

**Crescat Portfolio Management, LLC  
Verification and Crescat Long/Short Hedge Fund Composite  
Performance Examination Report**

**December 31, 2018**



## Verification and Performance Examination Report

Investors

Crescat Portfolio Management, LLC

We have verified whether Crescat Portfolio Management, LLC (the "Firm") (1) has complied with all the composite construction requirements of the Global Investment Performance Standards (GIPS®) on a firm-wide basis for the periods from January 1, 2017 through December 31, 2018, and (2) designed its policies and procedures to calculate and present performance in compliance with the GIPS standards as of December 31, 2018. We have also conducted a performance examination of the Firm's Crescat Long/Short Hedge Fund Composite for the periods from January 1, 2017 through December 31, 2018. The Firm's management is responsible for compliance with the GIPS standards, the design of its policies and procedures, and for the Quarterly Performance and Crescat Long/Short Hedge Fund Composite's compliant presentations. Our responsibility is to express an opinion based on our verification and performance examination. We conducted this verification and performance examination in accordance with the required verification and performance examination procedures of the GIPS standards. We also conducted such other procedures as we considered necessary in the circumstances.

In our opinion, the Firm has, in all material respects:

- Complied with all the composite construction requirements of the GIPS standards on a firm-wide basis for the periods from January 1, 2017 through December 31, 2018; and
- Designed its policies and procedures to calculate and present performance in compliance with the GIPS standards as of December 31, 2018.

A verification covering the periods from January 1, 2006 through December 31, 2016 was performed by another verification firm, whose report expressed an unqualified opinion thereon.

Also, in our opinion, the Firm has, in all material respects:

- Constructed the Crescat Long/Short Hedge Fund Composite and calculated the Crescat Long/Short Hedge Fund Composite's performance for the periods from January 1, 2017 through December 31, 2018 in compliance with the GIPS standards; and
- Prepared and presented the Crescat Long/Short Hedge Fund Composite's accompanying compliant presentation for the periods from January 1, 2017 through December 31, 2018 in compliance with the GIPS standards.



A performance examination of the Firm's Crescat Long/Short Hedge Fund Composite covering the periods from January 1, 2006 through December 31, 2016 was performed by another verification firm, whose report expressed an unqualified opinion thereon.

We have not been engaged to examine, and did not examine, the Supplemental Information included in the accompanying performance presentation and, accordingly, we express no opinion on the Supplemental Information.

This report does not relate to or provide assurance on any composite compliant presentation of the Firm other than the Firm's Crescat Long/Short Hedge Fund Composite.

*ACA Performance Services, LLC*

ACA Performance Services, LLC

March 11, 2019

**CRESCAT PORTFOLIO MANAGEMENT, LLC**  
**CRESCAT LONG/SHORT HEDGE FUND COMPOSITE**  
**QUARTERLY PERFORMANCE PRESENTATION - PAGE 1 OF 2**

*Asset-Weighted Performance Net of Fees*  
*Results have been calculated in U.S. Dollars*

	<b>1st Qtr</b>	<b>2nd Qtr</b>	<b>3rd Qtr</b>	<b>4th Qtr</b>	<b>Annual</b>
<b>2018</b>	6.1%	3.7%	(7.7%)	30.4%	32.3%
<b>2017</b>	(1.8%)	(1.7%)	(5.0%)	(6.8%)	(14.6%)
<b>2016</b>	2.7%	(1.0%)	(4.5%)	(0.0%)	(3.0%)
<b>2015</b>	4.1%	(1.1%)	4.1%	2.0%	9.2%
<b>2014</b>	9.0%	2.0%	(0.4%)	11.2%	23.2%
<b>2013</b>	10.1%	(8.8%)	4.9%	2.1%	7.5%
<b>2012</b>	(2.2%)	(2.1%)	14.9%	(6.4%)	2.9%
<b>2011</b>	(0.9%)	(7.0%)	1.1%	2.6%	(4.4%)
<b>2010</b>	(3.0%)	4.2%	5.2%	17.1%	24.5%
<b>2009</b>	2.6%	11.2%	(0.7%)	4.8%	18.7%
<b>2008</b>	0.3%	7.9%	(24.0%)	6.9%	(12.2%)
<b>2007</b>	8.7%	9.0%	11.3%	9.7%	44.7%
<b>2006</b>	3.5%	(1.6%)	(6.2%)	(1.5%)	(5.8%)
<b>2005</b>	18.6%	1.8%	11.3%	1.4%	36.2%
<b>2004</b>	(0.3%)	(1.4%)	2.8%	(11.6%)	(10.7%)
<b>2003</b>	(0.1%)	13.8%	9.4%	1.3%	26.0%

**CRESCAT PORTFOLIO MANAGEMENT, LLC**  
**CRESCAT LONG/SHORT HEDGE FUND COMPOSITE**  
**QUARTERLY PERFORMANCE PRESENTATION - PAGE 2 OF 2**

*Asset-Weighted Performance Net of Fees*  
*Results have been calculated in U.S. Dollars*

	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Annual
2002	1.2%	(0.8%)	(11.0%)	13.7%	1.6%
2001	13.7%	8.1%	(23.2%)	6.7%	0.7%
2000		(0.8%)*	(5.2%)	(1.1%)	(7.0%)*

**\* Represents non-annualized partial period performance beginning on May 1, 2000.**

Past performance is not indicative of future results. Performance is presented net of all applicable trading and third party expenses, management fees and incentive allocations. Performance presented prior to January 1, 2003, occurred while the Portfolio Manager was affiliated with a prior firm. The Verification and Performance Examination Report and the compliant presentation are an integral part of this presentation. The periods shown from January 1, 2003 to December 31, 2016 were examined by another verification firm.



**CRESCAT LONG/SHORT  
HEDGE FUND COMPOSITE**  
FROM 1 MAY 2000 TO 31 DECEMBER 2018

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Performance and Assets by Year													
Year End	Total Firm Assets <sup>1</sup>		Composite		Returns			3-Year Annualized Downside Deviation			3-Year Annualized Standard Deviation		
	Regulatory Assets (\$000s)	Net Assets (\$000s)	Assets (\$000s)	# of Accounts	Composite (Net)	S&P 500	HFRX Equity	Composite	S&P 500	HFRX Equity	Composite	S&P 500	HFRX Equity
2018	\$150,334	\$52,150	\$4,811	1	32.3%	-4.4%	-9.4%	8.0%	7.7%	4.6%	17.6%	11.0%	6.0%
2017	\$164,767	\$66,706	\$3,720	1	-14.6%	21.8%	10.0%	6.3%	5.4%	3.7%	8.3%	10.1%	5.1%
2016	\$240,023	\$92,667	\$5,236	1	-3.0%	12.0%	0.1%	5.5%	5.9%	3.9%	10.6%	10.7%	5.4%
2015	\$150,098	\$72,394	\$4,851	1	9.2%	1.3%	-2.3%	6.4%	5.4%	3.1%	12.0%	10.6%	5.1%
2014	\$88,452	\$50,059	\$4,356	1	23.2%	13.7%	1.4%	7.0%	4.7%	2.7%	13.1%	9.1%	4.6%
2013	\$85,346	\$44,078	\$3,468	1	7.5%	32.4%	11.1%	9.0%	6.8%	5.7%	13.5%	12.1%	6.8%
2012	\$74,211	\$37,881	\$3,800	1	2.9%	16.0%	4.8%	8.2%	9.2%	5.9%	13.5%	15.3%	7.5%
2011	-	\$57,717	\$5,849	1	-4.4%	2.1%	-19.1%	9.6%	11.5%	5.8%	19.0%	19.0%	8.3%
2010	-	\$64,232	\$6,806	1	24.5%	15.1%	8.9%	13.6%	16.8%	8.9%	22.7%	22.2%	10.9%
2009	-	\$44,393	\$5,778	1	18.7%	26.5%	13.1%	13.1%	15.8%	8.9%	22.3%	19.9%	10.5%
2008	-	\$52,797	\$5,195	1	-12.2%	-37.0%	-25.5%	12.6%	13.8%	9.0%	18.2%	15.3%	10.2%
2007	-	\$10,861	\$5,123	1	44.7%	5.5%	3.2%	6.5%	4.4%	3.7%	14.2%	7.8%	6.2%
2006	-	\$1,554	\$3,465	1	-5.8%	15.8%	9.2%	10.2%	3.7%	3.2%	16.5%	6.9%	5.4%
2005	-	-	\$3,449	1	36.2%	4.9%	4.2%	9.3%	3.8%	2.7%	17.2%	9.2%	5.0%
2004	-	-	\$1,911	1	-10.7%	10.9%	2.2%	10.3%	10.5%	2.0%	17.2%	15.1%	4.1%
2003	-	-	\$2,207	1	26.0%	28.7%	14.5%	12.0%	13.6%	1.3%	20.8%	18.3%	3.8%
2002	-	-	\$1,979	1	1.6%	-22.1%	2.1%	NA	NA	NA	N/A	N/A	N/A
2001	-	-	\$2,599	1	0.7%	-11.9%	9.0%	NA	NA	NA	N/A	N/A	N/A
2000 <sup>2</sup>	-	-	\$2,370	1	-7.0%	-8.4%	6.8%	NA	NA	NA	N/A	N/A	N/A

<sup>1</sup> Prior to 2008, the Crescat Long/Short Composite was managed by predecessor firm Smith Portfolio Management LLC. Therefore, the Crescat Long/Short Composite assets are not included in Crescat Portfolio Management's Total Firm Net Assets until 2008. Beginning in 2012, CPM started reporting Total Firm Regulatory Assets as supplemental information.

<sup>2</sup> Returns, Downside Deviation and Standard Deviation in the year 2000 represent a partial period starting 1 May 2000 (date of inception).

GIPS® Information

Crescat Portfolio Management LLC claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Crescat Portfolio Management LLC (CPM) has been independently verified for the periods 1 January 2006 through 31 December 2017. Smith Portfolio Management LLC (SPM) has also been independently verified for the periods 1 January 2003 through 31 March 2008, when SPM was merged into CPM. Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. The performance of the Crescat Long/Short Hedge Fund Composite (Composite) has been examined for the periods 1 January 2003 through 31 December 2017. The verification and performance examination reports are available upon request. CPM is an SEC-registered investment adviser and manager of the Composite.

The Composite was created on 1 January 2003. On 1 December 2014, the name of the Composite was changed from the Crescat Long/Short Composite to the Crescat Long/Short Hedge Fund Composite. From inception until 31 December 2002, the Portfolio Manager was affiliated with a prior firm. On 1 January 2003, the Portfolio Manager left the prior firm and substantially all the assets transferred to SPM, where they remained until 31 March 2008, when SPM was merged into CPM.

The Composite contains all accounts that are managed according to CPM's long/short all cap equity process. The manager invests in large and mid cap U.S. listed stocks. The manager sometimes employs leverage through purchase of equities on margin; consistently sells equities short; and infrequently acquires options. Beginning December 2007, the Russell 3000 was shown as the primary index for comparison purpose as it mirrors the equity only scope of the composite and the S&P 500 Index was used as a secondary benchmark. Starting 12/31/2014, the S&P 500 Index retroactively became the primary index because it is most widely followed by institutions and the HFRX Equity Hedge Index became the secondary index because measure performance across hedge funds that most closely approximate the composition of the Long Short Fund. The S&P 500 Index is perhaps the most commonly followed stock market index. It is considered representative of the U.S. stock market at large. It is a market-cap-weighted index of the 500 largest and most liquid companies listed on the NYSE and NASDAQ exchanges. Although the companies are U.S. based, most of them have broad global operations so the index is representative of the broad global economy. The S&P 500 is materially different from the composite strategy. The HFRX Equity Hedge Index represents an investable index of hedge funds that trade both long and short in equity securities. Managers of funds in the index employ a wide variety of investment processes. They may be broadly diversified or narrowly focused on specific sectors and can range broadly in terms of levels of net exposure, leverage employed, holding period, concentrations of market capitalizations and valuation ranges of typical portfolios.

CPM aims to deliver significant alpha in the Composite relative to the benchmark through highly selective allocation of long and short positions to sectors and individual stocks. As such, CPM does not aim to track the performance of the benchmark but rather to outperform it with substantial upside deviation. Because standard deviation penalizes high upside deviation, it is therefore not an appropriate risk metric for the Composite. Downside deviation is more appropriate because it captures downside risk but does not penalize for upside deviation. Therefore, both downside deviation and standard deviation are shown. CPM calculates downside deviation relative to a 0% performance level, annualizing the trailing three years of monthly performance numbers. Internal dispersion is not shown due to the insignificant number of portfolios in the composite.

CPM reports performance results monthly. The US Dollar is the currency used to express performance. Returns are presented net of all applicable trading and 3rd party expenses, management fees and incentive allocation and include the reinvestment of all income. Management fees are 1.5% per year, payable monthly in arrears. The incentive allocation is calculated net of management fees and is 20% per year, payable annually in arrears and subject to a high water mark. CPM uses stated fees rather than actual fees when calculating net performance. Policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request.

Other Disclosures

The Crescat Long/Short Fund LP (CLSF) has been a part of the composite since its inception. CLSF was formerly known as the Blake Street BCM Fund LP from its inception until the merger of SPM into CPM. The minimum investment size for the fund is \$250,000, although management reserves the right to accept lower initial investments. Fund subscriptions are accepted monthly. At the conclusion of a 1 year lock-up period, fund redemptions are processed at the end of each month and require 30 days notice. The fund management fees and incentive allocation are both waived on manager accounts.

All reported returns are purely historical, are no indication of future performance, and may be adjusted subsequently if necessary. This information does not constitute an offer to sell (nor the solicitation of an offer to buy) interest in the fund. Such an offering is made solely by means of the fund's private placement memorandum as presented by a fund principal. Only accredited investors will be admitted as limited partners. The firm maintains a complete list and description of composites, which is available upon request.