

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

**Item 1 - Cover Page**

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The date of this brochure is March 30, 2020.

**This brochure provides information about the qualifications and business practices of Corsair Capital Management, L.P. If you have any questions about the contents of this brochure, please contact us at 212-949-3000. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.**

**Additional information about Corsair Capital Management, L.P. also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**Any reference to Corsair Capital Management, L.P. as a “registered investment adviser” or as being “registered,” does not imply a certain level of skill or training.**

**Item 2 - Material Changes**

There have been no material changes to the Form ADV, Part 2A of Corsair Capital Management, L.P. (“CCM”) since March 29, 2019, the date of CCM’s last annual Form ADV, Part 2A.

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**Item 4 - Advisory Business**

CCM is a Delaware limited partnership that was formed in May 2002. It provides discretionary investment advice to certain funds, as further described below. Corsair Capital Advisors, L.L.C. (“CCA”), Corsair Select Advisors, L.L.C. (“CSA”), and Corsair Operations Management, L.P. (“COM”), which are relying advisers (as defined in the Glossary of Terms to Form ADV) of CCM, also provide investment advice on a discretionary basis to certain funds in their capacities as general partner, special member or operations manager to such funds, as applicable. CCM, CCA, CSA, and COM are collectively referred to as “Corsair” throughout this brochure.

The principal owners of Corsair are Jay R. Petschek and Steven Major. Mr. Petschek and Mr. Major are also referred to as the “Portfolio Managers” throughout this brochure.

Corsair currently serves as the investment manager/adviser of the following clients:

- Private investment funds:
  - Corsair Capital Partners, L.P., Corsair Capital Partners 100, L.P., Corsair Capital Investors, Ltd. (collectively, the “Corsair Capital Funds”)
  - Corsair Select, L.P., Corsair Select 100, L.P., Corsair Select Offshore, Ltd. and Corsair Select Master Fund, Ltd. (collectively, the “Corsair Select Funds” and together with the Corsair Capital Funds, the “Private Funds” or the “clients”)

Corsair may in the future manage other pooled investment vehicles or accounts (including separately managed accounts).

From 1991 to 2002, Mr. Petschek, either directly or separately through an entity he controlled, managed a predecessor-in-interest to Corsair Capital Partners, L.P. From 1998 to 2004, Mr. Major, either directly or through an entity he controlled, managed a predecessor-in-interest to Corsair Select, L.P. All of the other Private Funds have been managed by Corsair since inception.

Corsair generally invests with a long-bias primarily in publicly-traded equity securities of U.S. and Canadian corporations. (*See Item 8.*)

As of December 31, 2019, Corsair managed approximately \$460,983,598 of regulatory assets under management on a discretionary basis. Corsair does not manage any assets on a non-discretionary basis.

**Item 5 - Fees and Compensation**

The below is intended as a summary, and prospective investors should refer to the offering and governing documents for the Private Fund(s) in which they are considering investing for a more complete description.

Generally, Corsair receives performance-based fees or allocations from the Private Funds as described below on an annual basis in arrears and upon redemptions by investors from

the Private Funds. Corsair also receives management fees from the Private Funds as described below.

The General Partner of Corsair Capital Partners 100, L.P. generally charges performance compensation at rates ranging from 15% to 20% of the increase in net asset value of this Private Fund, subject to a high water mark. CCM generally charges Corsair Capital Partners 100, L.P. a management fee, paid quarterly in advance, at rates ranging from 1.0% to 1.5% per annum of the net asset value of this Private Fund.

The Operations Manager of Corsair Capital Investors, Ltd. generally charges performance compensation at rates ranging from 15% to 20% of the increase in net asset value of this Private Fund, subject to a high water mark. CCM generally charges Corsair Capital Investors, Ltd. a management fee, paid quarterly in advance, at rates ranging from 1.0% to 1.5% per annum of the net asset value of this Private Fund.

The General Partner of Corsair Select 100, L.P. generally charges performance compensation at rates ranging from 15% to 20% of the increase in net asset value of this Private Fund, subject to a high water mark. CCM generally charges Corsair Select 100, L.P. a management fee, paid quarterly in advance, at rates ranging from 1.5% to 2.0% per annum of the net asset value of this Private Fund.

Corsair's compensation and fees are generally non-negotiable with respect to the Private Funds listed above but do vary amongst the Private Funds and within each Private Fund.

Corsair's compensation schedules for Corsair Capital Partners, L.P., Corsair Select, L.P. and Corsair Select Offshore, Ltd. are contained in their respective Confidential Offering Memoranda. Each Private Fund's Confidential Private Offering Memorandum is herein referred to as its "PPM".

Corsair generally deducts its management fees from the Private Funds quarterly in advance. Management fees for the Private Funds will be pro-rated or refunded for any period for which the applicable Private Fund no longer exists and for any intra-quarter redemptions from the Private Funds by investors. Management fees accrue monthly.

Corsair retains the right to waive or reduce fees, or charge different fees, with respect to its investors in the Private Funds. In addition, employees and their immediate family members are generally not charged performance compensation nor management fees in connection with their investments in the Private Funds.

#### Expenses Generally

Corsair's clients will generally be obligated to pay certain fees and expenses of, or pertaining to, the applicable client.

Without limiting the foregoing, generally, the Private Funds shall pay, or reimburse Corsair for, certain fees and expenses of the applicable Private Fund, which may include, in some or all instances, organizational and offering costs, fees and costs relating to the trading of securities, interest and commitment fees on loans and debit balances, brokerage commissions (see Item 12, "Brokerage Practices"), costs of borrowing securities to be sold short, legal, accounting (including the fees and expenses of third party service providers who provide trade reconciliation services to the Private Funds and maintain the

Private Funds' shadow books and records), auditing and tax preparation fees and expenses, costs of any outside appraisers and other experts or consultants engaged by Corsair in connection with specific transactions, withholding and transfer taxes, government charges, bank charges, insurance costs, costs of preparing and mailing reports to investors, and other similar fees and expenses.

The Private Funds may also pay or reimburse Corsair for research fees and expenses (including online news and quotation services) appropriately allocable, in Corsair's discretion, to the applicable Private Fund's operations.

Corsair may also allocate a portion of certain clients' capital to money market funds, exchange-traded funds or similar products that bear certain fees and expenses including those payable to their investment managers and service providers. To the extent that Corsair so allocates capital, in addition to the fees and expenses described above, the clients will indirectly bear such fees and expenses, as these funds and/or other products in turn pay similar fees to their investment managers and other service providers.

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

Corsair generally receives annual performance-based fees or allocations from its clients, which are based on a percentage of the capital appreciation of client assets, subject to a high water mark.

As the management fees and performance-based fees/allocations for each client are based directly on the net asset value of such client, Corsair has a conflict of interest in valuing client assets. Corsair will follow its documented valuation policies in order to mitigate this risk.

The terms of the performance-based fees and allocations may differ in the future among the Private Funds or other accounts Corsair manages. This may result in a conflict of interest when Corsair allocates opportunities among such clients because there will be an incentive to favor allocations to clients that have higher performance-based fees and allocations. To avoid such a conflict of interest, Corsair generally follows documented procedures in allocating opportunities among its clients which do not take into account the performance-based fees and allocations to which such clients are subject. (*See Item 11.*)

#### **Item 7 - Types of Clients**

Investors in the Private Funds are generally high net worth individuals and institutional investors that qualify as "accredited investors" (as defined in Rule 501 under the Securities Act of 1933, as amended (the "Securities Act")). New investors in Corsair Capital Partners, L.P. and Corsair Select, L.P. as well as investors who are United States persons in Corsair Select Offshore, Ltd. will generally need to be "qualified purchasers" as defined in Section 2(a)(51)(A) of the Investment Company Act of 1940, as amended. New investors in Corsair Capital Partners 100, L.P. and Corsair Select 100, L.P. will generally need to be "qualified clients" as defined in Rule 205-3 of the Investment Advisers Act of 1940, as amended (the "Advisers Act"). The minimum investment in the Private Funds is generally \$500,000, provided that Corsair may accept lesser investments in its discretion, to the extent permitted by applicable law.

**Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss****Methods of Analysis and Investment Strategies Generally****General**

The Private Funds' investment objective is to achieve above-average or superior capital appreciation, relative to the risks assumed. The Private Funds emphasize total return (i.e., capital appreciation as well as dividend income, if any), not current income.

Corsair seeks to capitalize on the Portfolio Managers' experience in discovering and assessing the value of investment opportunities which may not be readily apparent to money managers or traders who direct investment programs of entities similar to the Private Funds. Generally, such investments will be publicly traded equity securities of U.S. and Canadian corporations. Corsair believes that it has developed an expertise in investing in companies undergoing financial restructuring, including spin-offs, post-reorganization companies, and other catalyst-driven opportunities.

**Strategy**

*Research.* Corsair principally uses fundamental research to identify and assess potential portfolio investments. Such research is predominantly conducted by Corsair, but Corsair also has access to such research from a variety of other sources. This research typically includes analysis of financial statements and other data, meeting company personnel, visiting company facilities, reviewing customers and competitors and analyzing comparable companies or securities. The purpose of this research is to develop investment insights that Corsair believes may provide a basis for investment profitability.

While Corsair intends to conduct at least basic research regarding a broad range of companies, it will focus special attention on (i) companies undergoing substantial operating or financial change, which frequently include companies involved in spin-offs or corporate reorganizations and/or restructurings; and (ii) companies operating in industries or other environments undergoing substantial change. These circumstances sometimes result in Corsair focusing on companies with little or no research coverage or a perceived lack of adequate research coverage by securities firms generally.

*Concentration.* Corsair believes that good investment ideas, and the time required to exploit them successfully, are both limited. Therefore, to the extent circumstances permit, Corsair intends to use a selective approach to evaluating potential investments.

With respect to the Corsair Capital Funds, their portfolios tend to be invested during most periods in core positions in approximately 20-30 companies while maintaining relatively smaller positions or near term trading opportunities in up to another approximately 50-100 companies.

The portfolios of the Corsair Select Funds tend to be concentrated in the core positions of the Corsair Capital Funds.

The portfolios of the Private Funds may not be diversified as to industries, and substantial positions may be taken by such Private Funds in the securities of a single issuer. However, with respect to the Corsair Capital Funds, no investment (at the time of purchase) is expected to have a value of more than 5% of such Private Fund's total equity.

Consistent with the foregoing strategy, and to varying degrees, the Private Funds' portfolios may include various positions, such as (i) long positions that Corsair believes to be undervalued; (ii) short positions that Corsair believes to be overvalued; (iii) so-called "special situations," such as spin-offs and "stub" stocks; and (iv) "event-related" and merger arbitrage positions. Corsair may employ investment techniques involving derivative securities, such as options and convertible securities, which may present more favorable risk/reward relationships. Corsair may also use hedging devices. The Private Funds may utilize leverage when Corsair believes it appropriate. However, Corsair reserves the right to deviate from any and all elements of the foregoing strategies, and the use of any of such techniques, to the extent it deems appropriate.

#### Investments

The Private Funds' capital is intended to be invested primarily in publicly-traded equity securities of U.S. and Canadian corporations. Nevertheless, in the interest of both preserving capital and taking advantage of profit opportunities, Corsair retains the flexibility with respect to the Private Funds, to invest in a variety of situations and use a broad range of specialized investment techniques.

The Private Funds may invest not only in equity securities, but also in debt and so-called hybrid securities, such as convertible securities. The Private Funds may invest in the securities of foreign issuers, including both those traded overseas as well as those traded in the United States. Trading in securities of foreign issuers often involves additional risks (such as those associated with unfavorable changes in exchange rates) but also, in Corsair's view, may offer selective opportunities for unusual gains.

It is anticipated that the Private Funds may invest in securities that are not widely traded. It is not expected, however, with respect to the Corsair Capital Funds, that more than 5% of any Corsair Capital Fund's total equity (measured at the time of purchase) will be comprised of private securities or other business interests which are not registered under the Securities Act or the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or applicable foreign regulatory authority.

Each Private Fund's position in certain securities may be substantial in relation to the public market ("float") (if any) for such securities.

### Arbitrage

The Private Funds may engage in several forms of arbitrage, such as balance sheet arbitrage or pair-trading. Balance sheet arbitrage consists of the purchase of securities of an issuer coupled with the short sale of other securities of the same issuer to take advantage of attractive price disparities given that issuer's current financial situation. Pair-trading consists of buying one security and simultaneously selling short another security within the same industry group. Corsair may also engage in risk arbitrage on a selective basis.

### Short Selling

Corsair may engage in short selling when it deems it appropriate. This includes situations where Corsair believes, primarily on the basis of fundamental research and analysis, that the security in question is overvalued, as well as transaction-related investments where short selling may be used to "lock-in" profits.

Short-selling involves the sale of a security that the Private Funds do not own and must borrow in order to make delivery in the hope of purchasing the same security at a later date at a lower price. Selling securities short risks losing an amount greater than the proceeds received.

### Options Transactions

The Private Funds may engage in various types of options transactions, including hedging by investing in options on securities, although this strategy is currently employed only from time to time. Hedging in options may reduce the risks of both short selling and taking long positions in certain transactions. The Private Funds may also establish options positions when Corsair believes that options or other derivative securities present more favorable risk/reward relationships than owning the underlying security. The Private Funds may also utilize certain options, such as various types of index or "market basket" options, in an effort to hedge against certain market-related risks, as Corsair deems appropriate.

### Leverage

The Private Funds may utilize, where appropriate, leverage with respect to their investment activities. Generally, leverage may be obtained through the use of borrowed funds, primarily margin borrowings from brokers through which the Private Funds will effect transactions, to increase the amount of invested capital in its long or short securities positions. The use of leverage increases both the proportionate amount of potential gain, as well as potential loss, relative to the Private Funds' equity capital.

Corsair does not anticipate the use of leverage to be a regular part of the investment program for the Corsair Capital Funds; however, with respect to the Corsair Select Funds, Corsair may at times employ leverage. No Private Fund will borrow amounts in excess of the value of its capital.



### Cash and Cash Equivalent Investments

It is Corsair's intention to concentrate its research efforts on a limited number of core investment opportunities which Corsair, through its own investment analysis, regards as particularly attractive. It is not a goal of Corsair for the Private Funds to be fully invested in securities. In addition, a portion of the Private Funds' assets will generally be invested in cash and cash equivalents, although Corsair anticipates that such percentage of assets will often be less for the Corsair Select Funds than for the Corsair Capital Funds.

### Relationship with Portfolio Companies

The Private Funds will not ordinarily acquire investment positions with the intention of seeking control or substantially influencing the control of a particular issuer. However, there may be situations which, in Corsair's judgment, require active efforts to seek changes in particular management policies or strategies, or to change management itself. In such situations, Corsair may, either alone or with other investors, make its views known to management and may seek to influence, in a manner consistent with the Private Funds' investment objectives and resources, the management or policies of a particular issuer.

### Flexibility

The development of a trading strategy is a continuous process and Corsair's trading strategy and methods may therefore be modified from time to time. As a result, the trading methods employed by the Private Funds may also change from time to time in the future.

**Investing in securities involves risk of loss that clients and investors should be prepared to bear.**

### **Certain Risks Associated with Methods of Analysis and Investment Strategies**

*General.* An investment in each Private Fund or other account managed by Corsair is speculative and involves a high degree of risk. There can be no assurance that the investment objectives of any Corsair client will be achieved or that an investment with Corsair will generate positive returns for any client. The Private Funds have limitations on investors' ability to redeem or transfer their interests in the Private Funds. Each Private Fund's investment techniques involve significant risks which are described in detail in the PPM of each Private Fund. Prospective investors and other clients are strongly urged to review the applicable PPM and/or other governing documents carefully and consult with their own financial, legal and tax advisors before investing in a Private Fund or appointing Corsair to manage a client account.

*Coronavirus and Global Health Events.* Epidemics, pandemics and other widespread public health problems could adversely affect the Private Funds' performance. For example, in late 2019, a novel virus started causing a disease ("COVID-19") with severe acute respiratory syndromes in humans, at times with serious health complications that sometimes result in death. What began as a local outbreak in Wuhan, China, spread globally over the course of weeks, stressing advanced healthcare systems of Western countries and resulting in financial disruptions of an extent that remains unclear. On

March 11, 2020, the World Health Organization assessed that the outbreak can be characterized as a pandemic. Many countries imposed restrictions on travel and strict measures of social distancing.

As the potential impact on global markets from COVID-19, or future epidemics, pandemics or other health crisis, is impossible to predict, the extent to which any such crisis may negatively affect the Private Funds' performance or the duration of any potential business disruption is uncertain. Precautions or restrictions imposed by governmental authorities and public health departments related to this pandemic are expected to result in indeterminate periods of decreased economic activity throughout the U.S. and globally, including reduced or ceased business operations, decline in international trade and shortages of supplies, goods and services. An outbreak such as COVID-19, and the reactions to such an outbreak, are expected to cause uncertainty in the markets and businesses and are generally expected to adversely affect the performance of the U.S. and global economy, including due to market volatility, market and business uncertainty and closures, supply chain and travel interruptions, the need for employees to work at external locations and extensive medical absences among the workforce. As a reaction to such an outbreak, it is possible that governmental fiscal and economic measures will lead to an increase in spending and other forms of financial stimuli, and it is difficult to predict what effect such measures will have on the U.S. and the global economy.

The impact that pandemics and other public health events will have on the performance of the Private Funds in particular is uncertain, and it will depend to a large extent on future developments and new information that may emerge regarding the duration and severity of the coronavirus or other health crisis, and the actions taken by authorities and other entities to contain such crisis or treat its impact, particularly in the United States, all of which are beyond the Private Funds' control.

*Business Continuity.* Various force majeure events, including acts of God, natural disasters like fire, flood or earthquakes, wars, terrorist acts, outbreaks of infectious disease, epidemics, pandemics or other serious public health concerns, cyber-attacks, technology and/or power failures, labor strikes, or geopolitical or other extraordinary, or other unforeseen circumstances or events, may materially disrupt Corsair's business and operations, or the business and operations of any counterparty or service provider to Corsair or the Private Funds, and the Private Funds may be adversely affected thereby. For example, if a significant number of Corsair's personnel were to be unavailable in a force majeure event (such as war, terror attack or an outbreak of infectious disease), Corsair's ability to effectively conduct the Private Funds' business could be severely compromised. In addition, the cost to the Private Funds, Corsair or its affiliates of repairing or replacing damaged assets or systems resulting from such force majeure event could be considerable. While Corsair has adopted certain policies and procedures designed to restore and/or continue Corsair's business and operations in such situations, there is no guarantee that such policies and procedures will be effective in any of such situations or will be implemented in time, and the Private Funds may be adversely affected thereby.

*Market Disruption Events and Geopolitical Risks.* The Private Funds may trade in different markets and different kinds of instrument types. It is possible that as a result of war, terrorist act, natural disaster, outbreak of infectious disease, epidemic, pandemic or other serious public health concern, or geopolitical or other extraordinary or unforeseen

circumstance or event (a “Market Disruption Event”), one or more of these markets may cease operating for a limited or indeterminable period of time. In that event, it may be difficult for the Private Funds to value the positions that trade in the affected markets, and the Private Funds may be exposed to significant movements in the perceived value of instruments without having the ability to trade those instruments.

Additionally, Market Disruption Events may have a substantial effect on economies and securities markets in the U.S. or worldwide, and could materially adversely affect individual issuers or related groups of issuers, securities markets, interest rates, credit ratings, inflation, investor sentiment, and other factors affecting the value of the Private Funds’ investments. Market Disruption Events could also affect the principal prime brokers and custodians that carry and clear the Private Funds’ trades and positions. The inability of key marketplace intermediaries to function could have an adverse impact upon liquidity as well as the ability of the Private Funds to trade their positions. Market Disruption Events could also have a direct physical impact upon the Private Funds’ and/or Corsair’s operations, including the destruction of their facilities and/or incapacity or loss of life to key personnel.

While the Private Funds have taken steps intended to mitigate the adverse consequences that could arise from the occurrence of a Market Disruption Event, the inability to predict the timing, location, source and severity of such event or events make it difficult to provide assurances that the Private Funds would not suffer material adverse consequences should a Market Disruption Event occur.

#### **Item 9 - Disciplinary Information**

There have been no legal or disciplinary events that are material to a client’s or prospective client’s evaluation of Corsair’s advisory business or the integrity of Corsair’s management.

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

##### *Management of Multiple Funds and/or Accounts*

The management of the Private Funds and other future Corsair clients may result in conflicts of interests when Corsair and its related persons allocate their time and investment opportunities among such clients. In addition, the compensation earned by Corsair and its related persons from each Private Fund or any other future Corsair client may differ from one another and from other Private Funds or clients. Corsair and its related persons will generally follow documented procedures in allocating trades among such clients. (See Item 11.)

Subject to applicable law, Corsair may effect transactions (generally for rebalancing purposes) in which one client will purchase securities from or sell securities to another client (including a Private Fund in which Corsair or its principals may have a significant interest). This may result in a conflict of interest because a potential transaction may result in benefits to one transacting party that may be greater than the benefits to the other transacting party. In order to mitigate such conflicts, Corsair effects such transactions only when it believes that such transactions are in the interests of each participating party. Such transactions shall be effected for cash consideration, generally at the closing price

of the particular security, and no brokerage commission or transfer fee shall be paid to Corsair or its related persons in connection with any such transaction. (See *Item 11*.)

The Portfolio Managers (and/or other related persons) may have a greater portion of their personal assets invested in certain Corsair clients than in the others. As a result, Corsair may have a conflict of interest in allocating investment opportunities among its clients. Corsair will generally follow documented procedures in allocating trades among its clients. (See *Item 11*.)

To the extent that any expenses are incurred by Corsair on behalf of more than one of its clients, Corsair will allocate such expenses as it deems appropriate and consistent with the applicable governing agreements.

*Services by Certain Related Persons*

There are no material conflicts of interest resulting from the relationship between CCM and any of its related persons that provide services to the Private Funds, other than any conflicts described in this Item 10.

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

*Code of Ethics Overview*

Corsair has adopted a Code of Ethics (the “Code of Ethics”) which provides that it is committed to conducting its business in accordance with all applicable laws and regulations and in an ethical and professional manner. In addition, Corsair recognizes that it has a fiduciary duty to the investors in the Private Funds and any other Corsair client, and that all of its employees must conduct their business on Corsair’s behalf in a manner that enables it to fulfill this fiduciary duty. In this regard, Corsair has developed policies and procedures in its Code of Ethics that are premised on fundamental principles of openness, integrity, honesty and trust. In addition, among other things, Corsair’s Code of Ethics governs all personal investment transactions by its employees, its policies with respect to gifts and entertainment, compliance with applicable federal securities laws, the manner in which violations of federal securities laws are to be reported, and certain other outside activities of its employees. Corsair will provide a copy of its Code of Ethics to any prospective client or client upon request.

*Participation or Interest in Client Transactions and Transactions between Client Accounts*

Corsair offers the opportunity to qualified prospective investors to invest in the Private Funds. The Portfolio Managers and other management persons have significant personal investments in the Private Funds. In addition, Corsair and its affiliates receive performance-based fees and allocations from its clients.

Subject to applicable law, Corsair may effect transactions between the Private Funds and/or other future Corsair clients (generally for rebalancing purposes) whereby one client will purchase securities from or sell securities to another client (*see Item 10*).

If Corsair effects a cross trade between an account in which Corsair or its controlling persons own more than twenty-five percent (25%) and another client account, such transaction may be deemed to be a principal transaction under the Advisers Act. Such transactions may create a conflict of interest for Corsair because Corsair has an incentive to put its or its control persons' interests in such accounts before the interests of its clients in the other account. In order to mitigate this conflict of interest, Corsair monitors the interests of its principals, their immediate family members and their affiliates in its client accounts, and will not effect any cross trades between accounts if Corsair believes that such trade would result in a principal transaction unless:

- 1) Corsair believes that such transaction is in the interest of the clients participating in the transaction; and
- 2) Corsair obtains the consent of the applicable clients and makes appropriate disclosures as required by the Advisers Act.

#### Personal Securities Trading

Employees are generally prohibited from purchasing equities and, without limiting the foregoing, from engaging in a personal securities transaction without the prior written consent of Corsair's Chief Compliance Officer. Generally, in granting or denying a request to engage in a personal securities transaction, the Chief Compliance Officer, in consultation with one of the Portfolio Managers, takes the following guidelines into account: (i) employees may not trade opposite of Corsair's recommendations (except in limited situations where the employee, spouse or child is suffering a financial hardship); (ii) employees may not engage in "front-running" of client accounts, which is a practice generally understood to be personally trading ahead of client accounts; (iii) employees may not purchase or sell a security that is in the process of being purchased or sold, respectively, by the Private Funds or other Corsair clients until such Private Funds or other clients have completed their purchases or sales of such securities, unless the Chief Compliance Officer, in consultation with one of the Portfolio Managers, consents; and (iv) as a general matter, employees should not be engaged in short-term (less than three (3) months) trading of securities. That the underlying securities are highly liquid (if applicable) may also influence the Chief Compliance Officer's decision. Prohibitions relating to personal trading also generally apply to any spouse or child of an employee living in the same household as such employee.

#### Timing of Transactions and Allocation of Investment Opportunities

Corsair may buy or sell securities for one client at the same time that Corsair or its related persons buy or sell the same security for one or more other clients. This will typically happen when more than one client is capable of purchasing or selling a particular security based on investment objectives, available cash and other factors. This may create a conflict of interest if one or more clients may benefit from making the trade before or after the other client(s). Corsair will generally aggregate trades, subject to best execution, to mitigate any such conflict of interest. (See Item 12, "Aggregation of Orders.")

Purchases for Corsair's clients are generally allocated so that clients will reach their desired position sizes in the applicable security, based upon the objectives of each client.

When the Portfolio Managers determine that a particular investment opportunity would be desirable for more than one client, they will seek to allocate such opportunity among such clients in a manner that they deem fair and equitable under the circumstances existing at such time. The factors that the Portfolio Managers may consider in making such determination include (but are not limited to): the investment strategy (including concentration guidelines) of each client; any regulatory, contractual or investment restrictions and/or other limitations of each client; the relative amounts of capital in each client account available for new investments of the type at issue; Corsair's perception of the appropriate risk/reward ratio for each client; current positions in the applicable security in each client account; the liquidity of each client account at the time of investment and thereafter; applicable tax considerations; the availability of the investment opportunity, and the overall portfolio composition of each client account. Sales from the client accounts are generally made on a pro rata basis, subject to the consideration of the factors above, to the extent applicable.

As a general matter and subject to the factors noted above, Corsair strives to allocate investment opportunities on a pro rata basis among clients that employ the same or a similar investment strategy, subject to any particular limitations that apply to a client account.

Without limiting the foregoing, an investment opportunity suitable for the Corsair Capital Funds generally will be allocated pro rata among the Corsair Capital Funds, and an investment opportunity suitable for the Corsair Select Funds generally will be allocated pro rata among the Corsair Select Funds. The reasons for any allocations made on a non-pro rata basis among the Corsair Capital Funds will be documented on the trade blotter. Likewise, the reasons for any allocations made on a non-pro rata basis among the Corsair Select Funds will also be documented on the trade blotter. The investment opportunities allocated to the Corsair Select Funds are investments that the Portfolio Managers consider to be core positions in the Corsair Capital strategy ("Core Positions"). A position may become a Core Position at (x) the time the position is initiated in the Corsair Capital Funds, or (y) once such position reaches a certain size within the Corsair Capital Funds. Positions held by the Corsair Select Funds generally are approximately two to two-and-a-half times more concentrated than in the Corsair Capital Funds, but may be more or less concentrated in the discretion of the Portfolio Managers.

Exceptions to Corsair's allocation policy may be made at the discretion of the Portfolio Managers.

Corsair's principals and employees are not permitted to trade securities for their own accounts that are the same securities that Corsair is trading on behalf of its clients without the prior consent of Corsair's Chief Compliance Officer, whose ability to consent is limited as per Corsair's personal securities transaction policies and procedures. (See "*Personal Trading*" of this Item 11.)

## **Item 12 - Brokerage Practices**

### *Selection of Brokers*

In selecting brokers or dealers to execute transactions for its clients, Corsair need not solicit competitive bids and does not have an obligation to seek the lowest available commission cost. It is not Corsair's practice to negotiate for "execution only" commission rates. In placing portfolio transactions for its clients, Corsair seeks to obtain

the best execution, taking into account the following factors, among other things: execution capability, execution quality, commission rate, financial responsibility and financial services offered, willingness and ability to commit capital, confidentiality, trading expertise, facilities, reputation, stability and integrity, reliability in keeping records, responsiveness, as well as research and research-related products and services, and with respect to a particular trade, the timing and size of the order, available liquidity and market conditions.

On at least a semi-annual basis, Corsair's Brokerage Committee (which includes the Chief Compliance Officer and one or both of the Portfolio Managers) meets to evaluate, among other things, the execution performance of the broker-dealers Corsair uses to execute client transactions, the services being provided by its prime brokers and the financial integrity of the prime brokers. In conducting such reviews, the Brokerage Committee may consider the factors described above in evaluating best execution. The Brokerage Committee also evaluates, and seeks to resolve, any conflicts of interest that Corsair may have in selecting brokers to execute client transactions.

*Research and Other Soft Dollar Benefits*

Corsair engages in informal and formal soft dollar arrangements with respect to securities transactions for its clients.

Soft dollar arrangements generally arise when an investment adviser obtains products and services, other than securities execution, from a broker in return for directing client securities transactions to the broker. Soft dollar arrangements pose a conflict of interest for Corsair in that such arrangements allow Corsair to pay with client commissions expenses that it would otherwise bear. If Corsair uses client brokerage commissions (or markups or markdowns) to obtain research or other products or services, Corsair receives a benefit because it does not have to produce or pay for the research, products or services. Corsair believes that this conflict would be mitigated because its clients will generally pay for research as a "hard dollar" expense pursuant to their respective investment management agreements with Corsair. Corsair may have an incentive to select a broker based on its interest in receiving the research or other products or services offered by such broker, rather than on its clients' interests in receiving lowest price.

When engaging in soft dollar transactions, Corsair intends that such arrangements generally will only be entered into with respect to research and brokerage products and services (collectively, "Research") that fall within the safe harbor created by Section 28(e) of the Exchange Act. The safe harbor requirements of Section 28(e) provide that in exercising Corsair's discretionary authority to select or arrange for the selection of brokers for execution of transactions for its clients, and, subject to its duty to obtain best execution, Corsair may consider the value of Research provided orally or in writing by such brokers. Such Research may include, without limitation: written information and analyses concerning specific securities, companies or sectors; market, financial and economic studies and forecasts, as well as discussions with research personnel along with software, databases and other technical and telecommunication services utilized in the investment management process. If Corsair determines in good faith that the amount of commissions charged by a broker is reasonable in relation to the value of the brokerage and products or services provided by such broker, a client may pay commissions to such broker in an amount greater than the amount another broker might charge.

Corsair's prime brokers provide it with front and back office services, including trading, securities lending, clearing, reporting, and settlement for equities, fixed income, foreign currency and options, as well as custodial services. Certain prime brokers currently provide, and in the future other prime brokers may provide, Corsair with capital introduction services. Corsair may also execute trades on behalf of its clients through such prime brokers, subject to receiving best execution.

During Corsair's last fiscal year, the broker-dealers who have executed its transactions have provided Corsair with the following as part of their bundled services: written research reports and trading-related services, including Bloomberg software, access to investment-related conferences and meetings with potential investment companies. Such research and research-related services may be used to service each or any of Corsair's clients and not exclusively in connection with the management of the client that has the relationship with the applicable broker-dealer.

During Corsair's last fiscal year, Corsair has taken into account the quality, comprehensiveness and frequency of available Research considered to be of value provided by brokers when directing transactions to a particular broker. Corsair directed transactions to such brokers only consistent with best execution. Brokers sometimes suggest a level of business they would like to receive in return for the research services and products they provide, however Corsair has not committed to provide any level of brokerage business to any broker (other than a certain threshold revenue which is required in order to obtain prime brokerage services).

#### Brokerage for Client Referrals

Subject to applicable law and consistent with best execution, Corsair may direct some client brokerage business to brokers who refer prospective investors to Corsair and may pay or share amounts it receives as management fees and/or performance compensation. Because such referrals, if any, are likely to benefit Corsair but may only provide an insignificant (if any) benefit to its clients, Corsair may have a conflict of interest with its clients when allocating brokerage business to a broker who has referred investors to it. To mitigate this potential conflict, Corsair will not allocate brokerage business to a referring broker unless it determines in good faith that the commissions payable to such broker are not materially higher than those available from non-referring brokers offering services of substantially equal value to Corsair's clients.

Certain prime brokers currently provide, and in the future other prime brokers may provide, capital introduction services to Corsair. Such services may influence Corsair in deciding whether to engage such prime brokers.

#### Trade Error Policy

Subject to applicable law, Corsair will reimburse the applicable Private Fund or other Corsair client for net losses that occur as a result of trade errors to the extent that it is required to do so under the applicable governing agreements.

Corsair may correct misallocations of trades among its client accounts by re-allocating the applicable trade using the intended allocation methodology prior to the trade's settlement date. If an erroneous allocation cannot be corrected prior to or after settlement, Corsair may, if appropriate and subject to applicable law, correct such



erroneous allocation by effecting a cross trade between its client accounts at the price at which the initial trade was effected.

Corsair does not use soft dollars to correct trade errors and will not enter into agreements with broker-dealers to absorb any correction costs in exchange for the promise of future brokerage business.

#### Aggregation of Orders

Corsair will generally aggregate client trades, subject to best execution. Aggregation, or “bunching,” describes a procedure whereby an investment adviser combines the orders of two or more clients into a single order for the purpose of obtaining better prices and lower execution costs. Aggregation opportunities generally arise when more than one client is capable of purchasing or selling a particular security based on investment objectives, available cash and other factors. Corsair is not required to aggregate trades. Corsair may aggregate client orders when doing so will result in no worse overall price for its clients’ trades.

Orders for the same security entered on behalf of more than one client will generally be aggregated subject to the aggregation being in the best interests of all participating clients. Subsequent orders for the same security entered during the same day may be aggregated with any previously unfilled orders; filled orders should be allocated to clients separately from subsequent orders. However, subsequent orders may be aggregated with filled orders if the market price for the security has not materially changed and the aggregation does not cause any unintended exposure or if such aggregation would not result in a change in the aggregate purchase price for each applicable client account.

When a trade is to be executed for an individual Private Fund or other Corsair client and the trade is not in the best interests of other Private Funds or Corsair clients, then the trade will only be executed for that first Private Fund or client, as applicable.

In addition, when Corsair encounters investment opportunities which are appropriate for more than one client or when an aggregated order is only partially filled, Corsair will allocate the investment opportunity on a pro rata basis to the clients participating in the investment based upon the criteria set forth in Item 11 above.

Corsair will generally allocate “bunched” orders on an average price basis among its clients, and each client will bear a pro rata share of commission and ticket charges. In the event that Corsair determines, with the consent of the Chief Compliance Officer, to allocate securities purchased in a bunched order other than on an average price basis, the Chief Compliance Officer will document the reasons for such decision.

#### **Item 13 - Review of Accounts**

The portfolios are reviewed daily, and their performance analyzed, by Corsair’s investment management personnel. The portfolios are also reviewed by the Chief Compliance Officer to monitor compliance with the applicable trading mandate and any applicable risk and/or operating guidelines. The Chief Compliance Officer is also involved in the review of trading activity and account allocations.

In addition to the information and reports described below, investors may be provided with information (including position level information) about Corsair and its clients, as applicable, in response to questions and requests and/or in connection with due diligence meetings and other communications. Such information may not be distributed to other investors, prospective investors and/or clients who do not request such information. Each investor and/or client is responsible for making its own investment decisions and must decide for itself if it deems it necessary to seek additional information to make this decision.

Corsair furnishes investors with monthly net asset value estimations and quarterly reports. Also, on an annual basis, investors receive a copy of the relevant Private Fund's annual audited financial statements and, where applicable, a statement of taxable income (form K-1).

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

Corsair has entered into arrangements with one or more third parties that it will compensate for referring investors to it. Typically, Corsair will pay these third parties a portion of the management fees and/or performance based compensation that it receives from the investors introduced to it by those third parties, and/or a retainer borne by Corsair, though Corsair may also pay certain flat-fees and reimburse such third parties for certain expenses. Any such arrangements will be on a fully-disclosed basis to the introduced investors and in accordance with all applicable laws.

Corsair may enter into soft dollar arrangements with brokers pursuant to which it obtains certain research and brokerage products and services in return for directing client securities transactions to the broker (*see Item 12, "Selection of Brokers"*).

#### **Item 15 - Custody**

Investors in any Private Fund will not receive account statements from the Private Fund's custodians. Although Corsair may technically be deemed to have custody of any Private Fund's assets and the assets of other client accounts it manages, Corsair does not serve as qualified custodian with respect to such assets. Investors in the Private Funds receive audited financial statements in lieu of account statements from the Private Funds' custodians.

#### **Item 16 - Investment Discretion**

Corsair has discretionary authority to manage securities accounts on behalf of its clients. The investors in the Private Funds generally may not place any limits on Corsair's authority beyond the limitations set forth in the applicable offering and governing documents of the Private Funds.

**Item 17 - Voting Client Securities***Proxy Voting Procedures*

Corsair has voting discretion over securities held in at least some of its clients' accounts and it will exercise that discretion in accordance with its proxy voting policies and procedures. Investors in the Private Funds will generally not be able to direct their votes in a particular situation. Corsair will vote each proxy in accordance with its fiduciary duties to each client for which it is voting, which may result in different voting results for proxies for the same issuer. Corsair has adopted a proxy voting policy which is summarized below.

Corsair's Portfolio Managers (either singly or jointly) will generally be responsible for determining how to vote all proxy statements Corsair receives with respect to securities held by its clients. Corsair currently retains a third party, Institutional Shareholder Services, Inc. ("ISS"), to assist Corsair in voting proxies.

Proxies received by Corsair with respect to securities held in its clients' accounts will generally be voted by ISS. ISS may also abstain from voting such proxies. However, the Portfolio Managers may elect to vote such proxies and/or override ISS, and in such case, they will vote the proxies in the manner that the Portfolio Managers determine is in the best interests of each client account for which they are voting. In addition, the Portfolio Managers may determine to abstain from voting a proxy if they believe that such action is in the best interests of the applicable client.

The Portfolio Managers may take into account the following factors, among others, in determining if a specific proposal is in, or not opposed to, the best interests of the applicable clients: (a) management of the issuer's views and recommendations on such proposal; (b) whether the proposal may have the effect of entrenching existing management and/or making management less responsive to shareholders' concerns (e.g., instituting or removing a poison pill, classified board of directors and/or other anti-takeover measure); and (c) whether the Portfolio Managers believe that the proposal will fairly compensate management for its and/or the issuer's performance.

If the Chief Compliance Officer believes that a material conflict exists between Corsair and any of its clients for which it is voting, Corsair shall rely exclusively on ISS to vote such proxies (and the Portfolio Managers will not vote such proxies or override ISS's vote).

Special considerations may apply in cases of conflicts of interest involving those funds that are deemed to constitute "plan assets" under ERISA. The Chief Compliance Officer will confer with appropriate ERISA counsel in such cases.

Upon the request by a Private Fund or other Corsair client, Corsair will disclose to such Private Fund or client how it voted proxies for securities owned by such Private Fund or client. Corsair will provide a copy of its proxy voting policies and procedures to the Private Funds or other Corsair clients upon request.

*Class Action Participation Procedures*

To the extent that Corsair has discretion to participate in class action lawsuits filed against companies or issuers in which its clients are invested, Corsair will generally participate in such class action lawsuits unless it believes that such participation is not in the best interest of its clients. Corsair has retained a third party service provider to assist it in monitoring and submitting claims to recover proceeds to which Corsair's clients may be entitled from class action settlements.

**Item 18 – Financial Information**

*Not applicable.*

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

*Not applicable.*