

COAST ASSET MANAGEMENT, LLC

March 30, 2020

This brochure provides information about the qualifications and business practices of Coast Asset Management, LLC (“Coast”), an investment adviser registered with the United States Securities and Exchange Commission (the “SEC”). If you have any questions about the contents of this brochure, please contact us at (310) 576-3500. This information 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 Coast Asset Management, LLC also is available on the SEC’s website at www.adviserinfo.sec.gov.

Registration with the SEC or with any state securities authority does not imply a certain level of skill or training.

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Item 2. Material Changes

The following lists material changes between the date of this brochure and Coast's last annual update of this brochure dated March 26, 2019.

- Item 4 –Updated to reflect Coast assets under management as of December 31, 2020.

Item 3. Table of Contents

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Item 4. Advisory Business

Coast is an investment adviser with its principal place of business in Los Angeles, California. Coast commenced operations as a registered investment adviser in August 1992 as Coast Asset Management Corporation. That initial registration was withdrawn with the Securities and Exchange Commission (“SEC”) in December 2000. Coast took on its current organizational form in June 2005 and has been re-registered with the SEC since July 2005 under its current name Coast Asset Management, LLC. David Ellison Smith, Coast’s founder and President is the sole owner of Coast.

Coast serves as investment advisor to the Coast Fund L.P. (the “Coast Fund”), organized as a Cayman Islands Limited Partnership, registered under the Cayman Islands Mutual Funds Law. Limited partnership interests are offered and sold under the exemptive provisions of Section 4(2) of the Securities Act of 1933.

The Coast Fund acts as the primary investing vehicle for three limited partners comprised of two limited liability companies and an individual investor. As of December 31, 2018, the limited partners are the Coast Value Fund I, Ltd. (“Coast Value”), Coast Proprietary Capital, LLC (“CPC”), and David Smith. Coast Value and CPC are solely owned by David Smith. Coast Value is the only investment vehicle that is open to outside investors but had none as of December 31, 2018.

For the account of David Smith, the Coast Fund solely owns Shamus, LLC which is an investment intermediary and not available to outside investors.

Coast generally invests in the following:

- U.S. government and federal agency securities;
- Non-U.S. government securities;
- Domestic and foreign equity securities;
- Swaps, related commodity and option contracts and other hybrid, synthetic and derivative instruments;
- Futures and forwards primarily consisting of interest rate futures; and
- Funds and accounts managed by other trading and investment advisers.

Coast provides advice based on specific investment objectives and strategies as set forth in the offering memorandum for each Fund.

Under certain circumstances, Coast may agree to tailor advisory services to the individual needs of an investor through unique investment structures such as separately managed portfolios created to reflect each investor’s investment goals and risk tolerance. In such instances, individuals may impose restrictions on investing in certain securities or certain types of securities.

As of December 31, 2019 Coast managed approximately \$3,503,152,219 in regulatory assets on a discretionary basis and none on a non-discretionary basis.

Item 5. Fees and Compensation

Coast charges each Fund an investment management fee based on the value of the Fund's net assets under management and a performance-based fee, which is compensation that is based on a share of new capital gains on or new capital appreciation of the assets of a Fund (such as a Fund that is a hedge fund or other pooled investment vehicle).

The fee structure for our single strategy product is set forth below. Management fees and performance-based fees described below are determined separately as to each class and series of shares or interests.

The fees payable to Coast by a Fund (or an investor within such Fund) may be negotiated separately with investors, and certain investors may pay fees that are higher or lower than other investors. These different fee arrangements may be negotiated individually in side letter agreements or through a separate class of shares/interests offered by a supplement to the offering memorandum.

In addition to the management and performance based-fees, as applicable, described below, certain Funds also pay to Coast an allocated portion of the salaries of internal counsel and other staff of Coast and other overhead costs and expenses of Coast.

1. SINGLE STRATEGY FUND FEE STRUCTURE

MANAGEMENT FEE

Coast receives a monthly Management Fee in arrears equal to 0.167% of the prior month-end Net Asset Value (a 2.0% per annum rate) of the Fund's account. Management fees are payable monthly.

INCENTIVE FEE

Coast receives an incentive fee equal to 25% of any new appreciation at the end of each calendar month. Payment of the incentive fee is subject to a loss carry forward provision and is payable monthly.

TRADER COMPENSATION

To the extent that an employee trader other than David Smith trades for the benefit of a Fund, the Fund reimburses Coast the relevant portion of such trader's incentive compensation. This compensation, which is separate from the management fee and the incentive fee, generally ranges between 20% to 30% of the gross trading profits realized by the relevant trader without deduction for the Fund's operating expenses but after deduction of certain trader expenses. A trader may receive performance compensation based on the trading profits realized by the relevant trader even for a period during which a Fund as a whole realized a net loss. In Coast's discretion, a portion of such trader incentive compensation may be advanced to such trader as a non-refundable draw.

In addition to paying investment management fees and, if applicable, performance-based fees or other compensation, Funds may be subject to other investment expenses such as custodial charges, administration charges, brokerage fees, commissions and related costs, interest expenses, taxes, duties and other governmental charges, transfer and registration fees or similar expenses, costs associated with foreign exchange transactions, other portfolio

expenses, and costs, expenses and fees (including, investment advisory and other fees charged by investment advisers with, or funds in, which a Fund invests) associated with products or services that may be necessary or incidental to such investments or accounts.

As described in Item 4, Fund assets may be invested in pooled investment vehicles. In these cases, Funds will bear their pro rata share of the underlying fund's operating and other expenses including, in addition to those listed above: sales expenses, legal expenses; internal and external accounting, audit and tax preparation expenses; and organizational expenses. Fund assets may be invested in a master-feeder structure. Feeder funds bear a pro rata share of the expenses associated with the related master fund. In addition, Funds will incur brokerage and other transaction costs. Please refer to Item 12 for a discussion of Coast's brokerage practices.

Item 6. Performance-Based Fees and Side-by-Side Management

As disclosed in Item 5, Coast is paid performance-based compensation by the Funds. In addition, certain of Coast's investment personnel are compensated on a basis that includes a performance-based component. Please see Item 5 for a detailed disclosure of such performance-based compensation.

Coast has adopted and implemented policies and procedures intended to address conflicts of interest relating to the management of multiple accounts, including accounts with multiple fee arrangements, and the allocation of investment opportunities.

See Items 11 and 12 for a detailed discussion of Coast's trade allocation policy.

Item 7. Types of Funds

Coast's Funds consist of the Coast Fund L.P. (the "Coast Fund"), organized as a Cayman Islands Limited Partnership, registered under the Cayman Islands Mutual Funds Law. Limited partnership interests are offered and sold under the exemptive provisions of Section 4(2) of the Securities Act of 1933.

The Coast Fund acts as the primary investing vehicle for three limited partners comprised of two limited liability companies and an individual investor. As of December 31, 2018, the limited partners are the Coast Value Fund I, Ltd. ("Coast Value"), Coast Proprietary Capital, LLC ("CPC"), and David Smith. Coast Value and CPC are solely owned by David Smith. Coast Value is the only investment vehicle that is open to outside investors but had none as of December 31, 2018.

The Managing General Partner (the "GP") of the Coast Fund is Coast Offshore Management (Cayman) Ltd., a Cayman Islands Corporation. The advisor to the Coast Fund is Coast Asset Management, LLC ("Coast").

For the account of David Smith, the Coast Fund solely owns Shamus, LLC which is an investment intermediary and not available to outside investors.

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

Coast utilizes a variety of methods and strategies to make investment decisions and recommendations. The methods of analysis include fundamental research (including discussions with other investment managers and traders and investment due diligence), analysis using proprietary and third-party software programs and models, charting analysis, as well as the use of quantitative and technical tools and investment approaches. The following represents only a summary of the material strategies and risks applicable to the Funds. For a comprehensive discussion of all of the strategies and risks that may apply to a particular Coast Fund, please see the offering memorandum and related documentation applicable to such Fund.

Material Strategies

The following are examples (but not a complete list) of the trading and investment strategies employed by Coast on behalf of its Funds. The investment strategy for a particular Fund is set forth in the offering documentation for each Fund.

Cash Securities Arbitrage. Cash securities arbitrage is designed to profit from one fixed income instrument being mispriced relative to another such instrument from a value perspective. When a fixed income instrument is purchased, a related fixed income instrument is sold in an amount such that the net sensitivity of the aggregate position to changes in interest rates is intended to be zero (i.e., duration neutral). Profit is achieved by changes in the relative price movement between the two instruments.

Cash Securities/Futures Contract Arbitrage. Cash securities/futures contract arbitrage involves purchasing (or selling) securities and simultaneously selling (or purchasing) either futures contracts related to such securities, or the same futures contracts but having different maturities, when Coast believes inefficiency exists.

Futures Contract Arbitrage. Futures contract arbitrage involves purchasing (or selling) futures contracts and simultaneously selling (or purchasing) either related futures contracts or the same futures contracts but having different maturities, when Coast believes an inefficiency exists. The difference between the price at which futures contracts are purchased (or sold) and the price at which the other futures contracts are sold (or purchased), after allowances for transaction costs, constitutes the profit or loss.

TED (Treasury/Eurodollar) Spreads. This strategy attempts to profit from changes in the interest rate yield spread between sovereign debt and bank debt. The strategy typically involves the purchase (sale) of sovereign debt and the simultaneous sale (purchase) of Eurodollar futures contracts. Positions are profitable when (i) the interest rate on Eurodollar accounts rises relative to the rate borne by sovereign debt, or (ii) the interest rate on sovereign debt declines relative to yields on Eurodollar accounts.

Equity. This strategy involves investing in the equity securities of small and medium-sized companies with the potential for growth.

These method(s), strategies and investments involve(s) risk of loss to the Funds and the Funds must be prepared to bear the loss of their entire investment. In addition, the trading and investment strategies employed by Coast often employ leverage. The use of leverage can result in increased magnitude of profits or losses.

Material Risks

The following are examples (but not a complete list) of the material risks of the investments a Coast Fund may make directly or indirectly. The risks applicable to a particular Fund are set forth in the offering documentation for each Fund.

Arbitrage Transaction Risks Generally. If the requisite elements of an arbitrage strategy are not properly analyzed or unexpected events or price movements intervene, losses can occur which can be magnified to the extent Coast is employing leverage. Moreover, arbitrage strategies often depend upon identifying favorable “spreads”, which can also be identified, reduced or eliminated by other market participants.

Cash vs. Futures Arbitrage Trading. A portion of Coast’s trading on behalf of certain Funds involves arbitraging between the cash and futures contract markets in financial instruments. This means that Coast purchases (or sells) financial instruments in the cash markets and takes offsetting positions in the futures markets directly in the same or related financial instruments. If the price of one position increases or declines relative to the price of the other position, the overall position will experience a gain or loss. If the requisite elements of an arbitrage strategy are not properly analyzed or unexpected events or price movements intervene, losses can occur which would be magnified to the extent the Company is employing leverage. Even to the extent that the price relationships between securities owned and securities sold remain constant or moves in a manner that is favorable to a Fund, a loss may still be incurred because of the costs of financing the positions. In addition, because cash contracts are not traded on exchanges, but rather through a network of banks, dealers, and other institutions, there may be less liquidity in such markets. No limitations on price movement are imposed upon banks, dealers, or other institutions, which means that a balanced arbitrage position might suffer significant short-term losses since price moves on the cash portion of arbitrage positions are not limited as they are on the futures side. Furthermore, the increase in value of a cash contract is generally not available to the trader until the position is closed, since there is no standardized “mark-to-market” clearing system in the cash markets similar to that in the futures markets. Accordingly, although a price movement on each side of an arbitrage position may be the same or even favorable to the trader, such movement may require the trader to post margin deposits to support a losing futures contract position without his being able to utilize the equity in the cash securities position. This imbalance in cash utilization (even though the arbitrage as a whole is profitable) could result in cash shortages and could require premature termination of a position unless the trader has sufficient cash reserves to carry the futures contract position or borrows cash from a lender.

Since cash securities are not guaranteed by an exchange or clearinghouse, a Fund is subject to the risk of bank, dealer, or other counterparty failure or the inability or refusal by the counterparty to perform with respect to such transactions. The failure of a bank, dealer, or other counterparty with which a Fund has contracted would likely result in a default, thereby converting a balanced arbitrage position into a speculative futures contract trade and depriving the Fund of unrealized profits or forcing the Fund to cover its commitments for resale, if any, at the then market price. Cash market transactions are transacted only with banks, dealers, and other institutions which are adequately capitalized in Coast’s opinion. Banks, dealers, and other institutions are not required to continue to make markets in financial instruments. There have been periods during which certain banks and dealers have refused to quote prices or have quoted prices with an unusually wide spread between the bid and ask prices. Due to the foregoing factors, the trading of cash securities may thus involve greater risks than

those accompanying the trading of futures contracts on exchanges.

Funds are also subject to the risk of the failure of or delay by any of the exchanges and markets and their clearinghouses, if any, on which commodities interests and securities interests are traded.

Repurchase, Reverse Repurchase and Securities Lending Transactions. The trading strategy of certain Funds involves the use of repurchase, reverse repurchase and securities lending agreements for cash management, trading, and financing. Securities held by counterparties pursuant to repurchase or securities lending transactions can be transferred, pledged and re-hypothecated to other persons by such counterparties, and therefore are subject to the risk of such counterparties' or their transferees' delay, failure, default, or insolvency. In the event of the insolvency of or default or delay by a transferor of securities in a reverse repurchase or securities lending agreement, a Fund, as transferee, could experience both delays in liquidating the underlying securities and losses, including a possible decline in the value of the securities collateral during the period while the Fund seeks to enforce its rights thereto, possible subnormal levels of income and lack of access to income during this period, and expenses of enforcing its rights.

Spread Differentials May Move Adversely. A substantial portion of certain Funds' trading will involve spread positions between two or more cash securities, two or more futures contracts, arbitrage between cash and futures contract positions, or combinations or derivatives involving the foregoing. If the price of one position increases or declines relative to the price of the other position, the overall position will experience a gain or loss. If the requisite elements of an arbitrage strategy are not properly analyzed or unexpected events or price movements intervene, losses can occur which would be magnified to the extent a Fund is employing leverage. Even to the extent that the price relationships between securities owned and securities sold remain constant or moves in manner that is favorable to a Fund, a loss may still be incurred because of the costs of financing the positions.

Interest Rate Risks. Generally, the value of fixed-income securities changes inversely with changes in interest rates. As interest rates rise, the market value of fixed-income securities tends to decrease. Conversely, as interest rates fall, the market value of fixed-income securities tends to increase. This risk is greater for long-term securities than for short-term securities.

Leverage. Performance may be more volatile if a Fund employs leverage because leverage generally has the effect of amplifying, in some cases, significantly positive and negative performance of the account.

Trading of Options. The seller of a call option who has a long position in the underlying security, futures contract or commodity is subject to the full risk of a decline in price of the security, futures contract or commodity reduced by the premium received for selling the option. In exchange for the premium received for selling a call option, the option seller gives up all of the potential gain resulting from an increase in the price of the underlying security, futures contract or commodity above the option strike price upon exercise or expiration of the option. The seller of a put option who has a short position in the underlying security, futures contract or commodity is subject to the full risk of a rise in the price of the security, futures contract or commodity reduced by the premium received for selling the option. In exchange for the premium received for selling a put option, the option seller gives up all of the potential gain

resulting from a decrease in the price of the underlying security, futures contract or commodity below the option strike price upon exercise or expiration of the option. The buyer of a put option assumes the risk of losing his entire investment in the put option. If the buyer of the put has a long position in the underlying security, futures contract or commodity, the loss on the put will be offset in whole or in part by any gain on the long sale of the underlying security, futures contract or commodity. The buyer of a call option assumes the risk of losing his entire investment in the call option. The buyer of a call option pays a “premium” representing the market value of the option. Unless the price of the security or futures contract underlying the option changes and it becomes profitable to exercise or offset the option before it expires, the buyer may lose the entire amount of the premium. If the buyer of the call has a short position in the underlying security, futures contract or commodity, the loss on the call will be offset in whole or in part by any gain on the short sale of the underlying security, futures contract or commodity.

Coast’s Funds may trade “over-the-counter” options. These are options which are not traded on an exchange. Rather, they are directly bought from and sold to, on a principal basis, a dealer. These transactions subject a Fund to the potential failure of or default by the dealer with whom the Fund has entered into the transactions. Any such failure or default could subject a Fund to significant losses.

Trading of Swap Contracts. Swap contracts are not traded on exchanges, and as a consequence investors in such contracts do not benefit from the regulatory protections of such exchanges or the SEC, the CFTC, or other governmental or regulatory authorities in any jurisdiction; rather, banks and dealers act as principals in these markets.

Trading in the swap markets presents certain risks in addition to those found in the securities, commodities, and option markets. For example:

- The swap markets are not generally regulated by any U.S. or foreign governmental authorities. Although banks and dealers, which are participants in these markets, are regulated in various ways by U.S. and foreign banking and securities authorities, they generally do not regulate the swap markets.
- There are no limitations on daily price movements in swap contracts.
- Speculative position limits are not applicable to swap contract trading.
- Participants in the swap markets are not required to make continuous markets in the contracts they trade. There have been periods during which certain participants in these markets have refused to quote prices for swap contracts or have quoted prices with an unusually wide spread between the price at which they are prepared to buy and the price at which they are prepared to sell.
- Trading in the swap markets involves the extension of credit by a participant to its counterparty. In general, the counterparties with which Coast trades require initial collateral deposits. However, Coast typically does not receive initial collateral deposits from its counterparties. Typically, Coast and its counterparties periodically exchange collateral to secure mark- to-market valuations of swap contracts.
- The swap markets are “principals’ markets,” in which performance with respect to a swap

contract is the responsibility only of the counterparty with which the trader has entered into a contract (or its guarantor, if any), and not of any exchange or clearinghouse. As a result, Coast and its Funds participating in swaps are subject to the risk of the inability or refusal to perform with respect to such contracts on the part of the principals with which Coast trades. Any failure or refusal of a swap counterparty, whether due to insolvency, bankruptcy, default, or other cause, could subject Coast and its Funds to substantial losses. Coast will not be excused from the performance of any swap contracts into which it has entered due to the default of third parties in respect of swap contracts or other transactions which were to have substantially offset such contracts.

Risks Related to Investment in Floating Rate Instruments. Certain of Coast's Funds' portfolios hold floating rate instruments, which are generally held to maturity, may only be hedged to the extent of the reset of the next coupon. As a result, the positions in such instruments are not fully hedged. Such unhedged positions will be highly volatile, involve a substantial risk of loss and produce widely varying results. This may cause a liquidity risk similar to that described above at times of extreme adverse market movements.

Short Selling Risk. Coast's investment program may include short selling. Short selling transactions expose a Fund to the risk of loss in an amount greater than the initial investment, and such losses can increase rapidly and without effective limit. There is the risk that the securities borrowed by a Fund in connection with a short sale would need to be returned to the securities lender on short notice. If such request for return of securities occurs at a time when other short sellers of the subject security are receiving similar requests, a "short squeeze" can occur, wherein the Fund might be compelled, at the most disadvantageous time, to replace the borrowed securities previously sold short with purchases on the open market, possibly at prices significantly in excess of the proceeds received earlier.

Debt Securities. Coast may invest Fund assets in private and government debt securities and instruments. It is possible that many of the debt instruments may be unrated, and whether or not rated, the debt instrument may have speculative characteristics. The issuers of such instruments (including sovereign issuers) may face significant ongoing uncertainties and exposure to adverse conditions that may undermine the issuer's ability to make timely payment of interest and principal. Such instruments are regarded as predominantly speculative with respect to the issuer's capacity to pay interest and repay principal in accordance with the terms of the obligations and involve major risk exposure to adverse conditions. In addition, adverse economic conditions could severely disrupt the market for most of these securities and may have an adverse impact on the value of such instruments. It is also likely that any such economic downturn could adversely affect the ability of the issuers of such securities to repay principal and pay interest thereon and increase the incidence of default for such securities.

Equity Investing. Coast may invest Fund assets in small and medium sized companies with the potential for growth. Stock markets, are volatile and can decline significantly in response to adverse issuer, political, regulatory, market, or economic developments. Foreign securities are subject to interest rate, currency exchange rate, economic, and political risks. The securities of smaller, less well-known companies can be more volatile than those of larger companies.

Opportunistic/Macro Investing. Certain Coast Funds may invest on an opportunistic basis, seeking to take advantage of trends in the market. Unlike traditional investing, in which investment decisions may be based entirely on the fundamental financial condition of an issuer,

opportunistic investing relies on the ability to identify trends in the market and to invest in such trends before the rest of the market, and then sell before a trend ends. Opportunistic investing can be very volatile and involve heavy short-term trading. Short-term trading can generate high trading costs.

Below Investment Grade Securities. A Coast Fund may trade below investment grade bonds (generally “Ba” and “BB” and below) and preferred securities which are rated in the lower rating categories by the various credit rating agencies (or in comparable non-rated securities) and may be subject to greater risk of loss of principal and interest than higher-rated securities. These investments are generally considered to be speculative based on the issuer’s capacity or incapacity to pay interest and repay principal. They are also generally considered to be subject to greater risk than securities with higher ratings in the event of deterioration in general economic conditions. Because lower-rated securities are perceived to be riskier than higher-rated securities, the yields and prices of such securities may tend to fluctuate more than those for higher-rated securities. The market for lower-rated securities is thinner and less active than that for higher-rated securities, which can adversely affect the prices at which lower-rated securities can be sold. In addition, adverse publicity and investor perceptions about lower-rated securities, whether or not based on fundamental analysis, could contribute to a decrease in the value and liquidity of such lower rated securities.

Limited Redemption Rights. Coast may invest Fund assets in investment vehicles that do not permit frequent withdrawals and/or may impose “gates” or other restrictions on withdrawals. Typically such vehicles have broad authority to suspend or limit redemptions or withdrawals. Accordingly, a Fund’s investments may be relatively illiquid. Additionally, some investment vehicles may use “side pockets” in which certain illiquid investments are placed. A Fund will generally not be permitted to redeem or withdraw its interest in any such side pockets.

Certain Risks With Respect To Performance-Based Compensation. Advisors to certain investment vehicles in which a Coast Fund may be invested will likely receive compensation based on unrealized appreciation as well as realized appreciation in the net asset value of the vehicle. Such compensation may be an incentive for the advisor to make allocations or investments that are riskier or more speculative than would be the case absent such performance-based compensation. Also, the compensation to the advisor may be higher than that received by others offering similar services, and the advisor will receive performance-based compensation irrespective of the performance of the other advisors. Thus, an advisor to an investment vehicle with positive performance may receive performance compensation from the vehicle if the vehicle’s overall performance is negative.

Business and Regulatory Risks of Hedge Funds. Coast, Coast’s Funds and the investment vehicles in which they invest (and/or their respective affiliates) are subject to a number of unusual risks, including changing laws and regulations, developing interpretations of such laws and regulations and increased scrutiny by regulators. Some of this evolution may be directed at the fund industry in general or certain segments of the industry, and may result in scrutiny or claims against the Fund, Coast, the investment vehicles’ advisors or the vehicles directly for actions taken or not taken by such party. Thus, a Fund, an investment vehicle in which it is invested and/or their respective affiliates face the continuing risk of pending and potential litigation and regulatory action. These risks are often difficult or impossible to predict, avoid or mitigate in advance. The effect on a Fund, Coast or any affiliate of any such legal risk, litigation or regulatory action could be substantial and adverse.

Item 9. Disciplinary Information

This Item is inapplicable.

Item 10. Other Financial Industry Activities and Affiliations

Commodities-Related Registration. Coast is registered as a commodity trading advisor.

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

Coast has a fiduciary duty to its clients. In accordance with applicable laws, Coast has adopted a Code of Ethics and other policies that address potential conflicts of interest and sets forth its expectations for the business conduct of its employees, officers and directors including restrictions and reporting requirements for personal securities transactions. Compliance with the Code is a condition of employment by Coast. Each employee is required to certify annually that he or she has received, read and understands the Code, and has complied with the requirements set forth in the Code.

The Code permits employees to engage in personal securities transactions, including buying or selling securities that Coast has recommended to, or purchased or sold on behalf of the Funds, subject to specific procedures that are designed to avoid conflicts of interest or the appearance of a conflict of interest. The Code imposes pre-clearance requirements for investments in initial public offerings and the participation in private placement transactions.

Reporting requirements set forth in the Code include: (1) an initial report of personal holdings upon commencement of employment; (2) quarterly personal transaction reports; (3) annual personal holdings reports; (4) duplicate confirmations or electronic reporting of personal securities transactions for certain employees; and (5) annual acknowledgement and certification of compliance.

General fiduciary principles outlined in the Code include: (1) placing the interest of Coast's clients first at all times; (2) conducting all personal securities transactions in such a manner as to avoid any actual or potential conflict of interest or abuse of a position of trust and responsibility; (3) a prohibition against taking inappropriate advantage of one's position with Coast; (4) a prohibition against the receipt of extravagant gifts/entertainment from any person or entity soliciting business with Coast; (5) a duty to respect the confidential nature of information received from clients and investors in the Funds; and (6) a prohibition against insider trading or acting on material non-public information.

The Chief Compliance Officer is responsible for overseeing compliance with the Code, including reviewing the required reports and determining whether violations of the Code have occurred. Coast will provide a copy of the Code to any investor or prospective investor upon request.

Coast and its related persons recommend to investors purchases of interests in its Funds for which Coast serves as investment adviser or member manager. The financial interest of Coast including any fees it receives from these Funds is disclosed to investors in the offering documents of the relevant Fund.

Coast also from time to time, when consistent with a Fund's investment objective and strategies, may cause a Fund managed by Coast to invest in another Fund managed by Coast. Where such transaction may be entered into on behalf of a Fund, the offering document for the Fund will disclose the possibility of such transaction and the conflicts of interest involved in such transaction.

David E. Smith, Coast's founder and President, either directly or indirectly through his proprietary trading company Coast Proprietary Capital, LLC (CPC"), currently has an investment

in certain of Coast's Funds. Further, Mr. Smith currently, and intends to continue to, conduct active and aggressive arbitrage trading for his own proprietary accounts, either directly, through CPC or through CPC's capital account in The Coast Fund LP ("Coast Fund"). It is possible for such strategies to result in Mr. Smith and/or CPC taking positions ahead of Coast's Funds or opposite to positions taken for Coast's Funds.

Coast serves as advisor to the Coast Fund and Coast Value Fund I, Ltd. ("Coast Value Fund"). Coast Value Fund, CPC and Mr. Smith are the limited partners of Coast Fund (each partner in Coast Fund, a "Coast Fund Partner").

Excess funds in the capital account of each Coast Fund Partner (including CPC) are available to be utilized in the trading and investment activities of other Coast Fund Partners (including CPC). In such cases, the Coast Fund Partner whose capital account contains excess cash advances funds in the form of a repurchase agreement to one or more other Coast Fund Partners. The capital account of the Coast Fund Partner(s) advancing funds is credited, and the capital account(s) of the Coast Fund Partner(s) being advanced funds is debited, for the amount of funds so advanced. Each borrowing Coast Fund Partner's capital account is thereafter charged, and the lending Coast Fund Partner's capital account is thereafter credited, with monthly interest based on market rates.

Coast addresses its conflicts of interest in a variety of ways. First, Coast intends to comply with the provisions of the Investment Advisers Act of 1940 (the "Advisers Act") and the rules thereunder pertaining to principal trades and agency-cross transactions, to the extent such provisions are applicable to the trades at issue. In addition, such transactions will be entered into on what Coast believes to be market terms and rates prevailing at the time. Coast recognizes, and its Funds should be aware, that not every trade can always produce such beneficial results.

For certain of Coast's Funds, if the net asset value of such Fund falls below a certain percentage (as specified in such Fund's offering document) from trading and investment losses in any calendar year, a resolution to dissolve such Fund will be proposed to the shareholders of such Fund.

Coast or a related person from time to time recommends securities to Funds, or buys or sells securities for Funds, at or about the same time that Coast or a related person buys or sells the same securities for its own account. Such purchases or sales are made in accordance with Coast's trade allocation procedures, described below, in order to minimize the conflicts stemming from situations where the contemporaneous trading results in an economic benefit for Coast or its related person to the detriment of the Fund.

Coast has established various trading and trade allocation policies with respect to its investments in its direct trading Funds. With respect to its direct trading Funds, the applicable trader determines the trade to be made for each Fund and the appropriate means of executing the trade. Coast may aggregate Fund trades when such

aggregation is expected to be in the best interest of all participating Funds. With respect to aggregated trades, Coast maintains a written pre-trade allocation checklist that identifies predetermined criteria that must be met for an aggregated trade to be allocated to each participating Fund. Upon completion of a trade, a trader (who is a risk group member) will complete the checklist and allocate the trade according to the checklist. Based on the checklist the trader will indicate each Fund's expected participation, measured in shares, principal value, as a percentage of the block, or as a percentage of the Fund's value. The trader will also complete the "notes" section of the checklist to memorialize any relevant subjective criteria or other notable information. In determining the written pre-trade allocation, Coast has considered, among other things, each participating Fund's size, leverage, diversification, cash availability, investment objectives, and other relevant factors deemed relevant by Coast in its discretion. In general, trades will be allocated pro-rata across participating hedge fund Funds based on the capital allocations of such Funds. Coast may determine in its discretion to deviate from such pro-rata allocation in instances where the trade or size of the trade that would be allocated to a particular Fund based on such pro-rata allocation would not be appropriate after taking into account the Fund's trading strategy, investment objective or risk profile. Additional instances where trades allocations may deviate from above include initial ramp-up periods for Funds where existing Funds already have sufficient exposure to a particular trade. Partially filled orders are generally allocated pro rata based upon the pre-allocation. In the case of block trades, each Fund receives the average price and pays a proportional share of any commissions. Coast will seek to allocate trades in a manner that is fair and equitable to all Funds and will not allocate trades based on a Fund's performance or fee structure. Each member of Coast's trading team and risk management groups is responsible for ensuring that deviations from Coast's trading allocation procedures are be disclosed to Coast's Senior Vice President, Portfolio Manager and its Chief Compliance Officer.

Item 12. Brokerage Practices

The securities, commodities, and other investments of Coast's direct trading Funds are primarily purchased, sold and financed directly or indirectly through broker-dealers in the United States. Coast is primarily responsible for selecting the broker or dealer used in each transaction. In making such selections, consideration is given to obtaining favorable prices and efficient executions. Consistent with this policy, when a transaction is effected on an exchange or over the counter, Coast seeks to use brokers and dealers whose commissions, mark-ups, financing rates and charges, and other costs of execution, clearance and settlement it considers, in good faith, to be fair and reasonable, without necessarily determining that the lowest commissions, markups, financing rates and charges, and other costs of execution, clearance and settlement are paid in any instance.

While Coast does not currently have such arrangements in place, in the future, consideration also may be given to placing orders with brokers and dealers who furnish investment research to Funds of Coast or Coast itself. Any such arrangements will be consistent with Section 28(e) of the Securities Exchange Act of 1934, as amended, which permits the use of "soft dollars" in certain circumstances.

Coast has relationships with various broker-dealers that introduce potential investors in hedge fund Funds of Coast. These relationships are independent from any decisions to select brokers or dealers used to execute trades.

Contemporaneous Reviews

As part of their normal functions, Traders will consider the execution quality of each trade. Any unexpected deviations in price, commission rate, market impact, execution speed, or other aspects of execution quality will be promptly reported to Coast.

Quarterly Best Execution Memoranda

Coast will prepare a quarterly report which considers the best execution factors discussed above for each of Coast's counterparties with which a trade that is executed through an electronic trading network. A copy of the report will be provided to the CCO.

Soft Dollar Arrangements

As a matter of policy, Coast does not participate in any soft dollar arrangements.

Investor Referrals

Coast does not consider investor referrals from broker/dealers when making brokerage allocation decisions.

Order Aggregation

Please see Item 11 for a detailed discussion of Coast's Order Aggregation procedures.

Trade Error Losses

Trade error losses that are not the result of willful malfeasance, fraud, or gross negligence will be borne by the affected Fund(s) and/or other entities. Similarly, any gains associated with trade errors will be kept by the affected Fund(s) and/or other entities.

Item 13. Review of Accounts

Direct Trading Hedge Fund Account Reviews – Each trader conducts a frequent review of his portfolio positions. David Smith, in his capacity as the principal portfolio manager for the Funds, is responsible for conducting periodic reviews of each direct trading Fund. The frequency of such reviews is determined by various factors such as market conditions and capital availability, and can occur on a daily, weekly, monthly or *ad hoc* basis.

Trade Reconciliation – For each business day, Coast regularly reconcile trades and non-trading transactions of certain Funds with bank reports, trade confirmations and broker statements (provided by independent third parties) relating to these entities to ensure that settled trades and non-trading transactions are properly reflected. Coast then reconciles settled trades and non-trading transactions of the Fund with the accounting records and accounts of the fund's limited partners to ensure that trades effected for a Coast Fund Partner or and non-trading transactions are properly reflected in the accounting records and account(s) of the appropriate parties. At the end of each month, Coast repeats the daily reconciliation process using month-end account balances. This monthly bank reconciliation is reviewed by Coast's Chief Financial Officer.

A Fund's investors receive reports pursuant to the terms of each Fund's offering memoranda or as otherwise described in the offering document of the Fund.

Item 14. Fund Referrals and Other Compensation

Coast may make cash payments to third-party solicitors for Fund referrals, provided that, to the extent required, each such solicitor has entered into a written agreement with Coast pursuant to which the solicitor will provide each prospective Fund with a copy of Coast's Form ADV Part 2, and a disclosure document setting forth the terms of the solicitation arrangement, including the nature of the relationship between the solicitor and Adviser and any fees to be paid to the solicitor. Where applicable, cash payments for Fund solicitations will be structured to comply fully with the requirements of Rule 206(4)-3 under the Advisers Act and related SEC staff interpretations.

Item 15. Custody

To ensure compliance with Rule 206(4)-2 under the Investment Advisers Act of 1940 Coast relies on qualified custodians to maintain Fund assets. Coast has also appointed an independent certified public accounting firm that is both registered with, and subject to regular inspection by, the Public Companies Accounting Oversight Board that distributes audited financial statements to investors of the Funds within 90 days of the fiscal year-end. The Coast Fund is audited annually and financial statements are prepared in accordance with U.S. Generally Accepted Accounting Principles ("GAAP").

Item 16. Investment Discretion

Coast provides investment advisory services on a discretionary basis to the Funds. Please see Item 4 for a description of any limitations Funds may place on Coast's discretionary authority.

Item 17. Voting Fund Securities

Pursuant to Rule 206(4)-6 under the Advisers Act, Coast has adopted and implemented written proxy voting policies and procedures reasonably designed to ensure that all proxies are voted in the best interests of the Funds, including in circumstances in which material conflicts of interest may exist. As a general rule Coast does not engage in proxy voting. However, Coast may determine in its own discretion to vote a particular proxy of security held by a Fund. Coast is required to (1) disclose its proxy voting policies and procedures to investors; (2) furnish investors with a copy of the policies and procedures upon such investor's request; (3) inform investors how they can obtain information on how the securities in their accounts were voted; and (4) retain certain records.

Item 18. Financial Information

This Item is not applicable.

Item 19. Requirements for State-Registered Advisers

This item is not applicable.