

## **CIRCLE SQUARED ALTERNATIVE INVESTMENTS, LLC**

*a Registered Investment Adviser*

20 Community Place, Ste 7  
Morristown, New Jersey 07960

(973) 532-6840

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

This brochure provides information about the qualifications and business practices of Circle Squared Alternative Investments, LLC (hereinafter “CSQ”, the “Firm” or “Adviser”). If you have any questions about the contents of this brochure, please contact the Adviser at (973) 975-0750. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any state securities authority. Additional information about the Firm is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The Firm is a registered investment adviser. Registration does not imply any level of skill or training.

**Item 2. Material Changes**

In this Item, Circle Squared Alternative Investments, LLC (“CSQ”, “Firm”, or “Adviser”) is required to discuss any material changes that have been made to the Disclosure Brochure since the last annual amendment dated March 30, 2020:

- Item 4 (Advisory Business) has been revised to reflect revisions to the services offered by CSQ and also to include the updated regulatory assets under management for the Firm;
- Item 7 (Types of Clients) has been amended to reflect changes to the types of clients served by CSQ;
- Item 8 (Methods of Analysis, Investment Strategies and Risk of Loss) has been amended to reflect revisions to CSQ’s investment methodologies and to update risk factors associated with its investment advisory activities;
- Item 10 (Other Financial Industry Activities and Affiliations) has been amended to reflect revisions pertaining to CSQ’s affiliate, CS Manager, LLC and other relationships that present a conflict with its clients;
- Item 12 (Brokerage Practices) has been amended to reflect the fact that CSQ does not recommend broker-dealers for effecting its clients trades (given their strategy focuses on private investments).

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## Item 4. Advisory Business

Circle Squared Alternative Investments, LLC (“CSQ” or “Adviser”) is an investment adviser that has been registered with the SEC since October 2014. The Adviser primarily sponsors and renders investment advice to unregistered pooled investment vehicles (“CSQ Funds”). Jeffrey Sica is the principal owner of the Adviser.

When rendering advisory services to the CSQ Funds, the Adviser provides advice customized to the specific needs of such CSQ Fund, but the Adviser does not render personal investment advice tailored to meet the needs of individual investors in the CSQ Funds. Prospective investors in the CSQ Fund should consult with their financial professional to determine eligibility and suitability requirements applicable to the CSQ Fund(s) prior to making an investment.

While this brochure generally describes the business of CSQ, certain sections also discuss the activities of CSQ’s Supervised Persons. Supervised Persons refer to the Adviser’s officers, partners, directors (or other persons occupying a similar status or performing similar functions), employees or any other person who provides investment advice on CSQ’s behalf and is subject to the Adviser’s supervision or control.

As of December 31, 2020, CSQ had \$66,806,264 in regulatory assets under management, all of which were managed on a discretionary basis.

### Sponsor and Investment Manager for the CSQ Funds

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CSQ’s primary business is sponsoring and advising the CSQ Funds, which are exempt from registration as investment companies pursuant to the Investment Company Act of 1940 (“Investment Company Act”) and whose securities are exempt from registration pursuant to the Securities Act of 1933 (“Securities Act”).

Such funds primarily provide investors with exposure to real estate development project investments by investing substantially all of their investable assets in a joint venture (“JV”) that is managed by the project sponsor or developer, as the manager of the JV. The manager of the JV itself is responsible for making all decisions pertaining to the operations of the real estate development projects whereas CSQ will conduct monitoring of the progress of such projects on a periodic basis.

These funds include, among others, CS Hale Investor, LLC (“CS Hale”), CS Netcong, LLC (“CS Netcong”), CS Bayonne Investor, LLC (“CS Bayonne”), CS NJCU Investor, LLC (“CS NJCU”), CS Block 1 NJCU Investor, LLC (“CS Block 1 NJCU”), and CS Violet Estates Investor, LLC (“CS Violet Estates”). The Adviser’s unregistered affiliate, CS Manager, LLC (“CS Manager”) serves as the managing member of such CSQ Funds and receives performance-based compensation if the funds’ investments perform well. The Adviser’s owner, Jeffrey Sica, is the Managing Member of CS Manager. With respect to certain of such CSQ Funds, the Adviser charges advisory fees (typically flat annual fees) for services rendered to such CSQ Funds.

In contrast to the typical structure of the CSQ Funds described above, CSQ also serves as Managing Member and Adviser to CSQ Hampshire Net Lease Fund I, LLC (“CSQHNLFI”). CSQHNLFI, while not structured as a master-feeder fund structure, invests substantially all of its investable assets (i.e., 90% or more) in the Hampshire Net Lease Fund LLC (“HNLFI”), which is a fund that relies on the Section 3(c)(5) exemption from having to register as an investment company under the Investment Company Act and whose securities are exempt from registration pursuant to the Securities Act. HNLFI is managed by Hampshire Investment Management Company, LLC (“HIMCO”), which is an affiliate of The Hampshire Companies, and a New Jersey-based investment adviser registered with the SEC since November 2011. The Adviser receives an advisory fee equal to a percentage of the aggregate Unit Value of the fund. In addition, the Adviser receives performance-based compensation based on the performance of the fund.

More information related to the CSQ Funds, including information about each specific fund’s investment objective, structure, compensation to be paid to sponsors and service providers, risk factors, and conflicts of interest can be found in the Confidential Private Placement Memorandum (“Memorandum”) for each CSQ Fund as well as the Limited Liability Company Operating Agreement or similar agreement (“Operating Agreement”) for the specific CSQ Fund.

Investors must meet certain eligibility and suitability requirements in order to invest in the CSQ Funds, including the fact that they must be accredited investors, as such term is defined in Rule 501 of Regulation D under the Securities Act and “qualified clients” as such term is defined in Rule 205-3 under the Investment Advisers Act. The CSQ Funds may impose other eligibility requirements, which are outlined in the Subscription Agreement for each CSQ Fund (each, a “Subscription Agreement, and, together with the Memorandum and Operating Agreement for each CSQ Fund, the “Offering Documents” for such CSQ Fund).

## Item 5. Fees and Compensation

The Adviser offers services on a fee basis, which typically include flat fees, assets under management, or performance-based fees.

With respect to each CSQ Fund, the specific compensation to be paid to CSQ and any of its affiliates is set forth in the Offering Documents for such CSQ Fund, and such fees can include advisory fees (which can be flat fees or asset-based fees, performance-based compensation, and participation in certain sponsor-related fees (including, without limitation, developer’s fees). **Depending on the CSQ Fund, CSQ is also entitled to other fees and expense reimbursements, as more fully described in the Offering Documents for such CSQ Funds.**

### Fee Discretion

Investors in the CSQ Funds generally pay their pro rata share of fees to CSQ which do not generally vary from investor to investor.

### **Additional Fees and Expenses**

In addition to the fees paid to CSQ, investors in the CSQ Funds will pay third parties various fees and expenses associated with their investments in the CSQ Funds, which are outlined in the Offering and Subscription Documents for each CSQ Fund. Such fees and expenses could include, among others: fees paid to project sponsors, their affiliates, and other third parties (including, without limitation, acquisition fees, asset management fees, development fees, consulting fees, and property management fees); fees and expenses associated with real estate brokerage, development, construction, financing, leasing, and property management; organizational expenses for the funds (including legal, accounting, marketing, and other expenses); fees paid to service providers (including, without limitation, attorneys, administrators, accountants, consultants, custodians, and others), investment-related expenses; insurance-related costs; financing costs; auditing expenses; financial statement and tax return preparation costs; filing and registration fees; expenses of winding up and liquidation; taxes; fees or other governmental charges levied against the fund; and litigation-related and indemnification expenses.

### **Direct Fee Debit**

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Managing Members of the CSQ Funds provide the Adviser with the authority to instruct the fund administrator to directly debit payment of CSQ's advisors fees and, where applicable, performance-based fees as outlined in the Memorandum.

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

As stated in Item 5, the Adviser or its affiliate charges investors in the CSQ Funds performance-based fees (i.e., a fee based on a share of capital gains or capital appreciation of a client's assets). Although the Adviser believes that this fee arrangement best aligns the interests of the Adviser with its clients, such an arrangement nonetheless results in certain conflicts of interest. Among other things, the performance-based fee creates an incentive for the Adviser to make or recommend investments that are riskier or more speculative than would be the case absent a performance-based fee arrangement. Nonetheless, CSQ is committed to ensuring that its investment recommendations are in the best interest of its clients.

## Item 7. Types of Clients

Adviser's only clients are the CSQ Funds. CSQ does not provide advisory services directly to other investors.

### Minimum Account Requirements

Because the CSQ Funds must typically raise a certain amount in order to participate in real estate projects, the CSQ Funds typically impose a minimum amount that must be raised in order to launch such funds. In addition, the CSQ Hampshire Net Lease Fund I, CS Hale, CS NJCU, CS Block 1 NJCU, and CS Violet Estates do generally require an initial investment range of \$50,000 to \$100,000 for prospective investors, although the Managing Member or Adviser of the CSQ Funds reserve the right to reduce the minimum commitment for an investor.

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

### Methods of Analysis

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The Adviser, through the CSQ Funds, seeks to provide investors with investment alternatives that seek to provide current income or total returns that are not correlated with the performance of the stock market or traditional bond markets. The CSQ Funds generally invest in funds or joint ventures that provide exposure to real estate development projects. Typically, this means sourcing potential "value-add" opportunities, conducting due diligence on the real estate projects and, as necessary, their sponsors, working with real estate project sponsors to structure potential investment opportunities for a CSQ Fund, and, as appropriate, providing services in connection with such real estate projects once initiated. The Adviser does not typically take an active role in managing such projects once they commence although the Adviser will communicate with the real estate project sponsor for updates on the progress of the project.

### Investment Strategies

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CSQ's investment strategy for each CSQ Fund is stated in the Offering Documents for each CSQ Fund.

### Risk of Loss

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#### *Market Risks*

Investing involves risk, including the potential loss of principal and all investors should be guided accordingly. The profitability of a significant portion of CSQ's recommendations and/or investment decisions in managing the CSQ Funds may depend to a great extent upon correctly assessing the future course of price movements of real estate and other asset classes. There can be no assurance that the Adviser will be able to predict those price movements accurately or capitalize on any such assumptions. Past performance is not indicative of or a guarantee of future returns.

#### *Volatility Risks*

The prices and values of real estate investments can be highly volatile, and are influenced by, among other things, interest rates, general economic conditions, the condition of the financial markets, the financial condition of the issuers of such assets, changing supply and demand relationships, and programs and policies of governments.

#### *Cash Alternatives*

The Adviser may invest some of a client's assets temporarily in cash or cash alternatives such as money market funds or other similar types of short-term principal conservation investments, during which time an advisory account may be prevented from achieving its investment objective.

#### *Real Estate Risk*

Real estate related investments are subject to varying degrees of risk. The returns available from investments in real estate related investments depend on the amount of income generated and expenses incurred. The income generated by the investment vehicles and real estate projects in which the CSQ Funds invest may also be adversely affected by a number of factors, including: the national, regional and local economic climate; supply and demand for properties and investments; the perceptions by prospective tenants of the safety, convenience and attractiveness of the area in which each investment is located; the ability of project sponsors to provide adequate management, maintenance and insurance; operating costs (including real estate taxes and utilities, and cost of compliance with government regulation, including zoning, environmental and tax laws); and changes in interest rates. Additionally, project sponsors may invest in under-performing assets (i.e., real estate assets that have experienced or continue to experience financial difficulties). Accordingly, an investment in the CSQ Funds requires a long-term commitment, with no certainty of a return of principal.

#### *Liquidity Risk*

Real estate related investments are illiquid. Where applicable, a CSQ Fund's ability (or the ability of the entity in which it invests) to dispose of real estate related investments in a timely manner, or realize any gain or recover its investment capital, may be limited. Real estate related investments may be subject to legal, contractual or other restrictions on resale or transfer that could interfere with the disposition of such investments or adversely impact the terms that could be obtained upon such disposition.



*Development Risk*

There can be no assurance that the sponsors of real estate projects in which the CSQ Funds invest will be able to successfully navigate the challenges associated with developing and constructing real estate projects, which could significantly hinder the value of such projects.

*Leasing and Property Management Risks*

Even if the sponsors of real estate projects in which the CSQ Funds invest were to successfully develop such properties, there can be no assurance that the sponsor could successfully navigate the lease-up and property management phases to ensure that the property will generate the type of income or appreciation anticipated. The failure to successfully lease and manage such properties could significantly impair the value of such real estate projects.

*Refinancing Risk*

The sponsors of the real estate projects in which CSQ Funds invest may find it difficult to refinance loans used for acquisition, development, and construction, which could significantly impair the value of the real estate project.

*Permits, Certificates, & Zoning Risk*

The sponsors of the real estate projects in which CSQ Funds invest cannot make any assurances that they will not encounter impediments to obtaining, maintaining or extending any and all necessary permits, licenses, certificates and approvals required to complete the Project, including requisite zoning approvals and adequate utilities, and no assurances can be made that they will be maintained or extended, if any such requirements arise in the future.

*Environmental Risk*

A current or previous owner or operator of real property may be liable for the costs of removal or remediation of certain hazardous or toxic substances on, in or under such real property. These laws often impose liability without regard for whether the owner or operator knew of, or was responsible for, the presence of such hazardous or toxic substances. The costs of remediation, removal, clean up or abatement of such substances may be substantial and the presence of such substances or the failure to properly remediate them may adversely affect the owner's or operator's ability to sell or rent the property or to borrow using such property as collateral.

*Joint Venture Risk*

The success of a project and therefore the ability of the Joint Venture to make distributions to each member depend in substantial part to the skill and expertise of the managing member of the joint venture and its key personnel, and the other individuals employed and engaged to assist them. There can be no assurance that

these key personnel or such other individuals will continue to be associated with the Project. The loss of the services of one or more of these key personnel or such other individuals could have an adverse impact on the Project.

*Pandemic Risk.*

The recent COVID-19 pandemic has caused and continues to cause disruptions in economies and individual companies and volatility in financial markets throughout the world, including those in which the CSQ Funds invest. The impact of the pandemic and resulting economic disruptions may negatively impact the Clients and the performance of their portfolios due to, among other things, (i) interruption of business operations resulting from travel restrictions, reduced consumer spending, and quarantines of employees, customers and suppliers in areas affected by the outbreak, (ii) closures of manufacturing facilities, warehouses and logistics supply chains, and (iii) uncertainty about the duration of the virus' impact on global financial markets. Governments and central banks throughout the world have responded to the pandemic and resulting economic disruptions with a variety of fiscal and monetary policy changes, including direct capital infusions into companies and other issuers, new monetary policy tools and lower interest rates, but the ultimate impact of these efforts is uncertain. It is not possible to determine the duration or severity of the disruption in financial markets or the long-term economic impact of the COVID-19 pandemic, or other future epidemics or pandemics, which may adversely affect the Clients' performance and investment strategies and significantly reduce available investment opportunities.

## **Item 9. Disciplinary Information**

In this section, the Adviser is required to disclose any legal or disciplinary events that are material to a client's evaluation of its advisory business or the integrity of its management. On February 27, 2020, the SEC filed a settled Order Instituting Administrative Proceedings ("OIP") against registered investment adviser Sica Wealth Management, LLC ("SWM") and its principal Jeffrey C. Sica ("Sica"). SWM and Mr. Sica agreed to settle the OIP without admitting or denying the SEC's findings contained therein. According to the SEC, SWM and Mr. Sica failed to adequately disclose certain compensation that SWM and an affiliated adviser received from Aequis Management, LLC during the time that SWM and Mr. Sica recommended that certain clients invest in securities issued by Aequis Commercial Finance, LLC ("ACF") (Aequis Management, LCC, the parent company of ACF, and ACF are referred to herein as "Aequis"). The SEC found that Aequis paid SWM and the affiliated adviser a total of \$2 million pursuant to consulting agreements and a loan agreement, which created conflicts of interest relating to SWM's and Sica's recommendations that clients invest in Aequis securities. Approximately 45 SWM clients invested approximately \$30.6 million in ACF Notes between October 2013 and March 2015. The SEC further found that the Aequis agreements and the resulting compensation should have been disclosed to clients so that they could fairly evaluate the conflicts in deciding whether to invest in Aequis securities. SWM and Mr. Sica ceased recommending Aequis in March 2015 and had redeemed approximately \$20 million of the ACF Notes by November 2015. Based on the failure to adequately disclose the consulting and

loan payments, the SEC found that SWM and Mr. Sica violated Section 206(2) of the Investment Advisers Act. Pursuant to the OIP, SWM and Mr. Sica were censured and ordered to cease-and desist from violating Section 206(2) of the Adviser Act. In addition, SWM will pay disgorgement of \$236,029.19, prejudgment interest of \$57,173.06 and a civil penalty of \$80,000. The disgorgement and prejudgment interest ultimately will be distributed to SWM clients who paid management fees on their ACF Notes to SWM or its affiliated adviser. In March 2021, Mr. Sica paid his entire civil penalty of \$30,000.

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

CSQ is required to disclose any relationship or arrangement that is material to its advisory business or to its clients (i.e. CSQ Funds) with certain related persons.

### **Related Investment Adviser and Operating Company**

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The Chief Executive Officer of the Adviser, Jeffrey Sica, is also the owner and Chief Executive Officer of Sica Wealth Management, LLC (“Sica Wealth”), which is an investment adviser under common control with CSQ. Sica Wealth recommends that eligible clients invest assets in CSQ Funds and also performs certain operational duties on behalf of the Adviser. A conflict of interest exists as Sica Wealth has an incentive to recommend that clients invest assets in the CSQ Funds given that CSQ and CS Manager can earn compensation from the CSQ Funds, which influences the desire for the success of such funds.

**CSQ’s affiliate, CS Manager, serves as the Managing Member of various CSQ Funds and can earn performance-based compensation if such CSQ Funds’ investments perform well. CS Manager is principally managed by Jeffrey Sica, who is a minority owner along with various clients of Sica Wealth who also maintain ownership interest in CS Manager. Such ownership arrangements for CS Manager result in conflicts of interest as they may influence the amount of time and resources devoted by the Adviser in promoting the funds managed by CS Manager. Mr. Sica also receives compensation for serving as managing member of CS Manager.**

### **Related Insurance Agency and Licensed Insurance Agents**

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CSQ’s advisory affiliate, Sica Wealth, maintains an insurance agency with the same name. Certain employees of the Adviser are also licensed agents with Sica Wealth’s insurance agency . and therefore able to recommend and sell traditional insurance through the Sica Wealth insurance agency to its clients. As a

result, a conflict of interest exists as Sica Wealth (and its supervised persons) have an incentive to recommend insurance products and services to clients through the Sica Wealth insurance agency because Sica Wealth's personnel can earn compensation for such recommendations.

### **Other Material Relationships**

The Adviser, Sica Wealth, and Jeffrey Sica have various relationships with sponsors (or their affiliates) of funds and projects in which the CSQ Funds invest which create conflicts of interest with respect to the Adviser's activities in connection with such CSQ Funds.

**Value-Added Investors:** CSQ from time to time will enter into financial arrangements with investors in the CSQ Funds or other unaffiliated parties to secure loans for purposes of financing the real estate development projects in which the CSQ Funds invest.

**The Hampshire Companies.** As of October 15, 2020, Jeffrey Sica had an outstanding loan obligation with The Hampshire Companies and its affiliates totaling approximately \$177,720.

**Ledgewood Properties Inc.** In April 2016, Ledgewood Properties, Inc. Profit Sharing Plan ("Ledgewood"), an affiliate of Hampshire Destination Properties, gave CSQ a promissory note earmarked for operating capital and as a part of a loan consolidation effort. Ledgewood provides capital to firms for investment vehicles and/or other compensation for providing services required. From June 2016 to July 2016, Jeffrey Sica and CSQ entered into another promissory note with Ledgewood, pursuant to which they borrowed an additional \$150,000 in three separate transactions. On December 1, 2016, the foregoing promissory notes owed to Ledgewood were consolidated into a promissory note in the amount of \$422,025. On December 15, 2016, Jeffrey Sica and CSQ entered into a promissory note with Ledgewood to borrow an additional \$165,000. On February 28, 2017, Jeffrey Sica executed a guaranty (i.e., personal guarantee) with respect to the foregoing promissory note. As of October 15, 2020, the principal amount remaining on the Ledgewood note is approximately \$281,796.

As a result of these relationships, conflicts of interest exist with respect to CSQ's management of CSQ Hampshire Net Lease Fund I as such arrangements create an incentive for CSQ to take actions with respect to CSQ Hampshire Net Lease Fund I that are favorable to The Hampshire Companies, Hampshire Investment Management Company ("HIMCO"), and their affiliates, including, without limitation, having CSQ Hampshire Net Lease Fund I remain invested in the Hampshire Net Lease Fund.

**CrownPoint Development Group.** On July 29, 2019, CSQ entered into a promissory note with CrownPoint Development Group ("CrownPoint"), a value-added investor, in the amount of \$150,000. This value-added investor is a client of CSQ's advisory affiliate, Sica Wealth, a principal of CrownPoint, and a member of CS Netcong Investor LLC ("CS Netcong") for which CSQ provides advisory services. CrownPoint is also the sponsor of the CS Netcong project. As of October 15, 2020, the balance of the note was \$157,320.

A conflict of interest exists with respect to such arrangements and relationships because this creates an incentive for CSQ and its affiliates to take actions with respect to CS Netcong that could be considered favorable to CrownPoint.

The PRC Group of Companies: The PRC Group of Companies (“PRC”) made promissory note loan to CSQ on May 9, 2019. As of October 15, 2020, the note had an approximate balance of \$105,069. PRC is a group of affiliated, but separate, business entities that engage in discrete aspects of Residential and Commercial Real Estate Ownership, Development, Operations, and Management. PRC is the sponsor of the projects in which CS NJCU and CS Block 1 NJCU invest.

A conflict of interest exists with respect to such arrangements and relationships because they create an incentive for CSQ and its affiliates to take actions with respect to CS NJCU and CS Block 1 NJCU that are favorable to PRC.

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

The Adviser has adopted a code of ethics in compliance with applicable securities laws (“Code of Ethics”) that sets forth the standards of conduct expected of its Supervised Persons, all of which, are deemed by CSQ to be Access Persons and therefore subject to all Code requirements. The Adviser’s Code of Ethics contains written policies reasonably designed to prevent certain unlawful practices such as the use of material non-public information by the Adviser or any of its Access Persons and the trading by the same of securities ahead of clients in order to take advantage of pending orders.

The Code of Ethics also requires the Adviser’s Access Persons to report certain personal securities holdings and transactions and obtain pre-approval of certain investments (e.g., initial public offerings, limited offerings including investments in the CSQ Funds). However, the Adviser’s Access Persons are permitted to buy or sell securities that it also recommends to clients if done in a fair and equitable manner that is consistent with the Adviser’s policies and procedures and provide quarterly brokerage statements to the Chief Compliance Officer (CCO) or CCO Designee via an automated platform called BasisCode, which is used to manage the Code of Ethics Reporting requirements. This Code of Ethics has been established recognizing that some securities trade in sufficiently broad markets to permit transactions by certain personnel to be completed without any appreciable impact on the markets of such securities. Therefore, under limited circumstances, exceptions may be made to the policies stated below.

When the Adviser is engaging in or considering a transaction in any security on behalf of a client, no Access Person with access to this information may knowingly effect for themselves or for their immediate family (i.e., spouse, minor children and adults living in the same household) a transaction in that security unless:

- the transaction has been completed; or
- a decision has been made not to engage in the transaction for the client.

These requirements are not applicable to: (i) direct obligations of the Government of the United States; (ii) money market instruments, bankers' acceptances, bank certificates of deposit, commercial paper, repurchase agreements and other high quality short-term debt instruments, including repurchase agreements; (iii) shares issued by open-end mutual funds or money market funds; and (iv) shares issued by unit investment trusts that are invested exclusively in one or more open-end mutual funds.

Clients, Limited Partners of the CSQ Funds, and prospective clients may contact the Adviser to request a copy of its Code of Ethics. Such requests may be directed to the CSQ Chief Compliance Officer at (973) 975-0750.

## **Item 12. Brokerage Practices**

### **Recommendation of Broker/Dealers for Client Transactions**

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Because of the nature of its business, the Adviser does not recommend any broker-dealer with respect to transactions to be entered into by the CSQ Funds but does utilize Millennium Trust Company ("MTC") as a custodian. MTC offers investors access to broker-dealer(s) on their platform but CSQ has no discretion in regard to which broker(s) are utilized for investors custodial accounts at MTC.

## **Item 13. Review of Accounts**

### **Account Reviews**

CSQ conducts initial and periodic ongoing due diligence with respect to the funds or projects in which the CSQ Funds invest and periodic ongoing monitoring of the JVs responsible for managing the daily operations of the real estate development projects that comprise the portfolio investments of the CSQ Funds. Depending on the individual CSQ Fund, such initial and ongoing due diligence can include discussions regarding Project scope and budget with the project sponsor, a review of the applicable market to determine

viability, announced and unannounced site visits, informal discussions with the project sponsor, and the review of project updates from the project sponsor, as appropriate.

#### **Account Statements and Reports**

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As appropriate, members of the CSQ Funds may be provided with quarterly statements generated by the Administrator and/or audited financial statements based on the disclosures set forth in the Offering Documents for each CSQ Fund. In certain situations, the Adviser will receive the statements directly from the Administrator on behalf of the members in an effort to minimize associate costs and, in turn, distribute the statements to the members.

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

#### **Client Referrals**

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The Adviser does not currently provide compensation to any third-party solicitors, including placement agents, for individual client referrals. From time to time, The Adviser or the CSQ Funds may compensate properly qualified or licensed placement agents or investment advisory representatives to market interests or shares of the CSQ Funds to eligible investors. No such arrangements are currently in place.

#### **Economic Benefits**

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From time to time, the Adviser or a CSQ Fund may be entitled to fees and certain expense reimbursements from a project sponsor or its affiliates as outlined in the Offering Documents for such CSQ Fund.

### **Item 15. Custody**

CSQ acts as the investment adviser to CSQ Funds for which either CSQ or CS Manager, serves as Managing Member. Given that CSQ and CS Manager are under common control, CSQ is therefore deemed to have custody of client assets invested in the CSQ Funds. As such, the Adviser relies on the exception from the requirement to obtain an annual surprise examination of the funds and securities held by the CSQ Funds provided in Rule 206(4)-2(b)(4) under the Investment Advisers Act for sponsors of pooled investment vehicles that obtain and deliver audited financial statements in compliance with the rule.

**Item 16. Investment Discretion**

With respect to the CSQ Funds, the Adviser has discretion with respect to the following activities:

- The securities (where applicable) or other portfolio investments to be purchased or sold;
- The amount of securities (where applicable) or portfolio investments to be purchased or sold; and
- When transactions are made.

**Item 17. Voting Client Securities****Declination of Proxy Voting Authority**

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Given the nature of CSQ's business, CSQ does not vote proxies on behalf of the CSQ Funds or its clients.

**Item 18. Financial Information**

Other information that an Adviser shall disclose in this section concerning financial information is not applicable to CSQ including the following items:

- The Adviser does not require or solicit the prepayment of more than \$1,200 in fees six months or more in advance of services rendered;
- The Adviser does not have a financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients; and
- The Adviser has not been the subject of a bankruptcy petition at any time during the past ten years.