

# KENMAR



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This Brochure provides information about the qualifications and business practices of Kenmar Global Investment Management, L.P. (formerly Kenmar Global Investment Management LLC) (“**KGIM LP**”). If you have any questions about the contents of this Brochure, please contact us at 914-307-7000. 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.

KGIM LP is a registered investment adviser. Registration of an investment adviser does not imply any level of skill or training. Additional information about KGIM LP also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2 – Material Changes**

The most recent annual amendment to KGIM LP's Form ADV Part 2A was dated March 30, 2012 has been updated to reflect changes in assets under management, corporate structure changes and changes in senior management.

Currently, our Brochure may be requested by contacting Esther E. Goodman, Senior Executive Vice President & Chief Operating Officer, at 914-307-7007 or eegoodman@kenmar.com. Additional information about KGIM LP is also available via the SEC's web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC's web site also provides information about any persons affiliated with KGIM LP who are registered, or are required to be registered, as investment adviser representatives of KGIM LP.

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#### Item 4 – Advisory Business

Kenmar Global Investment Management LLC (“**KGIM LP**”) was established in October 2005 and was converted to Kenmar Global Investment Management, L.P. (“**KGIM LP**”) in July 2012. As of July 1, 2012, Kenmar Group Inc. holds a 99% limited partner interest and serves as the general partner of KGIM LP and Kenmar Holdings Inc. holds a 1% limited partner interest; both Kenmar Group Inc. and Kenmar Holdings Inc. are Delaware corporations, which are owned equally by Marc S. Goodman and Kenneth A. Shewer.

Kenmar Group Inc. and the Olympia Group have signed an agreement to merge; the parties expect to close the deal in August 2012.

KGIM LP has been a registered investment adviser with the SEC since January 2006. KGIM LP is part of The Kenmar Group of companies which was founded in 1983 and through its affiliated companies provides an array of innovative solutions for global institutional investors including a broad range of hedge fund of funds, managed futures funds and hybrid products using overlay, swap-based or other innovative structures, as well as private label products.

KGIM LP provides discretionary investment management services to certain private investment funds or pools (collectively, “**Private Funds**”) and to certain institutional and large private clients (collectively with Private Funds, “**Clients**”) that in turn may invest:

- i) In other Private Funds; and/or
- ii) In private investment funds managed by alternative investment managers that are unrelated third parties (“**Portfolio Funds**”); and/or,
- iii) Indirectly into separately managed accounts (“**Managed Accounts**”) each managed by an unrelated third party alternative investment manager. The Managed Accounts are accessed through investment in CLariTy Managers (Offshore) SPC Limited (“**CLariTy Managers**”) and/or CTA Choice Fund LLC (“**CTA Choice**”; collectively with CLariTy Managers, “**CLariTy Managed Account Platform**”). CLariTy Managed Account & Analytics Platform, L.P. (formerly CLariTy Managed Account & Analytics Platform LLC) (“**CLariTy**”), an affiliate of KGIM LP, is the investment manager of the CLariTy Managed Account Platform. For additional information about CLariTy, please see Item 10 below and CLariTy’s Form ADV Part 2A.

The alternative investment managers responsible for making the trading and investment decisions for the Portfolio Funds and the Managed Accounts are referred to as “**Managers**”. The Portfolio Funds and Managed Accounts may invest, at the discretion of the applicable

Manager, in a wide and substantially unrestricted variety of securities and other financial instruments including (a) any and all securities, whether listed, unlisted, publicly traded or privately-offered, including by not limited to (i) equity securities (such as common stock, preferred stock, and convertible securities), (ii) debt securities (such as corporate bonds, government or government agency debt obligations, debentures and any other evidence of indebtedness such as money market obligations and certificates of deposit), (iii) groups of securities, exchange-traded funds and indices, (iv) warrants, rights, options or privileges on any of the foregoing; (b) commodities, futures contracts, forward contracts, foreign exchange commitments, swap contracts, spot (cash) commodities and other items, options on the foregoing, any rights pertaining to the foregoing contracts, instruments or investments throughout the world, and securities approved by the U.S. Commodity and Futures Trading Commission (“**CFTC**”) for investment of customer funds; (c) interests of other entities engaged in trading the items enumerated in (a) and (b) above; and (d) any other investment or transaction that a Manager deems to be consistent with the objectives of such Manager’s trading methods, regardless of whether such interest is traded on an exchange, market or otherwise and regardless of where in the world such interest is traded or located (collectively, “**Investment Interests**”). The Investment Interests in which each Client may invest (through Portfolio Funds and/or Managed Accounts) are found in each Private Fund’s offering memorandum and related documents (collectively, “**Offering Documents**”).

Please see Item 8 below for a brief discussion of KGIM LP’s current investment strategies (collectively, the “**Strategies**”). Important information regarding an investment in a Private Fund, including information about the Managers responsible for making the trading and investment decisions for the Portfolio Funds and Managed Accounts, including the specific investment strategies and policies, fees and expenses, risk factors and other material terms, are set forth in each Private Fund’s Offering Documents.

In addition to the Private Funds that it manages, KGIM LP will work with large institutional and private clients to design multi-manager alternative investment portfolios tailored to the client’s specific investment objectives and requirements. The investment policies of such portfolios may be determined in consultation with the client.

As of July 1, 2012 KGIM LP serves as investment manager for approximately \$215.2 million of discretionary assets. KGIM LP also serves as commodity pool operator for a private commodity pool with approximately \$3.5 million of discretionary assets under management, as an asset allocator with approximately \$320.5 million of discretionary assets under management and as an index sponsor with \$155.8 million of index assets under management.

## Item 5 – Fees and Compensation

KGIM LP does not have a standardized fee schedule. KGIM LP generally receives a management fee ranging from 0% to 2% per annum of assets under management (a) based on beginning of period or end of period assets, (b) generally charged monthly or quarterly, and (c) payable either in advance or in arrears.

KGIM LP also generally receives an incentive (or performance) fee, ranging from 0% to 10% of net new high profits (realized and unrealized), charged quarterly or monthly in arrears. As applicable, performance-based compensation is charged by KGIM LP in conformity with Rule 205-3 under the Investment Advisers Act of 1940, as amended (the “**Advisers Act**”).

Management fees charged in arrears will be prorated, and management fees charged in advance will be refunded for any partial period. Management and incentive fees may be negotiable depending upon a variety of factors including, among others, the investment strategy employed by KGIM LP, the type of advisory services offered, the amount of the investor’s assets under the management of KGIM LP and its affiliated companies, or the overall relationship with the investor.

Fees paid to KGIM LP are generally deducted from Client assets as more fully set forth in the Offering Documents. Clients also pay certain other fees and expenses such as brokerage and other related transaction fees, management and incentive fees paid to the Managers, legal, administrative, offering, audit, and custodian, among others. To the extent there are any placement fees for the Private Funds, there may be additional costs incurred. All such fees and expenses and other important information regarding an investment in a Private Fund, are more fully set forth in each Private Fund’s Offering Documents.

To the extent that a Private Fund managed by KGIM LP invests in another Private Fund managed by KGIM LP, investors in such Private Fund will only pay one level of management and/or incentive fees to KGIM LP.

To the extent that Clients invest in Private Funds, Portfolio Funds and/or Managed Accounts, such Clients will bear their prorata share of the fees and expenses of those Private Funds, Portfolio Funds and/or Managed Accounts. Such fees and expenses may include among others, management fees and incentive fees paid to the Managers, brokerage and other transaction fees as well as any CLariTy administrative services fees and other administrative, offering and operating fees and expenses.

The Board of Directors of each Private Fund generally may terminate advisory services at any time without penalty upon prior written notice (generally 30 days). Withdrawals or redemptions by investors in a Private Fund are governed by each Private Fund's Offering Documents. Investors in private accounts generally may terminate upon 90 days written notice, subject to the terms and conditions of the investment management and/or operating agreements.

Certain supervised persons of KGIM LP may receive a bonus based in part on the assets managed by KGIM LP and its affiliated advisers (together, "**Kenmar**"). Such persons are also registered with Kenmar Securities, L.P. (formerly Kenmar Securities Inc.) ("**KSEC**"), an affiliate of KGIM LP, and a broker-dealer registered with the U.S. Securities and Exchange Commission ("**SEC**") and is a member of the Financial Industry Regulatory Authority ("**FINRA**"). See Item 10 below for additional information about KGIM LP's affiliates, including KSEC.

This practice may present a conflict of interest as it gives KGIM LP and/or its supervised persons an incentive to recommend the investment advisory services of Kenmar taking into account the fact that compensation may be received based upon an increase in Kenmar's assets. We do not believe this conflict to be material because, among other things, such supervised persons are not incentivized to sell one investment product over another and thus will generally consult with each prospective investor to select the investment product(s) most appropriate for their specific investment objectives and requirements. Further, the relationship between KGIM LP and its affiliates is disclosed to Clients and investors.

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

KGIM LP generally receives an incentive (or performance) fee based on a percentage of net new high profits (realized and unrealized), charged quarterly or monthly in arrears. As applicable, performance-based compensation is charged by KGIM LP in conformity with Rule 205-3 under the Advisers Act.

See Item 5 above which discusses KGIM LP's performance-based fees.

Performance-based fee arrangements may create an incentive for KGIM LP to select investments (*i.e.*, Managers) which may be riskier or more speculative than those which would be selected under a different fee arrangement. Such fee arrangements also create an incentive to favor higher fee paying Clients over other Clients in the allocation of investment opportunities. Managing Client accounts that are charged performance-based compensation and others that are not may give rise to a potential conflict of interest,

as KGIM LP may have an incentive to favor the accounts of Clients for which it receives performance-based compensation over accounts for which it receives only asset-based fee or other non-performance-based compensation. KGIM LP has established allocation procedures so that all Clients are treated fairly on an overall basis and to prevent this potential conflict from materially influencing the allocation of investment opportunities among Clients.

## **Item 7 – Types of Clients**

KGIM LP provides discretionary investment management services to Clients which may include Private Funds, banks, insurance companies, pension plans, endowments, sovereign wealth plans and/or private investors. Such Clients may in turn invest (directly or indirectly) in Private Funds, Portfolio Funds or Managed Accounts.

Each Private Fund has a minimum investment requirement for investors as set forth in such Private Fund's Offering Documents. Investors also are required to meet certain eligibility standards as set forth in each Private Fund's Offering Documents.

In its discretion, KGIM LP has entered into (and may in the future enter into) side letter arrangements with certain investors in Private Funds managed by KGIM LP ("**Side Letter Investors**") whereby KGIM LP and a Side Letter Investor have agreed (or may agree in the future) to vary the Side Letter Investor's investment terms from those made available to other investors in Private Funds, including but not limited to (1) the greater availability to the Side Letter Investor of certain information, disclosures and/or reports (including personnel or other changes to KGIM LP or the Private Fund, or portfolio holdings and other information concerning the Private Fund's investments or the Side Letter Investor's investment), (2) the timing of the delivery to the Side Letter Investor of such information or other Private Fund information, disclosures and/or reports, and (3) certain other investment terms, including but not limited to reduced fees to be charged to a Side Letter Investor (management and/or incentive), shorter notice periods for redemption, more frequent dates for redemptions, timing of redemption payouts, and/or timing for subscriptions. As a result, certain Side Letter Investors may be able to act (*i.e.*, request redemptions) on such additional information that other investors do not receive. Granting more favorable liquidity terms to certain investors may have a material adverse effect on investors not receiving such terms. A Private Fund also may issue additional classes that are subject to such different terms and conditions which are similar or the same as a side letter arrangement.



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

### ***Methods of Analysis.***

KGIM LP reflects the conviction that carefully selected alternative investments can produce superior returns without undue risks if informed decision making and skilled management are applied. This requires in-depth Manager due diligence and monitoring, the ability to blend qualitative judgments with quantitative analysis, knowledge of global markets and continuous attention to every detail of the investments.

KGIM LP's investment approach applies both quantitative and qualitative analyses to the evaluation of investment strategies, markets and global investment opportunities. KGIM LP manages Client assets by dynamically allocating the assets among Managers that seek to exploit a broad array of investment opportunities worldwide. KGIM LP seeks experienced, high quality Managers that, in the opinion of KGIM LP, offer the potential for superior risk-adjusted returns within the context of the current market environment.

In evaluating Managers, KGIM LP does extensive Manager due diligence, applying a “bottom up” approach. KGIM LP conducts thorough quantitative and qualitative analysis, including an evaluation of the risks assumed by each Manager and strategy, in order to fully understand the strengths and weaknesses of the individual investment strategies and performance of each Manager. KGIM LP also performs full operational due diligence on each Manager's infrastructure, middle-office and back-office, which includes onsite visits, background checks on the principals, audit reviews, legal review of all relevant documents and confirmation that specific trade and operating procedures are documented and followed in practice. The process is designed to ensure that Kenmar has accumulated, comprehended and documented the relevant information about the Manager.

KGIM LP generally allocates Client assets generally across a spectrum of global markets and Managers, not only to derive the benefits of diversification, but also to exploit multiple investment avenues and themes. Wherever possible, KGIM LP seeks to include Managers that are liquid and transparent and aim to navigate market volatility by means of trading acumen and a judicious implementation of short positions as well as long positions.

### ***Investment Strategies.***

KGIM LP's Strategies are described briefly below:

*KGIM LP's Global Resource Strategy (“KGRF Strategy”)* has the objective of producing better risk-adjusted returns over the medium to long term than an outright long-only strategy by employing a trading-oriented, long/short approach to investing in the natural

resource sector. As such, the KGRF Strategy will invest in Portfolio Funds and/or Managed Accounts whose Managers focus their investment and/or trading in the global commodities, commodity equities and natural resource markets, including, but not limited to: energy, precious and base metals, agricultural products, forestry products, water and commodity infrastructure.

*KGIM LP's Multi-Investment Strategy* ("**Multi- Investment Strategy**") has the objective of achieving moderate returns coupled with low volatility by investing in a portfolio of Managers that employ diverse trading/investment strategies across a broad spectrum of global financial markets. One of the key differentiating components of the Multi-Investment Strategy is the inclusion of managed futures and global macro managers, which, over time, is expected to add to the portfolio's non-correlation to traditional long-only equity and bond investments.

*The Kenmar Liquid Commodity Strategy* ("**KLC Strategy**") has been designed to provide broad, diversified exposure to the commodity markets by referencing commodity managers. The underlying investment managers may employ either discretionary or systematic strategies in diversified or specific markets utilizing liquid financial instruments. KLC Strategy's objective is achieved through the application of a rules-based index construction and rebalancing methodology designed by KGIM LP. All of the managers are accessed via Managed Accounts on the CLariTy Managed Account Platform, granting KGIM LP full, daily transparency and liquidity.

*Kenmar Global Managed Futures Program* ("**KGM Program**") is a diversified portfolio of commodity trading advisors ("**CTAs**") designed to increase the risk-adjusted returns of a traditional investment portfolio by providing incremental returns while decreasing volatility and reducing the risk of a significant decline in overall investment portfolio performance. The CTAs employ diverse trading strategies in a broad spectrum of global liquid futures and foreign exchange markets. Managed futures are not and should not be viewed as a portfolio hedge, but rather as a source of liquid transparent returns that are typically not correlated to traditional or other alternative investments. KGMF consists of CTAs that are accessed through Managed Accounts on the CLariTy Managed Account Platform, granting KGIM LP full, daily transparency and liquidity.

*Kenmar Liquid Global Macro Strategy* ("**KLGM Strategy**") provides a broad, diversified exposure to global macro strategies by referencing global macro Managers. The underlying Managers may employ either systematic or discretionary strategies in liquid financial instruments generally futures, options on futures and foreign exchange. KLGM Strategy's objective is achieved through the application of a rules-based index construction and

rebalancing methodology designed by KGIM LP. All of the Managers are accessed via managed accounts on the CLariTy Managed Account Platform, granting KGIM LP full, daily transparency and liquidity.

KGIM LP may add, modify and/or remove Strategies at any time pursuant to the Offering Documents.

***Risk of Loss.***

Investing in securities involves risk of loss that Clients should be prepared to bear.

An investment in the Strategies involves a high degree of risk and may not be suitable for all investors. They are speculative and investors may lose all or a substantial portion of their investment. Investors must have the financial ability, sophistication/experience and willingness to bear the risks of such an investment. An investment in the Strategies should be discretionary capital set aside strictly for speculative purposes.

Private Funds, Portfolio Funds and the Managed Accounts are unregistered private investment partnerships, funds or pools that may invest and trade in many different markets, strategies and Investment Interests (including securities, commodity interests and derivatives) and are NOT subject to the same regulatory requirements as mutual funds, including mutual fund requirements to provide certain periodic and standardized pricing and valuation information to investors. They are they are not guaranteed by the FDIC or by any bank and they may lose value.

Private Funds, Portfolio Funds and the Managed Accounts are illiquid investments and may be subject to significant restrictions regarding transfers. There is no secondary market for an investment in a Private Funds, Portfolio Funds and/or the Managed Accounts and none is expected to develop.

Offering Documents are not reviewed or approved by federal or state regulators.

A Private Fund, a Portfolio Fund or a Managed Account may have substantial fees and expenses, which may offset the trading profits of the Private Funds, Portfolio Funds and/or the Managed Accounts.

A Private Fund, a Portfolio Fund and/or a Managed Account also may use leverage, execute a substantial portion of trades on foreign exchanges and trade commodity interests. The risk of loss from such activities is substantial and may increase the volatility of performance.

There is no guarantee that any of the Strategies will achieve its goals, objectives, or targeted returns.

KGIM LP and its principals, officers and supervised persons will devote such time as they deem necessary for the management of Client assets. However, KGIM LP and its principals, officers and supervised persons will be involved, from time to time, with other related investment management activities and consequently will not devote all of their time specifically to any one Client. However, this may be mitigated by the fact that KGIM LP employs a broad group of investment and administrative professionals who will devote the time and attention to the business and affairs of KGIM LP and its Clients as they, in their discretion, deem reasonably necessary.

Although KGIM LP generally seeks to spread each Strategy's assets across a number of Managers, the Strategy may at certain times hold a few, relatively large positions (in relation to their assets), with the result that a loss in any one position could have a material adverse impact on the Strategy's assets.

The Managers, through Portfolio Funds and/or Managed Accounts, have the overall responsibility for making investment and trading decisions for Client assets. Therefore, Clients will be relying almost exclusively on the judgment and ability of the Managers. No assurance can be given that the advice of a Manager will result in profitable trades for its Strategy or that the applicable Strategy will not incur substantial losses.

To achieve a Strategy's investment objective, its Manager will trade Investment Interest. Investment Interests are speculative and may involve substantial risk of loss. The prices of Investment Interests are highly volatile and market movements are difficult to predict. Supply and demand for Investment Interests change rapidly and are affected by a variety of factors, including interest rates, rates of inflation and general trends in the overall economy or particular industrial or other economic sectors. Government actions, especially those of the Federal Reserve Board and other Central Banks, have a profound effect on interest rates that, in turn, affect the price of Investment Interests. In addition, a variety of other factors that are inherently difficult to predict, such as domestic and international political developments, governmental trade and fiscal policies, monetary and exchange control programs, currency devaluations and revaluations, emotions of the marketplace, patterns of trade and war or other military conflict. None of these factors can be controlled by a Manager.

The Managers may also manage other accounts (including other funds, related and unrelated, as well as accounts in which the Managers may have an interest) which may employ different or similar trading strategies, and which together with accounts already

being managed could increase the level of competition for the same trades, including the priorities of order entry. These factors could make it costly or impossible to take or liquidate a position in a particular Investment Interest of the Portfolio Fund and/or Managed Account.

Trading decisions made by each Manager may be based on the judgment of one or a limited number of key individuals (each, a “**Key-Man**”). If any Key-Man were to die or become incapacitated or otherwise terminate his relationship with a Manager, such event could have a material adverse effect on the applicable Private Fund and its performance.

General economic and business conditions may affect a Manager’s activities. Unexpected volatility or illiquidity in the markets in which a Portfolio Fund and/or Managed Account, directly or indirectly, holds positions could impair the Portfolio Fund’s and/or Managed Account’s ability to carry out its business or cause it to incur losses. Moreover, although there can be no assurance that they will, certain Managers trade profitably during periods when major price movements occur. Such movements generally occur in any given market only infrequently, and during periods of static or “*whipsaw*” markets it is unlikely that those Managers will achieve profits for Portfolio Funds and/or Managed Accounts.

Managers may employ various risk reduction strategies designed to minimize the risk of their trading positions. A substantial risk remains, nonetheless, that such strategies will not always be possible to implement and even when possible will not always be effective in limiting losses. If a Manager analyzes market conditions incorrectly, or employs a risk reduction strategy that does not correlate well with a Manager’s investments, such risk reduction techniques could result in a loss, regardless of whether the intent was to reduce risk or increase return. These risk reduction techniques may also increase the volatility of a Portfolio Fund or Managed Account and/or result in a loss if the counterparty to the transaction does not perform as promised.

Substantially all trading in commodities and futures has as its basis a contract to purchase or sell a specified quantity of a particular asset for delivery at a specified time, although certain Investment Interests, such as market index futures contracts, may be settled only in cash based on the value of the underlying composite index. Futures trading involves trading in contracts for future delivery of standardized, rather than specific, lots of particular assets.

Futures prices are highly volatile. Price movements for the futures contracts that the Managers may trade are influenced by, among other things, changing supply and demand relationships, government, trade, fiscal, and economic events, and changes in interest rates.

Governments from time to time intervene, directly and by regulation, in certain markets, often with the intent to influence prices directly.

The CFTC has jurisdiction to establish, or cause exchanges to establish, position limits with respect to all commodities traded on exchanges located in the U.S. and may do so, and any exchange may impose limits on positions on that exchange. No such limits presently exist in the forward contract market or on certain non-U.S. exchanges. Insofar as such limits do exist, all commodity accounts owned, held, controlled or managed by a Manager and its principals and affiliates may be combined (that is, aggregated) for position limit purposes.

U.S. commodity exchanges may limit fluctuations in futures contracts prices during a single day by regulations referred to as “daily price fluctuation limits” or “daily limits.” In addition, even if futures prices have not moved the daily limit, a Manager may not be able to execute futures trades at favorable prices if little trading in such contracts is taking place (a “thin” market).

Futures are typically traded on “margin.” The “margin” is the amount of escrow or performance bond deposit that a Portfolio Fund will have to make and maintain with its futures commission merchants (futures brokers) to secure its future obligation to close out open positions. The initial margin requirements may be satisfied by the deposit of cash (or, in some U.S. markets, certain U.S. Government obligations). The open positions must be “marked to market” daily, requiring additional margin deposits if the position reflects a loss that reduces a Portfolio Fund’s equity below the level required to be maintained and permitting release of a portion of the deposit if the position reflects a gain that results in excess margin equity. The level of margin that must be maintained for a given position is sometimes subject to increase, requiring additional cash outlays. In the futures markets, margin deposits are typically low relative to the value of the futures contracts purchased or sold. Such low margin deposits are indicative of the fact that any futures contract trading typically is accompanied by a high degree of leverage. Because margin requirements normally range upward from as little as 2% or less of the total value of the contract, a comparatively small commitment of cash or its equivalent may permit trading in futures contracts of substantially great value. As a result, price fluctuations may result in a contract profit or loss that is disproportionate to the amount of funds deposited as margin. Such a profit or loss may materialize suddenly, since the prices of futures frequently fluctuate rapidly and over wide ranges, reflecting both supply and demand changes and changes in market sentiment.

Depending upon the amount of assets managed overall by a Manager, it may be difficult or impossible for the Manager to take or liquidate a position in a particular commodity, method or strategy.

Important information regarding an investment in a Private Fund, including the specific investment strategies and techniques employed to achieve the Strategies and risks associated with the Strategies, as well as other material terms, are more fully set forth in each Private Fund's Offering Documents.

## **Item 9 – Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of KGIM LP or the integrity of KGIM LP's management. KGIM LP has never had any legal or disciplinary events to report.

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

KGIM LP is registered as an investment adviser under the Advisers Act with the SEC and as a commodity pool operator and commodity trading advisor under the Commodity Exchange Act (“CEA”) with the CFTC and is a member of the National Futures Association (“NFA”). As of July 1, 2012, the following members of KGIM LP's management are registered as Associated Persons (“APs”) of KGIM LP with the NFA: Melissa Cohn, Esther E. Goodman, Marc S. Goodman, Joanne Rosenthal and Kenneth A. Shewer.

KGIM LP is part of The Kenmar Group of companies; three of KGIM LP's affiliated companies are described below:

Kenmar Preferred Investments, L.P. (formerly Kenmar Preferred Investments Corp.) (“**Kenmar Preferred**”), an affiliate of KGIM LP, is registered as an investment adviser under the Advisers Act with the SEC and as a commodity pool operator and commodity trading advisor under the CEA with the CFTC and is a member of the NFA. As of July 1, 2012, Kenmar Preferred serves as discretionary investment manager for a number of Private Funds with approximately \$38 million of discretionary assets and approximately \$113 million of non-discretionary assets under management and serves as commodity pool operator for private commodity pools (“**Pools**”) with approximately \$141 million of assets under management in such Pools. As of July 1, 2012, the following members of KGIM LP's management are registered as APs of Kenmar Preferred with the NFA: Melissa Cohn, Esther E. Goodman, Marc S. Goodman, Joanne Rosenthal and Kenneth A. Shewer.



CLariTy Managed Account & Analytics Platform, L.P. (formerly CLariTy Managed Account & Analytics Platform LLC) (“**CLariTy**”), an affiliate of KGIM LP, is registered as an investment adviser under the Advisers Act with the SEC and as a commodity pool operator and commodity trading advisor under the CEA with the CFTC and is a member of the NFA. As of July 1, 2012, CLariTy serves as investment manager for CLariTy Managers with approximately \$68.3 million of assets under management and serves as managing member of CTA Choice Fund LLC with approximately \$684 million of assets under management. CLariTy does not serve in the capacity of asset allocator on behalf of investors in the Managed Accounts. In the case where an investor requires such services, KGIM LP may be engaged to serve as the investment adviser in this capacity. As of July 1, 2012, the following members of KGIM LP’s management are registered as APs of CLariTy with the NFA: Esther E. Goodman, Marc S. Goodman, Joanne Rosenthal and Kenneth A. Shewer.

Kenmar Securities, L.P., (formerly Kenmar Securities Inc.) (“**KSEC**”), an affiliate of KGIM LP, is a broker-dealer registered with the SEC and is a member of FINRA. KSEC is also registered as an introducing broker under the CEA with the CFTC and is a member of the NFA. KSEC may solicit potential investors for Private Funds managed by KGIM LP and receive compensation for such services. Such arrangement could create certain conflicts of interest because KSEC and its employees are not neutral third parties and may be compensated based on their ability to sell interests in the Private Fund. As of July 1, 2012, the following members of KGIM LP’s management are registered as APs with the NFA: Esther E. Goodman, Marc S. Goodman and Kenneth A. Shewer. Similarly, the following members of KGIM LP’s management are registered as Registered Representatives of KSEC with FINRA: Esther E. Goodman, Maureen Howley, Alison Schwab, James Purnell, Joanne Rosenthal and David Spohr.

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

KGIM LP strives to adhere to the highest industry standards of conduct based on principles of professionalism, integrity, honesty and trust. As such, KGIM LP has adopted a Code of Professional Conduct (“**Code**”) which describes KGIM LP’s high standard of business conduct, and fiduciary duty to its clients. The Code of Professional Conduct includes provisions relating to the confidentiality of client information, a prohibition on insider trading, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All employees must acknowledge the terms of the Code annually, or as amended.



KGIM LP's principals, officers, supervised persons and related accounts ("**Employees**") are permitted to maintain personal trading accounts provided that such accounts are disclosed to KGIM LP and are held at designated brokerage firms. However, Employees who wish to maintain any existing brokerage account(s), or open any new brokerage account(s), at a non-designated brokerage firm may be permitted to do so provided that they pre-clear the request in writing and pay any costs associated with maintaining said account(s) at a non-designated brokerage firm.

Any personal trading by Employees must be consistent with applicable law and with the Code. Subject to compliance with applicable laws, rules and regulations and the Code, Employees may buy, sell or hold for their own personal trading accounts securities, including Portfolio Funds that KGIM LP also may buy, sell or hold for its clients. Employee investments in Portfolio Funds are permissible subject to compliance with the Code, pre-approval, and a determination that no conflict of interest exists.

The Code contains policies and procedures that, among other things:

- prohibit Employees from taking personal advantage of opportunities belonging to clients;
- prohibit trading on the basis of material nonpublic information;
- generally prohibit personal trading by Employees during business hours;
- require pre-clearance of any private placements (including investments in hedge funds, fund-of-funds, private equity funds, venture capital funds and other unregistered pooled investment vehicles) and "new issues";
- require initial and annual reports of securities holdings by Employees, as well as copies of monthly and/or quarterly account statements and trade confirmations; and
- Prohibit trading by Employees of securities of any issuers on KGIM LP's restricted issuer list.

Subject to satisfying this policy and applicable laws, Employees of KGIM LP and its affiliates may trade for their own accounts in securities which are recommended to and/or purchased for KGIM LP's Clients. The Code is designed to assure that the personal securities transactions, activities and interests of the Employees of KGIM LP will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their

own accounts. Under the Code certain classes of securities have been designated as exempt transactions, based upon a determination that these would materially not interfere with the best interest of KGIM LP's clients. Employee trading and identified brokerage accounts are also continually monitored under the Code via Compliance11, an internet-based compliance monitoring application, and to reasonably prevent conflicts of interest between KGIM LP and its clients.

KGIM LP's Code also addresses misappropriation of material nonpublic or proprietary information (*e.g.*, insider trading) and outside business activities. KGIM LP's insider trading prohibitions (i) apply to all Employees, (ii) extend to activities within and outside their duties as Employees of KGIM LP, and (iii) apply to Investment Interest-related information that is internal to KGIM LP. Employees are permitted to engage in limited outside business activities provided these activities do not create an actual or potential conflict of interest due to the amount of time spent on such activities and the investment-related nature of certain activities.

Investors or prospective investors may request a copy of the Code by contacting KGIM LP's Investor Services at (914) 307-7000.

KGIM LP may invest Client assets in Private Funds and Managed Accounts that are managed by KGIM LP or its affiliates. This presents a potential conflict of interest. However, such relationships, potential conflicts of interest and accompanying fees are disclosed to Clients and investors. See also Items 4, 5 and 8 above.

## **Item 12 – Brokerage Practices**

KGIM LP has the authority to determine, without obtaining specific client consent, the clearing or executing to be used and the commission rates paid. However, as more fully described above, KGIM LP provides discretionary investment management services to Private Funds and separate accounts that in turn invest in Private Funds, Portfolio Funds and/or Managed Accounts. As such, KGIM LP does not select clearing or executing brokers, although Clarity may select clearing brokers for the Managed Accounts. Limitations on KGIM LP's authority are guided by, among other things, (i) its responsibility to act as a fiduciary when handling clients' accounts, (ii) the investment strategies and objectives of its Clients, and (iii) with respect to a Private Fund, the Private Fund's Offering Documents.

The clearing brokers and executing brokers (together, "**Brokers**") for the Portfolio Funds, which are managed by unaffiliated third party Managers, and the executing brokers for the Managed Accounts, are selected by the Managers themselves. In selecting Brokers to execute transactions, the Managers need not solicit competitive bids and do not have an

obligation to seek the lowest available commission cost. Also, they are not obligated to (and may not) negotiate “execution only” commission rates. As such, Portfolio Funds or Managed Accounts may be deemed to be paying for other products and services provided by the Broker which are included in the commission rate. In selecting Brokers, it is expected that Managers may take into account the Broker’s reliability, reputation, financial strength and responsibility, stability, ability to execute trades, block trading and block positioning capabilities, nature and frequency of sales coverage, net price, depth of available services, operations, market making, the availability of stocks to borrow for short trades, willingness to execute related or unrelated difficult transactions in the future, order of call, back office, processing and special execution capabilities, efficiency of execution, error resolution and execution or commission rate.

In selecting securities Brokers, the Managers also take into account the value of certain products and/or services (whether or not for research purposes, in whole or in part), either provided by a Broker, or paid for by a Broker (either by direct or reimbursement payments (in whatever form) or by commissions, mark-ups or credits or by any other means) to be provided by others (collectively, “**Products and Services**”). Products or Services may be in any form (e.g., written, oral or on-line) and may include research products or services and other products and services. A Manager’s use of Products and Services may or may not meet the “safe harbor” of Section 28(e) of the Securities Exchange Act of 1934, as amended.

Research may include, among other things, proprietary research from Brokers, which may be written or oral. Research Products and Services may include, among other things, research concerning market, economic and financial data, a particular aspect of economics or on the economy in general, statistical information, data on pricing and availability of securities, non- mass-marketed financial publications, electronic market quotations, performance measurement services, analyses concerning market, economic and financial data, a particular aspect of economics or on the economy in general, statistical information, data on pricing and availability of securities, analyses concerning specific securities, companies, industries or sectors and market, economic and financial studies and forecasts.

In some instances, a Manager seeking to rely on the safe harbor of Section 28(e) may receive a research product or service that may be used for both research and non-research purposes. In such instances, it is expected that the Manager will make a good faith effort to determine the relative proportion of the research used to assist the Manager in carrying out its investment decision-making responsibilities and the relative proportion used for administrative or other non-research purposes. The proportion of the research attributable to assisting the Manager in carrying out its investment decision-making responsibilities is

expected to be paid through brokerage commissions generated by client transactions; the proportion attributable to administrative or other non-research purposes is expected to be paid for by the Manager from its own resources. The receipt of “mixed-use” research products and services and the determination of the appropriate allocation creates a potential conflict of interest between the Manager and its clients, including the Portfolio Funds and Managed Accounts, regarding the Brokers it selects.

Generally, Managers will not adhere to any rigid formulas in making their selection of Brokers, but will weigh a combination of the criteria set forth above. In recognition of the value of overall brokerage services provided by a Broker, Managers may select a Broker that charges brokerage commissions in excess of that which another Broker might have charged for effecting the same transaction. In connection therewith, Managers will make a good faith determination that the amount of commission is reasonable in relation to the value of the brokerage services received, viewed in terms of either the specific transaction or Portfolio Fund or Managed Account transactions overall. In exchange for the direction of commission dollars to certain Brokers, credits may be generated which may be used by the Managers to pay for the Products and Services provided by, or paid by, such Brokers.

The clearing brokers for the Managed Accounts are selected by CLariTy, an affiliate of KGIM LP, as the investment manager of the CLariTy Managed Account Platform. Similarly, as described above for the Managers, in selecting clearing brokers for Managed Accounts, CLariTy will not adhere to any rigid formulas in making their selection but will weigh a combination of the criteria and will make good faith determination that the amount of commission is reasonable in relation to the value of the brokerage services received.

The Offering Documents for the Private Funds and CLariTy Managed Account Platform, respectively, detail the applicable brokerage placement practices.

### **Item 13 – Review of Accounts**

KGIM LP’s Investment Committee (“IC”) meets several times each month. The IC’s responsibilities include: (1) review of all portfolios with respect to such portfolios’ policies, guidelines, strategies and operations; (2) review of each Manager in the portfolio; (3) selection of and allocation among Managers; and (3) setting quarterly market outlook and tactical asset allocation. KGIM LP’s IC is also responsible for approving all prospective Managers and, where appropriate, terminating Managers. KGIM LP provides all initial and ongoing due diligence and monitors Managers on an on-going basis.

Investors in Private Funds are provided with monthly statements prepared by the Private Funds’ independent fund administrator and audited fiscal year-end financial statements.

Investors in the private account are provided with statements twice each month prepared by the independent administrator to the Managed Accounts in which the private account invests, and with audited fiscal year-end financial statements. Investors in a Private Fund or a private account may also receive other periodic reports concerning such investment as KGIM LP determines to be appropriate.

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

The Private Funds may compensate third parties for referring investors, at no additional cost to the Private Funds. Referral fees are generally a percentage of the management fees and, in some cases, incentive fees, earned by KGIM LP. Third parties referring investors will generally determine the share class of the private fund that will be offered to the investor. Each share class generally charges a management and/or incentive fees. See above Item 5. As applicable, such referral arrangements will conform to Rule 206(4)-3 under the Advisers Act.

In very limited situations, for certain Private Funds, investors purchasing interests may be charged a placement fee of up to 3% of the investor's capital contribution, which will be paid to a Private Fund's placement agent. If a placement fee is to be charged, the fee will be detailed in the applicable Offering Documents.

#### **Item 15 – Custody**

KGIM LP does not have actual custody of any Client assets. In certain limited cases, a Client of KGIM LP also may invest in CTA Choice, for which an affiliate of KGIM LP acts as managing member and therefore such affiliate may be deemed to have constructive custody of such Client's cash because of such capacity. See also Item 4 and Item 11 above. Audited financial statements of CTA Choice are furnished annually to such Client(s). In addition, audited financial statements are furnished annually to investors in Private Funds.

#### **Item 16 – Investment Discretion**

KGIM LP has the authority to determine, without obtaining specific client consent, the Investment Interest to be bought or sold; the amount of Investment Interest to be bought or sold; the broker or dealer to be used; and the commission rates paid. Such authority is generally established through each Privates Fund's governing and Offering Documents and through investment management and other agreements. Nonetheless, KGIM LP generally delegates the aforementioned authorities to the selected Managers through Private Funds, Portfolio Funds and Managed Accounts. Limitations on KGIM LP's authority are guided by, among other things, (i) its responsibility to act as a fiduciary when handling clients'

accounts, (ii) the investment strategies and objectives of its Clients, and (iii) with respect to a Private Fund, the Private Fund's Offering Documents.

KGIM LP (i) selects the Managers in which to invest, (ii) determines the allocation of assets among the Managers, and (iii) makes the determination as to when to add, remove and/or replace Managers. As previously stated, investments in the Managers are made through Private Funds, Portfolio Funds and/or Managed Accounts. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular Client.

See also Item 12 above.

### **Item 17 – Voting Client Securities**

KGIM LP has adopted Proxy Voting Policies and Procedures whereby it exercises discretion to vote proxies for client securities, including investments in Portfolio Funds, addresses situations where conflicts of interest are identified.

Each proxy proposal is reviewed on a case-by-case basis by KGIM LP's IC. KGIM LP will generally support proposals aimed at effectuating standard and necessary aspects of business operations, which will not typically have a significant effect on the value of the investment, such as name changes, elections of directors, etc. Kenmar's IC will communicate in writing its decision(s) relative to each proxy to KGIM LP's Director of Fund Administration, who will effectuate the actual proxy vote.

A copy of KGIM LP's proxy voting procedures, as well as a record of all proxy decisions and any documentation maintained with respect to proxy votes, is available by contacting KGIM LP's Investor Services at (914) 307-7000.

### **Item 18 – Financial Information**

KGIM LP has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has never been the subject of a bankruptcy proceeding.