



## CAZ INVESTMENTS

*A Wealth Management Firm*

One Riverway, Suite 2000

Houston, Texas 77056

Phone: 713-403-8250

Fax: 713-403-8251

[www.cazinvestments.com](http://www.cazinvestments.com)

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## Form ADV Part 2 Brochure

Brochure prepared March 25, 2011

This brochure provides information about the qualifications and business practices of CAZ Investments L.P. If you have any questions about the contents of this brochure, please contact us at 713-403-8250. 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 CAZ Investments L.P. also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number for CAZ Investments L.P. is 113931.

On July 28, 2010, the United State Securities and Exchange Commission published “Amendments to Form ADV” which amends the disclosure document that we provide to clients as required by SEC Rules. This Brochure dated March 25, 2011 is a new document prepared according to the SEC’s new requirements and rules. As such, this document is materially different in structure and requires certain new information that our previous brochure did not require.

In the future, this Item will discuss only specific material changes that are made to the brochure and provide clients with a summary of such changes. We will also reference the date of our last annual update of our brochure.

In the past we have offered or delivered information about our qualifications and business practices to clients on at least an annual basis. Pursuant to new SEC Rules, we will ensure that you receive a summary of any materials changes to this and subsequent Brochures within 120 days of the close of our business’ fiscal year. We may further provide other ongoing disclosure information about material changes as necessary.

We will further provide you with a new brochure as necessary based on changes or new information, at any time, without charge.

Currently, our brochure may be requested by contacting J. Casey Hodges, Chief Compliance Officer, at 713-403-8250 or [jchodges@cazinvestment.com](mailto:jchodges@cazinvestment.com). Our brochure is also available on our web site at [www.cazinvestments.com](http://www.cazinvestments.com) free of charge.

Additional information about CAZ Investments is also available via the SEC’s web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC’s web site also provides information about any persons affiliated with CAZ Investments who are registered, or are required to be registered, as investment adviser representatives of CAZ Investments.

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## **Advisory Business**

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CAZ Investments L.P. (“CAZ Investments”, “CAZ”, “we” or the “firm”) is an investment advisory firm registered under the Investment Advisors Act of 1940. CAZ was founded in 2001 by Christopher A. Zook who is a majority owner of the firm.

## **Investment Philosophy**

Our objective at CAZ Investments is to maintain a consistent process regardless of market conditions. We have found that the biggest impediment to long-term, above-average performance is the tendency of money managers to change their approach because of market conditions. This is not the way we operate. We utilize a style that, we believe, works over the long term, and we seek to implement this disciplined approach regardless of the short-term market nuances. We stay focused and we stay consistent.

The investment philosophy of CAZ Investments is to seek to identify excellent businesses that demonstrate competitive positions. Once identified, we look for stock prices that reflect reasonable valuations compared to their expected cash flows, growth, and earnings. Our belief is that long-term success in the equity markets is achieved by investing in well-managed businesses that dominate their markets, as long as those investments are purchased at prices that are appropriate given the business fundamentals and prospects.

What makes a price reasonable? While there is no definitive rule or formula, we believe that, before an investment in a common stock is made, an evaluation must take place as if we were planning to acquire the entire company. For this reason, we spend an inordinate amount of time researching the cash-generating power of the business. Earnings-per-share numbers can misrepresent the true profitability of the business.

Cash flow is a much more solid representation of the strength of the operation. We seek out businesses we can buy at a reasonable price compared to the cash generated for the benefit of the shareholders.

In short, CAZ looks for a number of conditions:

- Dominant market position
- Superior management teams with interests aligned with shareholders

- Strong financial position
- Reasonable valuations when assessed in conjunction with growth rates
- A catalyst that can unlock the company's true value (i.e. a new product, new management team, or an industry upturn)

Our goal is to take positions in "reasonably priced" stocks that exhibit some of the above conditions, based on their fundamentals and probability of future growth. In summary, we do not just take into account whether an investment is generally considered cheap or expensive by traditional metrics; rather, we focus on the comparative reasonability of its price. This philosophy permeates the decision-making process for each of the investments we make.

### **Our Mission**

As a premier asset management firm, our mission is to provide highly professional financial and investment advisory services to both high net worth individual and institutional clients. We accomplish this mission utilizing a single, uncompromising focus on meeting or exceeding our client's expectations and specific longer-term investment objectives through the use of appropriate investment strategies and investment asset classes. We believe the long-term success of our firm, our employees, and our partners' investments will hinge on our integrity, our professionalism, and our ability to consistently focus on our ultimate goal of continuing to meet our clients' present and evolving investment and financial needs.

## **Advisory Services**

CAZ Investments may from time-to-time entered into sub-advisory agreements with other registered investment advisers for the benefit of specific clients. Such sub-advisory agreements are normally established to fulfill specific asset class mandates required by the respective client in their statement of goals and objectives. Under these agreements, a portion of the advisory fees paid to CAZ Investments will be shared with the sub-advisors. CAZ Investments will periodically either perform due diligence reviews or review due diligent review reports provided on the sub-advisory firm. Adviser will maintain executed agreements for these arrangements on file. The fee schedules and account minimums vary by sub-advisor. Such sub-advisory fees may be negotiated with the sub-advisor from time-to-time by Adviser. When such sub-advisory arrangements are made, the sub-advisory arrangement will be disclosed by CAZ Investments to clients by delivery of the Form ADV Part II for CAZ Investments and the sub-advisory firm.

## **Termination**

The relationship between the parties may be terminated by either party at any time.

## **Alternative Investments Advisory Services and Fees**

CAZ Investments serves as the general partner of limited partnerships or private funds and offers such investment alternatives to qualifying investors. In particular, CAZ Investments is the General Partner of CAZ Multi-Strategy Fund, L.P., CAZ Multi Strategy Offshore Fund, Ltd., CAZ Hedged Cornerstone Fund, L.P., CAZ Partners Fund, L.P., CAZ Credit Opportunity, L.P., CAZ Financial Recovery Fund, L.P., CAZ Energy Infrastructure Fund, L.P., CAZ Oil & Gas Production Fund, L.P., CAZ Real Estate Recovery Fund, L.P., and CAZ Healthcare Fund - Israel, L.P. are Texas limited partnerships, which are organized as private investment funds. [Private Funds]. CAZ Multi Strategy Offshore Fund, Ltd. is a Cayman Islands exempted company.

### **CAZ Multi-Strategy Fund, L.P.**

The investment objective of CAZ Multi-Strategy, L.P. ("Multi-Strategy"), a Texas limited partnership, is to achieve capital appreciation through the use of a "multi-manager" investment approach. The diversification of investment assets across multiple asset classes is intended to produce attractive rates of return with lower levels of volatility

than single asset strategies. Multi-Strategy Fund will attempt to leverage the scientific advantage of “modern portfolio theory” into vehicles that can produce exceptional absolute rates of return with lower standard deviation than those returns available from traditional asset classes. Primarily, CAZ Investments intends to invest Multi-Strategy Fund’s capital with “hedge fund” managers and/or traditional investment managers, either by investing directly in pooled vehicles or through the use of managed accounts.

Multi-Strategy Fund has three classes of limited partner interests, Class A, B and Class C. Multi-Strategy Fund offered Class A interests to investors (each a “**Class A Limited Partner**”) through June 1, 2004. For Class A Limited Partners, the General Partner is entitled to monthly management fees payable as of the first day of each month at an annual rate of 1% of each Class A Limited Partner’s capital account balance. The General Partner is also entitled to an annual performance-based profit allocation at the end of each year of 10% of the Partnership’s annual net profits attributable to a Class A Limited Partner, but only to the extent that such profits exceed both (i) a “hurdle rate” of 5% for the year and (ii) any losses carried forward from prior years, based on a “high water mark” formula. The “hurdle rate” is calculated net of management fees, but before the performance-based allocation. Once the “hurdle rate” is achieved, the performance-based allocation is applied to all net profits of a Class A Limited Partner for the year. The Multi-Strategy Fund Class A is currently closed to new investors.

Multi-Strategy Fund is offering Class B interests to investors (each a “**Class B Limited Partner**”) who subscribe after June 1, 2004 and is greater than \$1,000,000. For Class B Limited Partners, the General Partner is entitled to monthly management fees payable as of the first day of each month at an annual rate of 1% of each Class B Limited Partner’s capital account balance. The General Partner is also entitled to an annual performance-based profit allocation at the end of each year of 10% of the Partnership’s annual net profits attributable to a Class B Limited Partner, but only to the extent that such profits exceed both (i) a “hurdle rate” of 5% for the year and (ii) any losses carried forward from prior years, based on a “high water mark” formula. The hurdle rate is calculated net of management fees, but before the performance-based allocation. Once the “hurdle rate” is achieved, the performance-based allocation is applied to all net profits of a Class B Limited Partner for the year. Generally, fees are not negotiable. The minimum investment in the Multi-Strategy Fund Class B is \$1,000,000.

Multi-Strategy Fund is offering Class C interests to investors (each a “**Class C Limited Partner**”) who subscribe after January 1, 2009 and is less than \$1,000,000. For Class

C Limited Partners, the General Partner is entitled to monthly management fees payable as of the first day of each month at an annual rate of 1% of each Class C Limited Partner's capital account balance. The General Partner is also entitled to an annual performance-based profit allocation at the end of each year of 10% of the Partnership's annual net profits attributable to a Class C Limited Partner but only to the extent that such profits exceed any losses carried forward from prior years, based on a "high water mark" formula. Generally, fees are not negotiable. The requested minimum investment in the Multi-Strategy Fund Class C is \$500,000.

Each Limited Partner is permitted to make complete or partial withdrawals of such Limited Partner's interest in the Multi-Strategy Fund as of the close of business on the last day of each fiscal quarter, provided that such Limited Partner has held a limited partner interest for at least twelve complete calendar months prior to such withdrawal. Notice of any withdrawal must be given at least 60 days prior to the proposed withdrawal date. CAZ Investments may, in its sole discretion, waive such notice requirements. Subject to waiver by CAZ Investments, the minimum withdrawal amount for any partial withdrawal is \$50,000.

#### CAZ Multi-Strategy Offshore Fund, Ltd.

The investment objective of CAZ Multi-Strategy Offshore ("Multi-Strategy Offshore"), incorporated in the Cayman Islands, is to achieve capital appreciation through the use of a "multi-manager" investment approach. The diversification of investment assets across multiple asset classes is intended to produce attractive rates of return with lower levels of volatility than single asset strategies. Multi-Strategy Offshore Fund will attempt to leverage the scientific advantage of "modern portfolio theory" into vehicles that can produce exceptional absolute rates of return with lower standard deviation than those returns available from traditional asset classes. Primarily, CAZ Investments intends to invest Multi-Strategy Offshore Fund's capital with "hedge fund" managers and/or traditional investment managers, either by investing directly in pooled vehicles or through the use of managed accounts.

For its services to the Multi-Strategy Offshore Fund, CAZ Investments is entitled to monthly management fees payable as of the first day of each month at an annual rate of 1.0% of Multi-Strategy Offshore Fund's net assets. CAZ Investments is also entitled to an annual performance-based fee at the end of each year of 10% of Multi-Strategy Offshore Fund's annual net profits attributable to each Share, but only to the extent that such profits exceed both (i) a "hurdle rate" of 5% for the year and (ii) any losses carried



forward from prior years, based on a “high water mark” formula. The “hurdle rate” is calculated net of management fees, but before the performance-based allocation. Once the “hurdle rate” is achieved, the performance-based allocation is applied to all net profits of a particular shareholder for the year. Generally, fees are not negotiable.

Multi-Strategy Offshore Fund accepts subscriptions for participating shares of the Fund (“Shares”) from eligible investors of at least \$1,000,000 each. Multi-Strategy Offshore Fund generally is open for subscriptions on the first business day of each quarter. Investors generally are permitted to redeem Shares at the close of each fiscal quarter occurring at least 12 months after its initial investment in Multi-Strategy Offshore Fund; provided that the Fund will use its best efforts to eliminate any similar redemption restrictions on Multi-Strategy Offshore Fund’s investments in underlying investment vehicles. All redemption requests must be received by CAZ Investments at least 60 days prior to redemption date.

#### CAZ Hedged Cornerstone Fund, L.P.

The investment objective of the CAZ Hedged Cornerstone Fund, L.P. is to participate in market appreciation while providing some protection for the portfolio against market declines. The Fund is typically leveraged. Due to its hedging activities, the Partnership may not participate as fully in rising markets. This portfolio should feature an overall lower volatility and correlation relative to the stock market. The CAZ Hedged Cornerstone Fund will invest in a portfolio of large capitalization, U.S. based stocks. The Fund may from time-to-time maintain a hedge against all or a portion of the Fund’s common stock exposure through the use of Standard and Poor 500 [S&P 500] Index options or other hedging vehicles such as S&P 500 exchange-traded funds [ETFs], etc.

*Monthly Management Fees* - Hedged Cornerstone Fund will pay CAZ Investments a monthly management fee (“Management Fee”) of 0.104% of the capital account balances, calculated as of the last day of the preceding calendar month (i.e., 1.25% per annum).

*Reimbursement of Certain Expenses* - In consideration of the Management Fee, CAZ Investments bears the general overhead expenses for the normal day-to-day business and operations of the partnership. To the extent that services which do not give rise to management expenses (e.g., legal and auditing expenses and other expenses provided for in the limited partnership agreement) are provided or paid for by CAZ Investments, the partnership will reimburse CAZ Investments for such expenses.

Notwithstanding the above, the Management Fee may exceed the expenses actually borne by CAZ Investments on behalf of the partnership.

*Incentive Allowance* - Additionally, the General Partner will receive an incentive allocation which will be a twenty percent (20.0%) performance fee but only to the extent that such profits exceed any losses carried forward from prior years which are based on a “high water mark” formula. The performance-based compensation will conform to SEC Rule 205-3.

The requested minimum investment in the Hedged Cornerstone Fund is \$500,000.

### CAZ Partners Fund, L.P.

The investment objective of the CAZ Partners Fund, L.P. is to generate returns that exceed the rate of return of 90-Day U.S. Treasury Bills by 3% per annum through investments in a wide range of investment securities, including publicly-traded U.S. and foreign debt and equity securities (on both a long and short basis), private investment vehicles, including hedge funds, segregated accounts and other private investment funds, as well as a broad array of other securities in both private and public markets.

*Monthly Management Fees* - Partners Fund will pay CAZ Investments, L.P. an annual rate of 1% of each limited partner’s capital account balance, provided, however, with respect to limited partners investing through one or more accounts in the aggregate more than \$10,000,000, the management fee shall be reduced to an annual rate of 0.75% of each such limited partner’s capital account balances.

*Reimbursement of Certain Expenses* - In consideration of the Management Fee, CAZ Investments bears the general overhead expenses for the normal day-to-day business and operations of the partnership. To the extent that services which do not give rise to management expenses (e.g., legal and auditing expenses and other expenses provided for in the limited partnership agreement) are provided or paid for by CAZ Investments, the partnership will reimburse CAZ Investments for such expenses. Notwithstanding the above, the Management Fee may exceed the expenses actually borne by CAZ Investments on behalf of the partnership.

*Incentive Allowance* - Additionally, the General Partner will receive an annual performance-based profit allocation at the end of each year of 10% of the Partnership’s annual net profits, but only to the extent that such profits exceed both (i) a “hurdle rate” of 5% for the year and (ii) any losses carried forward from prior years, based on a “high

water mark” formula. The “hurdle rate” is calculated net of management fees, but before the performance-based allocation. Once the “hurdle rate” is achieved, the performance-based allocation is applied to all net profits for the year. The performance-based compensation will conform to SEC Rule 205-3.

The requested minimum investment in the Partners Fund is \$1,000,000.

### CAZ Credit Opportunity, L.P.

The investment objective of CAZ Credit Opportunity, L.P. (“Credit Opportunity”), which is a special purpose vehicle, is to invest solely as a limited partner in Paulson Credit Opportunities II, L.P., a Delaware limited partnership. The investment objective of Paulson II is to achieve maximum capital appreciation, independent of the returns of the overall equity and debt markets, by the use of a variety of security trading strategies as the investment manager, in its discretion, chooses, but principally, by employing fixed income strategies. Securities being traded may include, without limitation, residential mortgage-backed securities, government securities, corporate investment grade and non-investment grade securities, U.S. and non-U.S. securities, distressed securities and other debt securities both in cash and derivative form, from both long and short prospective.

The immediate focus of Paulson II is to short mezzanine residential mortgage securities through credit default swaps and related structured products. Such investment focus may change from time-to-time at the discretion of Paulson & Company within the limits established by Paulson II’s limited partnership agreement.

*Monthly Management Fees* - Credit Opportunity will not pay CAZ Investments, L.P. a monthly management fee.

*Incentive Allocation* - CAZ Investments, L.P. will receive from Credit Opportunity at the end of each fiscal year an incentive fee which will be a ten percent (10%) performance allocation of each limited partner’s allocable share of net profits for the fiscal year. This performance allocation is subject to a “high water mark” limitation.

The requested minimum investment in the CAZ Credit Opportunity Fund is \$250,000

### CAZ Financial Recovery Fund, L.P.

The investment objective of CAZ Financial Recovery Fund, L.P. (“Financial Recovery”), which is a special purpose vehicle, is to invest solely as a limited partner

in Paulson Recovery Fund, L.P. The investment objective of Financial Recovery is to achieve maximum capital appreciation through trading in debt and equity securities and other instruments expected to appreciate in price due to financial recovery and/or restructuring.

*Monthly Management Fees* - Financial Recovery will not pay CAZ Investments, L.P. a monthly management fee.

*Incentive Allocations* - CAZ Investments, L.P. will receive from Financial Recovery at the end of each fiscal year an incentive fee which will be a ten percent (10%) performance allocation of each limited partner's allocable share of net profits for the fiscal year. This performance allocation is subject to a "high water mark" limitation.

The requested minimum investment in the CAZ Financial Recovery Fund is \$250,000

#### CAZ Energy Infrastructure Fund, L.P.

The investment objective of CAZ Energy Infrastructure Fund, L.P. ("Energy Infrastructure"), which is a special purpose vehicle, is to invest as a limited partner in the EnCap Energy Infrastructure Fund, L.P. The investment objective of EnCap Infrastructure Fund is to invest in assets or companies providing natural gas, natural gas liquids and crude oil midstream services, including, but not limited to: gathering pipelines, transportation pipelines, gas compression assets and services, storage facilities, plants for treating impurities, plants for the extraction of hydrocarbon liquids, plants for fractionation of liquid products, and other such assets or companies providing similar services. Investment opportunities may also be identified in areas integral to oil and gas operations, such as produced water handling and disposal facilities and CO<sub>2</sub> handling. The Partnership will target North American investment opportunities.

*Monthly Management Fees* - Energy Infrastructure will not pay CAZ Investments, L.P. a monthly management fee.

*Incentive Allocations* - Cash received by the Partnership generally will be allocated (i) 100% to the investors, in proportion to their respective capital contributions to the Partnership until such investors have received a return of their capital, and thereafter (ii) 90% to the investors, in proportion to their respective capital contributions to the Partnership, and 10% to the General Partner as its carried interest.

The requested minimum investment in the CAZ Energy Infrastructure Fund is \$250,000.

#### CAZ Real Estate Recovery Fund, L.P.

The investment objective of CAZ Real Estate Recovery Fund, L.P. (“Real Estate Recovery”), which is a special purpose vehicle, is to invest as a limited partner in the Paulson Real Estate Recovery Fund, L.P. The investment objective of Real Estate Recovery Fund is to capitalize on the current distress in the U.S. real estate market.

*Monthly Management Fees* - Real Estate Recovery will pay CAZ Investments, L.P. an annual rate of .5% of each limited partner’s capital account balance.

*Incentive Allocations* - Cash received by the Partnership generally will be allocated (i) 100% to the investors, in proportion to their respective capital contributions to the Partnership until such investors have received a return of 9% (Preferred Return), and thereafter (ii) 90% to the investors, in proportion to their respective capital contributions to the Partnership, and 10% to the General Partner as its carried interest.

The requested minimum investment in the CAZ Energy Infrastructure Fund is \$500,000

#### CAZ Oil & Gas Production Fund, L.P.

The investment objective of CAZ Oil & Gas Production Fund, L.P. (“Oil & Gas Production”), which is a special purpose vehicle, is to invest as a limited partner in the EnerVest Fund XII, L.P. The investment objective of EnerVest Fund XII is to generate superior returns for its institutional investors by making prudent investments in the upstream sector of the oil and gas industry in North America.

*Monthly Management Fees* - Oil & Gas Production will not pay CAZ Investments, L.P. a monthly management fee.

*Incentive Allocations* - Cash received by the Partnership generally will be allocated (i) 100% to the investors, in proportion to their respective capital contributions to the Partnership until such investors have received a return of their capital, and thereafter (ii) 90% to the investors, in proportion to their respective capital contributions to the Partnership, and 10% to the General Partner as its carried interest.

The requested minimum investment in the CAZ Oil & Gas Production Fund is \$500,000

### CAZ Healthcare Fund - Israel, L.P.

The investment objective of CAZ Healthcare Fund - Israel, L.P. (“Healthcare Israel”), which is a special purpose vehicle, is to invest as a limited partner in the OrbiMed Israel Partners, Limited Partnership. The investment objective of OrbiMed Israel Partners is to seek income and gain by acquiring, owning, holding and disposing of investments that further the development of businesses in the Israeli life science sector in general and in the Israeli biopharmaceutical sub-sector in particular.

*Monthly Management Fees* - Healthcare Israel will not pay CAZ Investments, L.P. a monthly management fee.

*Incentive Allocations* - Cash received by the Partnership generally will be allocated (i) 100% to the investors, in proportion to their respective capital contributions to the Partnership until such investors have received a return of their capital, and thereafter (ii) 90% to the investors, in proportion to their respective capital contributions to the Partnership, and 10% to the General Partner as its carried interest.

The requested minimum investment in CAZ Healthcare Israel is \$500,000. Our assets under management as of year-end 2010 are \$172,000,000 which are managed on a discretionary basis.

## Fees and Compensation

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Our fees and compensation are disclosed in the above “Advisory Business” section.

### **Additional Financial Consulting Fees**

On a pre-approved, negotiated basis clients may incur additional fees for broader based financial advice may include, but are not limited to: cash flow planning to meet future needs/goals; retirement planning; investment planning; college planning; and mortgage/debt planning. These services will be based on fixed fees or hourly fees and the final fee structure will be documented in any contract for such services.

## **Performance-Based Fees and Side-By-Side Management**

We have entered into performance fee arrangements with qualified clients: such fees are subject to individualized negotiation with each such client. We will structure any performance or incentive fee arrangement in accordance with available exemptions including the exemption set forth in Rule 205-3. In measuring clients' assets for the calculation of performance-based fees, we shall include realized and unrealized capital gains and losses. Performance based fee arrangements may create an incentive for us to recommend investments which may be riskier or more speculative than those which would be recommended under a different fee arrangement. Such fee arrangements also create an incentive to favor higher fee paying accounts over other accounts in the allocation of investment opportunities. We have procedures designed and implemented to ensure that all clients are treated fairly and equally, and to prevent this conflict from influencing the allocation of investment opportunities among clients.

Waiver or Modification of Private Fund Partnership Provisions - CAZ Investments, as General Partner, has the absolute discretion to agree with a limited partner to waive or modify the application of any provisions of the respective partnership agreement with respect to such limited partner without obtaining the consent of any other limited partner (other than the limited partner who is materially and adversely affected by such waiver or modification). Such waivers or modifications are “side letter agreements”, usually benefiting the limited partner subject to the side letter agreement. Side letter agreements could alter various partnership provisions including, but not necessarily limited to, redemption or contribution privileges, management fees or incentive allocations, and other such partnership agreement provisions. The General Partner may agree to, and in some cases has agreed to, such “side letter agreements” with certain limited partners in the private funds.

## **Types of Clients**

CAZ Investments provides investment management services to high net worth individuals, institutional investors, including private investment funds, financial institutions, municipalities, endowment funds, corporations, corporate pension and profit sharing plans.



### **Minimum Account Size**

A minimum of \$500,000 in assets under management is generally required for the establishment of an advisory account with CAZ Investments. While the minimum dollar value of assets under management for the establishment of an account is negotiable, on a case by case basis, the account value and or total portfolio of client must be sufficient to provide for portfolio diversity.

### **Methods of Analysis, Investment Strategies and Risk of Loss**

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Our security analysis methods include charting, fundamental analysis and technical analysis.

In conducting security analysis, we utilize a broad spectrum of information, including financial publications, third-party research materials, annual reports, prospectuses, regulatory filings, company press releases, and corporate rating services.

We employ a range of investment strategies to implement the advice we give to clients including: long-term purchases, short-term purchases, trading, short sales, margin transactions, option strategies including writing covered options, uncovered options and spreading strategies.

CAZ Investments employs a number of investment strategies in connection with its investment management services, depending upon the type of client, investment discipline chosen and a client's investment objectives.

For investment management services provided to the private funds, hedging strategies with various exchange-traded futures, exchange and non-exchange traded options may be utilized as provided in the relevant private fund's prospectus and statement of information.

### **Risk of Loss**

All investments in securities include a risk of loss of your principal (invested amount) and any profits that have not been realized (the securities were not sold to “lock in” the profit). As you know, markets fluctuate substantially over time. In addition, as recent global and domestic economic events have indicated, performance of any investment is not guaranteed. As a result, there is a risk of loss of the assets we manage that may be out of our control. We will do our very best in the management of your assets; however,



we cannot guarantee any level of performance or that you will not experience a loss of your account assets. Investing in securities involves risk of loss that clients should be prepared to bear.

## **Disciplinary Information**

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### **CAZ's Information**

CAZ has not been involved in any investigation, legal action or censure by any regulatory entity or local, state or federal governmental entity.

### **CAZ Employees' Information**

A CAZ employee, while employed by a previous employer, was involved in an investigation by a state regulatory agency for certain actions that occurred in 2000. Aimee McCrory, an employee of CAZ, and her then-current firm, McCrory Associates Investment Management, Inc. were reprimanded and fined by the Texas Securities Board for allowing an employee to render investment advisory services to clients prior to that supervised employee being registered with the Texas Securities Commissioner. The Final Order was resolved in December 2003 with the reprimand and a \$2,500 fine being paid by McCrory Associates. The action occurred and the resolution was finalized prior to Ms. McCrory joining CAZ Investments LP,

## **Other Financial Industry Activities and Affiliations**

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- Inroads Capital Management LLC – Investment adviser, registered with the U.S. Securities and Exchange Commission, managing separately-managed investment accounts for institutional and high-net-worth individuals.

***Assuming Certain Clients' Administrative Costs Incurred due to Private Fund Investments*** - Investors, especially tax-exempt or tax-deferred accounts, might incur additional trustee fees, custodian fees, or other such additional administrative costs as a result of their investment in private funds. CAZ Investments may agree to, and in some cases has agreed to, assume or reimburse selected clients for such additional fees incurred as a result of their investment in private funds.

**Code of Ethics, Participation in Client Transactions and Personal Trading**

We have adopted a Code of Ethics for all supervised persons of the firm describing its high standard of business conduct, and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All supervised persons at CAZ Investments must acknowledge the terms of the Code of Ethics annually, or as amended.

We anticipate that, in appropriate circumstances, consistent with clients' investment objectives, it will cause accounts over which CAZ Investments has management authority to effect, and will recommend to investment advisory clients or prospective clients, the purchase or sale of securities in which CAZ Investments, its affiliates and/or clients, directly or indirectly, have a position of interest. Our employees and persons are required to follow our Code of Ethics.

Clients of CAZ Investments may also be, or may from time-to-time be solicited to be, clients of the Funds and, as such, may have agreements and pay fees to both CAZ Investments LP and to the Funds.

From time-to-time, CAZ Investments, its directors, officers, employees, and / or related individuals might have a direct or an indirect ownership position, or be short, in one or more of CAZ Investments' investment recommendations or its clients' holdings. Due to specific goals, objectives and / or restrictions on such personal accounts, the directors', officers', employees' or related individuals' holdings or positions might, or might not necessarily, align with the firm's recommendation regarding any specific investment or strategy. The Company has adopted a Code of Ethics to govern personal security transactions of CAZ Investments, its officers, employees, and / or related parties in an effort to minimize potential conflicts of interest between such holdings and transactions and the interest of CAZ Investments' clients. A copy of CAZ Investments' Code of Ethics is available upon request.

No security may be bought or sold by a principal or employee of CAZ Investments before CAZ Investments clients' accounts have had the opportunity to make such transactions as appropriate. Principals and employees will not receive a more favorable execution price on a particular day than those received by their investment advisory

clients. To prevent conflicts of interest, all employees or related persons of CAZ Investments must comply with the firm's Written Supervisory Procedures which imposes restrictions on the purchase or sale of securities for their own accounts and the accounts of certain affiliated persons.

*Employee Investment Transactions Pre-approval and Reporting* - The Company requires that all trades made by employees or related persons of CAZ Investments, who make recommendations or participate in the determination of which recommendation shall be made, will require prior approval for all securities trades (except transactions in investment company securities and/or other exempt transactions) and will be reviewed by the designated person responsible. The compliance officer is responsible for receiving and reviewing the trades of each employee against their monthly custodial statements. Quarterly reports on all personal securities transactions listing trades, prices, symbols and custodian are reviewed and signed off by the compliance officer no later than thirty (30) days after the end of the calendar quarter of which the transaction was effected; except transactions in investment company securities and/or other exempt transactions. Further, the Company maintains certain policies and procedures concerning the misuse of material non-public information that are designed to prevent insider trading by any officer, partner, or associated person of CAZ Investments.

*Employees' Ownership of Recommended Securities* - CAZ Investments, and/or their officers, directors or employees may purchase for themselves, or accounts for which they have a beneficial interest, similar or different securities as are purchased or recommended for investment advisory clients of CAZ Investments, and that different securities or transactions may be affected or recommended for different investment advisory clients of CAZ Investments.

### **Prohibition on Use of Insider Information**

We have also adopted policies and procedures to prevent the misuse of "insider" information (material, non-public information). A copy of such policies and procedures is available to any person upon request.

## **Brokerage Practices**

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Our associated traders use various trade execution management systems to ensure proper trade management, including fair order allocation and best execution. It is our responsibility to review their transactions for best execution.

## **Review of Accounts**

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CAZ Investments generally monitors its managed accounts on a systematic basis, and each account is reviewed at least quarterly by the Designated Supervisor, Christopher Zook, Chairman and Chief Investment Officer or his designee, J. Casey Hodges, Chief Operations Officer. Notwithstanding the above, more active accounts and larger accounts may be reviewed on a daily basis. More frequent reviews may be undertaken because of: change in market conditions; change of security position(s); request by client for a meeting or the occurrence of such meeting; change in client's investment objective or policies of CAZ Investments and routine. With respect to account performance, CAZ Investments reviews each account on a quarterly basis, and compares each investment on a transaction basis to insure that each transaction is: (i) suitable for the respective client's investment objectives; (ii) meets that client's quality standards; and (iii) to make sure that their investment objectives are still pertinent to the managed account arrangement.

The nature and frequency of reports to clients are determined primarily by the particular needs of each client. Generally clients are issued quarterly reports by CAZ Investments, which are intended to demonstrate the performance of account assets as well as providing an asset holding summary. Additionally, the client receives an annual performance report for each calendar year, summarizing all portfolio activity for the year. The clients also receive brokerage transaction confirmations and monthly custodial statements.

## **Client Referrals and Other Compensation**

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### **Additional Compensation from Non-Clients**

As discussed above with respect to Participation in Client Transactions, the Company may allocate portfolio transactions to brokers or dealers who provide products and services that provide the Company with assistance in managing client accounts and in making investment decisions. .

In addition to research services, the Company may be offered other monetary or non-monetary benefits by brokers that it may engage to execute direct securities transactions on behalf of its clients. These benefits may take the form of special execution, clearance and settlement capabilities. They also may take the form of payment of all or a portion of the Company's, or an affiliate's, costs and expenses such as analytical software, computer analysis of portfolio securities, credit rating services, economic analysis, fundamental research, industry and economic sector reports, market data services, news services, order management systems, performance analysis, portfolio modeling, quantitative analysis, research publication, and / or other such products and services that provide the Company with assistance in managing client accounts and in making investment decisions.

When engaging in such securities transactions, the Company may pay broker commissions that are higher than another broker might have charged for the same transaction, in recognition of the Applicant's assessment of the value of the research and other products and services provided to the Applicant by the broker. However, the Company must believe that commission costs borne by client accounts are reasonable in relation to the overall services provided. The client account that bears the cost of such a commission for a particular trade will not necessarily be the sole beneficiary of such research.

From time to time, the Company may become party to "soft dollar" arrangements with various brokerage firms, pursuant to which the cost of certain research and other services and products used by the Applicant or its affiliates is paid for, with commissions generated by direct securities transactions for client accounts. The Applicant may use soft dollar credits generated by a client account to pay for services and products used by the Applicant or its affiliates that are unrelated to the account from which the soft dollars were generated. The Applicant may also enter into arrangements with brokers

to (i) have “soft dollar” credits rebated to the client accounts or to have commissions recaptured by the client accounts from which the credits or commissions were generated or (ii) use “soft dollars” to pay expenses otherwise payable by client accounts. Either of such uses of “soft dollars” would have the effect of enhancing the returns associated with such client accounts from the returns that would exist absent such uses. Any research and recommendations provided by the executing and clearing broker to CAZ Investments may or may not be used by CAZ Investments in the servicing of its investment advisory clients. Prospective clients are hereby advised that lower fees for comparable services may be available from other sources such as the Internet and deep discount brokerage firms. The Company reserves the right to change its soft dollar practices as provided herein.

### ***Reimbursement of Certain Costs and Expenses from Private Funds***

The Company may receive reimbursement of all, or a portion of, costs and expense associate with managing the private funds as provided for under the respective private fund's limited partnership agreement. After making a determination of appropriateness and reasonableness of such cost and expense reimbursements and their amounts, the Company forwards its request to the respective private fund's third-party Administrator for reimbursement consideration and eventual payment, if approved. Such reimbursement of costs and expensive may include, but not necessarily be limited to, costs of operation such as supplies, salaries, employee benefits, telephone, postage, transportation, travel, meals and entertainment, placement fees, marketing costs, office equipment, news wire and data processing charges, legal and accounting fees, office rent and electricity, quotation services and periodical subscription fees, etc. and all other trading related expenses.

### **Custody**

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Our firm has custody because of the related private investment companies disclosed in the section “Advisory Business”. These private investment companies are audited annually and the investors receive financials within 120 days of the fiscal year-end.

## **Investment Discretion**

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The General Partner has discretion over the Partnership's investment program and may choose to allocate substantial portions of the Partnership's assets to a particular security or investment vehicle.

Investors in the Fund will receive a copy of the Private Placement Memorandum for each respective Fund.

## **Wrap Account Management**

We do not participate in the management of wrap account programs.

## **Voting Client Securities**

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CAZ Investments shall not render any advice or take any action on behalf of the Client with respect to securities or other investments held in their accounts, or the issuer's thereof, which become the subject of any legal proceedings, including bankruptcies. The Client retains the right and obligation to take any action relating to securities held in their accounts. Furthermore, except to the extent otherwise required by law, CAZ Investments shall not take any action or render any advice with respect to the voting of proxies solicited by, or with respect to, the issuers of any securities held in the clients' accounts. Unless prohibited by law, clients retain the right and obligation to vote proxies relating to the securities held in their accounts; provided, however, that clients may specifically delegate said rights and obligations to a properly authorized agent including CAZ Investments. For ERISA clients and for those cases where CAZ Investments has been specifically delegated the proxy voting authority by the client, written proxy voting guidelines have been established. A copy of the proxy policies and procedures are available upon request.

## **Financial Information**

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Registered investment advisers are required to provide you with certain financial information or disclosures about CAZ Investments L.P.'s financial condition. CAZ

Investments L.P. has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.

We do not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance, therefore we have no material additional financial disclosures.

## **Additional Information**

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### **Privacy Notice To Customers**

We do not disclose nonpublic personal information about our individual clients or former clients except as permitted by law. We restrict access to nonpublic personal information about you (that we may obtain from your account and your transactions) to those employees who need to know that information to provide products or services to you or to alert you to new, enhanced or improved products or services we provide. We maintain physical, electronic and procedural safeguards that comply with federal standards to safeguard your nonpublic personal information.

Note that corporate, municipal, and other institutional clients may be identified as such in our firm's representative client or reference lists (the identities of individual, i.e. "natural person" clients are never so disclosed absent written client permission).

### **Disaster Recovery and Contingency Planning**

As part of its fiduciary duty to its clients and as a matter of best business practices, CAZ Investments, L.P. has adopted policies and procedures for disaster recovery and for continuing the Company's business in the event of a disaster. These policies are designed to allow the Company to resume providing service to its clients in as short a period of time as possible. These policies are, to the extent practicable, designed to address those specific types of disasters that the Company might reasonably face given its business and location. The Company has established written disaster recovery and business continuity plans for the firm's business. The intention of this plan is to allow the Company to meet its responsibilities to clients as a fiduciary in managing client assets, among other things. The written plan is also intended to meet its regulatory requirements in the event of any kind of disaster, such as a bombing, fire, flood,



earthquake, power failure or any other event that may disable the firm or prevent access to our office(s).

A copy of the Company's Disaster Recovery and Business Continuity Plan is available upon request. Furthermore, clients with questions regarding the firm's Disaster Recovery and Business Continuity Plan are welcomed to contact the firm for further discussion.