

Item 1 – Cover Page



XSTAR Fund Management LLC

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Part 2A of Form ADV

Firm Brochure

March 30, 2020

This brochure provides information about the qualifications and business practices of XSTAR Fund Management LLC. If you have any questions about the contents of this brochure, please contact us at 206.330.5053 or via email hieu@xstarfm.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. XSTAR is registered in the State of Washington as an investment adviser pursuant to the Securities Act of Washington, as amended, and does not imply or require any particular level of skill or training.

Additional information about XSTAR Fund Management LLC is also available on the SEC's website at <https://www.adviserinfo.sec.gov>. You can search this site by a unique identifying number, known as a CRD number. XSTAR's CRD number is 287601.

This document is not an advertisement for the advisory services of XSTAR Fund Management LLC, nor an offer to sell or the solicitation of an offer to purchase interests of any fund managed by XSTAR Fund Management LLC.

Item 2 - Material Changes

XSTAR Fund Management LLC is required to advise clients and prospective clients of any material changes to this Form ADV 2A Brochure (“Brochure”) from our last annual update. This section identifies material changes that take place between annual updates.

Clients will receive an annual summary of any material changes to this and subsequent Brochures no later than April 30, which is 120 days after our fiscal year-end. At that time, we will offer either a full copy of our most current Brochure or details related to all material changes with an offer to provide a full copy of this Brochure. We will also promptly provide ongoing disclosure information about material changes as necessary.

Please note that we do not have to provide this information to a client or prospective client who has not received a previous version of our Brochure.

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Item 4 - Advisory Business

Firm Description

XSTAR Fund Management LLC, formed in January 2017, is referred to in this document as “XSTAR Fund Management,” “XSTAR,” “the Company,” “General Partner or GP,” “us,” “we,” or “our.” In this document we refer to current and prospective clients of XSTAR Fund Management as “you”, “client”, “member,” or “your.” XSTAR Fund Management’s status as an investment adviser was effective in the State of Washington in September 2017. Hieu Nguyen is the founder and sole managing member of XSTAR.

XSTAR Fund Management LLC, a Delaware limited liability company, is the General Partner and Investment Adviser to XSTAR Value Fund LP (“Fund”), a Delaware limited liability company. Hieu Nguyen serves as the Portfolio Manager of the Fund. Mr. Nguyen has managed his personal portfolio and invested in a diversified basket of U.S. equity securities since 2005. He has over 10 years of experience in the tech industry as a senior software engineer. He is also an angel investor in technology startups in the U.S. and Vietnam.

Types of Advisory Services

XSTAR provides investment management services on a discretionary basis to a privately-offered pooled investment vehicle exempt from registration under the Investment Company Act of 1940, as amended (the “Fund” or “Funds”). Investment advice is provided directly to the Fund.

XSTAR may, in the future, organize additional investment vehicles that follow an investment program similar to or different from the investment program of the XSTAR Value Fund, however, has no present intent to do so.

Advisory services are tailored to achieve the Fund’s objectives. However, XSTAR has the authority to select which and how many securities and other instruments to buy or sell without consultation with the Fund or the investors in the Fund. Neither the Fund nor the investors in the Fund may impose restrictions on investing in certain types of securities. A more detailed description of the investment strategy and related risks of the Fund is included in Item 8 below and in the Fund’s offering documents.

The Fund that we currently manage is listed in Item 10. XSTAR recommends to clients and potential clients, interests in the Fund on a non-discretionary basis, whereby each client makes the decision whether or not to invest in the Fund. Each investor in the Fund is considered our client. As a result, we owe a fiduciary duty to each investor, and provide reports to each investor. See Item 13 regarding reports provided to clients. XSTAR manages Fund assets on a discretionary basis.

The Fund offers Class A and Class B interests through a limited partnership (“LP”). Class A LP interests are offered to investors that meet the definition of both “accredited investor” and “qualified client”; Class B LP interests are offered to accredited investors only (as more fully described below in Item 7 – Types of Clients) Class A LP interests are subject to a monthly management fee and an incentive allocation. Class A interests are also eligible to receive limited clawback (as described in Item 5 – Fees and Compensation below). Class B LP interests are subject only to a management fee.

The detailed terms applicable to investors in the Fund are described in the organizational documents and the offering memorandum of the Fund. The Fund is governed by a limited partnership agreement that sets for the specific investment guidelines and restrictions applicable to the Fund.

Clients have a right to terminate their subscription to the Fund without penalty within five business days after executing the subscription documents if XSTAR’s Form ADV Part 2A was not delivered at least 48 hours prior to such execution.

Fund Recommendations to Clients; Investment Restrictions

XSTAR may recommend the purchase of LP interests in the Fund to persons who meet qualification requirements for an offering following an evaluation of the prospective client’s particular financial circumstances, investment goals, liquidity needs and time horizons. In the event XSTAR recommends additional Funds or changes to LP interest(s), XSTAR will enquire about changes in the client’s circumstances or goals.

An investment in XSTAR advised Fund(s) is illiquid and subject to strict limitations on withdrawals. A Limited Partner may make a withdrawal of the LP Interest as of the end of the calendar month that ends on or after the day immediately preceding the first anniversary of the initial capital contribution. This is referred to a “lock-up period”. Any subsequent investments by Limited Partners are subject to the initial lock-up period.

A Limited Partner may make a withdrawal of their LP interest by giving XSTAR notice at least 30 days prior to the last business day of any calendar month on or after the 12-month anniversary of the Limited Partner’s capital contribution to the Fund. Each investment made by a Limited Partner will be subject to its own Lock-up Period, with the effect that multiple investments made by a Limited Partner at different times will be subject to separate lock-up periods. Withdrawals of amounts invested by Limited Partners will be effected by the Fund on a “first in, first out” basis. XSTAR, in its sole discretion, may waive, reduce, or modify any terms related to withdrawals for a Limited Partner, consistent with its fiduciary duty to both the Fund and investors in the Fund.

For LP's withdrawing 90% or less of the balance of their capital account, payment will be made within 30 days of the effective date of the withdrawal. For LP's withdrawing more than 90% of the amount of the balance of their capital account, payment will be made within 30 days of the effective date of the withdrawal, however, the General Partner will have the right, at its discretion, to withhold up to 5% of the investors capital account for the Fund's liabilities and other contingencies until no later than 30 days after the completion of the year-end audit of the Fund's financial statements.

At the option of XSTAR, the amount of a withdrawal may be made in whole in cash, in whole or in-kind, or in part in cash and in part in-kind. In-kind payments may but need not be pro-rata as to the assets of the Fund.

As indicated above, the liquidity of an investment in the Fund is limited. There is no market for the limited partnership interests and none is expected to develop. While a Limited Partner generally will be permitted to make withdrawals from its capital account on a monthly basis following an initial twelve-month holding period for each new contribution, Limited Partners must provide 30 days advance, written notice of any withdrawal. Transfers of limited partnership interests will be permitted only with the written consent of the XSTAR. Further, if a substantial number of Limited Partners were to withdraw from the Fund and the Fund did not have a sufficient number of liquid securities, the Fund might have to meet such withdrawals through distributions of thinly-traded or illiquid securities directly to Limited Partners as discussed in more detail in the Fund's offering documents. Accordingly, limited partnership interests should only be acquired by investors willing and able to commit their funds for an appreciable period of time. XSTAR may, upon notification to all Limited Partners in the Fund, suspend withdrawals in certain limited circumstances and may establish reserves, requiring a Limited Partner to remain fully or partially invested in the Fund for an indefinite period of time.

Wrap Fee Programs

XSTAR does not participate in Wrap fee programs

Assets Under Management

As of December 31, 2019, XSTAR managed approximately \$5,102,795 in net assets on a discretionary basis.

Item 5 - Fees and Compensation

XSTAR receives management fees as compensation for performing advisory services to the Fund. For Class A Limited Partners (Qualified Clients) XSTAR will receive a 1.0% fee annually (.083% per month) of the net asset value of the LP Interest. For Non-Qualified Investors (accredited investors

who do not meet the threshold of being a Qualified Client) XSTAR will receive a 2.0% fee annually (.167% monthly) of the net asset value of the LP Interest. The management fees are calculated and accrue monthly in advance, based on the value of each Limited Partner's Capital Account as of the first day of the month. The management fee is paid annually, or as of the effective date of withdrawal by the Limited Partners. XSTAR may, in its sole discretion and without the consent of the other Fund investors, waive or reduce the management fee for limited partners, including for limited partners that are principals, employees or affiliates and/or for certain large or other investors it deems to be strategic. If capital contributions are made at any time other than at the beginning of a calendar month, a pro rata portion of the management fee will be paid to XSTAR based on the actual number of days remaining in the month. If capital accounts are withdrawn at any time other than at the end of a calendar month, a pro rata portion of the management fee will be refunded to the Limited Partner based on the actual number of days remaining in the month.

The minimum subscription amount for Class A and Class B interests is \$50,000; the minimum additional contribution is \$20,000. The minimums may be waived at the discretion of the General Partner. Initial capital contributions may be made on the first day of the calendar month, or at such other time with the consent of XSTAR, at its discretion.

Other Fees

In addition to the management fee, the Fund will be responsible for reasonable costs and expenses of the Fund (i) accounting, bookkeeping, tax and auditing fees and expenses; (ii) legal fees and expenses, including, but not limited to, fees and expenses incurred in connection with any offering of the Fund's interests, Fund contracts and investments; (iii) all fees and disbursements of the Fund's, the general partner's and its attorneys, consultants and other third parties performing work benefiting the Fund or otherwise in connection with the Fund's investment activities; (iv) all trading expenses and transaction costs, including, but not limited to, brokerage commissions, clearing and settlement charges, interest on loans and debit balances, margin interest, broker service fees and other clearing and custodial expenses; (v) such research and portfolio management expenses as the general partner deems appropriate, which includes, costs of research reports, data feeds and databases, news wires and quotation services, periodical subscription fees and costs of software (including risk control) utilized by the general partner in connection with managing the Fund's portfolio; (vi) fees of the Fund's registered agent; (vii) fees of the administrator; (viii) the cost of preparation and distribution of reports and statements to limited partners; (ix) all filing and recording fees; (x) all custodial fees, bank service fees, and fees or expenses associated with insuring the Fund's assets; (xi) all applicable federal, state, local and foreign taxes payable by the Fund; and (xii) any extraordinary expenses, such as indemnification and litigation expenses.

Class A interests in the Fund are subject to an incentive allocation or performance fee which is payable to XSTAR. Class A interests may receive an allocation from XSTAR in the event the Fund's

performance return is below the specified benchmark rate. Please refer to Item 6 below for an explanation of these fees and allocations.

Potential investors should review the offering documents of the Fund for a complete disclosure of fees and expenses.

Conflicts Related to Investors/Side Letters

A side letter is an agreement with an investor in the Fund, which establishes different rights or privileges with respect to withdrawal rights, fees and/or incentive allocations. XSTAR may enter into such agreements with certain investors in the Fund. Such agreements will be disclosed only to those actual or potential Limited Partners that have separately negotiated with XSTAR for the right to review such agreements. Notwithstanding the foregoing, XSTAR will act in accordance with our fiduciary duty to the Fund and its underlying investors and inform any investor that is affected by a side letter of the issues that affect them.

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

Excluding profits and losses from “new issues”, XSTAR will be entitled to receive a performance fee or incentive allocation equal to a percentage of the net income allocated to each Class A Limited Partner for the Year. During such time that XSTAR is registered as an investment adviser with the State of Washington, any investor who becomes a Limited Partner on any date other than January 1 shall be charged the incentive allocation as of the end of the twelfth full month following its admission as a Limited Partner, and shall be subject to an incentive allocation as of the end of each subsequent fiscal year. In the event that a Limited Partner withdraws at any time other than the end of a fiscal year, such allocation or fee is made with respect to such Limited Partner on the applicable withdrawal date.

In addition to the management fee, Class A Limited Partners will be subject to an incentive allocation or performance fee equal to twenty percent (20%) of the net profits initially allocated to each Limited Partners’ capital account. This fee is allocated to the capital account of XSTAR as of the end of each fiscal year. In the event that a member withdraws at any time other than the end of a fiscal year, such allocation or fee is made with respect to such member on the applicable withdrawal date. The allocation or fee is subject to a loss carryforward limitation as outlined in the Fund offering documents.

The incentive allocation is calculated as follows:

Except as indicated above regarding the first full year a LP is invested, XSTAR’s incentive allocation fee is equal to 20% of the amount by which net income allocated to the LP exceeds the amount that would have been the return on the LP’s Capital Account balance for the year at a rate

equal to the annualized performance of the S&P 500 with dividends reinvested (or, if such data is not available, the annualized performance of the Vanguard Index Fund Admiral Shares (VFIAX) with dividends reinvested as of the date the incentive allocation is calculated – also called the “Hurdle Rate”. Subject to the Hurdle Rate, XSTAR will receive an incentive allocation from a LP only to the extent that the LP’s account performance also exceeds the “Benchmark Rate”. The Benchmark Rate is equal to the 10-year U.S. Treasury rate as of the first day of the calendar year during which the incentive allocation is calculated. XSTAR does NOT receive an incentive allocation on Class A shares if the LP’s Capital Account performance does not exceed the Benchmark Rate.

Incentive Allocations are also subject to a “high water mark” provision under which XSTAR receives an incentive allocation from a Class A Limited Partner only to the extent net income allocated to that LP’s capital amount exceeds any net losses previously allocated to it since the last date an incentive allocation was assessed or the original date of contribution if no incentive allocation has previously been assessed. If a Limited Partner makes a partial withdrawal or receives a distribution at a time when they have unrecovered losses, for purposes of calculating future incentive allocations those unrecovered losses will be reduced in proportion to the withdrawal.

XSTAR may waive or modify the incentive allocation for any Class A Limited Partner at its sole discretion.

Additional Allocations

Class A Limited Partners may also receive additional allocations from XSTAR – also referred to as “limited clawback” in the event the Fund’s performance return (net of any management fees) is below the Benchmark Rate as of each incentive date. This limited clawback allocation is calculated as 20% of the difference between (i) the Limited Partner’s capital account performance (calculated net of any management fees) and (ii) the lower of (a) the amount the Limited Partner would have received if the balance of the LPs capital account was invested at the Hurdle Rate or (b) the amount the Limited Partner would have received if the balance of the LPs capital account was invested in the Benchmark Rate.

Please refer to our Fund offering documents for specific details related to incentive allocations and limited clawback.

Item 7 - Types of Clients

XSTAR provides investment advisory services to high net worth individuals. Although XSTAR provides discretionary management services directly to the Fund, each investor in the Fund is treated as an XSTAR client to whom XSTAR owes a fiduciary duty. Before you make an investment in our Fund, we obtain information from you to make a determination as to the suitability of the investment based on certain criteria.

Each Fund investor is required to be an “accredited investor” (Class B Interest) meeting one of the

qualifications below:

1. a natural person who has individual net worth, or joint net worth with the person's spouse, that exceeds \$1 million at the time of the purchase, excluding the value of the primary residence of such person;
2. a natural person with income exceeding \$200,000 in each of the two most recent years or joint income with a spouse exceeding \$300,000 for those years and a reasonable expectation of the same income level in the current year; or
3. a trust with assets in excess of \$5 million, not formed to acquire the securities offered, whose purchases a sophisticated person makes.

In addition, investors who pay a performance fee (Class A Interest) must also meet the definition of "qualified client":

1. Has a net worth (together, in the case of a natural person, with assets held jointly with a spouse) of more than \$2,100,000. For purposes of calculating a natural person's net worth:
 - a. The person's primary residence must not be included as an asset;
 - b. Indebtedness secured by the person's primary residence, up to the estimated fair market value of the primary residence at the time the investment advisory contract is entered into may not be included as a liability (except that if the amount of such indebtedness outstanding at the time of calculation exceeds the amount outstanding 60 days before such time, other than as a result of the acquisition of the primary residence, the amount of such excess must be included as a liability); and
 - c. Indebtedness that is secured by the person's primary residence in excess of the estimated fair market value of the residence must be included as a liability; or
2. A natural person who has assets under management with XSTAR in excess of \$1,000,000.

The minimum investment for our Fund is \$50,000 with a minimum additional investment of \$20,000. However, XSTAR has the discretion to decrease or waive the minimum investment as long as you qualify to invest based on all other suitability and regulatory requirements applicable to the Fund.

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

Investment Objective and Strategy

The objective of the Fund is to generate capital returns at least 8% higher than the annualized returns of the Standard & Poor's 500 Index (the "S&P 500"), with dividends reinvested over medium and longer terms, while seeking to protect investor capital from unfavorable market conditions. This strategy will focus investments primarily in long positions of U.S. common stocks,

the remaining portion of the portfolio will be allocated to cash or other types of securities, including government treasuries, investment -grade bonds (convertible and non-convertible), ETFs, preferred stocks and public equity in foreign markets. We intend to limit risk exposure by diversifying portfolio investments among different assets and industry sectors, but the Fund's performance will be subject to systematic risks in the U.S. equity market.

In evaluating investments, we utilize a top-down and bottom-up approach to identify public companies with strong fundamentals which we believe are fairly valued or undervalued by the stock market. Except as described in the Fund offering documents, there are no restrictions on the securities in which we may invest or any limits on the size of investment the Fund may make in any one security. As a general rule, we expect the Fund to hold 10-12 concentrated long positions over a longer time period – 1-3 years. This strategy is speculative and the purchase of a LP interest is not appropriate for some investors, especially those with a low tolerance for risk or volatility.

Methods of Analysis

As indicated above, we primarily utilize a top-down and bottom-up fundamental approach. In evaluating potential investments for the Fund, we attempt to measure intrinsic value by examining related economic, financial and other qualitative and quantitative factors. Fundamental analysts attempt to study everything that can affect the security's value, including macroeconomic factors (like the overall economy and industry conditions) and individually specific factors (like the financial condition and management of a company). The end goal of performing fundamental analysis is to produce a value that an investor can compare with the security's current price in hopes of figuring out what sort of position to take with that security (underpriced = buy, overpriced = sell or short). Fundamental analysis is considered to be the opposite of technical analysis. Fundamental analysis is about using real data to evaluate a security's value. Although most analysts use fundamental analysis to value stocks, this method of valuation can be used for just about any type of security.

The risk associated with fundamental analysis is that it is somewhat subjective. While a quantitative approach is possible, fundamental analysis usually entails a qualitative assessment of how market forces interact with one another in their impact on the investment in question. It is possible for those market forces to point in different directions, thus necessitating an interpretation of which forces will be dominant. This interpretation may be wrong and could therefore lead to an unfavorable investment decision.

In conducting our analysis, we gather information from: financial newspapers and magazines, inspection of corporate activities, research materials prepared by others, corporate rating services, timing services, annual reports, prospectuses and filing with the SEC, and company press releases.

Risks Associated with an Investment in the Fund

Any investor considering an investment in our Fund should consider it to be a speculative

investment and one that is not intended to be a complete investment program. Our Fund is suitable only for sophisticated investors who can or could bear the economic risk of the loss of the entire investment and have a limited need for liquidity related to this investment. There can be no assurances that our Fund will achieve its investment objective or not incur losses. Furthermore, you should carefully evaluate the following considerations, in conjunction with complete details outlined on our offering documents, prior to investing.

General Risk of Loss; Liquidity. Investing in securities involves risk of loss, including the possibility of losing all of your initial investment as well as any unrealized gains on investments. In addition, securities held in the Fund may underperform in comparison to the general securities markets or other asset classes. Our Fund may be invested in a variety of unconventional securities and other assets. A clear understanding of your tolerance for risk is essential before choosing to work with XSTAR. We do not guarantee returns and cannot eliminate risk in our Fund. In addition, we cannot offer any guarantees or promises that your personal vision or financial goals and objectives will be met. In addition, general economic and market conditions, such as interest rates, availability of credit, inflation rates, commodity prices, economic uncertainty, changes in laws, trade barriers, currency fluctuations and controls, and national and international political circumstances can materially affect the Fund. For example, any of these factors may affect price volatility and the liquidity of instruments held in the Fund. Even an instrument that generally is, or recently was, liquid may unexpectedly and suddenly become illiquid. Such volatility or illiquidity could result in substantial losses.

Under volatile markets, the Fund may maintain unusually high liquidity in order to quickly capture new investment opportunities and afford flexibility. High liquidity is a key component of the Fund's investment strategy, because we strongly believe that the best investments will come at the time when the Fund needs the most liquidity.

Portfolio Turnover. Portfolio turnover can significantly affect transaction costs and tax costs. Funds with low portfolio turnovers usually have smaller taxable distributions and transaction costs. Many investors overlook the tax effects when evaluating the performance of a fund because taxes are passed through to investors and only reported on their tax forms. We believe that tax can account for 10-40% of our returns. Funds whose distributions consist largely of short-term capital gains and unqualified dividends will incur more taxes for their investors than those whose distributions consist mainly of long-term capital gains and qualified dividends. Therefore, tax is a very important consideration in the General Partner's investment decisions. As a result, the Fund may hold profitable investments for a long time even after they have appreciated significantly in value and no longer generate the Fund's target returns. The tax tradeoff can make it very difficult to justify selling stocks with proportionately large capital gains and buying other stocks because the new stocks must appreciate in value enough to offset the tax from capital gains of the old stocks. Thus, the Fund's returns might be depressed when the market is in full upswing. In those times, the Fund will seek to raise capital to pursue new investment opportunities as they arise. Low portfolio

turnover is another key component of the Fund's investment strategy.

Short Sales. Short sales can, in certain circumstances, substantially increase the impact of adverse price movements on investments held in the Fund. A short sale involves the risk of a theoretically unlimited increase in the market price of the particular investment sold short, which could result in an inability to cover the short position and a theoretically unlimited loss. There is a risk that the Fund would have to return the securities it borrows, in connection with a short sale, to the securities lender on short notice. If a request for return of borrowed securities occurs at a time when other short sellers of the security are receiving similar requests, a "short squeeze" can occur, and the Fund may be compelled to replace borrowed securities previously sold short with purchases on the open market at the most disadvantageous time, possibly at prices significantly in excess of the proceeds received in originally selling the securities short.

Option Transactions. The purchase or sale of an option involves the payment or receipt of a premium payment by the investor and the corresponding right or obligation, as the case may be, to either purchase or sell the underlying security, commodity or other instrument for a specific price at a certain time or during a certain period. Purchasing options involves the risk that the underlying instrument does not change in price in the manner expected, so that the option expires worthless and the investor loses its premium. Selling options, on the other hand, involves potentially greater risk because the investor is exposed to the extent of the actual price movement in the underlying security rather than only the premium payment received. In addition, an option purchased or sold over-the-counter involves counterparty solvency risk.

Margin Borrowing. The Fund is authorized to engage in margin borrowing under Regulation T of the Federal Reserve Board's margin rules. Margin borrowing increases returns to investors if the Fund earns a greater return on leveraged investments than the cost of such leverage. However, the use of margin borrowing exposes the Fund to additional levels of risk including (i) greater losses from investments than would otherwise have been the case had the Fund not borrowed to make the investments, (ii) margin calls or changes in margin requirements may force premature liquidations of investment positions and (iii) losses on investments where the investment fails to earn a return that equals or exceeds the Fund's cost of leverage related to such investments. In case of a sudden, precipitous drop in asset value, the Fund might not be able to liquidate assets quickly enough to repay its borrowings, further magnifying the losses incurred.

Lack of Diversification. The Fund is not as diversified as other investment vehicles. Accordingly, investments in the Fund are subject to more rapid change in value than would be the case if the Fund were required to maintain a wide diversification among types of securities, geographical areas, issuers, and industries.

Small- and Mid-Capitalization Companies. The Fund may invest in smaller and less established companies (i.e., small-capitalization and mid-capitalization companies). These smaller companies may present greater opportunities for capital appreciation, but typically are more volatile and involve greater risk than companies that are larger and more established. Such smaller companies may have limited product lines, markets or financial resources and their securities may trade less frequently and in more limited volumes than the securities of larger, more mature companies. As a

result, the prices of the securities of such smaller companies may fluctuate to a greater degree than the prices of the securities of other issuers and these companies may be more likely to fail, which could result in substantial losses.

Valuation. Fund assets may, at any given time, include securities and other financial instruments or obligations that are thinly traded or for which no market exists and/or which are restricted as to their transferability under applicable securities laws. The sale of any such investments may be possible only at substantial discounts, and it may be extremely difficult to accurately value any such investments.

Non-U.S. Investments. The Fund may invest in instruments issued by non-U.S. companies and governments, including those in developing nations and emerging markets. Such investments involve a number of risks not usually associated with investing in securities of U.S. companies or the U.S. government. Those risks include, among other things, trade balances and imbalances and related economic policies, currency exchange rate fluctuations, imposition of exchange control regulation, withholding taxes, limitations on the repatriation of funds or other assets to the U.S., possible nationalization of assets or industries, political difficulties and political instability, any of which could lead to substantial losses.

Management. Our judgments regarding the attractiveness, value or potential appreciation of a particular asset class or investment may be incorrect and there is no guarantee that any asset class or instrument will perform as we expect. We may fail to implement a strategy as we intended or we may not identify all risks associated with a strategy or a shift in strategy, all of which may cause substantial losses.

Extraordinary Events. Global terrorist activity and armed conflicts may negatively affect general economic conditions, including sales, profits and production, and may materially affect prices and/or impair our trading facilities and infrastructure or the trading facilities and infrastructure of the exchanges or markets on which we trade.

Regulatory Developments. The legal, tax and regulatory environment worldwide in the financial industry is evolving, and changes in regulations affecting the financial industry, including XSTAR and the issuers of financial instruments held in the Fund, may have a material adverse effect on our ability to pursue the investment strategies described above or the value of the instruments held in the Fund. There has been an increase in scrutiny of the financial industry by governmental agencies and self-regulatory organizations. Various national governments have expressed concern regarding the disruptive effects of speculative trading and the need to regulate the financial markets in general. New laws and regulations or actions taken by regulators that restrict our ability to pursue our investment strategies or conduct business with broker-dealers and other counterparties could adversely affect the Fund.

Concentration. The Fund may hold highly concentrated positions in issuers engaged in one or a few industries. This increases the risk of loss relative to the market as a whole. Fund assets will generally be invested in a concentrated portfolio of between five (5) and fifteen (15) securities when fully invested, although there may be periods when the Fund holds a lesser or greater number of investments.

Limited Withdrawal Rights. There are limited withdrawal rights and restrictions on transfer, which creates a higher liquidity risk. You should view an investment in our Fund as a long-term investment.

Fees. Fund fees and expenses may be a higher percentage of net assets than traditional investment strategies and qualified investors will be subject to performance or incentive fees or allocations (described in Item 6), in addition to management fees.

Key Man Risk. XSTAR is a small firm with a single principal, Hieu Nguyen, who is also XSTAR's sole Managing Member and Portfolio Manager. This fact leads to "key man risk," or the risk that something could happen to Hieu Nguyen that may negatively affect your investment in the Fund. There is no key-man insurance and XSTAR does not intend to obtain any key-man insurance. Please refer to the Fund's Limited Partnership Agreement, Section 8.07 "Death, Bankruptcy or Legal Incapacity of a Partner."

The various risks briefly summarized above are not the only potential or actual risks associated with an investment in our Fund and nothing stated in the above risks should be interpreted to limit or modify XSTAR's fiduciary duty to you as an investor or waive any right or remedy you may have under federal or state securities laws. Federal and state securities laws impose liabilities under certain circumstances on person who act in good faith.

Before making any investment decision regarding our Fund, you must carefully review and evaluate all of the applicable Fund documents, including the Funds private offering memorandum, and the specific disclosures regarding risk factors and conflicts of interest.

Item 9 - Disciplinary Information

Neither XSTAR Fund Management LLC, nor Hieu Nguyen, its sole managing member, is or has been involved in any civil or criminal investment-related or other disclosable event.

Item 10 - Other Financial Industry Activities and Affiliations

XSTAR is the General Partner of the XSTAR Value Fund LP. Hieu Nguyen is the managing member

of XSTAR. XSTAR has no other affiliations.

Item 11 - Code of Ethics, Participation or Interest in Client Transactions

Code of Ethics

XSTAR has adopted a Code of Ethics (the “Code”) describing our high standards of business conduct and our fiduciary duty to clients. The Code includes provisions relating to the confidentiality of your personal information, a prohibition on insider trading, guidelines surrounding gifts and business entertainment items, personal securities trading, and conflicts of interest, among other things. All supervised persons (employees) must acknowledge the terms of the Code initially upon hire as well as annually, or as amended. Furthermore, all supervised persons must acknowledge the terms of the Code and abide by its provisions.

Supervised persons may maintain personal securities accounts, provided any personal investing is consistent with XSTAR’s personal trading guidelines and applicable regulatory requirements. XSTAR has a fiduciary duty to clients, and therefore discourages frequent trading in personal accounts.

In order to avoid a potential conflict with our Fund and limited partners, associated persons of XSTAR may only transact in securities held in the Fund with prior approval from the Managing Member. In addition, all such transactions must either be entered as part of any block trade for the Fund, or *after* the Fund has established its position.

All reportable transactions are in accordance with the reporting requirements outlined in the Code; and personal trading is continually monitored in order to reasonably prevent conflicts of interest between XSTAR and its Fund investors. XSTAR has engaged the services of a third-party compliance consultant to act as an objective reviewer of all transactions in accounts for which Hieu Nguyen is either a beneficiary or associated with the account through family or other beneficial ownership as described in the Code.

A copy of our Code will be provided to you upon request.

Conflicts of Interest

Conflicts Related to Performance-Based Fees (Incentive Allocation).

Conflicts relating to performance-based fees are addressed in Item 6 and are mitigated by the fact that the Fund is managed pursuant to a single investment strategy and is subject to the same incentive allocation rate with additional limited clawback for Class A interests. In addition, the existence of the incentive allocation may create an incentive for the General Partner to cause the Fund to make investments that are riskier or more speculative than would be the case if this allocation were not made. To address these conflicts, our policies and procedures require that investment decisions be made based on our judgment as to the best interests of our clients, without consideration of XSTAR's or any employee pecuniary interests. Class B interests are not subject to a performance-based fee.

Conflicts Related to Brokerage.

Interactive Brokers LLC currently serves as a prime broker and custodian for the Fund. There are no known conflicts of interest between XSTAR and Interactive Brokers.

Conflicts Related to XSTAR or its Employees Trading for Their Own Account.

Personal investments by XSTAR or its employees for their own accounts in securities that are also in the Fund portfolio could give the perception of interfering with our fiduciary duty of making decisions which are in the best interest of our Fund and could otherwise have a disadvantageous effect on the values, prices or trading strategies of the Fund. Our personal trading policy, described above, has been developed to address this particular conflict by prohibiting transactions in securities held in the Fund through a personal securities account unless such a transaction occurs along with or after any Fund transactions. However, an exception may be granted for certain securities held in employee accounts that are also securities held in our Fund. In such a case, it may be that the securities were purchased in advance of implementing our personal trading policy or an employee may come to us with positions already established prior to their employment. As such, these securities are deemed to be "grandfathered" securities. However, in any case it will require prior written documentation by Hieu Nguyen of the rationale prior to initiating a disposition in order to ensure such disposition will not be disadvantageous to the Fund.

Conflicts Related to Investors/Side Letters

A side letter is an agreement with an investor in the Fund, which establishes different rights or privileges with respect to withdrawal rights, fees and/or incentive allocations. XSTAR may enter into such agreements with certain investors in the Fund.

Item 12 - Brokerage Practices

XSTAR has discretion over what securities are bought or sold and the amount to be bought or sold for the Fund, the broker or dealer to be used as well as the commission rates to be paid. In selecting brokers or dealers to execute transactions, we are not required to solicit competitive bids and do not have an obligation to seek the lowest available commission cost.

In selecting brokers and negotiating commission rates, we take into account the financial stability and reputation of brokerage firms, and the research, brokerage or other services provided by such brokers. XSTAR may occasionally place transactions through its Prime Broker (Interactive Brokers), which provides the opportunity to participate in capital introduction events sponsored by the broker or who refers investors to XSTAR. However, transactions with such a broker would only be done if otherwise consistent with our policy with regards to seeking “best execution.”

XSTAR does not participate in any directed brokerage arrangements and does not select brokers based upon client referrals.

Soft Dollars

Subject to meeting our fiduciary responsibility to seek best execution for Fund investments, we may obtain research products or services that fall within the ‘safe harbor’ established by Section 28(e) of the Securities Exchange Act of 1934. We may purchase brokerage or research services consistent with the requirement of Section 28(e) with soft-dollar commissions generated by trades for the Fund. When using such commissions to obtain research or other products or services, we receive a benefit because we do not have to produce or pay for the research, products or services.

Because the research and services received benefit us, it creates a conflict of interest for XSTAR when choosing how to allocate our brokerage business. In other words, we could have an incentive to execute transactions through a broker-dealer that provides valuable services or products to us and pay transaction commissions charged by that broker-dealer, rather than based on whether the Fund receives the most favorable execution for a given transaction. It also creates incentive for the Fund to engage in more securities transactions than would otherwise be optimal in order to generate soft dollars with which to acquire research products and services.

We do not exclude a broker-dealer from consideration when making a trading decision regarding the Fund simply because the broker-dealer has not provided research services or products to us, although we may not be willing to pay the same commission to that broker-dealer.

We have various controls in place designed to manage these conflicts, including:

- On a periodic basis, we review soft dollar practices to determine that commissions paid were reasonable in relation to the value of research or services received;
- We review commission rates periodically relative to peers;
- We periodically review products and services acquired with soft dollar commissions to assess their benefit to the Fund.

Services we may acquire with soft dollars include research reports, counsel on market analysis and execution strategies, discussions with research analysts, research related to the market for securities, including pre- and post-trade analytics, meetings with corporate executives to obtain verbal reports, seminars or conferences, software that provides analysis of securities and portfolios, corporate governance research and market data, company financials and economic data. We allocate soft dollars to a broker-dealer to receive the broker-dealers proprietary research (i.e.,

researched created or developed by the broker-dealer to which we are allocating soft dollars), and we also use soft dollars generated with a broker-dealer to pay for research created or developed by a third-party. In the case of a third-party, the broker-dealer may provide us with such third-party research or may pay such third-party directly and instruct the third-party to deliver the research to us.

We might also receive brokerage-specific services, including communication services related to execution, clearing and settlement of transactions and other functions incidental to effecting securities transactions, post-trade matching, electronic communication of allocations routing and settlement instructions, trading software to route orders to market centers or brokers and direct market access.

Item 13 - Review of Accounts

Reviews

Hieu Nguyen continuously reviews the Fund to ensure all investments are consistent with the investment objectives, philosophy, strategy and methodologies that we have described to investors in our offering documents, and to ensure that he is comfortable with the general levels of investment, position concentration, and other measures of risk and potential reward in the portfolio.

Reporting

On a quarterly basis, XSTAR prepares and delivers to each investor a monthly performance report as well as a monthly account statement pursuant to WAC 460-24A-105(4).

After fees are deducted from a Limited Partner's account, XSTAR prepares and delivers to each Partner, an invoice pursuant to WAC 460-24A-106, which includes (i) the formula used to calculate the fee, (ii) the amount of assets under management that the fee is based on, and (iii) the time period covered by the fee.

On an annual basis, each investor also receives a copy of the Fund's audited financial statements prepared by our independent auditors and includes tax-reporting information. XSTAR also provides additional information as requested, provided that such requests are deemed reasonable in content and scope and that we are prepared to supply the same level of information to other investors who may ask for similar information.

Item 14 - Client Referrals and Other Compensation

XSTAR does not currently have any arrangements in place to compensate third parties for client referrals.

Item 15 - Custody

XSTAR does not maintain physical possession of client cash and/or securities. Physical location aside, however, we are deemed to have custody of client funds and securities under the Securities Act as a result of the authority of XSTAR as General Partner to cause payments of management fees and other Fund expenses to be made from the Fund, and the overall access we have to the cash/cash equivalents and securities of the Fund.

Consistent with the requirements under the Securities Act, the assets of Investors are held in accounts maintained with Interactive Brokers, who serves as our current custodian for the Fund. Interactive Brokers is a “qualified custodian” within the meaning of the Securities Act. Interactive Brokers is also a registered broker-dealer that holds Fund assets in a separate account.

In addition, the annual financial statements of the Fund are prepared in accordance with GAAP, audited by an independent accounting firm registered with the Public Company Accounting Oversight Board and distributed to all members within 120 days of the Funds fiscal year end.

Item 16 - Investment Discretion

XSTAR has full discretionary authority over all assets it manages for the Fund pursuant to a limited partnership agreement and consistent with the investment objectives and strategy described in the Fund’s offering documents. XSTAR does not provide advisory services directly to investors in the Fund. However, XSTAR owes a fiduciary duty to each investor in the Fund and determines whether an investment in the Fund is suitable for each investor. XSTAR provides account statements to each investor as indicated in Item 13 above.

Item 17 - Voting Client Securities

To the extent XSTAR has been delegated proxy voting authority on behalf of the Fund, we comply with our proxy voting policies and procedures that are designed to ensure such proxies are voted in the best interests of the Fund.

The objective of voting a security is to seek to enhance the value of the security, or to reduce potential for a decline in the security’s value. In voting proxies, we generally vote in favor of routine corporate housekeeping proposals, including election of directors (where no corporate governance issues are implicated). XSTAR has the authority to vote securities held in the Fund,

which we exercise in accordance with our written proxy voting policies and procedure. Our policy defines procedures for voting securities for the benefit of, and in the best interest of, the Fund.

XSTAR will use reasonable efforts to determine whether a potential conflict may exist with respect to voting proxies. We are sensitive to conflicts of interest that may arise in the proxy decision-making process, and we have identified potential conflicts as part of our policies and procedures. Materiality determinations will be based on an assessment of the particular facts and circumstances and in consultation with outside legal counsel, as necessary. If we determine that a material conflict of interest exists between the interests of XSTAR and the interest of the Fund with respect to a particular vote, we will retain a proxy voting service, or turn to another independent third party, to determine the manner in which such vote should be cast.

Although we have and exercise our authority to vote the Fund's securities, we do not have the authority to vote securities held directly by Investors in the Fund.

A copy of our Proxy Voting Policy and Procedures, as well as information related to how proxies were voted, may be obtained by contacting us via phone or email.

Item 18 - Financial Information

As a registered investment adviser, we are required to provide you with certain financial information or disclosures about our financial condition. Such information is available to you upon request. XSTAR has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients and has not been the subject of a bankruptcy proceeding. XSTAR does not collect any fees, 6 or more months in advance.

Item 19 – Requirements for State-Registered Advisors

Hieu Nguyen is XSTAR's sole managing member. His education and business background are described in our brochure supplement (Part 2B of Form ADV).

Mr. Nguyen is compensated for services based on his participation in the management fee and incentive allocation previously discussed in Items 5 and 6.

Item 1. Cover Page



XSTAR Fund Management LLC

13008 184th Ave NE
Redmond, WA 98052

Hieu Trung Nguyen

CRD# 287601

**Part 2B Form ADV
Brochure Supplement**

March 2020

This brochure supplement provides information about Hieu Nguyen that supplements XSTAR Fund Management, LLC's, Part 2A Brochure. You should have received a copy of that Brochure. Please contact Mr. Nguyen at 206 330-5053 if you did not receive our Brochure or if you have any questions about the contents of this supplement. Additional information about Hieu Nguyen is available on the SEC's website at <http://www.advisorinfo.sec.gov>.

Item 2. Educational Background and Business Experience

Hieu Trung Nguyen Year of Birth: 1982

Education

- BS Computer Engineering, University of Arkansas 2005

Business Background

- 01/2017 to Present: XSTAR Fund Management, LLC
- 12/2016 to 03/2020: Google, Inc., Senior Software Engineer
- 06/2015 to 10/2016: Dropbox, Inc., Senior Software Engineer
- 07/2013 to 05/2015: Quora Inc., Senior Software Engineer
- 06/2005 to 06/2013: Microsoft Corporation, Senior Software Engineer

Item 3. Disciplinary Information

We are required to disclose any material facts regarding any legal or disciplinary actions that would be material to your evaluation of XSTAR or Mr. Nguyen. No events have occurred that are applicable to this item.

Item 4. Other Business Activities

We are required to disclose any outside investment-related business or occupation, or any other outside activities or occupation for compensation that involve a substantial portion of the advisory representative's time, that form a substantial source of the representative's income, or could otherwise create a conflict of interest with clients. Mr. Nguyen currently works full-time for XSTAR.

Item 5. Additional Compensation

Mr. Nguyen does not receive any economic benefit from any non-client for providing advisory services.

Item 6. Supervision

Mr. Nguyen is the sole member and principal of XSTAR Fund Management LLC. Because of the firm's size and organization, traditional internal control and oversight structure do not make sense because a separation of duties between different people is not possible. XSTAR maintains records

to demonstrate compliance with securities laws, rules, and the firm's own internal policies.

Item 7. Requirements for State-Registered Advisers

Investment advisors who are registered with a state regulatory agency rather than the SEC are required to provide information about a wider range of disciplinary information than that described above. Mr. Nguyen has not declared personal bankruptcy and has no disciplinary information to report.