

Firm Brochure
(Part 2A of Form ADV)

CREDITSIGHTS ADVISORY SERVICES, LLC

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This brochure provides information about the qualifications and business practices of CreditSights Advisory Services, LLC. If you have any questions about the contents of this brochure, please contact us at: 212-340-3813, or by email at: advisory@creditsights.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.

Additional information about CreditSights Advisory Services, LLC is also available on the SEC's website at www.adviserinfo.sec.gov.

An investment adviser's registration with the United States Securities and Exchange Commission does not imply a certain level of skill or training.

March 25, 2018

2. Material Changes

Not applicable, as there have been no material changes since the prior filing of the brochure.

The US Securities and Exchange Commission issued a final rule in July 2010 requiring advisers to provide a Firm Brochure in narrative “plain English” format. The new final rule specifies mandatory sections and organization. Whenever you would like to receive a complete copy of our Firm Brochure, please contact us by telephone at 212-340-3813 or by email at advisory@creditsights.com.

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4. Advisory Business

Firm Description

CreditSights Advisory Services, LLC, (“CSAS”) is a Delaware limited liability company founded in 2012 as the successor to certain advisory business conducted from time to time by CreditSights, Inc., a Delaware corporation (“CSI”). CSI was founded in 2000 and since its founding has been in the business of providing investment research to institutional investors around the world. Neither CSI nor CSAS provide any services to individuals. CSAS is wholly-owned by CSI. CSI is a private company, the majority of which is owned by its employees, but no owner owns more than 20% of CSI's stock.

The majority of CSI's business is the sale of research products on a subscription basis, which includes fundamental research on companies, research on sectors and industries, and investment strategy and other analytical pieces. Such services are typically sold via a password protected website on a subscription basis to institutional investors.

CSAS provides consulting services to institutional asset managers, consisting primarily of pension funds, investment managers, and insurance companies. Such services typically relate to customized research projects regarding individual issuers or sectors, and each such advisory relationship is governed by a separate, customized agreement. Such agreements do not ever involve trading or authority over a customer's account, and accordingly, client restrictions on investing in certain types of securities are not applicable to CSAS's business. CSAS had one such consulting engagement in the 12 months ended December 31, 2017, but it was not material (less than \$6,000 in aggregate compensation).

Generally, CSAS's business is limited to evaluating companies and sectors from a fundamental research perspective, with particular emphasis on fixed income and capital structure issues. Direction for the scope of such research projects is arrived at through discussion and negotiations between CSAS and the particular client and is then set forth in a customized advisory agreement or engagement letter. CSAS does not provide a full range of advisory services, nor does it offer advice with respect to particular trading strategies, or strategies relating to other tradable instruments (e.g., futures, options), or certain matters that are beyond the scope of its core focus on corporate credit (e.g., emerging markets, interest rates, structured products such as mortgage- or asset-backed securities, etc.).

While CSAS does not currently manage any assets directly or in an advisory capacity on an ongoing basis, CSAS is considering providing portfolio consulting services along the lines of bond selection based on certain objective criteria and analyst input. At present, CSAS typically may be engaged to provide consulting and evaluative services on an episodic basis (e.g., a specific research project) or a periodic basis (e.g., consulting with respect to a client's portfolio on a quarterly or semi-annual basis). In such cases, CSAS has no authority (discretionary or non-discretionary) over any customer's assets, nor does CSAS have access to any customer accounts with any institution or any other personally identifiable customer information.

5. Fees and Compensation

Description

Fees charged by CSAS for its services are based on negotiation between the client and CSAS and are negotiable.

Fees for customized research reports range depending on the scope and nature of the report and are negotiated and established prior to the preparation of the report (or reports).

Fees for portfolio monitoring are based on negotiation and are arrived based on the complexity of the review, which can depend on, among other things, the number of investments in a client's portfolio, whether CSAS or its affiliates already have such names under research coverage and similar factors.

In other cases, a client may retain CSAS to provide research reports and may agree to pay for such research report preparation on an hourly basis. In such cases, the hourly rate ranges from \$250 - \$500 per hour based on the experience of the analysts working on the project.

In almost all cases, such fees, while agreed in advance, are billed by CSAS and due to CSAS after the completion of the project. In addition to such fees, agreements with customers will also provide for reimbursement to CSAS for any agreed out of pocket expenses, and any applicable taxes.

In addition, such reports are often accompanied by the sale by CSI of one or more subscriptions to CSI's subscription-based research product, the base cost for which is \$18,000 per licensed user.

Total fees for all such services earned by CSAS in 2017 were less than \$6,000; none of which were earned from any entity other than a registered investment advisor.

6. Performance-Based Fees

Sharing of Capital Gains

Fees are not based on a share of the capital gains or capital appreciation of managed securities.

CSAS does not use any performance-based fee structures because of the potential conflict of interest. Performance-based compensation may create an incentive for the adviser to recommend an investment that may carry a higher degree of risk to the client.

7. Types of Clients

Description

CSAS only provides its advisory services to certain institutional clients. It does not enter into transactions with individuals. Its consulting and advisory business is limited to brokers, banks or thrift institutions, investment companies, pension and profit sharing plans, charitable organizations, traditional and alternative asset

managers, corporations and governmental or quasi-governmental agencies or entities.

The terms of its contracts are generally project-based, rather than calendar-based, and vary in scope of service.

8. Methods of Analysis, Investment Strategies and Risk of Loss

Methods of Analysis

The primary method of analysis used by CSAS in performing its advisory services is fundamental analysis.

The main sources of information include financial information provided by financial information providers, including quote, price, and other market and financial data, financial newspapers and magazines, trade publications, inspections of corporate activities, research materials prepared by others, corporate rating services, timing services, annual reports, prospectuses, filings with the Securities and Exchange Commission, and company press releases.

CSAS also uses outputs from the quantitative models managed by its affiliate, CreditSights Analytics, LLC ("CSA"). CSA's models consist of a suite of quantitative risk models that provide measures of company-level short- and medium- term credit risk. The short-term analysis is a one year forward probability of default, and the medium-term analysis is based on a 5 year probability of default. In addition, the models provide trend analysis, providing a signal as to the direction of changes in default probability.

Investment Strategies

CSAS does not employ any particular investment strategy with its clients, as its services are discreet analytical exercises with respect to particular issuers or sectors and it is not managing assets or directing investments for or on behalf of any other party. In addition, CSAS and its affiliates' core area of expertise is in the area of analysis of corporate debt. Because of the limited nature of its work, CSAS believes that its clients use CSAS' reports as one part of their overall investment strategy, but CSAS itself does not have input or direction over any client's investment strategy or objectives or asset allocation goals. As a result, CSAS' services are used by its clients primarily so they are able to develop a better understanding of a particular issuer or security in their portfolios, or a better view on a particular sector. CSAS has no involvement with any subsequent decisions a client may make regarding the content of the reports or services that CSAS provides.

Risk of Loss

All investment programs have certain risks that are borne by the investor. Securities markets can experience significant declines due to a number of factors, including adverse issuer, political, regulatory, market or economic developments. Investors may face the following investment risks:

- **Interest-rate Risk:** Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.

- **Market Risk:** The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.
- **Inflation Risk:** When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.
- **Currency Risk:** Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- **Reinvestment Risk:** This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.
- **Foreign Exposure Risk:** Foreign securities and securities issued by US entities with substantial overseas operations can involve additional risks relating to political, economic, or regulatory conditions in foreign countries. These risks can include currency risks, trading and operational risks, and less stringent investor protection models.
- **Business Risk:** These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.
- **Liquidity Risk:** Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not. Recent developments in the markets have suggested that liquidity in many fixed income instruments may be declining as market participants reduce inventories of investments and reduce their market-making activities.
- **Financial Risk:** Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

9. Disciplinary Information

Legal and Disciplinary

The firm and its employees have not been involved in legal or disciplinary events related to past or present investment clients.

10. Other Financial Industry Activities and Affiliations

Financial Industry Activities

CSAS is not engaged in any other financial industry activities other than the activities described above, and does not sell any other products or services other than as described above.

Affiliations

Not applicable as CSAS does not have any affiliations with related persons including but not limited to brokers, attorneys, accountants, insurance companies or agencies, or investment companies that are material to its advisory business.

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

Code of Ethics

The employees of CSAS have committed to a Code of Ethics that is available for review by clients and prospective clients upon request. The firm will provide a copy of the Code of Ethics to any client or prospective client upon request. Employees of both CSAS and its affiliated entities are required to abide by the Code of Ethics.

Participation or Interest in Client Transactions

Not applicable.

Personal Trading

All employees of CSAS and its affiliated companies must report their securities trading activities to the Chief Compliance Officer no less often than quarterly, and every employee has given, and annually recertifies, to the Chief Compliance Officer, CSI's right to request brokerage account and trading records to ensure that all personal trading is in compliance with CSI's policies.

Employees of CSAS and its affiliated companies are strictly prohibited from trading in the securities of companies for which they have research coverage responsibilities unless such trade has been approved in advance in writing by the Chief Compliance Officer and the Chief Executive Officer. In addition, all employees are prohibited from trading in the securities of any issuer as to which they are aware of any unpublished research reports.

These rules are designed to ensure that employees do not trade in advance of the publication of research that might be market-moving, and to ensure that employees do not put their interest in a personal investment position ahead of their research responsibilities, both of which could constitute conflicts of interest with the interests of clients.

Employees of CSAS and its affiliated entities are also required to certify with respect to each trade of securities that they make that they have not made the trade on the basis of material non-public information.

12. Brokerage Practices

Selecting Brokerage Firms

CSAS does not have any affiliation with any brokerage firms.

Best Execution

Not applicable

Soft Dollars

Not applicable

Order Aggregation

Not applicable

13. Review of Accounts

Periodic Reviews

Review Triggers

Regular Reports

Not applicable.

14. Client Referrals and Other Compensation

Incoming Referrals

Referrals Out

Other Compensation

Not applicable.

15. Custody

SEC "Custody"

Account Statements

Performance Reports

Net Worth Statements

Not applicable as CSAS services are purely advisory services to managers with assets under management, and accordingly CSAS does not manage any client

accounts, nor does CSAS have any custodial assets, arrangements with custodians, or any access to any client account or account information.

16. Investment Discretion

Discretionary Authority for Trading

Limited Power of Attorney

Not applicable. CSAS conducts no trading activities and has no authority over any accounts.

17. Voting Client Securities

Proxy Votes

CSAS does not vote proxies on securities. Clients are expected to vote their own proxies. CSAS has not been requested to provide proxy recommendations to a client, but if CSAS were requested to provide proxy recommendations as part of an advisory agreement, CSAS would do so, and would disclose any conflicts of interest, if a conflict existed.

18. Financial Information

Financial Condition

CSAS does not have any financial impairment that will preclude the firm from meeting contractual commitments to clients.

A balance sheet is not required to be provided because CSAS does not serve as a custodian for client funds or securities, and does not require prepayment of fees of more than \$1,200 per client, and six months or more in advance.

Brochure Supplement (Part 2B of Form ADV) – not applicable