

CRESTWOOD CAPITAL MANAGEMENT®, L.P.

575 Lexington Avenue, 29th Floor
New York, NY 10022
(212) 612-3040

FORM ADV, PART 2A BROCHURE

March 26, 2020

This brochure provides information about the qualifications and business practices of Crestwood Capital Management, L.P.* If you have any questions about the contents of this brochure, please contact us at (212) 612-3040 or via e-mail at info@crestwoodcap.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Any reference to or use of the terms “registered investment adviser” or “registered,” does not imply that Crestwood Capital Management, L.P. or any person associated with Crestwood Capital Management, L.P. has achieved a certain level of skill or training.

Additional information about Crestwood Capital Management, L.P. is also available on the SEC’s website at www.adviserinfo.sec.gov.

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Item 2 - Material Changes

Not applicable. Crestwood Capital Management, L.P. (“Crestwood”) is updating this Brochure as of March 26, 2020 in connection with its annual Form ADV amendment filing and has no material changes to report since its previous annual Form ADV amendment filing submitted on March 25, 2019.

We encourage all recipients of this Brochure to read it carefully in its entirety.

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Item 4 – Advisory Business

Description of the Firm

Crestwood Capital Management, L.P. (“Crestwood”) is a privately owned limited partnership organized under the laws of the state of Delaware, with its principal place of business in New York, New York. Crestwood began providing investment advisory services in 2009. Michael Weisberg and Amit Mehta each own, directly or indirectly, or control 49.5% of Crestwood, with Crestwood Capital Management, LLC owning the remaining 1%. Michael Weisberg and Amit Mehta each own, directly or indirectly, or control 50% of Crestwood Capital Management, LLC. Mr. Mehta’s interest in Crestwood and Crestwood Capital Management, LLC is indirect, though Aravi Capital, L.P., which is more than 75% owned, and 100% controlled, by Mr. Mehta. Crestwood serves as the investment manager to several private investment partnerships and companies. From 1995, when he launched the first Crestwood Fund (as defined below), and prior to its acquisition by ING Group, N.V. and/or its affiliates (“ING”) in 1997, Mr. Weisberg was a managing director at Furman Selz and was the Portfolio Manager of the Crestwood Funds. Mr. Mehta joined ING in 2002 and became co-Portfolio Manager, with Mr. Weisberg, of the Crestwood Funds in 2005. Effective July 1, 2009, Crestwood replaced ING as the investment adviser and/or investment manager of the Funds. At that time, Mr. Weisberg and Mr. Mehta ceased to be employees of ING. Effective May 2014, certain ING affiliates were rebranded under the name Voya. Crestwood does not participate in wrap fee programs.

Advisory Services Offered

Crestwood serves as the investment manager or adviser to several private investment partnerships or companies, each of which is exempt from registration with the Securities and Exchange Commission (each a “Fund” or a “client” and together the “Funds,” the “Crestwood Funds,” or the “clients”). Crestwood provides investment management services tailored to the specific investment guidelines set forth in the confidential private placement memorandum of each of the Feeder Funds and Crestwood Partners II (as each such term is defined below), although the investable assets of the Feeder Funds (other than cash held on a short-term basis) are required to be invested in the Crestwood Master Fund, where all portfolio transactions using Feeder Fund assets are held. Subject to these investment guidelines, Crestwood has complete discretion and authority to manage the assets of the Funds. Crestwood is authorized to make all investment decisions, buy and sell securities, issue instructions to custodians, select broker-dealers to execute securities transactions and vote proxies and make similar decisions for the Crestwood Master Fund and Crestwood Partners II, except that Crestwood generally does not pursue or commence class action litigation on behalf of the Funds. Underlying investors in the Crestwood Funds do not have the ability to impose restrictions on investing in certain securities or types of securities. Crestwood offers and sells interests in the Feeder Funds and Crestwood Partners II in private transactions solely to accredited investors and qualified clients, qualified purchasers, or professional investors, as the case may be, and certain employees of Crestwood and/or its affiliates.

The Crestwood Funds

Each of the Crestwood Funds is managed using the same long-short equity global growth strategy. Investment performance is dependent upon the selection of long investments that outperform the market and short investments that underperform the market. While the confidential private placement memorandum for each of the Feeder Funds and Crestwood Partners II gives Crestwood broad discretion with respect to the types of securities it may purchase, Crestwood will purchase and sell primarily equity and equity-related securities in global markets. Crestwood may also invest in preferred stocks, convertible securities, warrants, commodities, options (including covered and uncovered puts and calls and over-the-counter options), futures and other derivative instruments, bonds and other fixed income securities, foreign currencies, private securities and money market instruments. Crestwood also engages in short selling, margin trading, hedging and other investment strategies for the Crestwood Master Fund and Crestwood Partners II. There are no predetermined limits on the relative amount of Fund assets that may be invested long or short. The relative level of long and short positions depends upon Crestwood's evaluation of the relative attractiveness of investment opportunities, perception of general market direction and other factors. Generally, each Fund's long portfolio will be less than 150% of its net assets and the short portfolio will be less than 100% of its net assets, but Crestwood can, from time to time, exceed these levels. Performance is primarily driven by the relative performance of Crestwood's long and short investments rather than the performance of the markets.

Crestwood serves as the investment manager and the adviser to a U.S. domiciled and a British Virgin Islands domiciled Fund, respectively, each open only to investment by accredited investors and qualified purchasers or professional investors, as applicable. In its capacity as investment manager to Crestwood Partners and as adviser to Crestwood International, Crestwood provides certain non-discretionary operational and administrative services to the Funds, but has no discretion with respect to the investment of their assets or their operation. Both Crestwood Partners and Crestwood International (as each Fund is defined immediately below) seek to attain their investment objectives by investing substantially all of their investable assets in a British Virgin Islands based master fund, through a master feeder structure, for which Crestwood serves as the adviser. Crestwood Partners and Crestwood International are referred to as the "Feeder Funds." The British Virgin Islands master fund has the same investment objective and strategy as each of its Feeder Funds. In its capacity as adviser to Crestwood Master Fund, Crestwood is generally responsible for managing the assets of the Crestwood Master Fund. Crestwood also manages a U.S. domiciled Fund, open only to accredited investors and qualified clients, that utilizes the same investment strategy.

The Crestwood Funds are set forth below:

Crestwood Capital Partners, L.P.* (“Crestwood Partners”)
Crestwood Capital International, Ltd. (“Crestwood International”)
Crestwood Capital Master Fund, Ltd. (“Crestwood Master Fund”)
Crestwood Capital Partners II, L.P. (“Crestwood Partners II”)

Crestwood Master Fund and Crestwood Partners II generally invest in the same securities, to the extent legally permissible, and operationally practical. Investment trades are generally allocated among the Funds to achieve holdings that are proportional to their respective net asset values. As a result of this sharing of investments, the efforts of the members of Crestwood’s investment and trading teams are focused on one set of investment decisions.

Assets under Management

As of December 31, 2019 Crestwood managed, on a discretionary basis, client assets totaling approximately \$273 million. Crestwood does not manage client assets on a non-discretionary basis.

Item 5 – Fees and Compensation

Management Fees

Crestwood Master Fund pays Crestwood a management fee with respect to the non-discretionary operational and administrative services it provides to each of the Feeder Funds and the discretionary investment advisory services it provides to Crestwood Master Fund. The management fee is calculated as a percentage of assets under management by Crestwood in each Feeder Fund. Crestwood Partners II pays Crestwood a management fee that is calculated as a percentage of assets under management in Crestwood Partners II. Management fees for each Feeder Fund and Crestwood Partners II are set out in detail in the confidential private placement memorandum for the applicable Fund. Fees are payable quarterly in advance based on the quarter-end asset value as of the first business day of the calendar quarter. Each underlying investor in a Fund pays the portion of the fee attributable to that investor’s holdings in the Fund. The management fee paid to Crestwood is equal to 1.5% per year, or 0.375% per quarter. Fees paid in advance are not refundable.

Performance-Based Compensation

At the end of each fiscal year, by virtue of its holding of performance allocation shares in Crestwood Master Fund, Crestwood Capital Group, LLC, an affiliate of Crestwood, receives a performance-based allocation equal to a percentage of the net profits of Crestwood Master Fund that are attributable to each investor in each Feeder Fund, in compliance with Rule 205-3 under the Investment Advisers Act of 1940, as amended (the “Advisers Act”). At the end of each fiscal year, Crestwood Capital Group, LLC also

* Crestwood Capital Partners, L.P.[®], Crestwood Capital International, Ltd.[®], Crestwood Capital Master Fund, Ltd.[®], and Crestwood Capital Partners II, L.P.[®] are registered trademarks of Crestwood Capital Management, L.P.[®]

receives a performance-based allocation equal to a percentage of the net profits allocated to each investor in Crestwood Partners II, in compliance with Rule 205-3 under the Advisers Act. With respect to Class A Series A Shares of Crestwood International and One Year Lock-Up Interests of Crestwood Partners and Crestwood Partners II (as each such term is defined below), the performance allocation is equal to 20%. With respect to Class A Series B Shares of Crestwood International and Consecutive Three Year Lock-Up Interests of Crestwood Partners and Crestwood Partners II (as each such term is defined below) the performance allocation for the initial three year period (the “Initial Consecutive Three Year Lock-Up”) is equal to 17.5% of the net profits of the applicable Fund, and the performance allocation for any subsequent three year period (each a “Renewal Consecutive Three Year Lock-Up”) is 15.5%. Crestwood Capital Group, LLC serves as the general partner to Crestwood Partners and Crestwood Partners II. Crestwood makes the performance allocation pro rata from the account of each underlying Fund investor in the amount attributable to that investor’s holdings in the applicable Fund. The performance allocation is subject to a high-water mark. This means that no performance allocation is made unless the value of Fund assets has increased since the prior allocation, adjusted for capital withdrawals and contributions. If a Fund terminates its investment management agreement, or an underlying investor withdraws its assets from the Fund, fees will be allocated on a pro rata basis.

Fee Differential

In extremely limited circumstances, certain underlying investors in the Feeder Funds or Crestwood Partners II may pay lower fees or have other unique arrangements such as the waiver or rebate of the management fee or the performance allocation, provided that the applicable Fund is not harmed. For example, Crestwood employees, and in certain instances, affiliates of such employees, do not pay the management fee and are not subject to the performance allocation. In addition, investors in one of the Feeder Funds or Crestwood Capital II may have specially tailored arrangements with respect to their investment in a Fund. These arrangements could create preferences or priorities for certain investors in a Fund as compared to other investors. Crestwood may enter into these arrangements without the consent of, or notice to, other Fund investors, and these arrangements may not be available to all investors in the applicable Fund. Crestwood will not intentionally disclose information about a Fund only to select investors. However, to the extent that certain investors receive information in response to a specific request made to Crestwood, Crestwood does not proactively offer that information to all investors and therefore it is possible that certain investors may receive more detailed information about a Fund than others.

Early Withdrawal and Related Charges

Any capital contribution that is withdrawn from a Fund before the completion of the investor’s commitment period is subject to an early withdrawal fee, which may be waived in Crestwood’s discretion or the discretion of one of its affiliates, as set out in detail in the confidential private placement memorandum for each of the Feeder Funds and Crestwood Partners II.

Class A Series A shares (“Series A Shares”) and Class A Series B shares (“Series B Shares”) in Crestwood International are subject to a one year and a consecutive three year commitment period, respectively. Crestwood Partners and Crestwood Partners II each offer interests that are subject to a one year commitment period (the “One Year Lock-Up Interests”) and a consecutive three year commitment period (the “Consecutive Three Year Lock-Up Interests”). Investors owning Series A Shares or One Year Lock-Up Interests, as applicable, who withdraw a capital contribution prior to the end of the one year period will pay an early withdrawal fee of 2% of the amount withdrawn. Investors owning Series B Shares or Consecutive Three Year Lock-Up Interests who withdraw a capital contribution prior to the end of a three year period generally will pay an early withdrawal fee of between 3% and 6% of the amount withdrawn, depending on the number of years left prior to the expiration of the commitment period, and whether the investment is subject to an initial or a renewal three year commitment period.

Crestwood Master Fund receives, as income, all early withdrawal charges associated with early withdrawals of One Year Lock-Up Interests or Series A Shares from Crestwood Partners and Crestwood International, respectively. A portion of such early withdrawal charges associated with early withdrawals of Three Year Lock-Up Interests or Series B Shares from Crestwood Partners and Crestwood International, respectively, is paid to Crestwood rather than Crestwood Master Fund. Early withdrawal fees associated with early withdrawals from Crestwood Partners II are retained by the Fund, except that a portion of such early withdrawal fees associated with early withdrawals of Three Year Lock-Up Interests is paid to Crestwood. For the purposes of determining the amount of the early withdrawal fee (if any), contributions are treated on a first in first out basis.

Other Fees

All fees paid to Crestwood are separate from all costs and expenses related to a Fund’s operations and, with respect to Crestwood Master Fund and Crestwood Partners II only, their investments. These costs include without limitation, legal expenses, audit and tax preparation expenses, accounting fees, a Fund’s administration expenses (including, but not limited to, fees and expenses of an administrator), insurance expenses including costs of any liability insurance obtained on behalf of a Fund, indemnification expenses, regulatory and compliance costs and expenses (including, but not limited to, expenses and license fees related to all regulatory filings, e.g., Schedule 13F, Schedule 13D, Schedule 13G, Form PF, FATCA, and CRS filings), any issue or transfer taxes chargeable in connection with any transactions, any entity level taxes and fees, costs of reporting and providing information to investors, including printing and mailing expenses including printing of a Fund’s offering documents and sales literature, other promotional and/or ongoing offering expenses, the fees and expenses related to the cost of maintaining each Fund’s legal existence, the pro rata portion of a Fund’s costs of litigation or investigation involving a Fund’s activities and any extraordinary expenses. Crestwood Partners II also bears expenses, and Crestwood Partners and Crestwood International also bear their pro rata share of Crestwood Master Fund’s expenses, including but not limited to, the management fee, future re-organizational expenses, the direct and related costs of software, including but not limited to, software for fund accounting, portfolio management, and trade order management, brokerage commissions and other transaction costs (including those

used to obtain research and other related services), bid/offer spreads, legal fees and expenses incurred in structuring transactions or in connection with conducting due diligence and negotiating the terms of certain investments, clearing and settlement charges, trade break fees, consulting expenses, research expenses, custodial and transfer agency fees, initial and variation margin, interest and commitment fees on debit balances or borrowings, stock borrowing fees and proxy solicitation expenses, and other investment expenses incurred by Crestwood Master Fund or Crestwood Partners II, as applicable, fees and expenses for risk management services, interest expenses on borrowings and commitment fees and related expenses payable to lenders, taxes, tax preparation fees, auditing and accounting fees, fees and expenses incurred in connection with the maintenance of Crestwood Master Fund's or Crestwood Partners II's, as applicable, legal existence, fees and expenses of legal counsel including with respect to evaluating, structuring, acquiring and disposing of investments, printing, insurance and other out-of-pocket costs and expenses. Crestwood International and the Crestwood Master Fund also bear the fees and expenses related to the retention of outside directors, including but not limited to the cost of attendance by the directors at meetings of the Board of Directors of each Fund. Such charges, fees and commissions are exclusive of and in addition to Crestwood's fees. Crestwood does not receive a portion of these other commissions, fees and costs. (Please refer to the "Brokerage Practices" section (Item 12) of this Brochure for additional information.)

Crestwood's investment management agreement with each of the Funds generally provides that the Fund will indemnify and not hold Crestwood and/or its affiliates liable for certain expenses, losses and claims that may arise in connection with the performance of its duties (including, with respect to Crestwood Master Fund and Crestwood Partners II, management of the Fund's investments and execution of investment trades), provided that Crestwood's (and/or its affiliates') conduct has not breached certain specified standards of conduct. That is, the relevant actions must have been taken by Crestwood (and/or its affiliates) in good faith and cannot have involved willful misconduct, gross negligence, a reckless disregard of its duties, a violation of federal or state securities laws or criminal wrongdoing.

Billing Method

The Funds' administrator deducts from the account of each investor in each Feeder Fund and Crestwood Partners II the quarterly management fee, pro rated if the account was opened during that quarter. The Funds' administrator deducts from the account of each such investor the annual performance allocation, if applicable.

Termination of Advisory Services

The investment management agreement between Crestwood and each Fund is renewed automatically for one (1) year terms (computed from each January 1), unless terminated in accordance with its provisions, by providing at least sixty (60) days written notice of termination.

Other Compensation

None of Crestwood's employees receives compensation for the sale of securities or other investment products.

ERISA Clients

Crestwood may be deemed to be a fiduciary under the Employee Retirement Income and Securities Act ("ERISA") to a Fund and any underlying investors in such Fund that are employee benefit plans or individual retirement accounts if the Fund is deemed to hold "plan assets." Any assets subject to ERISA that are deemed to be "plan assets" are subject to specific rules and obligations under ERISA and the Internal Revenue Code that include among other things, restrictions concerning certain forms of compensation and the prohibition of certain transactions. In order to avoid causing assets of Crestwood Partners II to be deemed "plan assets," Crestwood restricts the aggregate investment by benefit plan investors to under 25% of the total value of each class of equity interests of Crestwood Partners II. Crestwood International and Crestwood Partnership are designed as feeder funds into Crestwood Master Fund and Crestwood does not intend to exercise any discretionary authority with respect to "plan assets." Accordingly, while Crestwood International and Crestwood Partnership may hold "plan assets" under ERISA, it is not intended that Crestwood will be considered a fiduciary under ERISA with respect to Crestwood International's or Crestwood Partnership's assets. At any time when either Crestwood International or Crestwood Partnership is deemed to hold "plan assets" under ERISA, Crestwood International or Crestwood Partnership, as applicable, will comply with the bonding requirements and the indicia of ownership requirements of ERISA. In order to avoid causing assets of Crestwood Master Fund to be "plan assets," Crestwood intends to restrict the aggregate investment by benefit plan investors in each of Crestwood International and Crestwood Partnership to such amount necessary to ensure that such investments by benefit plan investors are under 25% of the total value of each class of equity interests of Crestwood Master Fund.

Valuation and Pricing

Unless specifically provided otherwise in the confidential private placement memorandum of a Feeder Fund or Crestwood Partners II, Crestwood typically uses available pricing services or sources to determine the market value of Crestwood Master Fund's or Crestwood Partners II's portfolio, as applicable. Crestwood relies on various services from outside vendors for information such as pricing, ratings, and other relevant factors. While these vendors are generally reliable, from time to time information they provide may be inaccurate or stale, which would affect the pricing and categorization of portfolio holdings. While most of Crestwood Master Fund's and Crestwood Partners II's holdings are liquid securities, from time to time, Crestwood may need to determine a price for a portfolio holding using "fair value" pricing methods. In these situations, Crestwood elicits input from its valuation committee, which is comprised of at least three members including one Portfolio Manager, to determine what it believes to be a representative or "fair" price for the holding. These determinations may involve a significant amount of judgment and in some cases may not result in an accurate price. A conflict of interest exists in valuing

Crestwood Master Fund's and Crestwood Partners II's investments because Crestwood has an incentive to value the portfolio aggressively in order to improve performance, attract new underlying investors to the Feeder Funds and Crestwood II, and increase the performance allocation. Crestwood Master Fund and Crestwood Partners II may hold securities or instruments that have no trading market or are otherwise difficult to value. For these types of securities, Crestwood may determine the third party it believes will provide the most reliable price quotations.

Item 6 – Performance-Based Fees and Side-By-Side Management

The Crestwood Funds are subject to a performance-based allocation (that is an allocation based on a share of capital gains on or capital appreciation of Fund assets). Please refer to the "Performance Allocation" section (Item 5) of this Brochure for additional information. Crestwood does not manage any accounts other than the Funds so it has no clients who are subject to any other type of fee. As such, the potential conflicts of interest related to managing accounts that charge performance-based fees or allocations alongside accounts that do not charge performance-based fees do not apply to Crestwood.

As a result of the performance-based allocation, Crestwood has an incentive to make investments that are riskier or more speculative than it otherwise might make in the absence of compensation based on the performance of the Funds. Crestwood has policies and procedures in place related to the allocation of investments and investment opportunities. (See Item 12 of this Brochure.) If Crestwood determines that an investment or trading opportunity is appropriate for Crestwood Master Fund and Crestwood Partners II, then Crestwood allocates such investment or trading opportunity among those Funds in a manner it determines, exercising its judgment in good faith, to be fair and equitable, taking into consideration all allocations between such Funds taken as a whole. Crestwood is not required to provide every investment opportunity to every Fund.

Item 7 – Types of Clients

Crestwood offers its investment advisory services only to private investment funds that are exempt from the Investment Company Act of 1940, as amended. Please refer to Item 4 of this Brochure for a list of such Fund clients. Investors in the Funds must be sophisticated investors and are generally:

- High net worth individuals;
- Pension and profit sharing plans;
- Charitable organizations and/or foundations;
- Corporations, partnerships, limited liability companies or other businesses; and
- Trusts.

In order to qualify for investment in Crestwood Partners and for U.S. investors to qualify for investment in Crestwood International, underlying investors in those Funds must certify that they are "accredited investors" and "qualified purchasers" (as defined by law).

Underlying investors in Crestwood International must also certify that they are “professional investors” (as defined by law). In order to qualify for investment in Crestwood Partners II, underlying investors must certify that they are “accredited investors” and “qualified clients” (as defined by law). Underlying investors in Crestwood Partners and Crestwood International typically must invest a minimum of \$1 million, subject to reduction by Crestwood. Underlying investors in Crestwood Partners II typically must invest a minimum of \$500,000, subject to reduction by Crestwood. Crestwood reserves the right to reject any investment in whole or in part.

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

Methods of Analysis

Crestwood manages the portfolios of Crestwood Master Fund and Crestwood Partners II in accordance with the investment strategy described in the confidential private placement memorandum for each of Crestwood International, Crestwood Partners and Crestwood Partners II. The investment strategies and risks set forth below are summaries, and are not intended to be a complete statement of the investment strategies and related risks applicable to an investment in the Funds. Investors should review the complete private placement memorandum for each Fund and other governing documents for a complete statement of the strategy and risks related to each Fund.

Crestwood uses the following methods of analysis in formulating investment advice and/or managing the assets of Crestwood Master Fund and Crestwood Partners II:

Fundamental Analysis: Crestwood attempts to measure the intrinsic value of a security by looking at economic and financial factors (including the overall economy, industry conditions, and the financial condition and management of the company itself) to determine if the company is underpriced (indicating it may be a good time to buy) or overpriced (indicating it may be time to sell). Fundamental analysis is the primary foundation of Crestwood’s research efforts.

Qualitative Analysis: Crestwood subjectively evaluates non-quantifiable factors such as the quality of management, labor relations, and strength of research and development factors not readily subject to measurement, in an attempt to predict changes to share price based on that data. Qualitative analysis is important to the formulation of Crestwood’s investment strategies. However, Crestwood’s subjective judgment may prove incorrect.

Risks for all Forms of Analysis: The securities analysis methods that Crestwood uses all rely on the assumption that the companies whose securities Crestwood purchases and sells, the rating agencies that review these securities, and other publicly-available sources of information about these securities are providing accurate and unbiased data. While Crestwood is alert to indications that data may be incorrect, there is always a risk that Crestwood’s analysis may be compromised by inaccurate or misleading information.

Investment Strategies

Crestwood uses the following strategies in managing the assets of Crestwood Master Fund and Crestwood Partners II, consistent with the investment objectives and risk tolerance stated in the confidential private placement memorandum for each of Crestwood International, Crestwood Partners and Crestwood Partners II, among other considerations:

Long-Term Purchases: Crestwood purchases securities with the idea of holding them in the Master Fund's or Crestwood Partners II's account for a year or longer. Typically, Crestwood uses this strategy when:

- It believes the securities to be currently undervalued; and/or
- It wants exposure to a particular asset class over time, regardless of the current projection for the asset class.

A risk in the long-term purchase strategy is that by holding the security for this length of time, Crestwood may not take advantage of short-term gains that could be profitable to a Fund. Moreover, if Crestwood's predictions are incorrect, a security may decline sharply in value before Crestwood makes the decision to sell.

Short-Term Purchases: When utilizing this strategy, Crestwood purchases securities with the idea of selling them within a relatively short time (typically a year or less). Crestwood does this in an attempt to take advantage of conditions that Crestwood believes will soon result in a price swing in the securities purchased.

Trading: Crestwood purchases securities with the idea of selling them very quickly (typically within thirty (30) days or less). Crestwood does this in an attempt to take advantage of predictions of brief price swings.

Short Sales: Crestwood borrows shares of a stock for the Master Fund's and Crestwood Partners II's portfolio from someone who owns the stock on a promise to replace the shares on a future date. These borrowed shares are then sold. On a future date, Crestwood buys the same stock and returns the shares to the original owner. Crestwood engages in short selling based on its determination that the stock will go down in price after it has borrowed the shares. If Crestwood is correct, and the stock price has gone down since the shares were purchased from the original owner, the Fund account will realize the profit. If Crestwood is incorrect and the stock price has gone up since it bought the shares, the Fund account will suffer the loss. Because the theoretical price increase is unlimited, a short sale involves the risk of a theoretically unlimited loss.

Margin Transactions: Crestwood will purchase securities for a Fund's portfolio with money borrowed from the Fund's brokerage account. This allows the Fund to buy more stock than the Fund would be able to with the cash that is available, and allows Crestwood to purchase new or additional securities for the Fund without selling other holdings.

Options: Crestwood may use options as an investment strategy. An option is a contract that gives the buyer the right, but not the obligation, to buy or sell an asset (such as a share of stock) at a specific price on or before a certain date. An option, just like a stock or a bond, is a security. An option is also a derivative, because it derives its value from an underlying asset.

The two types of options are calls and puts:

- A call gives Crestwood the right to buy an asset at a certain price within a specific period of time. Crestwood will buy a call if it has determined that the stock price will increase substantially before the option expires.
- A put gives Crestwood the right to sell an asset at a certain price within a specific period of time. Crestwood will buy a put if it has determined that the price of the stock will fall before the option expires.

Crestwood uses options to speculate on the possibility of a sharp price swing. Crestwood also uses options to “hedge” a purchase of the underlying security; in other words, Crestwood will use an option purchase to limit the potential upside and downside of a security that has been purchased for a Fund’s portfolio.

Crestwood may also use “covered calls,” in which it sells an option on a security owned by the Fund. In this strategy, the Fund receives a fee for making the option available, and the person purchasing the option has the right to buy the security from the Fund at an agreed upon price.

Crestwood may also use a “spreading strategy,” in which it purchases two (2) or more option contracts (for example, a call option that the Fund buys and a call option that the Fund sells) for the same underlying security. This effectively puts the Fund on both sides of the market, but with the ability to vary price, time and other factors.

Fixed Income Transactions: While Crestwood Master Fund and Crestwood Partners II trade primarily in equity and equity-like securities, the confidential private placement memorandum for each of Crestwood International, Crestwood Partners and Crestwood Partners II does provide Crestwood with the flexibility to invest in fixed income and hybrid securities, which can include a wide array of debt instruments, including investment grade debt, government securities, corporate debt, money market instruments, non-investment grade (or high yield) debt and others. To varying degrees, depending on the particular instruments, fixed income securities are subject to interest rate, credit and liquidity risks, among others.

As Portfolio Managers of each of Crestwood Master Fund and Crestwood Partners II, Michael Weisberg and Amit Mehta have final authority over all portfolio decisions. Mr. Weisberg and Mr. Mehta are responsible for portfolio activities, including sizing of positions, the resulting allocation of capital among sectors and the maintenance of targeted gross and net exposures.

Risk of Loss

General Risk of Loss Statement: As with any investments, investing in securities involves a risk of loss. Future returns are not guaranteed and the Funds may lose money on investments. The securities markets are volatile and clients should consider carefully the amount of risk and/or loss they are willing to bear. Crestwood in no way guarantees performance, and at any time, the value of assets invested may fluctuate and be worth less than the amount originally invested. These risks apply to underlying investors in the Funds as well, accordingly, an investor in a Fund should only invest assets it will not need for current purposes and that can be invested on a long-term basis.

Selection of Securities: Because Crestwood Master Fund and Crestwood Partners II invest primarily in publicly-traded equity securities, Crestwood believes that the primary risk of loss is associated with securities selection. The price of a company's stock could decline or underperform for many reasons, including, among others, poor management, financial problems or business challenges. If a company declares bankruptcy or becomes insolvent, its stock could become worthless. Crestwood attempts to minimize this risk through the construction of the Funds' portfolios.

While certain other risks associated with investing in the Funds are set forth below, the list is not intended to be exhaustive. For more details on investment risk, please refer to the appropriate confidential private placement memorandum for each of Crestwood International, Crestwood Partners and Crestwood Partners II.

Convertible Securities: Convertible securities are securities that are convertible into or exercisable for common stock at a stated price or rate. Convertible securities are subject to the usual risks associated with debt securities, such as interest rate and credit risk. In addition, because convertible securities react to changes in the value of the stocks into which they convert, they are subject to market risk.

Currency: To the extent that a Fund invests directly in foreign currencies or in securities denominated in or that trade in foreign (non-U.S.) currencies, it is subject to the risk that those currencies will decline in value relative to the U.S. dollar, or in the case of hedging positions, that the U.S. dollar will decline in value relative to the currency being hedged.

Derivative Instruments: Derivative instruments are subject to a number of risks, including the risk of changes in the market price of the underlying securities, credit risk with respect to the counterparty, risk of loss due to changes in interest rates and liquidity risk. The use of certain derivatives may also have a leveraging effect which may increase volatility and reduce returns.

Foreign Investments: Investing in foreign (non-U.S.) securities may result in more rapid and extreme changes in value than an investment exclusively in securities of U.S. companies due to smaller markets, differing reporting, accounting and auditing standards, nationalization, expropriation or confiscatory taxation, foreign currency fluctuations, currency blockage, political changes or diplomatic developments.

Liquidity: If a security is illiquid, Crestwood might be unable to sell the security at a time when desired, and the security could have the effect of decreasing the overall level of a Fund's liquidity. Further, the lack of an established secondary market may make it more difficult to value illiquid securities, which could vary from the amount realized upon disposition. Crestwood may make investments that become less liquid in response to market developments or adverse investor perception. A Fund could lose money if it cannot sell a security at the time and price that would be most beneficial.

Market: Stock prices are volatile and are affected by the real or perceived impacts of such factors as economic conditions and political events. The stock market tends to be cyclical, with periods when stock prices generally rise and periods where stock prices generally decline. Any given stock market segment may remain out of favor with investors for a short or long period of time, and stocks as an asset class may underperform bonds or other asset classes during some periods.

Market Capitalization: Stocks fall into three broad market capitalization categories – large, mid and small. Investing in primarily one category carries the risk that, due to current market conditions, that category may be out of favor with investors. If valuations of large-capitalization companies appear to be greatly out of proportion to the valuations of mid- or small-capitalization companies, investors may migrate to the stocks of mid- and small-sized companies causing an investment in these companies to increase in value more rapidly than an investment in larger, fully-valued companies. Investing in mid- and small-capitalized companies may be subject to special risks associated with narrower product lines, more limited financial resources, smaller management groups, and a more limited trading market for their stock as compared to other larger companies. As a result, stocks of mid and small sized companies may decline significantly in market downturns.

Turnover/Frequent Trading: A change in the securities held by a Fund is known as “portfolio turnover.” Higher portfolio turnover is a result of frequent trading and involves correspondingly greater expenses to a Fund, including brokerage commissions or dealer mark-ups and other transaction costs on the sale of securities and reinvestments in other securities. Such sales may also represent tax risk. The trading costs and tax risk associated with portfolio turnover may adversely affect a Fund's performance. The use of futures or other forward settling derivatives may result in the appearance of higher portfolio turnover as positions are “rolled forward” in order to maintain a specific exposure. Accordingly, portfolio turnover rates may vary based on how such rates are calculated.

Emerging Markets: Crestwood Master Fund and Crestwood Partners II may invest in emerging market debt or equity. These markets are often in developing countries and tend to be more volatile and risky than more established trading markets. In addition, the instruments and investments of emerging markets often carry higher credit and/or company risks.

Evolving and New Investment Approaches: Crestwood's investment approach and trading techniques are continually evolving. Crestwood is not restricted in developing or incubating new strategies or approaches and may deploy the Funds' capital in accordance

with such new strategies and approaches, even if Crestwood has limited experience in the type of markets or instruments involved. The strategies and approaches developed by Crestwood may not be successful and the resources devoted to the implementation of new approaches or strategies may diminish the effectiveness of Crestwood's implementation of its established approaches or strategies.

Item 9 – Disciplinary Information

Registered investment advisers are required to disclose whether there are any legal or disciplinary events that would be material to a client's or a prospective client's evaluation of Crestwood or the integrity of Crestwood's management. Crestwood has no history of any reportable disciplinary action.

Item 10 – Other Financial Industry Activities and Affiliations

Crestwood has a material business relationship with Crestwood Capital Group, LLC, which serves as the general partner to Crestwood Partners and Crestwood Partners II. Crestwood Capital Group, LLC is not a registered investment adviser.

As discussed in response to Items 4 and 7 above, Crestwood manages the assets of several private investment funds. We do not believe that the contemporaneous management of the Crestwood Funds causes a conflict of interest because they share the same investment strategies, and allocations are made based on the principles described in Item 4.

Both Amit Mehta and Michael Weisberg, the principals of Crestwood, and some Crestwood employees, have significant aggregate investments in one or more of the Funds, as a result of which such Funds are considered to be related persons of Crestwood. This creates a conflict of interest to the extent that the Portfolio Managers may unfairly advantage one of the related Funds over its other clients in allocating securities and expenses, for example. Crestwood allocates trades and expenses on a pro rata basis to mitigate this conflict.

Neither Crestwood nor any of its management persons are registered or have an application pending to register as a broker-dealer or as registered representative of a broker-dealer. Neither Crestwood nor any of its management persons are registered or have an application pending as a futures commission merchant, commodity pool operator or commodity trading advisor, or as an associated person of any of the foregoing.

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

As an investment manager to various Funds, Crestwood may give advice, or take action or refrain from taking action, any of which may differ from advice given, action taken or not taken or the timing of any action for any other Fund. Further, Crestwood may recommend or effect transactions on behalf of Crestwood Master Fund and/or Crestwood Partners II in

securities which it or any of its affiliated persons may buy or sell for their own accounts. Crestwood is not a broker-dealer and does not act as a principal or broker in connection with Fund transactions. Crestwood, and persons related to Crestwood, including its officers, directors and employees, may buy, sell, or have a financial interest in securities recommended to the Funds either by investing directly in the Funds managed by Crestwood or otherwise, through independent transactions in personal accounts subject to Crestwood's Code of Ethics described below.

Crestwood has adopted a Code of Ethics in an effort to avoid potential conflicts of interest and the inappropriate use of material non-public information, and to ensure the propriety of its employees' and clients' trading activities. The Code of Ethics is distributed to each employee at the time of hire and employees receive annual training in issues related to the Code of Ethics. The Code is based on the principle that officers, directors and other Crestwood personnel owe a fiduciary duty to Crestwood's clients and must place the interests of Crestwood's clients above their own.

Crestwood's Code of Ethics generally prohibits any employee or the immediate family member of any employee from buying or selling any publicly-traded equity security that is held in a Fund portfolio. We believe that this prohibition effectively addresses the potential conflict of interest with the Funds that may arise as a result of personal trading by our employees. In addition, subject to certain exceptions (e.g., U.S. government securities, open-ended investment companies, investments in private placements, etc.), all employees must pre-clear all securities transactions in their personal accounts and the accounts of immediate family members.

The Code of Ethics also prohibits any employee or their immediate family member from participating in initial public offerings ("IPO"s) or from purchasing or selling the same security within a specified time period. Crestwood also maintains a blackout period for employees, during which it will not authorize the purchase or sale of securities if they are being bought or sold by the Funds. The Code further requires employees to surrender profits from "short-swing" trading (purchase and sale of the same security or its equivalent within a thirty (30) day period).

Employees are required to provide Crestwood with a complete report of their securities holdings at the time they are hired. Employees also provide Crestwood with duplicate copies of trade confirmations and account statements for all of their brokerage accounts. Employees are also required to provide quarterly transaction and annual securities holdings reports. Most types of securities are subject to these reporting requirements.

In order to ensure that Crestwood employees do not buy or sell securities at the same time as Crestwood Master Fund or Crestwood Partners II, employees are prohibited from trading in securities held by the Funds. This prohibition remains in effect until at least seven (7) days after Crestwood Master Fund and/or Crestwood Partners II have exited the position. Crestwood also maintains various Restricted Trading Lists (each a "Restricted List"). Crestwood Master Fund or Crestwood Partners II may be permitted to execute transactions in securities on a Restricted List unless Crestwood or any Crestwood employee is in possession of material non-public information concerning the security. Crestwood's

policies and procedures regarding securities on a Restricted List apply to Employees and their immediate family members. Securities that will be placed on a Restricted List include any:

- Securities with whose issuer Crestwood or any of its employees or their immediate family members is affiliated;
- Securities of an issuer with whom any Fund investor has disclosed an affiliation; or
- Any other security at the discretion of the Chief Compliance Officer.

The placement of a security on a Restricted List restricts personal trading in the securities of the issuer unless Crestwood's Chief Compliance Officer grants an exception, which must occur before any otherwise prohibited activity is initiated. Securities are generally kept on the Restricted List until the reason for placement on the list no longer applies.

The Code also prohibits employees from serving on the boards of public companies under any circumstances, and from maintaining other outside affiliations without prior approval.

It is possible that Crestwood employees may own securities that are subsequently purchased for Crestwood Master Fund or Crestwood Partners II. It is possible that Crestwood may purchase publicly issued securities for Crestwood Master Fund or Crestwood Partners II which were previously acquired by its employees. From time to time, conditions may arise in which shares may be purchased or sold by these Funds that are already owned by employees of the firm. In these circumstances, Employees and immediate family members will not be permitted to add to their existing positions, but will be permitted sell or close out their entire position, provided that Crestwood has no intention to execute a transaction in the security, and has not traded the security in the prior seven days.

The Code establishes sanctions if its requirements are violated, up to and including dismissal from employment. Employees are required to certify annually that they have complied with the Code of Ethics.

The foregoing is only a summary of the provisions of the Code and is qualified in its entirety by the detailed provisions appearing in the full text of the Code. Clients may obtain a copy of the Code of Ethics by contacting Crestwood's Chief Compliance Officer at 575 Lexington Avenue, 29th Floor, New York, NY 10022.

Crestwood treats as confidential all information provided by the underlying investors in the Funds. Such confidential information will not be disclosed to any non-affiliated third party, except as permitted by such investors, in accordance with applicable law, or as required by law.

From time to time, Crestwood may come into possession of material non-public information, which, if disclosed, might affect an investor's decision to buy, sell or hold a security. This may occur, for example, where an affiliated person is a director or officer of a company, the stock of which may be held by Crestwood Master Fund or Crestwood

Partners II. In the event that Crestwood does come into possession of material non-public information, it will be unable to use this information for the benefit of the Funds. Thus, Crestwood's possession of this information may cause a Fund to retain a security position or be unable to engage in a transaction in that position until such time as the information is made public.

Item 12 – Brokerage Practices

Crestwood outsources most of its trading function for exchange-listed securities to certain outsourced trading firms it selects from time to time for a fee that is borne by Crestwood Master Fund and/or Crestwood Partners II, as applicable. Under the terms of the agreement between Crestwood and each outsourced trading firm, subject to the overall direction of Crestwood and the outsourced trading firm's obligations to seek best execution, the outsourced trading firm has the discretion to select broker-dealers or counterparties from a list of approved broker-dealers and counterparties provided by Crestwood to each outsourced trading firm to execute orders for Crestwood Master Fund and Crestwood Partners II and to place trades on behalf of these Funds. Notwithstanding the foregoing, Crestwood may direct a trading firm to execute portfolio transactions with a particular broker-dealer or counterparty selected by Crestwood, that provides Crestwood with brokerage and/or research services pursuant to Section 28(e) of the Securities Exchange Act of 1934 (the "Exchange Act"), or, for example, when participating in an IPO transaction.

Pursuant to a written agreement between Crestwood and each outsourced trading firm, each such firm has agreed to comply with its own trading policies, including those policies and procedures regarding best execution, in executing trades for Crestwood Master Fund and Crestwood Partners II.

The outsourced trading function may raise potential conflicts of interest because each outsourced trading firm will have access to some or all trading information regarding the Funds. However, the employees of each outsourced trading firm that are responsible for trading on behalf of Crestwood Master Fund and Crestwood Partners II are subject to their employer's Code of Ethics and related brokerage policies and procedures that restrict access to client information to a "need to know basis," including information about trading activity in these Funds, and generally restrict such employees from trading in securities that Crestwood purchases or sells on behalf of its Funds during a specified period of time.

Brokerage Selection and Best Execution

Crestwood is responsible for evaluating and selecting executing brokers with whom each outsourced trading firm may trade on behalf of the Funds. The outsourced trading firms, as discussed below, are expected to seek best execution when placing Fund trades with one of the pre-selected executing brokers. Some of the factors that Crestwood considers when making its selections include:

- Access to liquidity;

- Execution efficiency;
- Capital utilization;
- Clearance and settlement capabilities;
- Reasonableness of commission rate or spread;
- Quality, comprehensiveness and frequency of available research;
- Financial strength; and
- Integrity and stability.

Under the terms of its own policies and procedures, each outsourced trading firm is obligated to seek best execution for its customers, including Crestwood Master Fund and Crestwood Partners II. Best execution generally means seeking to obtain net favorable results, taking into account such factors as price (including the applicable commission or dealer spread), size of order, difficulty of execution, the operations facilities, reliability and financial responsibility of the firm involved, the firm's risk in positioning a block of securities, and research provided. Other brokerage and trading services may be considered in analyzing execution practices including but not limited to the promptness of execution, confidentiality of trading activity, clearance and settlement, and order positioning.

Each outsourced trading firm is contractually obligated to execute securities transactions for Crestwood Master Fund and Crestwood Partners II in such a manner that a Fund's net cost or proceeds in each transaction is the most favorable under the circumstances, and each such firm's best execution policy applies to all transactions in all instruments, regardless of the Fund. Each outsourced trading firm is not required to seek competitive bids and does not have an obligation to seek the lowest available commission cost. Thus, in any transaction, a Fund may pay commissions to a broker in an amount greater than an amount another broker might charge.

In selecting a counterparty and market through which to effect a trade, and in determining whether a transaction represents the best execution, each outsourced trading firm is permitted to consider a range of quantitative and qualitative factors, including but not limited to the following:

Counterparty Considerations

- Access to liquidity;
- Execution efficiency;
- Capital utilization;
- Clearance and settlement capabilities; and
- Reasonableness of commission rate or spread.

Market Considerations

- Size and type of transaction;
- Characteristics of the market(s) in which the security may be traded; and
- Nature of post-trade settlement, custody and foreign exchange structures.

Crestwood enters into derivative product contracts (commonly referred to as swaps, directly with counterparties for the benefit of the Funds without using the services of an outsourced trading firm. Crestwood has relationships with multiple counterparties so that it can select the counterparty it believes will be best for each transaction. In making this decision on a transaction by transaction basis, Crestwood will consider, among other things, market conditions, and the counterparties' creditworthiness, financial strength, market breadth, reputation, and willingness to negotiate fair and reasonable terms.

Crestwood has entered into certain prime brokerage arrangements on behalf of Crestwood Master Fund and Crestwood Partners II that are designed to allow trading with multiple brokers while centralizing clearance and custody through prime brokers. Crestwood directs delivery of funds or securities to a prime broker who is responsible for custody, clearance and settlement services including matching trades with executing brokers and delivering account confirmations and statements.

Prime brokers may, as an incident to their services to Crestwood (and not for any additional compensation), sponsor conferences or seminars or provide "capital introduction services" in which consultants and prospective institutional investors may be introduced to Crestwood or the Funds managed by Crestwood, consistent with applicable private offering restrictions.

Brokers-dealers that execute trades, directly or indirectly, on behalf of Crestwood Master Fund or Crestwood Partners II may refer investors to the Crestwood Funds or engage in other customary services or transactions with Crestwood. From time to time, broker-dealers also provide incidental consulting services and other advice with respect to Crestwood's operations and/or other matters on a formal or informal basis. The provision of such services or advice may not be subject to formal agreements and may not be compensated, depending on the extent of the services provided. Provision of services, including client referrals, provides Crestwood with an incentive to select the respective broker-dealer for client transactions without regard to best execution. In addition, some broker-dealers may recommend that Crestwood be invited to make presentations and proposals for potential underlying investors' business, which raises a conflict of interest. Crestwood will, however, provide compensation that it considers to be arm's length in any situation where such services have material value and will not allocate brokerage transactions to a provider of such services as compensation for client or investor referrals or other services.

Research and Other Soft Dollar Benefits

Under Section 28(e) an investment adviser is generally deemed to have acted lawfully and in a manner consistent with its fiduciary duties under federal and state law, if the adviser determines in good faith that the commissions charged by a broker-dealer are reasonable in relation to the value of the brokerage and research products or services provided by such broker. Section 28(e) covers research products and services that provide lawful and appropriate assistance to the investment adviser in the performance of its investment

decision making responsibilities, without regard to whether the research products or services benefit the account bearing the commission charge.

“Soft dollar” expenses paid by brokers may include items which would be properly chargeable to the Funds directly. Payment of costs through “soft dollars” may benefit Crestwood by relieving it of costs that it would otherwise have to bear because Crestwood does not have to produce or pay for the research, products or services. Receipt of this benefit may create an incentive for Crestwood to select a broker based on its interest in receiving the benefit rather than a Fund’s interest in receiving best execution.

Crestwood has entered into arrangements with brokers serving the Funds providing for the use of commissions or “soft dollars” to pay the costs of certain research products or services which fall within the safe harbor created by Section 28(e). The research and other benefits Crestwood has obtained through the use of soft dollars includes market quotes and industry research. Such services are obtained from multiple vendors.

If an expense relates to a function that would generally qualify for soft dollar payment (e.g. client research), as well as a function which does not (e.g., Crestwood administrative functions), Crestwood will make a good faith allocation of the cost between qualifying and non-qualifying functions to determine the portion that may be paid for with soft dollars. The allocation process will attempt to take into account the principal functions or benefits of the item involved, but will not attempt to measure de minimis or occasional non-qualified usage or usage of a de minimis value. It is therefore possible that payments associated with such non-qualified usage or payments made in error could benefit Crestwood, but it is not expected that such payments would be material in amount.

In any instance in which Crestwood enters into a soft dollar arrangement, a Fund may pay commissions to the relevant broker which are greater than the amount another broker may charge, but Crestwood will only do so if it determines in good faith that such amount of commissions is reasonable in relation to the value of all property, products and services provided by such broker.

Crestwood is not required to, and may not, allocate the benefits provided with a particular soft dollar expenditure to a particular Fund. Because Crestwood Master Fund and Crestwood Partners II share virtually all investments in common, they will likely also share many of the soft dollar benefits derived from their collective trading. The benefits derived from any particular Fund, however, may not be proportional to the costs incurred.

The use of client commissions for soft dollar services is subject to certain policies and procedures designed to ensure that services obtained with commissions are used for appropriate purposes, such as assisting in the investment decision-making process. These processes include pre-approval and documentation of soft dollar services, including mixed-use services. Crestwood periodically monitors and evaluates the quality and performance as well as execution capabilities of firms which provide research and brokerage services.

Trade Aggregation and Allocation Policies

Crestwood seeks to allocate investment opportunities between Crestwood Master Fund and Crestwood Partners II in a fair and equitable manner, over time. Although Crestwood seeks to allocate investment opportunities in a manner that it believes to be in the best interest of its Funds, there can be no assurance that a particular investment opportunity will be allocated in a particular manner. Each of Crestwood Master Fund and Crestwood Partners II bears any costs associated with special limitations (e.g., investment or trading restrictions) associated with that particular Fund. Generally, allocations are determined by the Crestwood Portfolio Managers in accordance with these policies. Allocations are determined and documented prior to a trade.

IPO Allocations

According to its policies and procedures, Crestwood generally allocates IPOs and new issues as well as other public offerings on the basis of pre-established criteria across those eligible accounts seeking to purchase the securities and for which the securities are appropriate. Crestwood generally allocates IPOs and new issues on a pro rata basis among participating accounts. Eligible Fund investors may receive a greater allocation of profits and losses related to such IPOs and new issues based upon their percentage share of IPO eligible assets within the Fund.

Item 13 – Review of Accounts

Crestwood's Portfolio Managers review Fund accounts on a regular basis for appropriateness of holdings and transactions in light of the Funds' investment strategy. Cash and position reports are checked on a regular basis by Crestwood's Chief Operating Officer, who also serves as Crestwood's Chief Compliance Officer. The financial statements for each Fund are audited annually by an independent certified public accountant.

Crestwood makes available to the underlying investors in the Funds, via email or on a password protected website, unaudited monthly and quarterly written reports. These reports set forth the performance of the investor and other financial data and information. Crestwood also provides investors with a copy of the Fund's audited financial report and the information necessary for investors to complete their annual federal income tax return, as applicable. Crestwood also responds to periodic requests by Fund investors to value their investments and to provide certain additional information.

Item 14 – Client Referrals and Other Compensation

Crestwood employees attend conferences at which employees may be given gifts and/or trinkets that are less than \$50 in value. Employees may also receive gifts or similar items from other professionals, as long as they are less than \$250 in value per gift or instance and less than \$1,000 per donor per year. Employees may also receive entertainment from other professionals, as long as the value of such business entertainment is less than \$500 in value

per instance and less than \$3,000 per donor per year. The receipt of these gifts and/or entertainment creates the incentive for Crestwood to refer business to these professionals when it may not be in the Funds' best interest to do so. However, employees are required to report all such gifts and entertainment above a de minimis threshold and Crestwood conducts a periodic review to ensure that business is not being referred to a third party as a result of improper gift or entertainment giving.

As discussed above (see Item 12) for a fee paid for by the Funds, Crestwood receives trading and related support services from certain outsourced trading firms.

Item 15 – Custody

To the extent Crestwood is deemed to have custody of client funds or securities under the Advisers Act, Crestwood is relying on the private fund exemption which requires Crestwood to send audited financial statements prepared by an independent public accountant to the underlying Fund investors within one hundred twenty (120) days after the end of the fiscal year.

Item 16 – Investment Discretion

Crestwood's fiduciary duty requires it to give investment advice that is suitable and appropriate to each Fund, and to have an adequate basis in fact for its investment recommendations. Crestwood has been granted discretionary authority to manage the securities accounts of the Funds pursuant to an investment management agreement entered into with each Fund, although with respect to each of Crestwood International and Crestwood Partners, Crestwood is required to invest all of their respective investable assets in Crestwood Master Fund. Pursuant to this grant of discretionary authority, Crestwood is authorized to purchase and sell securities for Crestwood Master Fund and Crestwood Capital Partners II, select brokers, and negotiate commission rates, subject to the guidelines set forth in the private placement memorandum for each of Crestwood International, Crestwood Partners and Crestwood Partners II.

Item 17 – Voting Client Securities

As investment manager or adviser to the Funds, Crestwood has responsibility for making investment decisions that are in the best interest of the Funds. As part of the investment management services it provides, Crestwood generally has the responsibility to vote proxies appurtenant to the shares held in Crestwood Master Fund's and Crestwood Partners II's portfolios. As a fiduciary, Crestwood believes that it has a duty to manage assets solely in the best interest of its clients, and that the ability to vote proxies is a client asset. Accordingly, Crestwood has a duty to vote proxies in a manner in which it believes will add value to a Fund's investment. Crestwood may amend its proxy voting policies at any time.

Crestwood's investment management agreements with each of Crestwood Master Fund and Crestwood Partners II grant Crestwood the authority to cast all proxy votes. As required by the Advisers Act, Crestwood has adopted a proxy voting policy, which provides that Crestwood will, based on its reasonable understanding of the Funds' investment objectives, which shall include conducting an investigation reasonably designed to ensure that the voting determination is not based on materially inaccurate or incomplete information, act in the best interest of these Funds in determining whether and how to vote on any proxy voting matter. Crestwood has retained the services of an independent proxy voting service, which votes proxies in accordance with Crestwood's guidelines and retains the proxy voting records for six (6) years or such other period as may be required by applicable law or regulation. Crestwood's proxy voting policy includes the requirement that it conduct a heightened analysis of the voting recommendation in highly contested or controversial votes, or in situations where the firm's proxy voting guidelines do not address how the firm should vote. On an at least annual basis, Crestwood reviews the adequacy and implementation of its proxy voting policies and procedures, and evaluates the independent proxy voting service's potential conflicts of interest on an ongoing basis.

Crestwood's Portfolio Managers consult with the investment team concerning the best method to resolve any actual or apparent conflicts of interest between the interests of Crestwood and its Funds, in a manner that affords priority to the interests of the Funds. If the conflict is personal to a Portfolio Manager, the Portfolio Manager will designate others to address the issues presented by the proxy vote.

Clients can obtain a copy of the proxy voting policy and information on how Crestwood voted client securities by addressing a request for such policy or information to Crestwood's Chief Compliance Officer at 575 Lexington Avenue, 29th Floor, New York, NY 10022.

Item 18 – Financial Information

Crestwood does not charge or solicit pre-payment of \$1,200 in fees per client six (6) months or more in advance. Crestwood has no financial commitment that is reasonably likely to impair its ability to meet contractual and fiduciary commitments to clients. Crestwood has not been the subject of a bankruptcy proceeding.

Item 19 – Requirements for State-Registered Advisers

Not applicable.