Firm can choose to accept reasonable limitations or restrictions at its discretion. All limitations and restrictions placed upon CPAM's investment authority with respect to CPAM's investment authority must be presented to CPAM in writing and agreed to by CPAM and such investor. Other Fund investors meeting certain commitment thresholds are often provided with notification provisions regarding such side letter agreements but are not provided with consent rights over such agreements. CPAM's authority to trade securities can also be limited by certain federal securities and tax laws that require diversification of investments and favor the holding of investments once made.

With respect to the Separate Accounts, CPAM's scope of authority is negotiated on a Client-by-Client basis and varies from the Funds and potentially other Separate Accounts.

### **Item 17 – Voting Client Securities**

**A. If you have, or will accept, authority to vote client securities, briefly describe your voting policies and procedures, including those adopted pursuant to SEC Rule 206(4)-6. Describe whether (and, if so, how) your clients can direct your vote in a particular solicitation. Describe how you address conflicts of interest between you and your clients with respect to voting their securities. Describe how clients may obtain information from you about how you voted their securities. Explain to clients that they may obtain a copy of your proxy voting policies and procedures upon request.**

By virtue of the Governing Documents with each Client, CPAM has the authority to vote Client proxy statements on behalf of such Clients where proxies are presented for a vote, to the extent applicable to the Client's investments. While most of its Clients have not been presented with proxies to vote, in the event CPAM is presented with a proxy to vote on behalf of a Client, it will vote pursuant to Advisers Act Rule 206(4)-6 and its proxy voting policy, consistent with the best interests of its investors with the goal of maximizing portfolio values. CPAM's policy is to only vote proxies if the relevant Client owns over 1% of the outstanding shares of an issuer.

Pursuant to its proxy policy, CPAM will generally vote in accordance with management's recommendations, unless CPAM determines that voting in such a manner is in conflict with the best interests of its investors. In these cases, CPAM will evaluate and vote proxies on a case-by-case basis. If it is determined that the conflict of interest is not material, CPAM is permitted under its policies to vote proxies notwithstanding the existence of the conflict. If it is determined that the conflict of interest is material, CPAM will resolve the conflict in one of several possible ways, such as by engaging a third party to recommend a vote with respect to the proxy or seeking the advice of an independent third party. Except as otherwise provided in the Governing Documents, investors cannot direct how CPAM votes proxies nor is CPAM required to seek investor approval or direction when voting proxies.

Investors can obtain a copy of CPAM's proxy voting policies and procedures upon request, free of charge, by contacting CPAM at the address, email or telephone number listed on the cover page of

this Brochure. Investors can also obtain information from CPAM, free of charge, about how CPAM voted previous proxies, if any.

**B. If you do not have authority to vote client securities, disclose this fact. Explain whether clients will receive their proxies or other solicitations directly from their custodian or a transfer agent or from you, and discuss whether (and, if so, how) clients can contact you with questions about a particular solicitation.**

This Item is not applicable to CPAM.

#### **Item 18 – Financial Information**

**A. If you require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance, include a balance sheet for your most recent fiscal year.**

CPAM does not require or solicit prepayment of more than \$1,200 in fees per Client, six months or more in advance.

**B. If you have discretionary authority or custody of client funds or securities, or you require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance, disclose any financial condition that is reasonably likely to impair your ability to meet contractual commitments to clients.**

CPAM has no financial condition that impairs its ability to meet contractual commitments to investors.

**C. If you have been the subject of a bankruptcy petition at any time during the past ten years, disclose this fact, the date the petition was first brought, and the current status.**

The Firm has not been the subject of a bankruptcy petition at any time during the past ten years.

#### **Item 19 – Requirements for State-Registered Advisers**

This Item is not applicable to CPAM.