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March 31, 2018

This brochure provides information about the qualifications and business practices of CAI Managers & Co. L.P. If you have any additional questions about the contents of this brochure, please contact us at 212.319.2525. 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.

CAI Managers & Co., L.P. (“CAI”) is a registered investment adviser. Registration as an investment adviser does not imply a certain level of skill or training.

Additional information about CAI Managers & Co., L.P. is available on the SEC’s website at <http://www.adviserinfo.sec.gov>.

## Item 2. Material Changes

This brochure dated March 31, 2018 has been prepared according to the requirements and rules promulgated by the United States Securities and Exchange Commission (“SEC”). CAI Managers & Co., L.P. registered as an investment adviser in 2012 and last updated this brochure at June 30, 2017.

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

Pursuant to SEC Rules, we will prepare a summary of any material changes to this brochure within 120 days of the close of our fiscal year.

There have been no material changes since our June 30, 2017 brochure.

Currently, our brochure may be requested by contacting CAI Managers & Co., L.P. at 212.319.2525 or emailing a request to [prestler@caifunds.com](mailto:prestler@caifunds.com).

Additional information about our firm 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 of our affiliated persons who are registered, or are required to be registered, as investment adviser representatives of CAI Managers & Co., L.P.

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## Item 4. Advisory Business

CAI Managers & Co., L.P. is a federally registered investment adviser that provides investment advisory services to clients, as further described below. CAI is a Delaware limited partnership which has been in business since 1989. CAI's principal owners are Peter G. Restler and Tracey L. McVicar, each a direct or indirect limited partner of CAI.

The investment advisory services CAI provides (the "Services") consist of portfolio management services for pooled investment vehicles. Affiliated entities of CAI serve as the general partner for each of the pooled investment vehicles to which CAI currently provides Services (each, a "Fund" and together the "Funds"). CAI does not hold itself out as specializing in a particular type of advisory service. CAI specializes in the investment and recommendation of equity and equity-related securities within the private equity industry. The Services are discretionary in nature and consist of the ongoing and continuous review of each Fund's investments.

CAI tailors its Services to the specific needs of each particular Fund by limiting the holdings of the particular Fund's portfolio to address each Fund's risks and investment criteria or as may be directed by a Fund's governing documents. The Funds may communicate to CAI restrictions on size or geographic area of a potential investment, or any other restriction they would like to impose on their portfolios. Investors in a Fund will have no individual authority to direct or restrict CAI's investment discretion in any way.

As of December 31, 2017, CAI had U.S. \$292,962,351 in discretionary assets under management, and no assets are managed on a non-discretionary basis.

## Item 5. Fees and Compensation

CAI generally charges the Funds an asset management fee for its  
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services, which fees are calculated and billed semi-annually, in advance. The Funds pay an annual management fee equal to (a) 2.00% of total commitments until the end of the commitment period, (b) thereafter the Funds pay 1.50% of funded commitments reduced by cost of realized investments and all management fees, Fund expenses and offering and organizational expenses paid (“Net Invested Capital”) until the tenth anniversary of the management fee commitment date, and (c) thereafter, the Funds pay 1.00% of the Net Invested Capital for any extensions of the term of the Fund. Limited partners will first be returned all contributed capital and an 8% preferred return after which distributions will be split 80% to such limited partner and 20% to the general partner of the applicable Fund.

Investors and prospective investors in each Fund should note that similar advisory services may (or may not) be available from other investment advisers for similar or lower fees. All advisory clients (i.e., the Funds) are “qualified purchasers” as defined in Section 2(a)(51) of the Investment Company Act of 1940, as amended. Consequently, CAI is not required to include specific fee information in this brochure relating to the Funds.

Funds that are not open for a full semi-annual period will be responsible for the pro-rata portion of the fee based on the number of days the account is open during the semi-annual period. In the event that a Fund were to terminate CAI’s Services prior to the end of a semi-annual period for which fees have been paid, CAI would calculate the amount of any refund due and send a check or wire to the Fund. The amount of such refund would be calculated based on the number of days remaining after the date of withdrawal in the applicable semi- annual period. Refunds would generally be paid within thirty (30) days after the relationship ends.

In addition to the management fees paid by the Funds, Funds will incur other expenses in connection with obtaining advisory services such as

the third party expenses incurred in connection with the operation of the Funds or the investment portfolio. These fees include the costs and expenses related to the purchase, evaluation of, holding and sale of portfolio investments (to the extent not reimbursed); expenses of any agents, custodians, counsel and accountants (including audit, tax preparation and certification fees); any insurance, indemnity or litigation expenses, certain taxes, fees or other governmental charges levied against the Funds; out-of-pocket expenses and other extraordinary expenses associated with the management or offering of the Funds. All such fees are discussed in the governing documents for each of the Funds.

CAI outsources much of the administrative work related to the Funds. These responsibilities include routine legal, accounting, and bookkeeping functions, preparation of firm tax returns, quarter end and annual reports for the Funds, portfolio company summaries and other progress reports, and the execution of the annual audit of the Funds. These third party vendors include, but are not limited to, S.D. Daniels & Co. P.C., Stikeman Elliott LLP, and Deloitte LLP.

There may also be other fees and expenses depending upon the particular investments of each Fund. Investors and prospective investors in the Funds should review offering and governance documents for any particular investment carefully before investing.

CAI does not typically invest in public companies or securities where brokerage costs apply to the purchases or sales of shares, and as a result, brokerage expenses are not typically imposed on Clients' transactions. In the event CAI does recommend such an investment, any brokerage, transactional, custodial, transfer-agent or other cost associated with such transaction will be paid by the Fund. CAI does not have any affiliated brokers or dealers.

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

Performance-based fees are subject to regulation under Rule 205-3 under the Investment Advisers Act of 1940, as amended (the “Advisers Act”). CAI seeks to ensure that any Fund or investors in a Fund that are directly or indirectly assessed performance-based fees or are subject to carried interest profit allocations satisfy the qualifications of Rule 205-3 and have been advised of such fees or allocations and their risks.

Funds may be charged performance-based fees. The manner of calculation and the application of performance-based fees or carried interest profit allocations are disclosed in the offering and governance documents for each of the Funds which are charged such fees.

All Funds pay carried interest to the Fund’s general partner at final wind-up if the preferred return hurdle has been met, based on the Funds’ limited partnership agreement.

In theory, CAI may also have an incentive to take increased investment risk with respect to those Funds that are charged performance-based fees or carried interest. CAI has policies and procedures in place designed to address this and similar potential conflicts, and to ensure investment decisions are made consistent with the relevant Fund’s size, investment objectives, risk tolerance, return targets, diversification considerations, and liquidity needs.

Each Fund has a specified investment objective. To the extent investment opportunities are identified that satisfy the investment parameters of more than one Fund, such opportunities are allocated in accordance with CAI’s policies and procedures and in accordance with the provisions of the applicable Fund governing documents. CAI typically does not invest non-parallel Funds in the securities of the same portfolio companies because the offering documents for each Fund

typically restrict CAI from such side-by-side investment portfolio companies. CAI's policies and procedures for allocation are monitored by CAI's Chief Compliance Officer and the applicable Funds' limited partner advisory committees.

## Item 7. Types of Clients

CAI provides Services to pooled investment vehicles. CAI has the discretionary authority to select the securities to be bought or sold, and determine the amount of securities to be bought or sold, without the Funds' consent. CAI has a minimum requirement of \$500,000 for obtaining an ownership interest in a Fund, and no minimum requirement for maintaining an account. However, each Fund may require that investors in the relevant Fund meet a minimum capital commitment. Such minimums are established by the governing documents of the relevant Fund, and the required minimum capital commitments for each Fund may differ. The offering documents for each Fund set forth a minimum fund size, however, CAI will begin to manage an account as soon as minimum capital commitments are met and will continue to manage assets for the Fund until the Fund is terminated.

## Item 8. Method of Analysis, Investment Strategies and Risk of Loss

CAI's method of analysis includes a thorough review of the investments' audited financial statements, budgets, forecasts, and market comparable information before an investment is made. Due diligence will also be performed regarding personnel records, insurance, legal, and environmental aspects of the investment. Additional due diligence will include site visits, customer feedback and management meetings.

As more fully described in each Fund's offering documents, CAI's investment strategy focuses on making investments in established North American middle market companies focused on the following industries:



(i) aerospace/aviation, (ii) specialized manufacturing, (iii) business, consumer and financial services, (iv) healthcare, (v) insurance and (vi) energy, utility and environmental services. CAI's private equity strategy is to invest in middle market companies and help them improve their operations and financial results. CAI believes that the following factors are important in the successful implementation of this strategy:

- **Plentiful Deal Flow.** CAI believes that its ability to pick and choose from the broadest variety of opportunities increases the chances for making a successful investment.

- **CAI Adds Value During the Holding Period.** Having the experience and resources to work closely with management and add value during the holding period is an essential element of CAI's strategy.

- **Appropriate Use of Leverage.** CAI believes in utilizing a judicious amount of financial leverage for its middle market strategy, particularly in cases where a strategic business shift must be executed.

- **Entry and Exit Multiples.** It is also important to maintain the discipline of not over- paying for investments.

- **Proper Structuring of Investments.** Central to CAI's investment philosophy is the balance between control and liquidity. CAI prefers to take controlling positions in companies in order to protect its ability to take action, as necessary, to achieve its investment objectives.

- **Exit Strategies.** Throughout the holding period for each investment, CAI focuses on preparing for the most profitable exit by identifying potential industry buyers and monitoring capital market conditions. CAI devotes considerable attention to risk management when structuring investments. CAI uses limited

amounts of leverage and seeks to employ disciplined risk management strategies to limit an investment's downside risk, both at the investment-specific and portfolio levels. CAI employs a number of key risk management strategies. These techniques include typically limiting investments to companies which have a recurring revenue business model, employing conservative levels of debt financing, scaling investment size according to the risk level of the transaction, limiting investments to companies which are not principally reliant on new or unproven technology, and having multiple exit strategies for each investment.

Investing in securities, including in the Funds, entails a number of significant risks, including the potential loss of invested principal, that should be considered before making an investment. The possibility of a partial or total loss of capital will exist, and investors must be prepared to bear capital losses that might result from such investments. An investment in the Funds should be considered only by persons who can afford a loss of their entire investment. While certain strategies may offer the potential for greater growth, these same strategies may have greater potential volatility. While it is CAI's intent to reduce risk when possible, certain strategies may impose more risk than others. In considering participation in the Funds, an investor should be aware of certain risk factors, which include, but are not limited to, the following:

Business Risks. The Funds' investment portfolios consist primarily, or entirely, of securities issued by privately held companies and operating results in a specified period will be difficult to predict. Such investments involve a high degree of business and financial risk that can result in substantial losses. Small and mid- capitalization companies may be subject to higher degrees of risk, because companies of this kind may have earnings which are less predictable, valuations which are more volatile, and liquidity less than that of large-capitalization companies.

Concentration of Investments. CAI invests in a particular market sector

and in a limited number of investments. Thus, the performance of a few holdings may substantially affect the portfolio's aggregate return. As a result, there is greater risk that a Fund will be adversely affected by the unfavorable performance of even a single investment.

Illiquidity and Lack of Current Distributions. An investment in the Funds should be viewed as illiquid. It is uncertain as to when profits, if any, will be realized. Losses on unsuccessful investments may be realized before gains on successful investments are realized. The return of capital and the realization of gains, if any, generally will occur only upon the partial or complete disposition of an investment. While an investment may be sold at any time, it is not generally expected that this will occur for a number of years after the initial investment. Before such time, there may be no current return or liquidity on the investment. Furthermore, the expenses of operating a Fund, including management fees payable to CAI, may exceed the Fund's income, thereby requiring that the difference be paid from the Fund's capital.

Investments Longer than Term. A Fund may make investments that may not be advantageously disposed of prior to the date that the Fund will be wound-up and dissolved, either by expiration of the Fund's term or otherwise. Although the general partner for each Fund generally expects to extend, or seek an extension to, the Fund's term pursuant to the applicable partnership agreement if such an extension would be in the best interests of the Fund, and generally expects that investments will be either realized prior to dissolution or suitable for in-kind distribution at dissolution, the Fund may have to sell, distribute or otherwise dispose of investments at a disadvantageous time as a result of dissolution, particularly with respect to an early dissolution of the Fund as provided in the applicable limited partnership agreement.

Investment in Junior Securities. The investments recommended may be junior in the companies' structure and therefore subject to the greatest risk of loss. Generally, there is no collateral to protect an investment

once made.

Leveraged Investments. Certain of the Funds' investments may be in portfolio companies with existing debt. CAI may also make use of leverage by having a portfolio company incur debt to finance a portion of a Fund's investment in such company. Leverage generally magnifies both opportunities for gain and the risk of loss from a particular investment. The cost and availability of leverage, and the restrictions which can be associated with leverage may impair a company's operations or a Fund's ability to achieve an exit as forecast. Moreover, the companies CAI recommends will generally not be rated by a credit agency.

Reliance on Business and Investment Acumen of CAI Personnel. Performance is largely dependent on the talents and efforts of certain individuals. There can be no assurance that CAI's principals and other investment professionals will continue to be associated with CAI and the failure to retain such investment professionals could have an adverse effect on the value of an investment. Investors in a Fund may have limited recourse in the event that any of these individuals ceases to perform services for the Fund. Investors are not expected to be permitted to withdraw commitments or investments in a Fund as a result of the departure of one of the professionals responsible for the activities of the applicable Fund.

Investment Sector Risks. Investments in telecommunications companies are subject to federal and local laws and regulations governing, among other things, the operation, ownership and control of such companies. These regulations may restrict the manner in which investments and divestitures of the companies invested in may occur. Fund assets may be invested in non-U.S. investments ("Non-U.S. Investments"). Non-U.S. Investments will principally be in Canada. Investing in Non-U.S. Investments will subject the Funds and their investors to certain risks not typically associated with investing in securities in the United States.

Non-U.S. Investments may be affected by changes in currency rates. A decline in an exchange rate of the foreign currency in which a portfolio security is quoted or denominated relative to the U.S. dollar would reduce the value of the portfolio security in U.S. dollars proportionately. The costs and expenses associated with investing in Non-U.S. markets are generally higher than in U.S. markets. There generally may be less publicly available information regarding Non-U.S. Investments than U.S. companies.

Cybersecurity Risks. A Fund's service providers and other market participants 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 a Fund and its limited partners, despite the efforts of CAI and the Fund's service providers 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 a Fund and its limited partners. For example, unauthorized third parties may attempt to improperly access, modify, disrupt the operations of, or prevent access to the systems of CAI, a Fund's service providers, counterparties or data within these systems. Third parties may also attempt to fraudulently induce employees, customers, third-party service providers or other users of CAI's systems to disclose sensitive information in order to gain access to CAI's data or that of a Fund's limited partners. A successful penetration or circumvention of the security of CAI's systems could result in the loss or theft of a limited partner's 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 a Fund, CAI or their service providers to incur regulatory penalties, reputational damage, additional compliance costs or financial loss. Similar types of operational and technology risks

are also present for the underlying portfolio companies in which a Fund would invest, which could have material adverse consequences for such Fund, and may cause the Fund's investments to lose value.

## Item 9. Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to a current or potential investor's evaluation of CAI or the integrity of CAI's management. There are no material legal or disciplinary events to disclose related to CAI's business or its management.

## Item 10. Other Financial Industry Activities and Affiliations

CAI is not affiliated with any particular broker-dealer, nor does CAI have personnel who are registered representatives of a broker-dealer. Neither CAI nor its representatives are registered as a Futures Commission Merchant, Commodity Pool Operator or Commodity Trading Adviser.

CAI does not recommend or select other investment advisers. It does not receive compensation from any advisers or third parties.

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

CAI has adopted a Code of Ethics that complies with Rule 204A-1 under the Advisers Act. The Code of Ethics applies to all of CAI's supervised persons. The term "supervised person" includes any partner, officer, director (or other person occupying a similar status or performing similar functions) or employee of CAI, or other person who provides investment advice on behalf of CAI and is subject to CAI's supervision and control. CAI's supervised persons must certify on an annual basis that they have received, read and understood the Code of Ethics.

CAI's Code of Ethics includes procedures for personal securities transactions by certain supervised persons, and procedures for approval of investment in initial public offerings and private offerings. CAI will provide a copy of its Code of Ethics to any client or prospective client upon request. Please contact CAI at [prestler@caifunds.com](mailto:prestler@caifunds.com) for a copy.

CAI's Chief Compliance Officer, or his or her designee, is responsible for ensuring that CAI receives duplicate brokerage confirmations and/or brokerage account statements for the personal securities accounts of certain CAI supervised persons. A review of the trading activity of CAI personnel with such securities accounts will be conducted quarterly to ensure that the personnel comply with the personal trading policy of CAI.

As discussed in Item 6 (above), CAI advises Funds that have investment focuses which are similar to one another. In particular, certain Funds may be required to co-invest alongside each other pro rata based generally upon their respective committed capital. Such co-investments will be done in accordance with each Fund's governing documents, and the Funds' governing documents generally require that each Fund participate on comparable terms. This may not be practical in all circumstances however, and as a result, at times a particular Fund may

not be able to participate or can only participate on different (and potentially less favorable) terms. CAI will allocate investment opportunities among the Funds in accordance with the Funds' limited partnership agreements or other governing documents, and in what CAI believes to be a reasonable and equitable manner. As provided in Item 6, CAI's policies and procedures for allocation are monitored by CAI's Chief Compliance Officer and the applicable Funds' limited partner advisory committees.

The limited partnership agreements and other governing documents of each Fund also address (i) limitations on investments and activities by the general partner of each Fund, CAI, and employees of CAI, (ii) provisions requiring that certain investment opportunities must first be presented to the Fund, and (iii) restrictions on transactions between the Fund on the one hand and the general partner of the Fund and CAI and their affiliates (except for the Funds) on the other hand.

## Item 12. Brokerage Practices

Typically, because the Funds' portfolio company investments generally involve private transactions in private companies, these investments do not involve brokers. To the extent CAI is required by applicable law, and in the event the Funds do invest in any marketable security where the involvement of a broker is required, CAI has a fiduciary duty to seek to obtain best execution on behalf of each client. In such case, brokers will be selected with a view to obtaining best execution of transactions. CAI believes that best execution is typically achieved by seeking to obtain the best overall result, not necessarily by negotiating the lowest commission rate. CAI will consider all factors it deems relevant including execution capabilities, financial stability of the broker, responsiveness, confidentiality, promptness, clearance, settlement, and price.

Given the nature of investments made by the Funds (i.e., primarily in



private companies, without the aid of a broker), CAI does not typically effect block trades (where a purchase of securities is made at an average price and is later allocated to individual client accounts). Because the Funds' investments are typically negotiated in a private transaction and do not occur on the open market, there is no need for CAI to block the trades to receive an average price for shares. Instead, Funds receive interests of ownership or shares at the prices set by and in transactions agreed to by the acquired company and CAI. In the event a transaction occurs which may be aggregated, each Fund will receive shares on a pro-rata basis. CAI has policies and procedures to address any potential conflicts which may arise as a result of aggregating trades.

CAI does not receive research, products or services other than execution from broker- dealers or third parties in connection with client securities transactions.

CAI does not recommend, request or require that a client direct CAI to execute transactions through a specified broker-dealer.

CAI does not typically arrange for cross trades between Funds, where one Fund buys a security and another Fund sells the same security to the buying Fund (i.e., where such securities cross from one client account to another client account). To the extent that CAI does effect such cross transactions between Funds, it will do so consistent with CAI's fiduciary obligations to each Fund participating in the cross transaction and only provided that the conditions of the transfer are in the best interest of the impacted Funds. CAI will not receive any compensation for facilitating cross transactions.

## Item 13. Review of Accounts

CAI reviews Fund holdings on an ongoing basis, both informally and formally through periodically scheduled meetings of CAI's Portfolio Review Committee, which is composed of the firm's principals and members of its team of investment professionals. Investment models and

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capital markets are monitored on a continuous basis. CAI personnel prepare written quarterly reports regarding the Funds and their holdings which are reviewed by CAI's Portfolio Review Committee. The Portfolio Review Committee has responsibility to select and oversee the investments recommended by CAI.

## Item 14. Client Referrals and Other Compensation

This Item requires an investment adviser to provide information relating to its arrangements with third-parties through which it: (a) receives compensation from a third-party for providing investment management services to the adviser's clients; or (b) provides compensation to third-parties for client referrals. CAI does not receive any economic benefit, directly or indirectly, from any third party for advice rendered to the Funds. CAI does not pay any third-party for client referrals.

## Item 15. Custody

CAI has custody of certain Funds' assets. An independent public accountant annually audits each Fund and the audited financial statements are distributed to Fund's investors within 120 days of the end of the Fund's fiscal year. Cash and certain other assets are custodied with a "Qualified Custodian," in accordance with the requirements of Rule 206(4)-2 under the Advisers Act. For those accounts held by a Qualified Custodian, the Qualified Custodian sends statements to the relevant Fund at least quarterly in accordance with Rule 206(4)-2.

## Item 16. Investment Discretion

At the outset of an investment advisory relationship, CAI receives discretionary authority from each Fund to select the securities to be bought or sold, and determine the amount of securities to be bought or sold. Details of this relationship are fully disclosed to investors in the Funds prior to investment in the relevant Fund. The Funds provide CAI

with such discretionary authority through a limited power of attorney and such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular Fund's account.

Investment guidelines and restrictions must be provided to CAI in writing. In most cases, a Fund's investment guidelines and restrictions will be set forth in the investment management agreement or in the Funds' governing documents.

## Item 17. Voting Client Securities

The Funds seek opportunities to acquire majority and minority control positions in portfolio companies. As such, CAI actively seeks to influence the management the Funds' portfolio companies and exercises voting rights in such companies on behalf of the Funds. Investors in the Funds cannot direct CAI's vote with respect to any particular situation. The voting securities held by the Funds generally entail large or controlling interests of privately held issuers. Unlike the limited voting rights attributable to publicly traded securities, the Funds generally have broad voting authority on a wide range of matters affecting these privately held issuers. CAI votes such interests, on behalf of the Funds, in the economic interests of the applicable Fund. CAI's investment professionals make the decisions with respect to proxies. When voting securities, CAI considers relevant factors, which include the impact of a particular vote on the value of the securities, the anticipated economic and non-economic costs and benefits associated with a proposal, the effect on liquidity, and customary industry and business practices. CAI has adopted policies and procedures to address any conflicts which may arise. CAI may depart from its stated guidelines in order to avoid voting decisions believed to be contrary to the best interests of the Funds.

CAI reviews each proposal submitted for a vote on a case-by-case basis to determine whether it is in the best interest of the applicable Fund. As a result, depending on the Fund's particular circumstances, CAI may

vote one Fund's securities differently than it votes those of another Fund, or may vote differently on various proposals, even though the securities or proposals are similar (or identical). In some instances, CAI may determine that it is in a Fund's best interest for CAI to "abstain" from voting or not to vote at all, and will do so accordingly.

CAI will deliver to each limited partner of a Fund, upon written request, a complete copy of its proxy voting policies and procedures and/or information on how it voted proxies for the applicable Fund.

## Item 18. Financial Information

This Item requires investment advisers to provide certain financial information or disclosures about their financial condition. CAI does not require prepayment of fees six months or more in advance. Therefore it is not required to include a balance sheet with this Brochure. CAI has no financial hardships or other conditions that might impair its ability to meet its contractual obligations to Clients. CAI has not been the subject of a bankruptcy proceeding.

## Item 19. Requirements for State-Registered Advisers

Item 19 is not applicable to CAI.