

# **Kortright Capital Partners LP**

## **Part 2A of Form ADV The Brochure**

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This Brochure provides information about the qualifications and business practices of Kortright Capital Partners LP (the "Kortright" or the "Adviser"). If you have any questions about the contents of this Brochure, please contact Kenneth J. Carroll, Chief Compliance Officer (the "CCO"), at 212-828-7285. The information in this brochure has not been approved or verified by the U.S. Securities and Exchange Commission (the "SEC") or by any state securities authority.

Additional information about Kortright is also available on the SEC's website at: [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Item 2: Material Changes

There have been no material changes. This document has been updated as part of the annual renewal.

In the future, this Item will identify and discuss material changes that have occurred since the last annual update of the Brochure.

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## Item 4: Advisory Business

Kortright is a long/short equity investment management firm founded in April of 2010 to pursue a differentiated and niche approach to value and event equities. Kortright's principal owners are Matthew Taylor and Ty Popplewell (hereinafter referred to as the Partners). Kortright seeks to deliver superior absolute returns for its clients by employing an opportunistic and fundamentally based long / short strategy for investing in value and event-driven equities. Kortright utilizes rigorous risk management in the investment process, at the position level and at the portfolio level, with an overall emphasis on capital preservation.

Kortright provides advisory services to three private funds organized in a "master-feeder" structure. The Kortright Opportunity Master Fund, L.P. (the "Master Fund"), Kortright Opportunity Fund LP ("Onshore Fund") and Kortright Opportunity Offshore Fund Ltd. ("Offshore Fund") are collectively referred to herein as the "Funds" or each a "Fund." The Onshore Fund and the Offshore Fund do not themselves engage in any direct trading; all of their trading is done through their investments in the Master Fund. The shares or limited partnership interests in the Funds are not registered under the U.S. Securities Act of 1933, as amended (the "33 Act"); nor are the Funds registered under the Investment Company Act of 1940, as amended (the "40 Act"). Accordingly, interests or shares in the Funds are offered and sold exclusively to

investors satisfying the applicable eligibility and suitability requirements, either in private transactions within the U.S. or in offshore transactions.

In providing services to the Funds, Kortright formulates the Funds' investment objectives and directs and manages the investment and reinvestment of the Master Fund's assets. Investment advice is provided directly to the Funds and not individually to the limited partners or shareholders of the Funds (the "Investors" or each an "Investor"). Kortright manages Fund assets in accordance with the terms of each Fund's Private Offering Memorandum and other governing documents applicable to the Funds (hereafter referred to as the "Governing Documents"). Investors in the Funds are encouraged to read each Fund's Governing Documents for further information and important disclosures regarding the Fund's terms, restrictions or limitations.

As of December 31, 2013, Kortright managed \$215,116,000 of client assets on a discretionary basis.

## **Item 5: Fees and Compensation**

### General

Kortright or its related entity, Kortright Opportunity Fund GP LLC, which serves as general partner of Domestic Fund and the Master Fund (the "General Partner"), charge the Funds a fee based on a percentage of assets under management ("Management Fee") and performance-based compensation ("Performance Allocation"). The Management Fee charged by Kortright is calculated and payable quarterly in advance, and is deducted directly from the Master Fund with respect to each Investor. The Performance Allocation is debited annually directly from the Master Fund and credited for the benefit of the General Partner of the Master Fund, which is a related entity of Kortright.

The Funds may issue different tranches or series of interests or shares, which may be subject to different early redemption charges, Management Fee rates, and Performance Allocation rates. In the sole discretion of Kortright, Management Fees and Performance Allocations may be waived, reduced or calculated differently with respect to any Investor, including, without limitation, Investors that are affiliates of Kortright.

The Governing Documents set forth in detail the fee structure relevant to each Fund. Investors should review all fees charged by Kortright and related entities to fully understand the total amount of fees to be paid by a Fund and, indirectly, by Investors.

### Other Fees and Expenses

In addition to the Management Fee and Performance Allocation, the Funds will be responsible for the organizational and operating expenses described in the Governing Documents. The types of fund expenses generally include the following non-exhaustive list: compliance, accounting, tax audit and legal expenses; administrator expenses; regulatory filing expenses made in connection with managing the Fund's portfolio, including expenses related to Form PF; initial ongoing and offering expenses (which are being amortized); Fund restructuring expenses; investment expenses such as brokerage commissions and trading costs, research fees and expenses (including research-related travel); interest on debit balances or borrowings; custody

fees; Director fees; and the costs of any liability insurance obtained on behalf of the Funds or Kortright. Investors in certain tranches may also be subject to an early redemption charge in the event they redeem prior to the end an initial period specified in the Governing Documents. Kortright may, in its sole discretion, choose to absorb any such expenses incurred on behalf of the Funds.

Please refer to the Governing Documents for a full description of expenses.

Investors should refer to Item 12 for additional information about the Adviser's brokerage practices.

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

As described above, the General Partner of the Master Fund, which is a related entity of Kortright, receives a Performance Allocation based on the net profits of the Funds. As such, the Performance Allocation may create an incentive for Kortright to make investments that are riskier or more speculative than would be the case in the absence of such Performance Allocation. The Performance Allocation received by the General Partner is based primarily on realized and unrealized gains and losses. As a result, the General Partner may receive a Performance Allocation reflecting unrealized gains at the end of a year that are not subsequently recognized by the Fund.

## **Item 7: Types of Clients**

Kortright's clients are private funds that operate as pooled investment vehicles, to which Kortright provides discretionary management and advisory services subject to the direction and control of the General Partner or Board of Directors, depending upon the Fund, and not individually to any Investors. Investors in the Funds may include, but are not limited to, institutions such as pension plans, sovereign wealth funds, endowments, foundations, banks, pooled investment vehicles (*e.g.*, funds-of-funds), trusts, estates or charitable organizations, and corporate or business entities and high net worth individuals.

Investments in the Funds are limited to sophisticated investors that meet certain financial sophistication requirements. To invest with Kortright, an investor must be (i) a non-U.S. person or (ii) a U.S. person that is an "accredited investor" within the meaning of Regulation D under the 33 Act and a "qualified purchaser" within the meaning of the 40 Act. Certain officers, directors, members, partners, or employees of Kortright (collectively the "Employees") who are "knowledgeable employees" as defined under the 40 Act may also invest in the Funds.

Kortright has established a minimum dollar amount to invest in each of the Funds. Each Fund's initial and additional subscription minimums are disclosed in the applicable Governing Documents for such Fund. As described in each Fund's applicable Governing Documents, the minimum subscription amounts may be waived or reduced.

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

### Methods of Analysis and Investment Strategies

Kortright employs extensive, primary fundamental research across its three core long / short strategies, (i) Value & Event Driven Equities, (ii) Credit Related Equities, and (iii) Opportunistic "Equity-like" Securities, to capitalize on dislocations in prices of securities that result from companies and industries undergoing complex change. In each of these strategies, Kortright combines extensive fundamental research with an event-driven framework to pursue opportunities in which a set of outcomes can be analyzed and the expected outcome can generate significant idiosyncratic returns that are not correlated to the overall market.

Kortright's investment approach is driven by a consistent and disciplined process for analyzing opportunities across the Funds' core strategies. This analytical framework helps ensure that investment ideas become investments only when consistent with Kortright's disciplined investment criteria. Kortright focuses on: (i) companies and industries undergoing significant change, (ii) situations in which Kortright has a differentiated view as to what that change means, (iii) companies and industries in which Kortright has an ability to do extensive research and understand the possible set of outcomes, (iv) securities that have a compelling valuation, with room for error, (v) securities in which there is a sufficiently asymmetric risk / reward, and (vi) situations in which there is a clear event or catalyst to realize that reward.

### General Risk Information

Investing in securities involves the risk of loss that investors in the Funds should be prepared to bear. An investment in the Funds involves significant risks not associated with other investment vehicles and is suitable only for persons or institutions of adequate financial means that have no need for liquidity in this investment. There can be no assurances or guarantees that: (i) the Funds' investment objectives will be realized; (ii) the Funds' investment strategies will prove successful; or (iii) investors will not lose all or a portion of their investment in the Funds. Investment results may vary significantly on an annual basis. Please refer to the relevant Governing Document for a full description of risks.

### Risks Related to Investment Program

*Market Risks and Lack of Liquidity.* The success of the Funds' investment program depends to a great extent upon the ability of Kortright to correctly assess the future course of price movements of investments and markets. There can be no assurance that Kortright will accurately predict such movements. In addition, it is expected that certain investments in which Kortright may invest will have limited liquidity. This lack of liquidity, together with a failure to accurately predict market movements, may adversely affect the ability of Kortright to execute trade orders at desired prices in rapidly moving markets.

*Short Sales.* The Funds will effect short sales. Short selling is the practice of selling investments which are not owned by the seller, generally when the seller anticipates a decline in the price of the investments or for hedging purposes. To complete a short sale, the seller must borrow the investments from a third party in order to make delivery to the buyer. The seller generally will be required to pay a brokerage commission or interest which will increase the cost to the seller of

selling such investments. The proceeds of the short sale plus additional cash or investments must be deposited as collateral with the lender of the investments to the extent necessary to meet margin requirements; the amount of the required deposit will be adjusted periodically to reflect any change in the market price of the investments which the seller is required to return to the lender. Until the investments are replaced, the seller will be required to pay to the lender amounts equal to any dividends or interest which accrue during the period of the loan of the investments.

Under certain circumstances, including any U.S. or non-U.S. governmental or regulatory action which impacts short selling, the Funds may be prematurely forced out of a short position. The lender of a security used to cover a short position generally has the right to demand the return of the stock that has been loaned at any time. In such event, the Funds would be required to replace the borrowed securities by borrowing the securities from another lender. If the Funds were unable to replace the borrowed securities it would be required to close out the short position by buying the security in the market to make delivery. In such event, the Funds could incur a significant loss if the security sold short had increased in value.

Provisions of the securities laws and new rules promulgated by the SEC may increase the costs of short selling, make interactions with the issuers of securities being sold short more difficult and alter the prices or timing of short sales. For example, broker-dealers must provide notices that inform their customers of their right to opt out of allowing broker-dealers to use their fully paid securities for short sales. In the event that many broker-dealer customers opt out of allowing their fully paid shares to be used in short selling, locating shares for pre-borrowing may become more expensive, especially after the adoption of the SEC's 2008 short selling rules, which were targeted at preventing "naked short selling." In addition, the SEC must adopt rules requiring monthly public disclosure of short selling information. To the extent that the Funds sell short the securities of an issuer and are required to disclose such information publicly, it may be more difficult to obtain research regarding the issuer.

Finally, a recently adopted SEC rule, the "Circuit Breaker Uptick Rule," will limit the Funds' ability to sell a security short during the day a stock has declined 10% on its listing market and the following day, except for transactions that are at a price that are above the last national best bid. Due to the SEC rule, the Funds may not be able to sell securities short at planned times or at prices.

*Equity Securities.* The Funds will hold long and short positions in common stocks, preferred stocks and convertible securities. The Funds also may invest in depository receipts relating to non-US securities. Equity securities fluctuate in value in response to many factors, including the activities and financial condition of individual companies, the business market in which individual companies compete and general market and economic conditions.

*Derivatives.* Derivative instruments, or "derivatives," include futures, options, swaps, structured securities and other instruments and contracts that are derived from, or the value of which is related to, one or more underlying securities, financial benchmarks, currencies or indices. Derivatives allow an investor to hedge or speculate upon the price movements of a particular security, financial benchmark currency or index at a fraction of the cost of investing in the

underlying asset. The value of a derivative depends largely upon price movements in the underlying asset. Therefore, many of the risks applicable to trading the underlying asset are also applicable to derivatives of such asset. However, there are a number of other risks associated with derivatives trading. For example, because many derivatives are "leveraged," and thus provide significantly more market exposure than the money paid or deposited when the transaction is entered into, a relatively small adverse market movement can not only result in the loss of the entire investment, but may also expose the Funds to the possibility of a loss exceeding the original amount invested. Derivatives may also expose investors to liquidity risk, as there may not be a liquid market within which to close or dispose of outstanding derivatives contracts, and to counterparty risk. The counterparty risk lies with each party with whom the Funds contract for the purpose of making derivative investments. In the event of the counterparty's default, the Funds will only rank as an unsecured creditor and risks the loss of all or a portion of the amounts it is contractually entitled to receive.

*Leverage.* The Funds may be significantly leveraged to enhance returns. While leverage presents opportunities for increasing the total return of the Funds, it has the effect of potentially increasing losses as well. Accordingly, any event which adversely affects the value of an investment would be magnified to the extent that leverage is employed. The cumulative effect of the use of leverage by the Funds in a market that moves adversely to the Funds' investments could result in a substantial loss to the Funds, which would be greater than if leverage were not employed. Interest on borrowings is a portfolio expense of the Funds and will affect the operating results of the Funds. Also, the Funds could potentially create leverage via the use of instruments such as options and other derivative instruments.

*Options.* Investing in options can provide a greater potential for profit or loss than an equivalent investment in the underlying asset. The value of an option may decline because of a change in the value of the underlying asset relative to the strike price, the passage of time, changes in the market's perception as to the future price behavior of the underlying asset, or any combination thereof. In the case of the purchase of an option, the risk of loss of an investor's entire investment (*i.e.*, the premium paid plus transaction charges) reflects the nature of an option as a wasting asset that may become worthless when the option expires. Where an option is written or granted (*i.e.*, sold) uncovered, the seller may be liable to pay substantial additional margin, and the risk of loss is unlimited, as the seller will be obligated to deliver, or take delivery of, an asset at a predetermined price which may, upon exercise of the option, be significantly different from the market value.

*Commodities and Futures.* The Funds may trade on a limited basis in commodities and futures. Kortright has claimed an exemption with respect to the Funds under U.S. Commodities Futures Trading Commission ("CFTC") Rule 4.13(a)(3) from registration with the CFTC as a "commodity pool operator" and, accordingly, is not subject to certain regulatory requirements with respect to the Funds (which are intended to provide certain regulatory safeguards to investors) that would otherwise be applicable absent such an exemption.

## **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 a client or investor's evaluation of the adviser or the

integrity of the adviser's management. Neither Kortright nor any of its Employees have been involved in any legal or disciplinary events in the past 10 years that would require disclosure in response to this Item.

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

Kortright and the General Partner are exempt from registration with the CFTC as a commodity trading advisor with respect to the Funds. Similarly, Kortright and the General Partner are exempt from registration as commodity pool operators with respect to the Funds.

Kortright provides discretionary investment advice to the Funds, and Kortright Opportunity Fund GP LLC, an affiliate of Kortright, serves as the General Partner of the Onshore and Master Funds. Additionally, certain of Kortright's Employees may serve as Directors of the Offshore Fund.

The fact that the General Partner is eligible to receive the Performance Allocation may cause Kortright to trade in a more speculative manner than it otherwise would. While the General Partner is not separately registered as investment adviser with the SEC, all of its investment advisory activities are subject to the Advisers Act and the rules thereunder. In addition, Employees and persons acting on behalf of the General Partner, if any, are subject to the supervision and control of Kortright.

Kortright has a material business relationship with a strategic investor that has made a significant investment in the Fund. In consideration for the strategic investment, the strategic investor is entitled to certain additional rights that are in addition to, and may be more favorable than, the rights of other investors in the Fund and also includes compensation paid to the strategic investor or its affiliates relating to the Management Fees and Performance Allocations.

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

Pursuant to Rule 204A-1 under the Advisers Act, Kortright has adopted a written Code of Ethics (the "Code") predicated on the principle that Kortright owes a fiduciary duty to its clients. The Code is designed to identify and mitigate potential conflicts of interest and is applicable to all Employees. A summary of the Code is provided below. Please contact Matt Taylor for a copy of Kortright's Code of Ethics.

Kortright's Employees are permitted to direct personal securities transactions on behalf of themselves or others in their households in open end mutual funds, government securities and certificates of deposits. In addition, Employees may grant full discretion to an unaffiliated investment adviser to manage assets and trade on their behalf. The Code requires Employees to report their personal securities holdings annually and personal securities transactions each quarter to the CCO.

Subject to applicable regulatory restrictions, certain Employees of Kortright may choose to personally invest in the Funds. Such Investors will be in possession of information relating to



the Funds and the portfolio not available to other Investors and prospective Investors. As a result, as part of the Code, and other compliance policies and procedures of Kortright, Employees will be subject to certain restrictions concerning these investments. Kortright does not believe this arrangement presents any material conflicts of interest since the interests of its Employees and Kortright are aligned with the interest of Investors in the Funds.

## **Item 12: Brokerage Practices**

### General

Kortright has complete discretion in deciding which securities are bought and sold, the amount and price of those securities, the brokers or dealers to be used for a particular transaction, and commissions or markups and markdowns paid.

Kortright maintains an approved counterparty list detailed by both counterparty and corresponding instrument type and conducts significant due diligence before adding a counterparty to this list. The Master Funds' portfolio transactions will be allocated to brokers and dealers on the approved counterparty list on the basis of various factors, including both qualitative and quantitative factors. In selecting brokers to effect portfolio transactions for the Master Fund, Kortright considers such factors as the ability to effect prompt and reliable executions at favorable prices (including the applicable dealer spread or commission, if any); the operational efficiency with which transactions are effected, taking into account the size of order and difficulty of execution; liquidity; speed; the financial strength, integrity and stability of the broker; the risk in positioning a block of securities; the quality, comprehensiveness, and frequency of related services considered to be of value, such as access to management and meetings, research, and capital-introduction programs; and the competitiveness of commission rates in comparison with other brokers or dealers satisfying Kortright's selection criteria.

Accordingly, the commission rates (or dealer markups and markdowns arising in connection with riskless principal transactions) charged by brokers or dealers in the foregoing circumstances may be higher than those charged by other brokers or dealers that may not offer such services. Kortright need not solicit competitive bids and does not have an obligation to seek the lowest available commission cost or spread.

Kortright shall periodically monitor the commissions paid, new counterparties, quality of execution, new issue allocations, research provided, and access to capital introduction programs, management, and meetings through brokers or dealers.

Kortright does not allow any client to direct transactions to a specified broker dealer.

### Soft Dollars

Kortright has the option to use "soft dollars" generated by the Funds to pay for research and research-related services. Kortright will not knowingly accept any soft dollar services which fall outside of the "safe harbor" for fiduciaries' use of soft dollar services established by Section 28(e) under the Securities Exchange Act of 1934, as amended.

If Kortright determines in good faith that the amount of commissions charged by a broker or dealer is reasonable in relation to the value of the brokerage and products or services provided by such broker, the Funds may pay commissions to such broker in an amount greater than the amount another broker might charge for effecting the same transaction.

#### Trade Aggregation and Allocation

The Master Fund conducts all of the investment and trading activities on behalf of the Funds. Trades on behalf of the Master Fund are carried out on an aggregated (or block) trade basis and the profits and losses with respect to such trades are allocated between Funds pro-rata based on the net asset value of each account as of the beginning of the month. However, allocation exceptions are permitted for tax considerations or portfolio considerations driven by, among other things, concentrations, liquidity limitations and ramp-up periods.

In the event of a partial fill, allocations may be modified on a basis that Kortright deems to be appropriate, including, for example, to avoid odd lots or *de minimis* allocations.

#### Trade Errors

Kortright may from time to time make trade errors. Trade errors are not errors in judgment, strategy, market analysis, economic outlook, etc., but rather errors in implementing specific trades which Kortright had determined (rightly or wrongly) to make. Examples of trade errors would be buying the incorrect number of shares or taking a long rather than the intended short position in a particular issue. Trade errors can result from clerical mistakes, miscommunications between Kortright personnel and other reasons. Importantly, however, trade errors are not the function of poor strategies, valuation models, economic expectations, undue speculation, unauthorized trades or the like, but rather of the physical implementation of specific trades on which Kortright had decided.

Kortright determines whether to have the costs arising from trade errors borne by the Funds or Kortright by applying the pertinent Governing Documents' standard of liability for Kortright in its management of the Funds — *i.e.*, the same standard of liability which would apply to any other action or omission by Kortright in the course of such management. Kortright will, accordingly, be obligated to reimburse the Funds for any trade error resulting from its willful misconduct, gross negligence or bad faith, and not otherwise.

Any gains recognized on trade errors will be for the benefit of the Funds; none will be retained by Kortright.

### **Item 13: Review of Accounts**

Kortright's partners conduct and oversee daily, monthly and quarterly meetings covering such topics as existing investment positions, investment ideas, economic developments, industry outlook, risks to the Funds and other issues related to current portfolio holdings and potential investment opportunities.

Kortright or its fund administrator provides Investors with monthly unaudited performance estimates and quarterly letters including unaudited performance updates. Investors will also receive copies of audited financial statements for the relevant Funds on an annual basis and Investors in the Onshore Fund will receive Schedules K-1 on an annual basis.

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

Kortright may compensate persons who introduce Investors out of their own resources, including by sharing a portion of the Management Fees and/or Performance Allocation with such selling or placement agents. Certain Investors may be subject to placement and/or referral fees (both initial and ongoing) to persons who introduce such Investors but will be informed of any such fees applicable to their subscription prior to the acceptance of such subscription (and may, if they wish, thereupon revoke such subscription).

From time to time, brokers (including the Master Funds' prime brokers) may assist the Funds in raising additional funds from Investors. Additionally, brokers may provide capital introduction and marketing assistance services, and representatives of Kortright may speak at conferences and programs sponsored by the brokers, for Investors interested in investing in private investment funds. Although neither Kortright nor the Funds compensates brokers for such assistance, events or services, or for any investments ultimately made by prospective Investors attending such events, such activities may influence Kortright in deciding whether to use such broker in connection with brokerage, financing and other activities.

#### **Item 15: Custody**

Kortright has direction and management of all assets of the Funds. The Funds will be subject to an annual audit by an independent public accountant and the audited financial statements will be distributed to each Investor. The audited financial statements will be prepared in accordance with generally accepted accounting principles and distributed within 120 days of each Fund's fiscal year.

#### **Item 16: Investment Discretion**

In accordance with the terms and conditions of the Governing Documents, Kortright will generally have discretionary authority to determine the securities and the amounts to be bought or sold on behalf of the Funds, and to perform the day-to-day investment operations for the Funds.

Kortright generally has the absolute discretion to agree with any Investor to waive or modify the application of any terms of a Governing Document with respect to such Investor without obtaining the consent of any other Investor (other than an Investor whose rights thereunder would be materially and adversely changed by such waiver or modification and except with respect to the strategic investor and certain Investor groups as described in the applicable Governing Document). Notwithstanding the foregoing and except as otherwise set forth in the applicable Governing Document with respect to the strategic investor and certain Investor groups, Kortright will not permit any Investor to have redemption rights which are in any

respect preferential to those generally applicable to all Investors. Furthermore, Kortright currently intends only to enter into side letters in the future with investors which Kortright considers to be “non-substantive” *i.e.*, in no respect substantively advantaging the side letter Investor over other Investors – as opposed to, for example, meeting the individual institutional requirements of the side letter Investor (for example, agreeing to state pension plans’ mandated disclosure, public meeting and U.S. Freedom of Information Act requirements) or agreeing to reductions in Management Fees or Performance Allocations.

## **Item 17: Voting Client Securities**

In accordance with its fiduciary duty to clients and Rule 206(4)-6 under the Advisers Act, Kortright has adopted and implemented written policies and procedures governing the voting of client securities.

Kortright has the authority to vote clients’ securities and shall do so solely in the interests of clients. Kortright has engaged Glass Lewis and Company to manage proxy voting. Glass Lewis performs an analysis of the issues presented in the proxies and votes according to the best interests of the shareholders, as determined by its analysis. Glass Lewis will vote proxies in this manner, unless Kortright management determines that it is in the best interest of its clients to override this vote.

Fund investors cannot direct proxy votes.

In exercising its voting discretion, Kortright and its Employees will seek to avoid any direct or indirect conflict of interest raised by such voting decision. All conflicts of interest will be resolved in the interests of the Funds. Resolutions shall be reached after such conflicts are reviewed by the CCO and the Partners. The CCO will record the recommendation and vote the proxy accordingly.

Investors may obtain information about how Kortright voted proxies and/or a copy of its proxy voting policies by contacting Kortright’s CCO at the telephone number on the cover of this brochure.

In addition, from time to time Kortright may participate in class actions on behalf of the Funds. When so doing, Kortright will determine if it is in the best interest of the Funds to recover monies from a class action. The Partners will determine the action to be taken when receiving class action notices. In the event Kortright opts out of a class action settlement, it will maintain documentation of any cost/benefit analysis to support its decision.

## **Item 18: Financial Information**

A balance sheet is not required to be provided as Kortright does not solicit fees more than six months in advance. Kortright has never filed for bankruptcy and is not aware of any financial condition that is expected to affect its ability to manage client accounts.