

FORM ADV PART 2A

**Kosmos Management, LLC**

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**This brochure provides information about the qualifications and business practices of Kosmos Management, LLC. If you have any questions about the contents of this brochure, please contact David Kraft at (206) 946-6277 or [dave.kraft@kosmosllc.com](mailto:dave.kraft@kosmosllc.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or any state securities authority.**

**Additional information about Kosmos Management, LLC is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

## **Item 2 - Material Changes**

This brochure (the “Brochure”) which should be reviewed in its entirety, has been updated as part of an annual update. Material changes from the ADV Part 2A submitted by Kosmos Management, LLC on March 31, 2014 are summarized below.

No Material Changes to report

### Item 3 - Table of Contents

Item 1 - Cover Page	—
Item 2 - Material Changes	ii
Item 3 - Table of Contents	iii
Item 4 - Advisory Business	1
Item 5 - Fees and Compensation	1
Item 6 - Performance-Based Fees and Side-By-Side Management	3
Item 7 - Types of Clients	3
Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss	4
Item 9 - Disciplinary Information	6
Item 10 - Other Financial Industry Activities and Affiliations	6
Item 11 - Code of Ethics, Participation or Interest in Client Transactions and Personal Trading	6
Item 12 - Brokerage Practices	7
Item 13 - Review of Accounts	9
Item 14 - Client Referrals and Other Compensation	10
Item 15 - Custody	10
Item 16 - Investment Discretion	10
Item 17 - Voting Client Securities	10
Item 18 - Financial Information	11

#### **Item 4 - Advisory Business**

Kosmos Management LLC (“Kosmos,” the “firm,” or “we”), a Delaware limited liability company, was founded in April, 2011. G. Chris Kosmos and certain of his family members are the principal owners of, and control, Kosmos.

Kosmos currently provides non-discretionary investment management services related to a specific limited investment strategy to one fund organized as a Delaware limited partnership (“Fund I”). Kosmos Funds LLC, an affiliate of Kosmos Management LLC, is the general partner of Fund I (the “General Partner”). Fund I’s investment strategy is to generate a stable income stream by investing in life settlement policies and annuities in accordance with certain criteria specified in the disclosure documents and agreements pertaining to Fund I.

Kosmos does not currently manage any other investment entities or separate accounts but anticipates that it will provide investment advisory service to separately managed accounts and will launch new investment funds in the future that employ the same or similar investment strategy (each such separate account or fund, together with Fund I, a “Fund” and collectively, the “Funds”). Kosmos currently limits its advisory services to the types of investments used in the investment strategy described above.

The terms for each Fund will be disclosed in detail in the relevant Fund’s offering documents that are provided to prospective investors prior to investment. Each Fund will be managed in accordance with the investment objectives, strategies and guidelines and the terms and conditions of investment, set out in their respective private placement memoranda, organizational, governing and other related documents (together, the “Governing Documents”). A prospective Fund Investor must consider whether a Fund is an appropriate investment, including with respect to such Fund Investor’s investment objectives and risk tolerance.

Kosmos treats each Fund as an “advisory client” or “client.” A single investor Fund may be structured with Investor-imposed restrictions that limit the discretionary authority of Kosmos and tailor the advisory service to the needs of the client. With respect to pooled Funds, Kosmos neither tailors its advisory services to the individual needs of investors in the Funds (each, a “Fund Investor”) nor generally accepts Fund Investor-imposed investment restrictions with respect to the Funds. Kosmos may take into consideration the general characteristics of its target Fund Investors, but not necessarily the characteristics of any specific Fund Investor. An investment in a Fund does not, in and of itself, create a client-adviser relationship between any Fund Investor and Kosmos.

Kosmos currently has \$125,000,000 of funds managed on a non-discretionary basis.

#### **Item 5 - Fees and Compensation**

Clients and Fund Investors of Kosmos are expected to be qualified purchasers, as defined in Section 2(a)(51)(A) of the Investment Company Act of 1940, as amended (the “Investment Company Act”). The specific payment terms and conditions of the fees and compensation to Kosmos will be set forth in the relevant Governing Documents of the Fund or client agreements. As such, a detailed Fund or client fee schedule is not included in this Brochure. However, most

clients and Fund Investors will be expected to pay some or all of the following fees to Kosmos (directly, or indirectly through the Fund):

- (i) a management fee that is generally billed quarterly in advance equal to a specified percentage of the total capital committed under management or invested for the relevant client or Fund Investor (a “Management Fee”); and
- (ii) a performance fee or allocation that is payable periodically equal to a percentage of the cash flow from investments during a relevant fiscal period that are in excess of a specified performance threshold. The performance fee or allocation is paid to the General Partner as an incentive to maximize the performance of the Fund. See Item 6 for discussion of potential conflicts of interest associated with the performance-based compensation received by an affiliate of Kosmos.

In addition to the fees listed above, a related party of Kosmos may receive commissions from insurance companies when annuities are purchased by a Fund or on behalf of a client account. The receipt of a commission in connection with each purchase of annuities presents a conflict of interest and gives Kosmos and its supervised persons an incentive to recommend investment products based on the compensation received, rather than on a Fund’s or other client’s needs. Kosmos addresses that conflict in one of two ways: (i) by applying such commissions towards the payment of the Management Fee (i.e., offsetting the Management Fee against commissions received); or (ii) by limiting investment discretion so that all annuity purchases are made under specific guidelines approved in advance by the client (including, in the case of a Fund, each of the Fund Investors). While in certain circumstances it might be possible for Kosmos to purchase annuities through other brokers and thereby eliminate the conflict, doing so may result in higher costs to a Fund or other clients. In certain circumstances, such commissions could provide the primary compensation to Kosmos from a Fund or other client.

The Management Fee will generally be paid quarterly in advance. If an account or Fund terminates other than as of a quarter-end, the Management Fee will be adjusted and rebated on a prorated basis.

Kosmos and each Fund has the right to enter into agreements with one or more of its Fund Investors providing waiver or modification of certain terms of the offering of Fund interests, or certain rights and obligations of Fund Investors, including fees, otherwise applicable to such interest(s), in each case without notice to the other Fund Investors.

**It is critical that Fund Investors refer to the relevant Fund’s Governing Documents for a complete understanding of how Kosmos and the General Partner are compensated for their services and how fees are deducted from Fund assets. The information contained herein is a summary only and is qualified in its entirety by the relevant Fund’s Governing Documents.**

*Additional Fees and Expenses.* In addition to the fees described above, each Fund bears its own expenses as described more fully in the Fund’s Governing Documents. These expenses will generally include, for example, the Fund’s organizational expenses; fees and expenses paid to

third-party service providers, such as lawyers, accountants and consultants; indemnification and insurance expenses and any litigation expenses involving the Fund; custodian fees, brokerage fees and other transaction costs, including those incurred in connection with the acquisition, holding and disposition of proposed or actual investments; expenses of liquidating the Fund; and any taxes, fees or other governmental charges levied against the Fund. Additional information about brokerage is provided in Item 12 of this Brochure.

More detailed information about specific fees and expenses that clients and Fund Investors may pay or bear and the timing of the fees that Kosmos charges is provided in the relevant agreement between Kosmos and the relevant client or in the Governing Documents of the applicable Fund.

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

As explained in the Item 5 above on fees and compensation, the General Partner will be entitled to receive a performance fee or allocation from the Fund (indirectly from the Fund Investors), which for purposes of this discussion is referred to as a performance-based fee or allocation.

While Kosmos currently manages one Fund, it expects to manage additional Funds where the performance-based fees or allocations that the General Partner would be entitled to receive from each Fund (indirectly from the Fund Investors) may create an incentive for Kosmos (an affiliate of the General Partner) to cause a Fund to make investments that are riskier or more speculative than would be the case if the General Partner was not entitled to receive performance-based fees or allocations. In addition, in the event that Kosmos does from time to time manage more than one Fund or other client account, and if the bases for compensation of Kosmos in such Funds and accounts differ, such situations give rise to potential conflicts of interest involving the allocation of investment opportunities among Funds and other client accounts. Kosmos may have an incentive to favor those Funds or client accounts whose fees are higher. Kosmos recognizes that it is a fiduciary and as such must act in the best interest of the Funds and other clients. Further, Kosmos recognizes that it must treat all Funds and clients fairly and must refrain from favoring one Fund or client over another. As a result, Kosmos employs policies and procedures governing the identification, assessment and monitoring of conflicts of interest and potential conflicts of interest. Additional information regarding the allocation of investment opportunities and the manner in which Kosmos manages any related potential conflicts of interest is set forth in Item 11 of this Brochure.

#### **Item 7 - Types of Clients**

As described in Item 4 above, Kosmos currently offers investment advisory services to Fund I. Kosmos may provide such services to additional Funds or other investment vehicles in the future.

The types of Fund Investors in the Funds are expected to include the following: pension and profit sharing plans, trusts, foundations, endowments, high net worth individuals and family offices.

The minimum initial investment for a Fund Investor is expected to be \$1,000,000. This minimum may generally be reduced or waived by the General Partner of the applicable Fund, subject to any applicable statutory minimums.

Fund interests are generally offered only to a limited number of individual and institutional investors that qualify as: (i) “accredited investors”, as defined in Rule 501 under Regulation D promulgated under the U.S. Securities Act of 1933; and (ii) “qualified purchasers” or “knowledgeable employees”, as defined in the Investment Company Act and the rules promulgated thereunder. Fund Investors also need to meet additional requirements set forth in a Fund’s Governing Documents, including the subscription agreement.

This Brochure will be provided to current or prospective Fund Investors, together with the Fund’s Governing Documents, prior to or in connection with such consideration or execution of an investment in a Fund, and will subsequently be provided periodically to each Fund Investor. Fund Investors and other recipients should be aware that while this Brochure may include information about the Funds, as necessary or appropriate, it should not be considered to represent a complete discussion of the features, risks or conflicts associated with any Fund. More complete information about the Funds is included in the Governing Documents, which may be provided to current and eligible prospective Fund Investors only by Kosmos or another authorized party.

**In no event should this Brochure be considered to be an offer of interests or shares in a Fund or relied upon in determining whether to invest. It is also not an offer of, or agreement to provide, advisory services directly to any recipient.** Rather, this Brochure is designed solely to provide information about Kosmos for the purpose of compliance with certain obligations under the U.S. Investment Advisers Act of 1940, as amended (the “Advisers Act”), and, as such, responds to relevant regulatory requirements under the Advisers Act, which may differ from the information provided in the Governing Documents. **To the extent that there is any conflict between discussions herein and similar or related discussions in any of the Governing Documents, the Governing Documents shall control.**

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

Investing involves the risk of loss that Fund Investors and other clients should be prepared to bear. Fund Investors and other clients could lose some or all of their investment.

### Investment Strategy

As previously described, Kosmos offers investment management services related to a specific limited investment strategy. Pursuant to this strategy, Kosmos seeks to provide Fund Investors with a stable income stream by investing in insurance products in accordance with certain criteria specified in the Governing Documents of the applicable Fund or in client agreements. In connection with this strategy, a Fund will buy life policies and annuities issued by insurance companies maintaining investment grade credit ratings at the time of the purchase of such life policies and annuities.

### Risk Factors

As a general matter, investing in life policies and annuities involves a risk of loss that investors should be prepared to bear.

There can be no assurance that the investment objectives of a Fund will be achieved and investment results may vary substantially on a quarterly and annual basis. There is high risk

associated with an investment in a Fund and an investment in a Fund should only be made after consultation with independent qualified sources of investment and tax advice.

Moreover, and as explained more fully in each Fund's Governing Documents, the specialized investment program of each Fund involves risks which include, but are not limited to:

- Illiquidity and long-term nature of investments with no assurances that the Fund can realize its investments in a timely manner;
- Limited number of investments meaning that poor performance by a few investments could severely affect the Fund's total returns;
- The financial performance of the Fund is dependent, in part, on the ability of Kosmos to purchase life policies meeting its investment criteria. Changes in the economy and other changed circumstances may result in a reduced supply of life policies or annuities. Should this occur prior to fully investing committed capital, Kosmos may not be able to execute its investment strategy and capital not yet invested may be returned to Fund Investors;
- Although Kosmos will conduct certain diligence in advance of investing in life policies, and state regulation of the life settlements industry includes significant fraud-prevention measures, there is a risk that the Fund will be defrauded;
- The life or annuity insurance company may go out of business or otherwise suffer a financial reversal and such company may not have sufficient funds to pay the liabilities with respect to the life policies or annuities it issued, and the Fund's performance would be reduced as a result. The credit rating of an insurance company may decline after the Fund has purchased a policy or annuity; and
- A purchaser of a life policy must have an "insurable interest" in the individual's life at the time a life policy is written. Policies without an insurable interest as determined under applicable state rules, regulations or legal interpretations may be declared void or unenforceable. Changes in such rules, regulations or interpretations may reduce the value of, or make unenforceable, life policies held by the Fund or reduce the overall market for life policies, which would have a material adverse effect on the Fund.

**The foregoing list of risk factors is not an exhaustive explanation of the risks involved in an investment in a Fund. It is critical that Fund Investors refer to the relevant Fund's Governing Documents for a more complete understanding of that Fund's investment objectives and strategies. The information contained in this Item 8 is a summary only and is qualified in its entirety by the relevant Fund's Governing Documents.**

**An investment in a Fund may be deemed speculative and is not intended as a complete investment program. There can be no assurance that the investment objective of a Fund will be achieved. A Fund is designed only for experienced and sophisticated persons who are able to bear the risk of substantial impairment or total loss of their investment in the Fund.**



## **Item 9 - Disciplinary Information**

Kosmos and its employees have not been involved in any disciplinary events that require disclosure in response to this Item 9.

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

CSM Pacific, an affiliate of Kosmos, is a Seattle-based insurance brokerage firm with extensive knowledge of complex insurance products. The company was founded by G. Chris Kosmos. Mr. Kosmos and certain other members of the Kosmos management team are licensed insurance agents.

On January 17, 2014, Kosmos Insurance Services LLC was formed by G. Chris Kosmos and other members of the Kosmos management team as an insurance broker.

An affiliate of the firm, Kosmos Funds LLC, is the general partner of at least one Fund (the “General Partner”). Other affiliates of Kosmos may be created in the future to serve as general partner to other Funds. The performance-based fees or allocations that the General Partner will be entitled to receive from the Fund may create an incentive for the firm (an affiliate of the General Partner) to cause the Fund to make investments that are riskier or more speculative than would be the case if the General Partner did not receive performance-based fees or allocations. Because the General Partner and Kosmos are affiliates, there is a disincentive for the General Partner to replace Kosmos as investment manager to Fund I, and for any other affiliated general partners in the future to replace Kosmos as investment manager to those applicable Funds.

CSM Pacific, Kosmos Insurance Services LLC, Kosmos Funds LLC and Kosmos share office space and personnel. As stated in the Governing Documents of each Fund, Kosmos principals and personnel will devote to the Funds as much time as deemed reasonably necessary and appropriate in accordance with the terms of the Fund’s Governing Documents. By the terms of each Fund’s Governing Documents, Kosmos and its principals are not currently restricted from forming additional investment funds, from entering into other investment advisory relationships or from engaging in other business activities, even though such activities may be in competition with the Funds and/or may involve substantial time and resources of Kosmos and its principals. These activities could be viewed as creating a conflict of interest in that the time and effort of Kosmos and its personnel will not be devoted exclusively to the business of the Funds, but will be allocated between the business of the Funds and the management of CSM Pacific and any such other investment funds or other business activities.

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

To help ensure the satisfaction of its fiduciary obligations to clients, Kosmos has adopted a Code of Ethics (the “Code”). The Code incorporates the following general principles that all employees of Kosmos are expected to uphold: (i) employees must at all times place the interests of clients first; (ii) all personal securities transactions must be conducted in a manner consistent with the Code and any actual or potential conflicts of interest must be avoided or appropriately mitigated; (iii) employees must not take any inappropriate advantage of their positions of trust and responsibility; (iv) information concerning the identity of securities and financial

circumstances of the Funds, including Fund Investors, must be kept confidential; and (v) independence in the investment decision-making process must be maintained at all times.

Kosmos will not allocate investment opportunities for its benefit or the benefit of its employees, ahead of the interest of a Fund or other client. The Code requires prior written approval from Kosmos before trades in reportable security transactions can be undertaken by employees.

In addition to restrictions on personal trading, the Code also addresses and places limits on the giving and receiving of gifts and entertainment, service on outside boards of directors and other outside business activities generally. Kosmos personnel are required to certify to compliance with the Code on a periodic basis. Clients, Fund Investors and prospective clients and Fund Investors may request a copy of the Code by contacting the firm at the telephone number or e-mail address listed on the first page of this Brochure.

In addition, in the event that Kosmos from time to time manages more than one Fund or client account, it is likely that such Funds and client accounts will invest in similar investments and that may create a conflict of interest. Kosmos will use its best judgment to be fair and equitable to all Funds and other client accounts to minimize this conflict of interest.

#### Additional Financial Interests in Client Transactions

Kosmos generally does not engage in principal transactions (i.e., the purchase or sale of securities for its own account to or from the Funds or a client account). Should Kosmos effect any principal transactions, it will comply with all applicable requirements, including obtaining appropriate consent from the Funds or other client.

### **Item 12 - Brokerage Practices**

#### A. General Practices

Kosmos will make regular use of providers for the purposes of purchasing or selling life policies on behalf of the Funds or other client accounts. Kosmos has complete discretion in deciding what provider to use and in negotiating the rates of compensation the Funds or client accounts will pay for the policies. Kosmos will purchase annuities on behalf of the Funds or client accounts from insurance companies that offer such products using the service of an affiliated broker. The commission rates paid to the affiliate will vary by insurance carrier. As explained in Item 5, the receipt of a commission in connection with each purchase of annuities presents a conflict of interest and gives Kosmos and its supervised persons an incentive to recommend annuities based on the commission compensation received, rather than on a Fund's or other client's needs.

Kosmos generally does not permit Fund Investors or other clients to direct transactions to specific brokers or insurance companies.

#### B. Selection Criteria

Kosmos generally selects life settlement providers based on the ability of the provider to obtain policies that meet the Fund's or other account's investment objectives. Factors considered

include price of the policies, the credit rating of the insurance company associated with the policy, portfolio constraints or restrictions that apply to the Fund or account, and the ability of the provider to execute the transactions in a timely manner.

Kosmos generally selects the annuity providers based on the annuity payout relative to the cost of the annuity and based on the specific portfolio constraints or restrictions for the acquisition of the annuities that apply to the specific Fund or account.

Kosmos is not required to seek the lowest cost for each transaction. A Fund or other account may pay a life settlement provider or annuity broker fees or a commission in excess of that which another provider or broker might have charged in connection with the same transaction.

#### C. Use of Soft Dollars

Kosmos does not enter into soft dollar arrangements.

#### D. Brokerage for Client Referrals

Kosmos does not receive Fund Investor (or other client) referrals from providers or third parties in return for selecting providers to execute Fund or other client transactions.

#### E. Allocation of Transactions

In making allocation decisions with respect to limited investment opportunities that could reasonably be expected to fit the investment objectives of multiple clients, Kosmos anticipates that it may consider one or more of the following factors that it deems relevant: the investment objectives of the Fund or client account, the source of the investment opportunity, the expected duration of the investment in light of Fund's or other account's investment objectives and policies (including diversification policies), the amount of available capital, the size of the investment opportunity, regulatory and tax considerations, the degree of risk arising from an investment, the expected investment return, relative liquidity, likelihood of current income or such other factors as Kosmos deems to be appropriate. These factors provide substantial discretion to Kosmos in allocating investment opportunities. Further, two or more Funds or other clients may hold an investment for which there is extremely limited, or zero, liquidity or that is subject to legal or other restrictions on transfer. In a situation where Kosmos is limited in its ability to dispose of an investment, Kosmos may make allocation decisions in a manner similar to that described above in respect of such sale.

If an investment opportunity is available in limited quantities, Kosmos may have an incentive to allocate such investment opportunity to one Fund or other client rather than to other Funds or clients. The economic interests of Kosmos represented by their rights to Management Fees and/or performance fee or allocations or other fees from such Funds or other clients, may be significantly larger than their economic interests in other Funds or clients. Kosmos will use its best judgment to be fair and equitable to all Funds and other client accounts to minimize this conflict of interest.

The General Partner, Kosmos and any of their respective affiliates may engage in "client cross" transactions in which the General Partner or Kosmos cause a transaction to be effected between

one or more Funds and/or other accounts, on the one hand, and one or more others Funds or accounts managed or advised by it or any of its affiliates. By making a capital commitment to a Fund, each Fund Investor acknowledges and consents to the General Partner or Kosmos effecting client cross-transactions.

A Fund or other account generally will not be allowed to make investments in which any of the General Partner, Kosmos or its members or their respective affiliates has an interest without the prior approval of the affected Fund or client. The General Partner and its affiliates may from time to time incur expenses in connection with investments to be made on behalf of the Funds and other clients. The General Partner and its affiliates will attempt to allocate such expenses on a basis they consider to be fair and equitable.

Commissions earned by a Kosmos affiliate upon purchases of annuity contracts may be credited as an offset to, and will therefore reduce Management Fees otherwise paid by the Funds or other accounts to Kosmos.

#### A. Trade Errors

As a result of indemnification and exculpation provisions provided in the Funds' Governing Documents or applicable client agreements (which generally impose liability on Kosmos and its affiliates only in the case of willful misconduct or gross negligence), any negative or positive results of bad investment decisions or errors will generally be borne by the Funds or other client rather than by Kosmos, so long as Kosmos and its affiliates adhere to the standard of care set forth in the Governing Documents or other client agreement, as applicable. In determining whether Kosmos has satisfied the standard of care such that the Fund or client account is responsible for a loss resulting from bad investment decisions or errors, Kosmos will have a conflict of interest between its economic interest and the economic interest of the Fund or other account. Finally, the standard of care set forth in the Governing Documents or other client agreement does not constitute a waiver of any legal rights to the extent (and only to the extent) that any applicable U.S. federal securities laws or any other laws provide that such rights are not permitted to be contractually waived.

### **Item 13 - Review of Accounts**

Designated personnel of Kosmos review investment positions on a periodic basis, and no less frequently than quarterly. The individuals primarily responsible for account reviews are the portfolio managers of a given Fund or other account, although other persons who are not portfolio managers may be substantially involved and/or responsible for carrying out such reviews. In addition, members of the Compliance Department of Kosmos review investment position reports on a periodic basis, no less frequently than quarterly. As described earlier, Kosmos advises Funds and other clients on a specific limited investment strategy. These investments generally require limited investment management after acquisition. The account review determines if initial account projections, which are determined at asset acquisition, are being realized. Such positions are often monitored through proprietary asset management models, which seek to enable Kosmos to identify variations from plan projections and take appropriate measures as necessary.

Fund Investors in each Fund receive annual audited financial statements within 120 days of fiscal year end and written quarterly unaudited financial statements for such Fund and, if applicable, information necessary for Fund Investors to complete annual federal income tax returns. In addition, Fund Investors in each Fund also receive a periodic commentary letter prepared by Kosmos. The firm may also upon request provide certain investors with information on a more frequent and detailed basis if agreed to by Kosmos.

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

Kosmos does not compensate any person directly or indirectly for client or Fund Investor referrals.

#### **Item 15 - Custody**

Kosmos or its affiliates are deemed to have “custody” of the assets of the Funds within the meaning of Rule 206(4)-2 under the Advisers Act because an affiliate serves as general partner. To comply with Rule 206(4)-2, Kosmos will ensure that each Fund is audited annually by an independent accounting firm that is registered with and subject to review by the Public Company Accounting Oversight Board, in accordance with U.S. Generally Accepted Accounting Principles, and that the results of the annual audits are distributed to each Fund Investor within 120 days of the Fund’s fiscal year end. Fund Investors should carefully review the audited financial statements of the Funds upon receipt. If a Fund Investor has invested in a Fund and has not received such financial statements in a timely manner, such Fund Investor should contact Kosmos immediately.

#### **Item 16 - Investment Discretion**

Subject to limitations in the various agreements Kosmos has with particular clients or as provided in the Governing Documents of a Fund, Kosmos has full discretion and authority to make all investment decisions with respect to the types or amounts of investments to be bought or sold for its clients, brokers to be used and the commission rates paid.

Investment decisions for a Fund are made in accordance with the Funds’ investment objectives and guidelines as set forth in the Fund’s Governing Documents. No prospective Fund Investor should invest in a Fund unless such Fund Investor is willing to entrust all aspects of the management of the Fund’s investments to Kosmos.

Prospective Fund Investors are provided with an offering memorandum prior to their investment and are encouraged to carefully review the offering memorandum, along with all other relevant Governing Documents, and to be sure that the proposed investment is consistent with their investment goals and tolerance for risk.

#### **Item 17 - Voting Client Securities**

A Fund or other client may own insurance policies issued by a mutual insurance company that give the policyholder a right to a proxy vote. Kosmos has adopted policies and procedures which it believes are reasonably designed to ensure that Kosmos managers vote proxies in the best interests of the Fund or other client. For example, all proxy votes are reviewed in advance

by the Chief Compliance Officer to determine whether a material conflict of interest exists between the applicable manager and the interests of the Fund or other client, as applicable. In the event that a material conflict of interest is identified, the Chief Compliance Officer or designee will take such steps as he or she deems necessary in order to determine how to vote the proxy in the best interests of the Fund or other client. In each instance, when exercising voting discretion, the Kosmos managers seek to avoid any direct or indirect conflict of interest when exercising their voting decision.

Other than as described above, Kosmos does not expect that a Fund or other client account will hold any securities that would entitle the Fund or client account to vote a proxy.

Clients and Fund Investors are not permitted to direct how proxies will be voted in a particular situation.

To receive a record of proxy votes of a Fund or for a client account or for more information related to the voting policies and procedures, including requesting a copy of our Proxy Voting Policies and Procedures, please contact Kosmos at the telephone number or e-mail address listed on the first page of this Brochure.

#### **Item 18 - Financial Information**

Kosmos does not require or solicit prepayment of fees six months or more in advance, is not aware of any financial condition reasonably likely to impair its ability to meet contractual commitments to clients, and has not been the subject of a bankruptcy petition at any time during the past ten years.

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