

**FIRM BROCHURE  
PART 2A OF FORM ADV**

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This brochure ("Brochure") provides information about the qualifications and business practices of Kopernik Global Investors, LLC ("Kopernik" or the "Firm"). If you have any questions about the contents of this Brochure, please contact us at (813) 314-6100. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the "SEC") or by any state securities authority.

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

**ITEM 2 – MATERIAL CHANGES**

Kopernik has updated its Form ADV Part 2A (Brochure) to reflect information required as part of the annual filing including assets under management and fee information.

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## **ITEM 4 – ADVISORY BUSINESS**

### **A. General Description of Advisory Firm**

Kopernik is an employee-owned investment manager focused on global equity investing. The Firm, a Delaware limited liability company, was founded by David Iben. Mr. Iben, who serves as the managing member and Chief Investment Officer of the Firm, and who is its principal owner, previously headed the Global Value investment team at Vinik Asset Management, L.P. (“VAM”). Before VAM, Mr. Iben was Chief Investment Officer, Co-President and lead portfolio manager of Tradewinds Global Investors, LLC, a subsidiary of Nuveen Investments. Kopernik commenced investment operations on July 1, 2013 and is based in Tampa, Florida.

As of February 28, 2015, Kopernik managed over \$1.52 billion on a discretionary basis for clients. No assets are managed on a non-discretionary basis. In connection with its launch, Kopernik employees contributed assets valued at over \$13 million, net of leverage, to Kopernik-managed investment funds.

### **B. Description of Advisory Services**

Kopernik implements its global investment strategies through an active, fundamentals-based, value-oriented process. Kopernik’s investment discipline seeks to identify potential investments that trade at significant discounts to their intrinsic value (as determined by Kopernik’s analysis). For investment strategies that permit short positions, Kopernik will short securities of companies that Kopernik believes are overvalued by the market, with an emphasis on securities selling at significant premiums to their intrinsic values (as determined by Kopernik’s analysis).

Kopernik typically invests in equity securities, with large, mid or small capitalizations, but may invest in any level of the capital structure that it believes will offer the best risk-adjusted returns. Kopernik may invest in securities of companies in developed global markets, as well as emerging market and frontier market issuers. For additional information regarding Kopernik’s investment strategies, please refer to Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss.

Kopernik provides investment advisory services to three main types of clients: (i) registered investment companies, (ii) institutional asset management clients: separately managed accounts, unregistered investment companies, and other collective investment vehicles, and (iii) other advisors (on a sub-advisory basis). Kopernik offers separately managed accounts to pension plans, charitable organizations, educational institutions, high net worth individuals, trusts, estates, corporations and other business entities, banks and thrift institutions, insurance companies, foreign sovereigns and domestic governmental entities. For additional information regarding Kopernik’s clients, please refer to Item 7 - Types of Clients.

Kopernik's investment decisions and advice with respect to each investment vehicle ("Fund") or account it manages are subject to that Fund's or account's investment objectives and guidelines, as set forth in its offering documents or investment management agreement.

### **Services for Registered Investment Companies**

Subject to the supervision of each client's board of directors or trustees, Kopernik provides management and certain related administrative services necessary for the operation of registered investment company clients, including Kopernik Global All-Cap Fund. Kopernik's responsibilities include, without limitation, investment advisory services, research services, recommending and placing of orders for the purchase and sale of securities for registered investment company client portfolios (based on the investment objectives and guidelines of each client), working with custodians, transfer and pricing agents, accountants, auditors, underwriters and other persons, and furnishing reports, evaluations and analysis on a variety of subjects.

### **Institutional Asset Management Services**

Kopernik provides asset management and related services to the institutional market. Kopernik manages separately managed accounts for institutional investors, unregistered investment funds and other collective investment vehicles. The strategies and policies and procedures governing these accounts and collective investment vehicles are generally similar, but not necessarily identical, to those of Kopernik's registered investment company clients.

Kopernik currently provides investment advisory services to a number of privately-offered unregistered investment funds (collectively, the "Kopernik Private Funds"). Securities of the Kopernik Private Funds are offered to eligible investors exclusively on a private placement basis. The Kopernik Private Funds include the following open-end funds: Kopernik Global All-Cap Fund, LP and Kopernik Global Unconstrained Fund, LP, which are both Delaware limited partnerships, and Kopernik Global All-Cap Offshore Fund, Ltd. and Kopernik Global Unconstrained Offshore Fund, Ltd., which are Cayman Islands exempted companies. Kopernik Global All-Cap Fund, LP and Kopernik Global All-Cap Offshore Fund, Ltd. invest in Kopernik Global All-Cap Master Fund, LP. Similarly, Kopernik Global Unconstrained Fund, LP and Kopernik Global Unconstrained Offshore Fund, Ltd. invest in Kopernik Global Unconstrained Master Fund, LP. In addition, Kopernik advises the Kopernik Global Real Asset Fund, LP, a closed-end fund organized as a Delaware limited partnership.

### **Sub-Advisory Services**

Kopernik provides sub-advisory services to other investment advisers, which may include those located outside the United States and those with large sub-advisory fund platforms. The strategies

and policies and procedures governing these mandates are similar to those of Kopernik's All-Cap Strategy.

Kopernik also acts as sub-adviser to Kopernik Global All-Cap Equity Fund (the "UCITS"), a sub-fund (portfolio) of Heptagon Fund plc, which is an investment company operating pursuant to the European Union's UCITS (Undertakings for Collective Investment in Transferable Securities) Regulations.

### **C. Availability of Customized Services for Clients**

For separately managed accounts, Kopernik tailors its investment advisory services to the specific needs of clients. A client may select an investment strategy with existing, standard investment guidelines and request reasonable restrictions on the management of its account. If Kopernik agrees to those restrictions, it will manage the account in accordance with the revised investment guidelines. Kopernik will not be able to accommodate proposed investment restrictions that are onerous or incompatible with Kopernik's standard investment strategies and investment philosophy, and Kopernik may decline to accept or terminate client accounts with such restrictions.

### **D. Wrap Fee Programs**

Not Applicable. Kopernik does not participate in any wrap fee programs.

## **ITEM 5 – FEES AND COMPENSATION**

### **A. Advisory Fees and Compensation**

The specific manner in which Kopernik charges advisory fees for client portfolios is set out in a client's written investment management agreement with Kopernik. A discussion of the standard fees paid to Kopernik for investment advisory services to mutual funds, separate accounts, the Kopernik Private Funds and the UCITS is set out below.

#### **Registered Investment Company Fees**

Registered investment company fees are separately negotiated between Kopernik and the board of directors or trustees of the Fund. These fees are based on a percentage of assets under management. Kopernik may agree, either on a voluntary basis or by contract, to waive a portion of its investment management fee, such as to limit overall Fund expenses to set levels. Registered investment company fees, and the terms of any waiver, are disclosed in the applicable Fund prospectus.

Kopernik currently assesses annual management fees of approximately 90 basis points for its registered investment company client, Kopernik Global All-Cap Fund.

Investment management agreements between Kopernik and registered investment company clients may be terminated at any time on specified notice, without the payment of any penalty, by the board of directors or trustees of the investment company. The agreements automatically terminate in the event of their assignment.

#### **Separate Account Fees**

The standard fee schedules charged by Kopernik for separate accounts are based on a percentage of the quarterly or average monthly net assets of each account and vary by strategy and mandate. The minimum account size for a separately managed account is generally not less than \$25 million. Standard fees shown below are negotiable and may be replaced with a different base fee and may add a performance fee. Performance-based fees may create an incentive to favor those accounts over non-performance fee accounts. See Item 6 – Performance-Based Fees and Side-By-Side Management for additional information on how Kopernik seeks to address this potential conflict. Generally, fees for separately managed accounts are billed quarterly in advance but the exact timing of billing and payment for separately managed accounts is negotiable.

Strategy of Account	Management Fee*		Investment Minimum*
<i>Global All-Cap Equity</i>	First \$50 million	80 bps	\$25 million
	Next \$100 million	75 bps	
	Next \$100 million	70 bps	
	Next \$100 million	65 bps	
	Next \$100 million	60 bps	
	Next \$100 million	55 bps	
	Over \$550 million	50 bps	
<i>Global Unconstrained Equity</i>	25 bps**		\$25 million
<i>Global Real Asset Equity</i>	85 bps		\$25 million

\* Subject to variation and negotiation. Kopernik offers no assurance that any particular fee, or other terms, will be the same for all clients.

\*\* Subject to lock-up periods and incentive fees.

### Private Fund Fees

Kopernik acts as an investment adviser to the Kopernik Private Funds and deducts fees for its services from each Fund's assets at a disclosed rate. Fees for such services are summarized below and are set forth in more detail in the applicable private placement memorandum. Fees and compensation paid to Kopernik or its affiliates by these funds are deducted from the assets of the applicable Fund. With certain exceptions, such as for partial periods, management fees for the Kopernik Private Funds are deducted on a quarterly basis in advance and incentive compensation is deducted on an annual basis.

Unregistered investment funds may have higher or lower expenses than large separate accounts because the funds have certain administrative and fund expenses, and expense levels may involve other considerations such as structuring, regulatory reporting, and external costs, that do not necessarily exist for separate accounts, although the specific expenses may be affected by the nature of the separate account or Fund, risks to the advisory firm, and strategic or other commercial considerations. Unregistered investment funds each have their own investment guidelines, as described in their offering materials, have periodic or otherwise limited opportunities for admissions and withdrawals, and will typically have minimum investment levels of at least \$1 million. Kopernik has created several "feeder" funds, whose primary purpose is to invest in a "master" investment fund. Investors in each feeder fund will pay the expenses associated with launching and maintaining both the feeder fund and, indirectly, a portion of the expenses associated with the master fund, as set forth in the private placement memorandum or other relevant offering document and/or applicable governing or operating agreement.



<b>Strategy of Private Fund</b>	<b>Annual Management Fee*</b>	<b>Investment Minimum**</b>
<i>Global All-Cap</i>	25 bps based on the class of interests, subject to lock-up and performance fees; or  First \$50 million      75 bps Next \$100 million      70 bps Next \$100 million      65 bps Next \$100 million      60 bps Next \$100 million      55 bps Over \$450 million      50 bps with no performance fee.	\$1 million
<i>Global Unconstrained</i>	25 bps based on the class of interests, subject to lock-up and performance fees.	\$1 million
<i>Global Real Asset</i>	85 bps	\$1 million

\* Subject to variation and negotiation. Kopernik offers no assurance that any particular fee, or other terms, will be the same for all clients.

\*\* Investment Minimums may be waived in Kopernik's discretion.

Management and performance fees, and lock-up provisions for certain classes of interests, are described in more detail in the applicable private placement memorandum for the Fund. The management fee or performance fee applicable to a particular investor may be subject to negotiation, and the funds may offer additional class of the funds or additional newly-formed funds that offer different fee rates and other terms.

### **Sub-Advisory Fees**

Sub-advisory fees or fees otherwise payable to Kopernik by another investment adviser are generally negotiated between Kopernik and the investment adviser of the account or collective investment vehicle for which Kopernik will serve as sub-adviser. These fees may be based on a percentage of assets under management and may also include a performance based fee. Kopernik expects sub-advisory fees to be similar to those of separately managed accounts, but they may be higher or lower for various reasons such as an increase or decrease in administrative burdens, size of asset base, any effect on investment processes, or strategic or other commercial considerations of both Kopernik and the other investment adviser.

## **Negotiated Fees**

From time to time, Kopernik may enter into negotiated fee arrangements that, in light of a particular investor's special circumstances or other factors, may result in fee schedules that differ from the standard fee schedules described above. Such circumstances may include, without limitation, pre-existing relationship; service levels; special investment guidelines; Kopernik's level of assets at time of investment; whether a new account is expected to grow rapidly; the number of different accounts and total assets under management for that client (and its affiliates); and other circumstances or factors that Kopernik deems relevant. Accounts of Kopernik employees and affiliates may be managed without a management or performance fee.

## **Securities Valuation**

Kopernik's fee is calculated based upon the value of a client's portfolio. Kopernik has the authority to determine the value of securities and other financial instruments ("Securities") that are difficult to price, and in such cases has an incentive to select the highest potential price for those securities, although a lower price might also be reasonable. To mitigate that potential conflict, Kopernik maintains a Valuation Committee responsible for overseeing the valuation process. If the Valuation Committee determines that there is no market value for a Security, or that the market value does not accurately represent fair value for the Security, then the Valuation Committee must follow specific steps and procedures to calculate the fair value of the Security.

## **B. Clients' Fees and Expenses Beyond Management Fees**

Clients, rather than Kopernik, bear transaction costs related to buying and selling Securities. In addition, clients may incur certain other charges imposed by custodians, brokers (including brokerage commissions, dealer markups and other expenses incurred in the acquisition or disposition of Securities), distributors, and other third parties such as for custodial fees, bank service fees, clearing and settlement charges, withholding and transfer fees, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, other fees and taxes on brokerage accounts and Securities transactions, and professional fees and expenses (including, without limitation, expenses of legal counsel, accountants, consultants and experts) relating to Securities. Funds may bear other expenses, typically disclosed in the applicable offering documents. Accounts that permit use of margin or short sales of Securities or other borrowing will incur interest on margin accounts and other indebtedness; costs, including interest expense and commitment fees, connected to selling Securities short; and borrowing charges on Securities sold short. When a fund or account invests in other investment companies and pooled vehicles such as mutual funds and exchange traded funds, the fund or account bears a proportionate share of expenses charged by the investment company or pooled vehicle in which it invests. The charges, fees and commissions discussed above are exclusive of and in

addition to Kopernik's management fee, and Kopernik does not receive any portion of these commissions, fees, and costs.

Kopernik also will use "soft dollars" generated by client transactions to pay for brokerage (i.e. effecting securities transactions) and research products and services (i.e., advice, analysis and reports) for clients, consistent with Kopernik's best execution and soft dollar policy and with Section 28(e) of the Securities Exchange Act of 1934, as amended ("Section 28(e)"). See Item 12 – Brokerage Practices for more information on the Firm's use of soft dollars.

Investors in Funds will bear all of the expenses set forth above, plus the following additional expenses to the extent permitted under the applicable prospectus or offering documents: third party fund administrator fees and expenses; pricing costs; fund accounting and recordkeeping expenses; legal, accounting, audit and tax preparation expenses; expenses of partnership, company or investor meetings, corporate licensing fees; organizational and offering expenses; costs of filing reports with regulatory bodies; costs of the maintenance of insurance premiums; compensation paid to sub-advisors; other similar expenses; and any extraordinary expenses (including, without limitation, extraordinary litigation expenses and extraordinary consulting expenses). Depending on the class of mutual fund shares, investors in Kopernik-managed mutual funds may also pay Rule 12b-1 distribution and/or servicing fees and sales loads.

### **C. Additional Compensation and Conflicts of Interest**

Neither Kopernik nor any of its supervised persons accepts compensation, such as brokerage commissions, for the sale of securities or other investment products.

## **ITEM 6 – PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

Some Kopernik clients pay investment management fees based on assets under management, without a performance-based component. Other clients pay investment management fees to Kopernik with performance-based fees that vary or are calculated differently among clients. As a result, Kopernik and its affiliates may have an incentive to allocate limited investment opportunities, such as newly issued public equities or certain scarce non-U.S. Securities, to the clients from whom the greatest performance-based fees may be earned, rather than to clients who do not pay performance fees. Kopernik has an investment allocation policy that addresses this conflict of interest and is described in Item 11 - Code of Ethics, Participation or Interest in Client Transactions, and Personal Trading.

To further ensure consistency among accounts, Kopernik generally prohibits its portfolio managers from simultaneously holding a long position in one account and holding the same Security short in another account with the same investment objective or strategy. Contrary positions may be permitted in circumstances where a client has instructed the investment adviser to hold a legacy position (e.g., a Security with a low cost basis) or otherwise with approval, which may be granted on an ongoing basis. Accounts with different objectives or employing different strategies may result in different investment decisions based on the individual needs of the relevant client account.

## **ITEM 7 – TYPES OF CLIENTS**

Kopernik provides investment advisory to mutual funds, private investment funds; UCITS or other collective investment vehicles, and various other separately managed accounts, as described in Item 4B. It also seeks to provide similar services to a wide variety of separate account clients, which may include pension funds, charitable organizations, educational institutions, trusts, estates, high net worth individuals, business entities, banks and other financial institutions, insurance companies, and foreign sovereign and domestic governmental entities. In addition, Kopernik may provide advisory or sub-advisory services to additional unaffiliated open-end or closed-end investment companies registered under the Investment Company Act of 1940, as amended (the “1940 Act”), collective investment trusts (“CITs”), separate accounts, and foreign collective investment funds, including, but not limited to, other UCITS funds.

## **ITEM 8 – METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

### **A. Methods of Analysis and Investment Strategies**

Kopernik implements its investment strategies through an active, research-driven, fundamentals-based, value-oriented process. Kopernik's investment discipline typically seeks to identify potential investments that trade at significant discounts to their intrinsic value (as determined by Kopernik's analysis). For strategies that permit short selling, short positions will generally be taken in the securities of companies which, in Kopernik's view, are overvalued by the market, with an emphasis on securities selling at significant premiums to their intrinsic values (as determined by Kopernik's analysis).

Kopernik's stock selection process is driven by bottom-up fundamental research. The stock selection process is distinguished by industry specialization and fundamental analysis. Each of Kopernik's research analysts continually evaluates companies within his or her coverage universe based upon a variety of both qualitative and quantitative criteria. Quantitative measures include price-to-earnings, price-to-book value, price-to-sales, price-to-net-present value, price-to-free cash flow, expectations of sustainable dividend yield, and price-to-liquidation/replacement value. Qualitative analysis assists the research team in producing an understanding of franchise quality, management strength, corporate strategy, barriers-to-entry, shareholder value orientation, operating and industry fundamentals and competitive advantage. Additionally, Kopernik continually focuses on change – in regions, countries and industries – in an effort to identify opportunities. In addition, prior to investing in a company, Kopernik considers how liquid the Security is, both in the local market and in the U.S. if that company has an American or Global Depositary Receipt.

Kopernik uses a variety of sources to conduct research and gain a thorough understanding of companies it invests in. Kopernik's investment professionals analyze corporate filings (including annual reports, prospectuses, and other SEC or non-U.S. governmental or stock exchange filings), may perform company visits, and may speak with various levels of company management, suppliers, competitors, customers and others to gain additional insight on prospective investment opportunities. They attend conferences regularly and may also utilize sell-side research information and analysis on a limited basis. Kopernik regularly monitors newspapers, magazines, industry and trade journals, and other publications.

Kopernik's investment approach is highly collaborative. Investment professionals generally meet each business day as a team to vet ideas and portfolio holdings. During these meetings, analysts are given an opportunity to propose new investment ideas, provide in-depth analysis on companies and industries, provide updates on existing portfolio holdings, and finally, recommend new investment ideas. Kopernik's investment meetings elicit group input and rigorous debate and help ensure a uniform approach and common due-diligence process in selecting Securities.

## Strategies

Kopernik provides the following investment strategies in separately managed accounts and as investment adviser to collective investment funds, including, but not limited to, private funds, mutual funds, and UCITS, subject to each fund's investment guidelines and restrictions.

Strategy	Description
<i>Global All-Cap Equity</i>	The Global All-Cap strategy seeks capital appreciation by investing in companies located throughout the world, including emerging and frontier markets, which Kopernik believes are trading at a significant discount to risk-adjusted intrinsic value. This strategy does not use margin or take short positions, except that currency Exchange Traded Funds ("ETF") may be sold short to hedge currency exposure.
<i>Global Unconstrained Equity</i>	The Global Unconstrained strategy seeks absolute returns by taking long and short positions in companies located throughout the world, including emerging and frontier markets. Long positions are believed to be trading at a significant discount to risk-adjusted intrinsic value. Short positions are believed to be trading at a significant premium to risk-adjusted value. This strategy may also use margin.
<i>Global Real Asset Equity</i>	The Global Real Asset strategy seeks to achieve its investment objective of positive real returns by investing in real asset producing companies located throughout the world, including emerging and frontier markets, which Kopernik believes are trading at a significant discount to risk adjusted intrinsic value. Real asset producing companies include (i) companies in the energy, industrials, materials and utilities sectors; (ii) companies in the food products industry; (iii) companies, if not in one of these sectors or industry, that (a) derive at least 50% of their revenues or profits from owning, producing, refining, processing, transporting or marketing natural resources or (b) have at least 50% of the fair market value of their assets invested in natural resources; or (iv) pooled investment vehicles that primarily invest in the foregoing companies or that are otherwise designed primarily to provide investment exposure to natural resources. This strategy does not use margin or take short positions, except that currency ETFs may be sold short to hedge currency exposure.

None of the foregoing investment strategies is designed or anticipated to track the performance of any specific benchmark.

### **Additional Information Concerning Kopernik Strategies**

Each of the above strategies may be invested in accordance with sub-strategies, and may invest in a variety of Securities. Each strategy may invest in common and preferred stocks, convertible securities, rights and warrants received in connection with securities held in the portfolio, debt secured by mortgages or other assets, debt securities issued by foreign and supranational issuers, debt secured by loans and other fixed income securities, real estate investment trusts (“REITs”), ETFs, swap agreements, options, forward contracts, structured notes and other investment companies. Debt may be rated below investment grade (i.e., high yield). Securities of companies with all market capitalizations may be included in the portfolio, including small-to-mid capitalization companies. Some of these securities could give rise to unrelated business taxable income from time to time. Potential investors should consult their tax advisors regarding the tax implications of such investments.

Subject to applicable investment guidelines, a portion of a strategy’s assets may be invested in non-dollar denominated equity securities of non-U.S. issuers and in dollar-denominated equity securities of non-U.S. issuers that are either listed on a U.S. stock exchange or represented by depositary receipts that may or may not be sponsored by a domestic bank. Strategies may also invest in warrants and securities convertible or exchangeable for equity securities such as convertible bonds. Again subject to applicable guidelines, each strategy may use derivatives, specifically options, index options, interest rate caps, collars, futures contracts, options on futures contracts, and forward non-U.S. currency exchange contracts, to manage various types of risk, enhance a portfolio’s return, equitize cash or hedge against adverse movements in currency exchange rates. In addition, strategies may invest in derivatives such as swaps, including interest rate swaps, total return swaps, swaptions, credit default swaps and non-U.S. currency swaps, as well as other derivatives, to hedge the risk of investment in securities, substitute for a position in an underlying security, reduce transaction costs, maintain full market exposure, manage cash flows and preserve capital. Strategies may also invest in derivatives such as participatory notes and equity-linked securities, to gain exposure to equity and other securities of certain issuers. Strategies may write (sell) covered call options or buy put options on an index, or on some or all of the stocks or other securities they invest in, as well as using call spreads or other types of options to generate premium income and reduce volatility on a portfolio’s return, with the intent of improving a portfolio’s risk adjusted return. A strategy may invest in stock index futures contracts, options on stock indices, and options on stock index futures to maintain the liquidity needed to meet redemption requests, to increase the level of assets devoted to replicating an



index, and to reduce transaction costs. In addition, forward contracts may be used to enhance returns. Investments in these types of investments are not suitable for all investors as they are speculative and carry a high degree of risk.

Subject to and depending upon applicable investment guidelines, each strategy may also invest, if eligible, in Rule 144A Securities, private placements, or other Securities that may lack liquidity or a readily assessable market value. Each strategy may hold Securities that become illiquid after purchase due to market or other conditions. Private placements pose greater liquidity risks than publicly traded securities. Mutual funds and UCITS that may be managed or sub-advised by Kopernik are subject to specific statutory or regulatory limitations on illiquid Securities and Kopernik will abide by those stricter liquidity requirements. Although the open-end Kopernik Private Funds are not subject to any specific restrictions on the amount of assets that they may invest in illiquid Securities, Kopernik intends to invest in such Securities on a limited basis and considers the liquidity of a Security in weighing the risks against the potential for profit presented by a particular investment opportunity for those Funds. In closed-end funds and separate accounts managed by Kopernik, Kopernik may invest a larger portion of client assets in illiquid Securities, subject to applicable investment guidelines.

The Global Unconstrained Strategy also uses leverage to take advantage of market opportunities. The use of leverage increases buying power. Clients using this strategy may borrow money from banks or brokerage firms, purchase securities on margin, as well as finance positions and lend funds through repurchase and reverse repurchase agreements.

Kopernik's strategies emphasize active management of a portfolio in order to take advantage of opportunities in the financial markets. As a result, turnover and brokerage commission expenses may exceed those of other portfolios of comparable size.

Kopernik's strategies may maintain higher levels of cash and cash equivalents than are necessary to meet short-term cash needs, and may invest in longer-term debt instruments. The strategies may invest their excess funds in short term investments, including U.S. Government securities, money market funds, commercial paper, certificates of deposit and bankers' acceptances.

## **B. Material, Significant or Unusual Risks Relating to Investment Strategies.**

*The following risk factors do not purport to be a complete list or explanation of the risks involved in Kopernik's investment strategies. These risk factors include only those risks Kopernik believes to be material, significant or unusual and relate to significant investment strategies or methods of analysis employed by Kopernik.*

**Market Risk.** The risk that the price of equity securities may decline in response to general market and economic conditions or events. The value of the equity securities may decline over short or extended periods of time. Any stock is subject to the risk that the stock market as a whole may decline in value, thereby depressing the stock's price. Equity markets tend to be cyclical, with periods when prices generally rise and periods when prices generally decline. Foreign equity markets tend to reflect local economic and financial conditions, and therefore, trends often vary from country to country and region to region.

**Company Risk.** The risk that the issuer's earnings prospects and overall financial position will deteriorate, causing a decline in the security's value over short or extended periods of time.

**Foreign Investment Risk.** The risks of investing in securities of foreign issuers, securities or contracts traded on foreign exchanges or in foreign markets, or securities or contracts payable in foreign currency.

Investing in foreign investments entails risks beyond those of domestic investing. These include, but are not limited to: (1) significant changes in currency exchange rates; (2) possible imposition of market controls or currency exchange controls; (3) possible imposition of withholding taxes on dividends and interest; (4) possible seizure, expropriation or nationalization of assets and/or confiscatory taxation; (5) more limited foreign financial information or difficulty in interpreting it because of foreign regulations and accounting standards; (6) lower liquidity and higher volatility in some foreign markets; (7) political, economic or social instability or adverse diplomatic events; (8) the difficulty of evaluating some foreign economic trends; (9) the possibility that a foreign government could restrict an issuer from paying principal and interest to investors outside the country; and (10) potential rapid price inflation or deflation. Brokerage commissions and transaction costs are often higher for foreign investments, and it may be harder to use foreign laws and courts to enforce financial or legal obligations.

The risks described above often increase in emerging and frontier markets countries. For example, these countries may have more unstable governments than developed countries, and their economies may be based on only a few industries. Because their securities markets may be very small, share prices may be volatile and difficult to establish. In addition, foreign investors are subject to a variety of special restrictions in many such countries. For example, certain Asian countries require governmental approval prior to investments by foreign persons or limit investment by foreign persons only to a specified percentage of an issuer's outstanding securities or a specific class of securities which may have less advantageous terms (including price) than securities of the issuer available for purchase by nationals. In addition, certain countries may restrict or prohibit investment opportunities in issuers or industries deemed important to national interests. Generally, there is less governmental supervision and regulation of exchanges, brokers, banks, and securities depositories in less developed markets than there is in developed markets. For example, there may be no comparable

provisions to insider trading and similar investor protection securities laws that apply with respect to securities transactions consummated in developed markets. Less developed markets also have different clearance and settlement procedures, and in certain markets there have been times when settlements have failed to keep pace with the volume of securities transactions, making it difficult to conduct such transactions. Delays in settlement could result in periods when assets are uninvested and no return is earned thereon.

**Russian Securities Risk.** Certain of Kopernik's larger investments on behalf of clients have been in companies based in or that do substantial amounts of business in Russia. Based on certain military, diplomatic and economic measures arising in 2014, investments in Securities issued by such companies or companies that operate in certain surrounding regions may be subject to particular risks of loss or volatility.

In response to recent political and military actions undertaken by Russia, the United States and the European Union have instituted numerous sanctions against certain Russian officials and a Russian bank. These sanctions, and other intergovernmental actions that may be undertaken against Russia in the future, may result in the devaluation of Russian currency, a downgrade in the country's credit rating, and a decline in the value and liquidity of Russian stocks. These sanctions could result in the immediate freeze of Russian securities, impairing the ability of the Fund to buy, sell, receive or deliver those securities. Retaliatory action by the Russian government could involve the seizure of U.S. and/or European residents' assets, and any such actions are likely to further impair the value and liquidity of such assets.

**Correlation Risk.** The risk that global events will cause the U.S. and non-U.S. markets to move in the same direction, reducing or eliminating the benefit of international diversification. U.S. and non-U.S. markets often rise and fall at different times or by different amounts due to economic or other developments particular to a given country or region. Thus investing in both U.S. and non-U.S. markets may lower portfolio volatility.

**Currency Risk.** Accounts normally will be denominated in U.S. dollars. However, many investments may be denominated in non-U.S. currencies. In addition, some or all of the underlying assets of collateralized securities held may consist of loans or other instruments of obligors in countries other than the United States, and consequently may be denominated in currencies other than the U.S. dollar.

Changes in the rates of exchange between the U.S. dollar and other currencies could have a material adverse effect on the performance of investments. A strong U.S. dollar relative to other currencies will adversely affect the value of securities or instruments denominated in non-U.S. currencies and hinder the Funds' performance. In addition, a particular foreign country may impose exchange controls, devalue its currency and/or take other measures relating to its currency which could

adversely affect investors. Among the factors that may affect currency values are trade balances, the level of short-term interest rates, differences in relative values of similar assets in different currencies, long-term opportunities for investment and capital appreciation and political developments. Finally, clients may incur costs in connection with conversions between various currencies. Although Kopernik may have the ability to hedge currency risk associated with a portion of investments denominated in currencies other than the U.S. dollar, it may not do so.

**Style Risk.** The risk that securities selected using either a growth investing or a value investing style may be out of favor in the marketplace for various periods of time. Kopernik's strategies are managed according to a value investment style. Investors holding value investing style securities may experience declines in the value of their portfolios. In addition, although Kopernik believes in value investing, securities believed to be undervalued are subject to the risks that: (1) the issuer's potential business prospects are not realized; (2) their potential values are never recognized by the market; and (3) due to unanticipated or unforeseen problems associated with the issuer or industry, they were appropriately priced (or over-priced) when acquired.

**Volatility.** The risk that the value of Securities may fluctuate significantly over a short period of time. Investors should understand that the results of a particular period will not necessarily be indicative of results in future periods. Changes in the degree of volatility of the market from Kopernik's expectations may produce material losses.

**Portfolio Turnover Rate Risk.** A strategy that engages in active and frequent trading of portfolio Securities will have a correspondingly higher "portfolio turnover rate." A high portfolio turnover rate will generally result in (1) greater brokerage commission expenses and (2) higher amounts of realized investment gain potentially subject to the payment of taxes. None of the strategies are subject to a specific limitation on portfolio turnover, and although Kopernik seeks to hold securities for substantial periods of time, securities may be sold at any time such sale is deemed advisable for investment or operational reasons.

**Income Volatility.** The risk of income volatility is the risk that the level of current income from a portfolio of fixed-income securities declines in certain interest rate environments.

**Credit Risk.** The risk that a decline in an issuer's financial position may prevent it from making principal and interest payments on fixed income securities when due. Credit risk relates to the ability of an issuer of a fixed-income security to pay principal and interest on the security on a timely basis and is the risk that the issuer could default on its obligations, thereby causing the value of the investment to be materially impaired.

**Default Risk.** The risk of default by the issuers of debt securities. Investments may consist of instruments that are low rated or unrated. Emerging and frontier markets debt securities may consist of instruments that are generally considered to have a credit quality rated below investment grade by

internationally recognized credit rating organizations such as Moody's and Standard & Poor's. Non-investment grade securities (*i.e.*, rated Ba1 or lower by Moody's or BB+ or lower by Standard & Poor's) are speculative with respect to the issuer's capacity to pay interest and repay principal in accordance with the terms of the obligations and involve significant risk exposure to adverse conditions. To the extent that any issuers default upon their obligations, the rate of return on investment will be adversely affected.

**Interest Rate Risk.** The risk that the value or yield of fixed-income securities may decline if interest rates change. In general, when prevailing interest rates decline, the market value of fixed-income securities (particularly those paying a fixed rate of interest) tends to increase. Conversely, when prevailing interest rates increase, the market value of fixed-income securities (particularly those paying a fixed rate of interest) tends to decline. Depending on the timing of the purchase of a fixed-income security and the price paid for it, changes in prevailing interest rates may increase or decrease the security's current yield. Interest rate risk is generally lower for shorter-term investments and higher for longer-term investments: the longer the maturity of a bond, the greater the bond's price sensitivity to changes in interest rates.

**Deflation Risk.** The risk that prices throughout the economy decline over time, which may have an adverse effect on the market valuation of companies, their assets and revenues. Deflation may also have an adverse effect on the creditworthiness of issuers and may make issuer default more likely, which may result in a decline in the value of a portfolio.

**Inflation Risk.** The risk that the value of assets or income from investments will be worth less in the future as inflation decreases the value of money. As inflation increases, the real value of an account and distributions can decline.

**Prepayment Risk and Extension Risk.** The risk that the duration of a security backed by mortgages will either be shortened (prepayment risk) or lengthened (extension risk). Prepayment risk and extension risk are normally present in debt securities generally, adjustable-rate mortgage loans, mortgage-backed securities and other asset-backed securities. For example, homeowners and other borrowers have the option to prepay their mortgages. If interest rates fall sufficiently below the interest rates on existing outstanding securities, the rate of prepayment generally increases. Conversely, if interest rates rise above the interest rates on existing outstanding securities, the rate of prepayment generally decreases and borrowers seek to extend the maturity of their debts. In either case, a change in the duration of fixed-income securities can result in losses.

**Concentration/Diversification Risk.** Subject to applicable investment guidelines, the risk that a strategy may be invested in a limited number of issuers, industries, sectors, countries, or regions. If a relatively high percentage of assets are invested in the securities of a limited number of issuers then

certain economic, political or regulatory occurrences may adversely affect the portfolio more than a more diversified portfolio.

**Counterparty Risk.** The risk that counterparties may encounter financial difficulties, fail, or otherwise become unable to meet their obligations. The strategies may invest in securities and derivatives that have institutional counterparties, including brokerage firms and banks; client assets may also be entrusted for custodial and prime brokerage purposes to such counterparties. Any such development could cause damaging losses, or even complete loss, of investors' capital.

**Trading Suspensions.** The risk that the United States, other governments, and each U.S. and non-U.S. Securities exchange may suspend or limit trading in Securities. Such a suspension might render it impossible for Kopernik to liquidate certain positions promptly and, accordingly, could cause portfolio losses.

**Short Selling.** The Global Unconstrained strategy engages in the short-selling of Securities in addition to taking long positions. Short-selling is the selling of Securities the seller does not own. Short sales may only be maintained if the Securities can be borrowed. If the Security cannot remain borrowed, the portfolio could be required to cover the short sale at a loss or at an inopportune time. If Securities are sold short, the obligation to deliver such Securities can be fulfilled with borrowed securities. A portfolio would only profit from such a practice if it could fulfill its obligation to the lender of the Securities by repaying the lender with Securities which it has purchased at a price lower than the price received for the short sale. If the price of a Security that has been sold short increases, there is no limit to the loss that could be incurred in covering a short sale.

**Leverage; Interest Rates.** The Global Unconstrained strategy may use leverage, including borrowing to buy Securities on margin or make other investments. While such strategies and techniques increase the opportunity to achieve higher returns on the amounts invested, they also increase the risk of loss. A portfolio may also be leveraged by entering into reverse repurchase agreements whereby it effectively borrows funds on a secured basis by "selling" its interests in investments to a financial institution for cash and agreeing to "repurchase" such investments at a specified future date for the sales price paid plus interest at a negotiated rate. The Global Unconstrained strategy may also enter into arrangements to secure leverage whereby substantially all of its capital may be used for margin or collateral deposits. If the value of the portfolio's investments fall below the margin or collateral level required by a lender, additional margin or collateral deposits would be required. If the portfolio were unable to satisfy any margin or collateral call by a lender, such lender could liquidate the portfolio's position in some or all the investments that may be in the account at such lender and cause the portfolio to incur significant losses. The failure to satisfy a margin or collateral call, or the occurrence of other material defaults under financing agreements may trigger cross-defaults with other brokers, lenders, clearing firms or other counterparties, multiplying the adverse impact to a portfolio. In addition, because the use of leverage will cause a portfolio to

enjoy the benefits of positions worth significantly more than its aggregate capital, the amount that the portfolio may lose in the event of adverse price movements will be high in relation to the amount of its capital.

In the event of a sudden decrease in the value of a Global Unconstrained portfolio's assets, that portfolio might not be able to liquidate assets quickly enough to satisfy its margin or collateral requirements. In that event, the portfolio may become subject to claims of financial intermediaries that extend credit. Such claims may exceed the value of the assets of the portfolio. The banks and broker-dealers that provide financing to the portfolio can apply discretionary margin, haircut, financing and collateral valuation policies. Changes by banks and dealers in any of the foregoing may result in large margin or collateral calls, loss of financing and forced liquidations of positions at disadvantageous prices. There can be no assurance that any Global Unconstrained portfolio will be able to secure or maintain adequate financing.

Margin interest rates tend to fluctuate with interest rates generally, and the Global Unconstrained strategy is at risk that interest rates generally, and margin interest rates in particular, will increase, thereby increasing a portfolio's expenses. A Global Unconstrained portfolio will bear the foregoing risks by employing leverage.

**Hedging.** If Kopernik decides to hedge currency, credit or other risks, there is risk that the hedging strategy is not successful. Successful hedging will depend, in part, upon Kopernik's ability to correctly assess the relationship between the performance of the instruments used in the hedging strategy and the performance of the investments being hedged. Since the characteristics of many investments change as markets change or time passes, the success of the hedging strategy will also be subject to Kopernik's ability to continually recalculate, readjust and execute hedges in an efficient and timely manner. While portfolios may enter into hedging transactions to seek to reduce risk, such transactions may result in a poorer overall performance for the portfolios than if they had not engaged in such hedging transactions. For a variety of reasons, Kopernik may not seek to establish a perfect correlation between the hedging instruments utilized and the portfolio holdings being hedged. Such an imperfect correlation may prevent portfolios from achieving the intended hedge or expose portfolios to risk of loss. Kopernik may not hedge against a particular risk because it does not regard the probability of the risk occurring to be sufficiently high as to justify the cost of the hedge, or because it does not foresee the occurrence of the risk. The successful utilization of hedging and risk management transactions requires skills complementary to those needed in the selection of portfolio holdings.

**Hedging Transactions.** Hedging involves risks that include the possible default by the other party to the transaction, illiquidity and, to the extent Kopernik's assessments of certain market movements is incorrect, the risk that the use of hedging could result in losses greater than if hedging had not been used. Kopernik may utilize a variety of financial instruments such as derivatives, options, interest

rate swaps, caps, floors, and forward contracts, both for investment purposes and for risk management purposes. If there is a failure or default by the counterparty to a hedging transaction, a portfolio will have contractual remedies pursuant to the agreements related to the transaction (which may or may not be meaningful depending on the financial position of the defaulting counterparty).

**Illiquidity of Investments.** The risk that investments will be long-term in nature and may require years before they are suitable for sale. Realization of value from such investments may be difficult in the short-term, or may have to be made at a substantial discount compared to other freely tradable investments. Portfolios may be limited in their ability to liquidate or redeem investments to meet redemption requests or to pay expenses or fees. Illiquid Securities involve the risk that Kopernik will not be able to sell the investment in a timely way or at a fair price. Strategies may invest in illiquid Securities, including, but not limited to certain Rule 144A Securities or other private placements. These Securities may lack liquidity or a readily assessable market value. Strategies may also hold Securities that become illiquid after purchase due to market or other conditions. Investments in illiquid Securities may restrict a strategy's ability to dispose of investments in a timely fashion and for a fair price and may impede Kopernik's ability to take advantage of market opportunities.

**Distress Investing.** From time to time political, economic and/or financial crises may occur in various countries and financial markets. In connection with such events, illiquidity and volatility in financial markets may significantly increase and prices of Securities may decline to values Kopernik deems significantly below their intrinsic value. Kopernik may seek to capitalize directly or indirectly on opportunities created by these distressed conditions. There is no assurance that Securities purchased in connection with such crises will recover.

**Arbitrage and Speculative Securities Transactions.** The strategies may employ risk arbitrage. When Kopernik determines that it is probable that a transaction (*e.g.*, a merger) will be consummated, it may purchase securities at prices often only slightly below the anticipated value to be paid or exchanged for such securities in the merger, exchange offer or cash tender offer (and substantially above the price at which such securities traded immediately prior to the announcement of the merger, exchange offer or cash tender offer). If the proposed merger, exchange offer or cash tender offer appears likely not to be consummated or in fact is not consummated or is delayed, the market price of the security to be tendered or exchanged will usually decline sharply, resulting in a loss. In addition, where a security to be issued in a merger or exchange offer has been sold short in the expectation that the short position will be covered by delivery of such security when issued, failure of the merger or exchange offer to be consummated may force the portfolios to cover their short positions in the market at a higher price than its short sale, with a resulting loss.

**Access to Information.** Kopernik selects investments on the basis of information and data filed by issuers with various government regulators or made directly available to the Investment Manager by the issuers or through sources other than the issuers. Although Kopernik evaluates all such



information and data and seeks independent corroboration when it considers it is appropriate and reasonable available, Kopernik is not in a position to confirm the completeness, genuineness or accuracy of such information and data, and in some cases, complete and accurate information is not available because certain information may be considered proprietary or otherwise confidential. Some issuers may also provide information that is not accurate and such information may be relied upon by Kopernik. These difficulties make it more difficult for investments to be evaluated and for the value of securities to be accurately determined. Furthermore, Kopernik may not always be able to reallocate client assets in response to market changes because information about the particular investments may not be readily available at all times.

### *Specific Risks of Certain Investments*

In addition to the general investment risks listed above, the strategies may make investments or use investment techniques that may create certain risks; some, but not all, of these risks are summarized below.

**Small Capitalization and Mid-Capitalization Companies.** Each strategy may, to the extent consistent with its investment policies, invest in small and mid-capitalization companies. Investments in small and mid-capitalization companies involve greater risk and portfolio price volatility than investments in larger capitalization stocks. Among the reasons for greater price volatility of these investments are the less certain growth prospects of smaller firms and the lower degree of liquidity in the markets for such securities. Small and mid-capitalization companies may be thinly traded and may have to be sold at a discount from current market prices or in small lots over an extended period of time. In addition, these securities are subject to the risk that during certain periods the liquidity of particular issuers or industries, or all securities in particular investment categories, will shrink or disappear suddenly and without warning as a result of adverse economic or market conditions, or adverse investor perceptions, whether or not accurate. In connection with the lack of market liquidity, a strategy may incur losses if it is required to effect sales at a disadvantageous time and only then at a substantial drop in price. Small and mid-capitalization companies include “unseasoned” issues that do not have an established financial history; often have limited product lines, markets or financial resources; may depend on or use a few key personnel for management; and may be susceptible to losses and risks of bankruptcy. Small and mid-capitalization companies may be operating at a loss or have significant variations in operating results; may be engaged in a rapidly changing business with products subject to a substantial risk of obsolescence; may require substantial additional capital to support their operations, to finance expansion or to maintain their competitive position; and may have substantial borrowings or may otherwise have a weak financial condition. In addition, these companies may face intense competition, including competition from companies with greater financial resources, more extensive development, manufacturing, marketing, and other capabilities, and a larger number of qualified and managerial personnel. Transaction costs for these investments are often higher than those of large capitalization companies. Investments in small and mid-

capitalization companies may be more difficult to price precisely than other types of securities because of their characteristics and lower trading volumes.

**Depository Receipts Risk.** Depository receipts are certificates evidencing ownership of shares of a foreign issuer that are issued by depository banks and generally trade on an established market. Depository receipts are subject to many of the risks associated with investing directly in foreign securities, including, among other things, political, social and economic developments abroad, currency movements, and different legal, regulatory and tax environments.

**Preferred Securities.** Preferred securities are subordinated to bonds and other debt instruments in a company's capital structure and therefore will be subject to greater credit risk than those debt instruments. Preferred securities generally will decline in price or fail to make dividend payments when due because the issuer of the security experiences a decline in its financial status. Certain preferred securities carry provisions that allow an issuer under certain circumstances to skip distributions (in the case of "non-cumulative" preferred securities) or defer distributions (in the case of "cumulative" preferred securities). In certain circumstances, an issuer may redeem its preferred securities prior to a specified date in the event of certain tax or legal changes or at the issuer's call, and the investor may not be able to reinvest the proceeds at comparable rates of return. Preferred securities typically do not provide any voting rights, except in cases where dividends are in arrears for a specified number of periods.

**Convertible Securities.** Convertible securities generally offer lower interest or dividend yields than non-convertible fixed-income securities of similar credit quality because of the potential for capital appreciation. The market values of convertible securities tend to decline as interest rates increase and, conversely, to increase as interest rates decline. In the event of a liquidation of the issuing company, holders of convertible securities would be paid before that company's common stockholders. As a result, an issuer's convertible securities generally entail less risk than its common stock. However, convertible securities rank below debt obligations of the same issuer in order of preference or priority in the event of a liquidation or reorganization and are typically unrated or rated lower than such debt obligations. Different types or subsets of convertible securities may carry further risk of loss.

**Options.** The strategies may engage from time to time in various types of options transactions. An option gives the purchaser the right, but not the obligation, upon exercise of the option, either (1) to buy or sell a specific amount of the underlying security at a specific price (the "strike" price or "exercise" price), or (2) in the case of a stock index option, to receive a specified cash settlement. To purchase an option, the purchaser must pay a "premium," which consists of a single, nonrefundable payment. Unless the price of the securities interest underlying the option changes and it becomes profitable to exercise or offset the option before it expires, the purchaser may lose the entire amount of the premium. The purchaser of an option runs the risk of losing the entire investment. Thus, a

portfolio could incur significant losses in a relatively short period of time. The ability to trade in or exercise options also may be restricted in the event that trading in the underlying securities interest becomes restricted. Options trading may also be illiquid in the event that the portfolio's assets are invested in contracts with extended expirations. The strategies may purchase and write put and call options on specific securities, on stock indexes or on other financial instruments and, to close out its positions in options, may make a closing purchase transaction or closing sale transaction.

Writing (selling) covered call options on some or all of an account's holdings creates additional risks. By writing covered call options on the securities, an account will give up the opportunity to benefit from potential increases in the value of the securities above the exercise prices of the options, but will continue to bear the risk of declines in the value of the securities. The premiums received from the options may not be sufficient to offset any losses sustained from the volatility of the securities over time. A strategy may purchase put options or index put options to protect against a significant market decline over a short period of time.

**Mortgage-Backed and Asset-Backed Securities.** The strategies may invest in mortgage-backed and asset-backed securities, which represent direct or indirect participation in, or are collateralized by and payable from, mortgage loans secured by real property or instruments derived from such loans. Mortgage-backed securities include various types of mortgage-related securities such as government stripped mortgage-related securities, adjustable-rate mortgage-related securities and collateralized mortgage obligations. The strategies may also invest in asset-backed securities, which represent participation in, or are secured by and payable from, assets such as motor vehicle installment sales contracts, installment loan contracts, leases of various types of real and personal property, receivables from revolving credit (*i.e.*, credit card) agreements and other categories of receivables. Such assets are securitized through the use of trusts and special purpose corporations. Payments or distributions of principal and interest may be guaranteed up to certain amounts and for certain time periods by letters of credit or pool insurance policies issued by a financial institution unaffiliated with the trust or corporation. Other credit enhancements may also exist. Mortgage-related securities represent pools of mortgage loans assembled for sale to investors by various governmental agencies, such as the Government National Mortgage Association, by government related organizations, such as the Federal National Mortgage Association, and the Federal Home Loan Mortgage Corporation, as well as by private issuers, such as commercial banks, savings and loan institutions, mortgage bankers, and private mortgage insurance companies. The average maturity of pass-through pools of mortgage-related securities in which the strategies may invest varies with the maturities of the underlying mortgage instrument. A pool's stated maturity may be shortened by unscheduled payments on the underlying mortgages. Factors affecting mortgage prepayments include the level of interest rates, general economic and social conditions, the location of the mortgaged property and the age of the mortgage. For example, in periods of falling interest rates, the rate of prepayment tends to increase, thereby shortening the actual average life of the mortgage-related security. Conversely,

when interest rates are rising, the rate of prepayment tends to decrease, thereby lengthening the actual average life of the mortgage-related security. Accordingly, it is not possible to accurately predict the average life of a particular pool. Reinvestment of prepayments may occur at higher or lower rates than originally expected. Therefore, the actual maturity and realized yield on pass-through or modified pass-through mortgage-related securities will vary based upon the prepayment experience of the underlying pool of mortgages. The value of mortgage-related and asset-backed securities can fall if the owners of the underlying mortgages or assets pay off their loans faster than expected.

**Initial Public Offerings.** The strategies may invest in initial public offerings (each, an “IPO”). An IPO is a company’s first offering of stock to the public. The market value of IPO shares may fluctuate significantly due to factors such as the absence of a prior public market, unseasoned trading, the small number of shares available for trading, and limited information about the issuer. The purchase of IPO shares may involve high transaction costs. IPO shares are subject to market risk and liquidity risk. When a strategy’s asset base is small, a significant portion of its performance could be attributable to investments in IPOs, because such investments would have a magnified impact. As the strategy’s assets grow, the effect of investments in IPOs on performance will probably decline, which could reduce performance. Because of the price volatility of IPO shares, a strategy may choose to hold IPO shares for a very short period of time. This may increase the turnover of the portfolio and may lead to increased expenses, such as commissions and transaction costs. By selling IPO shares, the strategy may realize taxable gains it will subsequently distribute to its investors. In addition, the market for IPO shares can be speculative and/or inactive for extended periods of time. There is no assurance that a strategy will be able to obtain allocable portions of IPO shares. The limited number of shares available for trading in some IPOs may make it more difficult to buy or sell significant amounts of IPO shares without an unfavorable impact on prevailing prices. Investors in IPO shares can be affected by substantial dilution in the value of their shares, by sales of additional shares and by concentration of control in existing management and principal shareholders.

**High Yield Securities.** High yield, or below investment grade securities, may be more susceptible to real or perceived economic conditions than investment grade securities. In addition, the secondary trading market for below investment grade securities may be less liquid. High yield securities generally have more volatile prices and carry more risk to principal than investment grade securities.

**Energy Securities.** Energy and natural resources companies are especially affected by developments in the commodities markets, the supply of and demand for specific resources, products and services, the price of oil and gas, exploration and production spending, government regulation, economic conditions, international political developments, energy conservation efforts and the success of exploration projects. If a strategy, such as the Global Real Asset strategy, focuses on investments in these companies, those investments may present more risks than if the portfolio was broadly diversified over numerous industries and sectors of the economy.

**Precious Metals and Mining Securities.** Securities of foreign and U.S. companies principally engaged in the exploration, mining, development, fabrication, processing, marketing, or distribution of (or other activities related to) metals or minerals are subject to the risk of sharp price volatility of metals or minerals. This risk applies whether the particular metals or minerals are precious and rare (such as gold and diamonds) or base and common (such as nickel and zinc). Investments related to metals or minerals may fluctuate in price significantly over short periods because of a variety of global economic, financial, and political factors. These factors include: economic cycles; changes in inflation or expectations about inflation in various countries; interest rates; currency fluctuations; metal sales by governments, central banks, or international agencies; investment speculation; resource availability; commodity prices; fluctuations in industrial and commercial supply and demand; government regulation of the metals and materials industries; and government prohibitions or restrictions on the private ownership of certain precious and rare metals and minerals.

**Agricultural Securities.** Investing in the agricultural sector creates a variety of risks relating to, among other things, weather patterns and natural disasters; demand for farm land; the quality of management by tenant farmers, impact of the quality, durability and capacity of applicable infrastructure; requirements of license or accreditation to market and sell agricultural products; laws relevant to the issuance and maintenance of land titles; zoning and other laws and regulations involving the operation of agricultural assets and businesses; environmental regulations; actual or potential taxes on emitters of carbon dioxide; agricultural and other labor availability and cost.

**Real Estate Investment Trusts.** The strategies may invest in Real Estate Investment Trusts (“REITs”). Investment in REITs carries with it many of the risks associated with direct ownership of real estate, including declines in property values, extended vacancies, increases in property taxes, and changes in interest rates. REITs are also dependent upon management skills, may not be diversified, may experience substantial cost in the event of borrower or lessee defaults, and are subject to heavy cash flow dependency. Equity REITs will be affected by changes in the values of and incomes from the properties they own; mortgage REITs may be affected by the credit quality of the mortgage loans they hold. REITs may have limited diversification and are subject to the risks associated with obtaining financing for real property.

**Unrated Securities.** The strategies may invest in fixed-income securities that do not have a grade or rating by a rating agency. In connection with such securities, Kopernik will seek to determine whether the default probability and financial strength characteristics of the securities are comparable to those of issuers of securities rated investment grade quality. Kopernik will consider information from industry sources, as well as its own quantitative and qualitative analysis, in making such a determination. However, there is no assurance that such a determination will be correct or that an unrated security will not default.

**Investment Companies.** The strategies may invest in the securities of other investment companies, which can include open-end funds (including but not limited to ETFs), closed-end funds and unit investment trusts, subject to limits that may apply to those types of investments. Investing in another investment company may involve the payment of substantial premiums above the value of such investment company's portfolio securities. As a shareholder of an investment company, the portfolios would be subject to its ratable share of that investment company's expenses, including its advisory and administration expenses.

**Forward Contracts.** Subject to certain limitations, the strategies may invest in forward contracts and options thereon. Such contracts and options, unlike futures contracts, are not traded on exchanges and are not standardized; rather banks and dealers act as principals in these markets, negotiating each transaction on an individual basis. Forward and "cash" trading is substantially unregulated; there is no limitation on daily price movements and speculative position limits are not applicable. The principals who deal in the forward markets are not required to continue to make markets in the currencies or commodities they trade, and these markets can experience periods of illiquidity, sometimes of significant duration. There have been periods during which certain participants in these markets have refused to quote prices for certain currencies or commodities or have quoted prices with an unusually wide spread between the price at which they were prepared to buy and that at which they were prepared to sell.

**Swap Agreements.** The strategies may use swap agreements. The use of swaps involves investment techniques and risks different from those associated with ordinary securities transactions. Interest rate swaps, for example, do not typically involve the delivery of securities, other underlying assets or principal. Accordingly, the market risk of loss with respect to an interest rate swap is often limited to the amount of interest payments that the portfolio is contractually obligated to make on a net basis. If the other party to an interest rate swap defaults, the account's risk of credit loss may be the amount of interest payments that it is contractually entitled to receive on a net basis. However, where swap agreements require one party's payments to be "up-front" and timed differently than the other party's payments (such as is often the case with currency swaps), the entire principal value of the swap may be subject to the risk that the other party to the swap will default on its contractual delivery obligations. If there is a default by the counterparty, the portfolio may have contractual remedies pursuant to the agreements related to the transaction. The swap market has grown substantially in recent years, with a large number of banks and investment banking firms acting both as principals and as agents utilizing standardized swap documentation. Investment performance, however, may be adversely affected by the use of swaps if Kopernik's forecasts of market values, interest rates or currency exchange rates are inaccurate. The purchase of swaps generally involves little or no margin deposit and, therefore, provides substantial leverage. Accordingly, relatively small price movements in these financial instruments may result in immediate and substantial losses to the strategies.

**Derivative Instruments.** The strategies may use derivative instruments (including futures contracts, options on futures contracts and over the counter instruments) to trade or to hedge. Derivatives can be highly leveraged and quite volatile. When used for hedging purposes, an imperfect or variable degree of correlation between price movements of the derivative instrument and the underlying investment sought to be hedged (such as a currency) may prevent the user from achieving the intended hedge effect or expose it to the risk of loss. In addition, derivative instruments may not be liquid in all circumstances, so that in volatile markets a holder may not be able to close out a position without incurring a loss. For example, daily limits on price fluctuations and speculative position limits imposed by futures exchanges on which a portfolio may trade may prevent prompt liquidation of positions, subjecting it to the potential of greater losses. In some cases such derivatives may be traded in markets that have limited liquidity, making it difficult or impossible for the execution of trades at a desired price and may expose a strategy to the risk of counterparty non-performance or failure. To the extent that a strategy engages in transactions in futures contracts and options on futures contracts, the profitability of such transactions will depend to some degree on the ability of Kopernik to analyze correctly the futures markets, which are influenced by, among other things, changing supply and demand relationships, governmental policies, commercial and trade programs, world political and economic events and changes in interest rates.

Moreover, investments in derivative instruments involve additional risks including, without limitation, leverage (margin is usually only 2-15% of the face value of the contract and exposure can be nearly unlimited). The CFTC and futures exchanges have established limits referred to as “speculative position limits” on the maximum net long or net short position that any person may hold or control in certain derivative instruments. Some of the instruments in which a strategy’s assets may be invested may be traded in markets in which performance will be the responsibility only of the individual counterparty and not of an exchange or clearinghouse. In these cases, the assets will be subject to the risk of the inability of, or refusal by, the counterparty to perform with respect to such contracts. There is the possibility that institutions, including brokerage firms and banks with whom a portfolio does business, will encounter financial difficulties that may impair the operational capabilities or the capital position of the portfolio.

**Derivatives and Over-the-Counter Trading.** Although some derivative instruments are listed and traded on an exchange, the derivatives that may be purchased or sold by the strategies are expected to regularly consist of instruments not traded on an exchange. This decreased liquidity creates a risk of nonperformance by the obligor, and limits Kopernik’s ability to dispose of or enter into closing transactions with respect to the derivative instruments. In addition, disparities may exist between bid and asked prices for derivative instruments that are not traded on an exchange. Derivative instruments not traded on exchanges are also not subject to the same type of government regulation as exchange traded instruments, and many of the protections afforded to participants in a regulated environment may not be available in connection with such transactions.

**Restricted Securities.** The strategies may invest in restricted Securities. A restricted Security is one that has a contractual restriction on resale or cannot be resold publicly until it is registered under the Securities Act of 1933, as amended. Restricted Securities can be considered illiquid. For example, they may be considered illiquid if they are not eligible for sale to qualified institutional buyers in reliance upon Rule 144A under the Securities Act. Purchases of Securities of foreign issuers offered and sold outside the U.S. may be considered liquid even though they are subject to restrictions on transfer.

**Special Risks of Cyber Attacks.** As with any entity that conducts business through electronic means in the modern marketplace, Kopernik, and its service providers, may be susceptible to operational and information security risks resulting from cyber attacks. Cyber attacks include, among other behaviors, stealing or corrupting data maintained online or digitally, denial of service attacks on websites, the unauthorized monitoring, release, misuse, loss, destruction or corruption of confidential information, unauthorized access to relevant systems, compromises to networks or devices that Kopernik and its service providers use to service its operations, operational disruption or failures in the physical infrastructure or operating systems that support Kopernik and its service providers, or various other forms of cyber security breaches. Cyber attacks affecting Kopernik or any other of its intermediaries or service providers may adversely impact Kopernik's clients and shareholders, potentially resulting in, among other things, financial losses or the inability to transact business. For instance, cyber attacks may impact the release of private shareholder information or confidential business information, impede trading, subject Kopernik to regulatory fines or financial losses and/or cause reputational damage. Kopernik may also incur additional costs for cyber security risk management purposes designed to mitigate or prevent the risk of cyber attacks. Such costs may be ongoing because threats of cyber attacks are constantly evolving as cyber attackers become more sophisticated and their techniques become more complex. Similar types of cyber security risks are also present for issuers of securities in which Kopernik may invest, which could result in material adverse consequences for such issuers and may cause the investments in such companies to lose value. There can be no assurance that Kopernik, its service providers, or the issuers of the securities in which Kopernik invests will not suffer losses relating to cyber attacks or other information security breaches in the future.



## **ITEM 9 – DISCIPLINARY INFORMATION**

There are no legal or disciplinary events that are material to a client's or prospective client's evaluation of Kopernik's advisory business or the integrity of Kopernik's management.

## **ITEM 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

### **A. Broker-Dealer Registration Status**

Kopernik is not registered as a broker-dealer and does not have any application pending to register with the SEC as a broker-dealer. Kopernik, at its expense, pays, currently and for the foreseeable future, Foreside Fund Services, LLC (“Foreside”), an unaffiliated SEC-registered broker-dealer, a fee for distribution related services for certain privately placed funds managed by the Kopernik, pursuant to which certain employees of the Kopernik serve as registered representatives of Foreside to facilitate the marketing of such funds, provide ongoing training of representatives and review private fund advertising.

### **B. Futures Commission Merchant, Commodity Pool Operator or Commodity Trading Adviser Registration Status**

Kopernik is not registered as, and does not have any application to register as, futures commission merchants, commodity pool operators, commodity trading advisors or associated persons of the foregoing entities. Kopernik is currently exempt from registration as a commodity pool operator and commodity trading advisor.

### **C. Material Relationships and Arrangements**

Kopernik has arrangements that are material to its advisory business or its clients with related persons who are registered or private investment companies and general partners of private funds.

Kopernik acts as investment adviser to the Kopernik Global All-Cap Fund, a series of the Advisers Inner Circle Fund II, a registered investment company.

Kopernik is affiliated with the following sponsor or general partner of private funds: Kopernik Global All-Cap GP, LLC, Kopernik Global Unconstrained GP, LLC, and Kopernik Global Real Asset GP, LLC.

Kopernik advises a number of private funds that are affiliates of the Firm, including: Kopernik Global All-Cap Fund, LP, Kopernik Global All-Cap Offshore Fund, Ltd., Kopernik Global All-Cap Master Fund, LP, Kopernik Global Unconstrained Fund, LP, Kopernik Global Unconstrained Offshore Fund, Ltd., Kopernik Global Unconstrained Master Fund, LP, and Kopernik Global Real Asset Fund, LP.

Kopernik and its personnel may have a financial incentive to recommend Kopernik Global All-Cap Fund and Kopernik Private Funds to clients and prospective clients irrespective of client suitability. However, Kopernik does not recommend or otherwise use its investment discretion to cause clients or prospective clients to invest in Kopernik Global All-Cap Fund or Kopernik Private Funds, and the same investment strategies offered by those Funds are also offered in other Kopernik products and services. Potential investors in those Funds must also complete subscription booklets and agreements which are intended to determine whether an investment in the Funds is appropriate for such investors.

#### **D. Material Conflicts of Interest Relating to Other Investment Advisers**

Kopernik does not recommend or select other investment advisers for its clients.

## **ITEM 11 – CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS, AND PERSONAL TRADING**

### **A. Code of Ethics and Personal Securities Trading**

Kopernik has adopted a Code of Ethics (the “Code”) in recognition of its fiduciary obligations to clients and in accordance with Rule 204A-1 of the Investment Advisers Act of 1940, as amended (the “Advisers Act”) and Rule 17j-1 of the 1940 Act. Kopernik is committed to the highest business and ethical standards; the Code includes policies, procedures, and guidance in understanding and fulfilling responsibilities to the Firm and clients. All full and part-time employees required by Rule 204A-1 or Rule 17j-1 and certain contractors of Kopernik are deemed to be “access persons” subject to the Code.

The Code is designed to promote the following general principles:

- Kopernik has fiduciary obligations to clients; Kopernik and its access persons have a duty at all times to place the interests of its clients first and to avoid actual or potential conflicts of interest;
- Access persons must comply with all applicable laws, rules, regulations, and policies;
- Access persons (and certain household members) must make periodic reports of their personal securities transactions and holdings;
- Access persons (and certain household members) must conduct their personal securities transactions in a manner that avoids an actual or potential conflict of interest or any abuse of trust and responsibility;
- Access persons may not use knowledge about current or pending client or portfolio transactions for the purpose of personal profit;
- Information concerning clients (including former clients) must be kept confidential, including the client’s identity, holdings, and other non-public information, except where permitted by the client. Kopernik may publish information related to the management of Kopernik Global All-Cap Fund including monthly portfolio holdings; allocation of the portfolio securities and other investments among various asset classes, sectors, industries, market capitalizations, countries, regions; certain valuation metrics; and attribution or contribution data. Kopernik may publish information related to the management of Kopernik Global All-Cap Master Fund, LP including monthly portfolio holdings to private fund shareholders only, subject to a thirty day delay;
- Access persons may not give or receive gifts or participate in entertainment beyond the parameters set forth in the Code to avoid the appearance of favoritism or impropriety;

- Access persons may not engage in outside business activities that create potential conflicts of interest or interfere with their work responsibilities;
- Access persons may not make political contributions that are prohibited by Rule 206(4)-5 of the Advisers Act; and
- Access persons are encouraged to report in good faith what he/she believes to be a material violation of law or policy through its whistleblower policy.

All access persons must acknowledge the terms of the Code at least annually or when the Code is amended.

Clients and prospective clients may request a copy of the Code (which contains more detail on Kopernik's specific policies and procedures) by contacting Kopernik at the address or telephone number listed on the first page of this document.

### **Personal Trading Conflicts of Interest**

Kopernik faces potential conflicts of interest with respect to personal securities trading. The Code seeks to ensure that personal securities transactions, activities and interests of access persons will not interfere with (i) making decisions in the best interest of clients and (ii) implementing such decisions while, at the same time, allowing access persons to invest for their own accounts where appropriate. While most access persons and their household members generally may invest in securities that may also be purchased or held by client accounts, they must generally pre-clear all transactions involving a security covered under the Code. Clearance will not be granted if the personal transaction is in close proximity to client trading activity. In addition, access persons must generally send duplicates of all trade confirmations, account statements and other brokerage account reports to Kopernik for review. Access persons who are securities analysts or who otherwise recommend securities for client accounts are subject to more stringent restrictions on personal trading, including a prohibition on purchasing most securities, to avoid potential conflicts of interest. Under the Code, certain classes of securities (e.g., mutual funds, certain ETFs, and money market funds) have been designated as exempt transactions, based upon a determination that these transactions would not materially interfere with clients' best interests. Because the Code in some circumstances permits access persons to invest in or hold the same securities as clients, there is still a possibility that access persons might benefit from market activity by a client in a security held by an access person.

Kopernik's access persons may take action for their own accounts that may differ from, conflict with or be adverse to advice given or action taken for clients. Potential conflicts also may arise due to the fact that Kopernik and its personnel may have investments in some Funds but not in others or may have different levels of investments in the various Funds.

## **Employee Investments**

Kopernik encourages its employees to invest in the portfolios offered to clients, including portfolios that are offered through collective investment vehicles. In some cases, employees may invest at a discounted advisory fee or no fee. These investments pose a risk that employees with influence over investment decisions will favor the portfolios in which they have a personal interest. Although Kopernik employees may own or have a significant position or percentage interest in Kopernik-managed funds or accounts, the Code's restrictions and prohibitions on securities transactions, such as pre-clearance, do not apply to those funds or accounts. However, such accounts are subject to the Firm's investment allocation policy (discussed further below), which seeks to ensure, among other things, that such funds or accounts are not unduly favored by Kopernik.

## **Allocation of Investment Opportunities**

Kopernik manages investments on behalf of a number of clients. Kopernik's investment strategies are likely to overlap and there may be not enough of a particular Security for all clients to invest in that Security. It is the policy of Kopernik to allocate investment opportunities among all clients fairly, to the extent practicable and in accordance with each client's applicable investment strategies, over time. Kopernik will have no obligation to purchase or sell a Security for, enter into a transaction on behalf of, or provide an investment opportunity to any client solely because Kopernik purchases or sells the same Security for, enters into a transaction on behalf of, or provides an opportunity to any other client if, in its reasonable opinion, such Security, transaction or investment opportunity does not appear to be suitable, practical or desirable for the client.

Each investment allocation decision is based on a number of factors. Kopernik takes into account, among other considerations, (a) whether the risk-return profile of the proposed investment is consistent with the objectives of the client, considered (i) solely in light of the specific Security under consideration or (ii) in the context of each client's overall holdings; (b) the potential for the proposed Security to create an imbalance in a client's portfolio; (c) liquidity needs of the clients; (d) potential tax consequences; (e) legal or regulatory restrictions; (f) client guidelines and investment objectives; (g) the need to re-size risk in a client's portfolio; and (h) the client's cash position, particularly when the client has a substantial amount of investable cash (e.g., during a "ramp-up" period). Such considerations may result in allocations among clients on other than a strict *pro rata* basis. In addition, Kopernik may allocate to client accounts that specialize in investments in a limited set of sectors, regions, industries or markets greater than their *pro rata* share of any investments in such sectors, regions, industries or markets.

## **B. Securities in which Kopernik or a Related Person Has a Material Financial Interest.**

### **Principal Trading Policy**

From time to time Kopernik employees may invest in mutual funds or private funds or accounts managed by Kopernik. Those investments may represent all or a majority of the fund's or account's assets, causing the fund or account to be deemed a "principal" or proprietary account.

Kopernik does not intend to engage in principal trades between the Firm, or its principal accounts, on the one hand, and unaffiliated clients. If the Firm's personnel deem it beneficial to engage in a principal transaction with a client, they will do so only in accordance with the specific notice and consent requirements set forth in Section 206(3) of the Advisers Act.

### **Agency Cross Transactions**

In an agency cross trade, the investment adviser or an affiliate, as broker, crosses the transaction of an advisory client with the transaction of a brokerage client, and receives transactional compensation (*i.e.*, in connection with a trade, the investment adviser acts as investment adviser to at least one party and acts as broker to both parties). Section 206(3) of the Advisers Act prohibits an investment adviser or any person controlling, controlled by or under common control with an investment adviser (*i.e.*, an affiliate) to effect agency cross transactions without disclosure and client consent. However, unlike principal trades, the required disclosure and client consent may be obtained from a client in advance of a transaction and it may cover multiple transactions. The Firm does not intend to use an affiliate for brokerage or engage in agency cross transactions. The Firm would obtain prospective client consent to any agency cross transactions in conjunction with the client's execution of an investment management agreement at the inception of the relationship, following full written disclosure concerning potential agency cross transactions.

### **Cross Trades**

A "cross trade" is a pre-arranged transaction not involving a broker-dealer or brokerage commission between two or more client accounts that are managed by the same investment adviser. Kopernik would seek to ensure that the cross trade achieves best execution for any clients involved and that no client is disfavored by the cross trading. Kopernik does not intend to act as intermediary in connection with cross trades, and currently expects that all trades between client accounts will be made by an unaffiliated broker-dealer.

## **ITEM 12 – BROKERAGE PRACTICES**

### **A. Best Execution, Research, and Directed Brokerage**

#### **Partial and Directed Brokerage**

For clients with separately managed accounts, Kopernik anticipates that clients generally will have three types of brokerage arrangements:

- (1) Fully discretionary brokerage accounts: the client or fund does not direct Kopernik to place transactions with any particular Broker. Kopernik has full discretion in placing trades;
- (2) Non-discretionary brokerage accounts: the client directs Kopernik to direct all of their brokerage to a particular Broker at a particular pre-established commission rate; or
- (3) Partially discretionary brokerage accounts: the client directs some of its trades to a particular Broker at a pre-established commission rate.

Kopernik permits clients all three types of brokerage arrangements. The Firm does not recommend, request or require that a client direct some or all of its brokerage.

Kopernik seeks to obtain “best execution,” as described below, for all client transactions for which it has brokerage discretion. Kopernik’s ability to seek best execution will be severely limited for non-discretionary brokerage accounts and somewhat limited for partially discretionary brokerage accounts. Where a client directs some or all brokerage, the arrangement may cost the client more money or otherwise have less favorable results than if Kopernik had discretion as to which broker to use, because Kopernik may be unable to aggregate orders to reduce brokerage commissions, and Kopernik may be unable to achieve the most favorable execution of the client’s transactions.

Mutual funds and other Funds managed by Kopernik typically provide Kopernik with full discretion to seek best execution.

#### **Best Execution Generally**

Kopernik seeks to obtain best execution on all client trades for which it exercises brokerage discretion through the use of select brokers, dealers, or other trading venues (collectively, “Brokers”) and by negotiating brokerage commissions and other transaction costs. Kopernik considers best execution as the combination of best net price and execution under the circumstances. In considering best execution, Kopernik may take into account not only the available prices and commission rates, but also a variety of other factors, including but not limited to, the liquidity and activity expected in the market for a particular security, the size and timing of the transaction and the difficulty of its



execution, the nature of the security, a Broker's operational and execution capacities (including its commitment of capital and its trading infrastructure), its financial responsibility and responsiveness, its ability to reduce market impact, access to underwritten offerings, secondary markets and over-the-counter investment opportunities, the availability of bonds or stocks to borrow for short sales, the value of research services provided by a Broker which is expected to enhance Kopernik's portfolio management capabilities, and other factors, without having to demonstrate that such factors are of direct benefit to any particular client. For example, a Broker being asked to use its own capital to complete a trade would be expected to charge a higher commission rate. Kopernik does not use any affiliated broker-dealer to execute trades on behalf of its clients.

As permitted by the Section 28(e) safe harbor, Kopernik in its discretion may cause a client to pay a commission for effecting a transaction in excess of the amount or rate another Broker would have charged for effecting that transaction when Kopernik concludes in good faith that the commission paid is reasonable in relation to the quality of execution considering, also, the value of any research services or products provided by the Broker, viewed in terms of the particular transaction or Kopernik's overall responsibilities with respect to all accounts over which Kopernik exercises discretionary authority. Such research services or products may be used for clients other than the client that generated the "soft dollars" under the safe harbor.

When purchasing or selling fixed income securities or other Securities traded on the over-the-counter market, Kopernik may purchase directly from the issuer or from a Broker engaged in making a market for such Securities. There is generally no stated commission in the case of Securities traded in the over-the-counter markets, but the price generally includes an undisclosed dealer mark-up. Securities also may be purchased from underwriters at prices that include underwriting fees.

Kopernik may transmit orders to Electronic Communications Networks ("ECNs") and Alternative Trading Systems ("ATs") to execute purchases and sales of securities where such networks and systems are believed to provide best execution for Kopernik clients.

Transactions on exchanges, commodities markets and other agency transactions involve the payment of negotiated brokerage commissions. Such commissions vary among different Brokers. Transactions in foreign securities sometimes involve the payment of fixed brokerage commissions. Brokerage commissions in foreign developed and emerging or frontier markets may be materially higher than those in the U.S.

### **Brokerage for Investment Company Sales Prohibited**

In accordance with Rule 12b-1(h) of the 1940 Act, Kopernik may not consider in its best execution analysis the fact that a Broker has sold securities of an SEC-registered investment company managed by the Firm. Kopernik may not compensate a Broker for any promotion or sale of shares of an SEC-

registered investment company managed by the Firm by directing client transactions to the Broker or paying higher remuneration to that broker or dealer, including but not limited to any higher commission, mark-up, mark-down, or other fee (or portion thereof). In particular, commissions may not be allocated to a Broker in return for sale of the registered investment companies managed by Kopernik, or sale of Kopernik Private Funds, for “shelf space” for the funds, for exposure of Funds to the Broker’s sales force or clients, or for any other arrangement that is designed to support or promote the Broker’s sales of Funds’ shares.

### **Investment Research and Use of Soft Dollars**

Consistent with its policy of seeking best execution, Kopernik may consider the research and brokerage services provided by various Brokers, including the reputation and quality of their analyses, investment ideas, and market and financial data and other information. These research and statistical services may consist of research reports or oral advice from the Brokers regarding particular companies, industries or general economic conditions. Included also as part of these services may be informational meetings, interviews, and seminars arranged by a Broker between Kopernik analysts and brokerage analysts or executives of companies in which Kopernik clients have invested or may invest in the future.

“Research services” used by Kopernik means advice, analyses, information and reports about securities that provide lawful and appropriate assistance to the investment manager in the performance of its investment decision-making responsibilities and that reflect the expression of reasoning or knowledge. “Brokerage services” means those services that relate to the execution of a trade from the point at which the investment manager communicates with the broker-dealer for the purpose of transmitting an order for execution through the point at which funds or securities are delivered or credited to the advised account.

Kopernik may receive and pay for research services in a variety of ways. Brokers, for example, may provide proprietary products or services directly. Kopernik may also arrange for a Broker to allocate a portion of commissions (or markups or markdowns) to a fund of commission credits maintained by the Broker (“Soft Dollars”) from which the Broker, at Kopernik’s request, pays itself for proprietary research and/or other research services from independent Brokers and other providers, including market data services (“Commission Sharing Agreements”). Commission Sharing Agreements may help Kopernik select the most appropriate Broker for trade execution regardless of whether or not such Broker prepares or develops the research services used by Kopernik. In addition, Kopernik may pay directly for research services provided by firms that are not broker-dealers.

Research services furnished by Brokers through whom Kopernik may effect securities transactions for a particular account may be used by Kopernik in servicing its other discretionary accounts.

Kopernik does not attempt to allocate Soft Dollars to client accounts in proportion to the Soft Dollar credits generated by specific accounts. As a result, research services may not be used by or for the benefit of the client who paid the brokerage commission.

Kopernik may use Soft Dollars to obtain a research or brokerage product or service which has “mixed use”, such as an Order Management System and related terminals. Where a product or service has a mixed use, and only part of the use falls within the scope of Section 28(e), Kopernik will make a reasonable allocation of the cost of the product or service according to its use. Only the percentage of the product or service that is within the scope of Section 28(e) will be paid for with Soft Dollars. Kopernik will keep all books and records concerning these mixed-use allocations.

### **Conflicts of Interest**

Kopernik faces a number of potential conflicts of interest in its best execution obligations. Kopernik may select and use Brokers that also have other business with Kopernik and its affiliates. Conflicts may also arise where a Broker that is a directed broker also refers clients to Kopernik. When exercising discretion to select Brokers and negotiate brokerage commissions or other transaction costs, and in evaluating and reviewing best execution, Kopernik does not take into account a Broker’s business, distribution or referral arrangements with Kopernik or its affiliates.

In addition, when Kopernik uses client brokerage commissions (or markups or markdowns) to obtain research or brokerage services, it receives a benefit because it does not need to produce or pay for those services itself. Kopernik may have an incentive to select a Broker based on its interest in receiving research or brokerage services, rather than on its clients’ interests in receiving the most favorable execution, and to trade frequently to generate commissions that can be used to pay for those services. The Firm’s Best Execution Committee, which oversees Kopernik’s trading, seeks to mitigate these potential conflicts.

Kopernik accepts responsibility for trade errors that are its responsibility, but not the errors of clients, third party Brokers, transition agents, or custodians. Ultimately it is Kopernik that decides whether an incident is an error that requires compensation by Kopernik to the client, which creates a conflict of interest. Kopernik has implemented a written trade error policy to manage conflicts concerning trade errors, and ensure that errors are corrected in a fair and timely manner.

### **B. Order Aggregation.**

Aggregation, or “bunching” of trade orders, occurs when an investment adviser combines the orders of two or more clients into a single order for the purpose of obtaining better prices and lower execution costs. The Firm may, but is not required to, aggregate trades where aggregation is practicable and is believed to be in clients’ best interests.

Where a client's directions require Kopernik to use a specific Broker for a trade, aggregation may not be possible for that client. To seek the potential advantages of trade aggregation, Kopernik may in some cases "step-out" executed transactions to the custodial or directed brokerage firm's designated trading desk. In a step-out transaction, Kopernik will, consistent with its objective of achieving best execution, direct securities to a specific Broker for execution and instruct the broker to execute the transactions and transmit (or "step out") a portion of the transaction to another broker-dealer. Kopernik may request that the executing broker-dealer step out a portion of the transaction for many reasons, including but not limited to, provision of research services to Kopernik. Where Kopernik is unable to aggregate a client's order with other orders, the cost of execution may be higher for all clients.

Sometimes Kopernik determines that it does not need to aggregate all orders, that it will not be able to complete all orders for the same Security in one order or that it would not be practicable to aggregate all orders because of custodian or custodian affiliate requirements, reporting requirements in certain foreign jurisdictions, or contractual or legal obligations to certain clients or third parties. Kopernik, through an unaffiliated Broker, may place combined orders for all clients simultaneously with any Broker and if any order is not filled at the same price, they may be allocated on an average price basis. In an "average price" account, purchase and sale orders placed during a trading day on behalf of the participating clients are combined, and Securities bought and sold pursuant to such orders are allocated among such clients on an average price basis. There may be instances, such as when orders are placed with more than one Broker, that make it impossible for Kopernik to average the prices paid. In these instances, Kopernik will allocate the filled orders in an equitable manner. Similarly, if an order on behalf of more than one account cannot be fully executed under prevailing market conditions, Kopernik acting through an unaffiliated Broker may allocate the Securities traded among the different accounts on any basis that it considers equitable, including pro rata based on the portfolio size of each participating client. In these circumstances, each client account would pay, in connection with the acquisition of Securities by more than one account, the average price per unit acquired, which may be higher than if it had acted alone, and it may otherwise not be able to execute an investment decision as effectively as it could have if it had acted alone. There may be corresponding potential disadvantages when more than one client simultaneously seeks to dispose of commonly held Securities.

## **ITEM 13 – REVIEW OF ACCOUNTS**

### **A. Frequency and Nature of Review of Client Accounts or Financial Plans**

The portfolio management team for a particular investment strategy is responsible for the daily management and monitoring of client accounts. As part of that oversight, the portfolio management team monitors cash balances in client accounts on a daily basis. Depending upon the frequency of trading activity, dispersion among client account holdings is reviewed periodically, but no less than weekly. Client specific investment guidelines are monitored on an ongoing basis by the portfolio management team and by Compliance to ensure adherence to client, regulatory and internal guidelines. All new trade orders for accounts are instructed by the portfolio management team and created in the Order Management System (“OMS”) by the Portfolio Management Associate. The trades are cleared through the OMS Compliance module before being electronically routed for execution. If a trade is not cleared through the Compliance module, that will trigger a review of the proposed transaction.

### **B. Factors Prompting Review of Client Accounts Other than a Periodic Review**

A review of a client account may be triggered by unusual activity in the account, contributions to or distributions from an account, changes in guidelines or account objectives agreed by Kopernik, or other special circumstances. Client accounts will be reviewed periodically to ensure compliance with the appropriate list of guidelines, restrictions, and investment parameters. For separately managed accounts, Kopernik may undertake reviews as a result of a client’s request. Such reviews may address investment performance, investment objectives, Securities positions and other investment opportunities.

### **C. Content and Frequency of Account Reports to Clients**

Registered investment companies and other funds advised or sub-advised by Kopernik will receive reports from the Firm at least quarterly, or as may be negotiated. Clients in Kopernik separately managed accounts and investors in the Kopernik Private Funds will receive a quarterly statement from Kopernik providing investment performance and information on portfolio holdings, along with commentary by Kopernik. Kopernik may provide certain clients or investors with additional information, such as transaction summaries, gain/loss reports or commission reports, if agreed to by Kopernik. Kopernik expects to provide annual audited financial statements to investors in Kopernik Private Funds within 120 days of the applicable fund’s fiscal year end.

## **ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION**

### **A. Economic Benefits for Providing Services to Clients**

Subject to limitations in the Code and in the ordinary course of business, employees may receive corporate gifts, meals and entertainment from vendors, consultants and others with whom Kopernik does business. Kopernik employees also may provide corporate gifts, meals, and entertainment subject to limitations in the Code. Gifts to or from clients shall be reasonable and customary within the financial services industry. A gift and entertainment log is maintained and subject to periodic review by the CCO. Kopernik does not receive other economic benefits from non-clients for providing investment advice or other advisory services.

### **B. Compensation to Non-Supervised Persons for Client Referrals**

Although it currently does not, Kopernik may enter into written agreements with solicitors to compensate them for client referrals. Kopernik may engage registered broker-dealers, solicitors exempt or excepted from registration who are not affiliated with Kopernik, and foreign brokers or placement agents that have clients or contacts that wish to invest in Kopernik products or strategies. Kopernik's solicitation arrangements will comply with Rule 206(4)-3 of the Advisers Act. Generally, the referral fee will be based on a percentage of the investment advisory fees earned on assets invested with Kopernik at the start or over a few years of the new client's relationship. Clients do not pay higher fees as a result of any solicitation agreements.

Some clients and prospective clients may use investment consultants to evaluate and recommend investment advisers. Kopernik also may pay fees to consultants for advice and services, industry information, or conference attendance. A conflict could arise if the consultant recommended Kopernik's services based upon such payments or the amount of services purchased.

Kopernik and its employees may send corporate gifts or pay for meals and entertainment for individuals of firms that do business with Kopernik, including firms that refer clients to Kopernik, subject to limitations in the Code.

## **ITEM 15 – CUSTODY**

### **Registered Investment Companies**

All registered investment company assets are held with bank or broker-dealer custodians.

### **Private Funds**

Kopernik may be deemed to have “custody” of client funds and Securities invested in the private funds managed by the Firm under the Custody Rule. Kopernik, however, it is not required to comply (or is deemed to have complied) with certain requirements of the Custody Rule with respect to each private fund because it complies with the provisions of the so-called “Pooled Vehicle Annual Audit Exception,” which, among other things, requires that each Fund be subject to audit at least annually by an independent public accountant that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board, and that each Fund distribute its audited financial statements to all investors within 120 days of the end of its fiscal year.

### **Account Statements**

Clients in separate accounts will receive account statements from Kopernik (or an independent service provider hired by Kopernik) at least quarterly. Kopernik utilizes SEI Global Services, Inc. to provide all middle- and back-office functions. Separate account clients with a Qualified Custodian will also receive account statements from the qualified custodian and should carefully review those statements. Kopernik statements are not intended to replace the statements from the client’s Qualified Custodian. Clients are urged to compare the information contained in Kopernik account statement with the information reflected on the statements sent by Qualified Custodians. Clients should notify their Kopernik relationship manager promptly if they do not receive an account statement from their Qualified Custodian on at least a quarterly basis.

## **ITEM 16 – INVESTMENT DISCRETION**

**Discretion Generally.** Kopernik acts with full discretion to buy and sell Securities for its clients, subject to certain limits that vary by client type.

For registered investment company clients, Kopernik's authority is subject to investment guidelines as well as regulatory constraints. Such investment limitations are set forth in the client's registration statement filed with the SEC. Kopernik's discretion may also be limited by certain federal securities and tax laws.

For institutional separately managed accounts, Kopernik also accepts discretionary authority on behalf of clients. Kopernik accepts discretionary authority pursuant to an investment management (or similar) agreement with each client. Kopernik's discretionary authority is limited by investment guidelines agreed with each client. A client may select an investment strategy with existing, standard investment guidelines and request reasonable restrictions on the management of its account. If Kopernik agrees to those restrictions, it will manage the account in accordance with the agreed upon, revised investment guidelines. Kopernik will not be able to accommodate proposed investment restrictions that are onerous or incompatible with Kopernik's standard investment strategies and investment philosophy, and Kopernik may decline to accept or terminate client accounts with such restrictions. Kopernik generally also has full discretion concerning the timing of investing a client's assets at the start of managing a client account and receipt of additional contributions to an account.

Kopernik also serves as the investment manager for several private funds with broad discretionary authority. Kopernik's investment decisions and advice with respect to each fund are subject to each fund's investment objectives and guidelines, as set forth in its private placement offering memorandum. Kopernik entered into an investment management agreement, or similar agreement, with each fund, pursuant to which Kopernik or an affiliate of Kopernik was granted discretionary trading authority, subject to the limitations contained in that agreement and the offering memorandum.

**Claims on Behalf of Clients.** Kopernik's acceptance of investment discretion does not normally extend to litigation and legal proceedings. Accordingly, the Firm will not initiate lawsuits on behalf of clients. For class actions, clients should arrange for their custodian to prepare and file proofs of claim. Kopernik will provide reasonable assistance in the preparation of any proof of claim for client accounts, but shall not provide any legal advice in connection with class actions. Similarly, Kopernik will not be expected or required to take any action with respect to bankruptcy actions involving securities presently or formerly held in client accounts.



## **ITEM 17 – VOTING CLIENT SECURITIES**

Although some institutional separate account clients may keep their authority to vote client securities, most clients delegate proxy voting authority to Kopernik. Where Kopernik accepts that authority, Kopernik seeks to vote proxies in respect of securities owned by or on behalf of a client in the client's best interests and without regard to the interests of Kopernik or any other client of Kopernik.

Kopernik maintains a Proxy Voting Committee. Unless the Proxy Voting Committee affirmatively determines not to do so, the Committee causes proxies to be voted in accordance with the recommendations or guidelines of an independent third party proxy service selected by Kopernik. Kopernik has adopted the guidelines of, and will generally vote in accordance with the recommendations of Institutional Shareholder Services, Inc. ("ISS"), as such guidelines may be updated from time to time.

In some cases, Kopernik may agree generally to vote proxies for a particular client account in accordance with the third party recommendations or guidelines selected by the client. In general, unless otherwise restricted, Kopernik reserves the right to override the applicable third party recommendations or guidelines in any situation where it believes that following such recommendations or guidelines is not in its clients' best interests.

If a material conflict of interest has been identified and the matter is covered by the applicable recommendation or guidelines, the Proxy Voting Committee will cause proxies to be voted in accordance with the applicable recommendation or guidelines. If a material conflict of interest has been identified and the matter is not covered by the applicable recommendation or guidelines, Kopernik may either vote in accordance with the recommendation of an alternative independent third party (who may be a proxy voting service) or disclose the conflict to the client, obtain the client's consent to vote, and make the proxy voting determination itself.

Kopernik may decide not to vote proxies in respect of securities of any issuer if it determines it would be in its clients' overall best interests not to vote. Such determination may apply in respect of all client holdings of securities or only certain specified clients, as Kopernik deems appropriate under the circumstances. Kopernik may also decline to vote proxies where the voting would in Kopernik's judgment result in some other financial, legal, regulatory disability or burden to Kopernik or the client (such as imputing control with respect to the issuer).

If Kopernik receives proxies for securities that are transferred into a client's portfolio that were not recommended or selected by Kopernik and are sold or expected to be sold promptly in an orderly manner ("legacy securities"), Kopernik will generally refrain from voting such proxies. Since legacy

securities are expected to be sold promptly, voting proxies on such securities would not further Kopernik's interest in maximizing the value of client investments. Kopernik may consider an institutional client's special request to vote a legacy security proxy, and if agreed will vote such proxy in accordance with the guidelines herein.

Kopernik does not offer a securities lending service. However, Kopernik clients may enter into securities lending arrangements with custodians or other third-party agent lenders. Kopernik will not be able to vote securities that are on loan under these types of arrangements. However, under rare circumstances, for voting issues that may have a significant impact on the investment, Kopernik may ask clients to recall securities that are on loan if it believes that the benefit of voting outweighs the costs and lost revenue to the client or fund and the administrative burden of retrieving the securities.

A copy of Kopernik's Proxy Voting Policies and Procedures, as amended from time to time, and information on how Kopernik voted a client's securities is available to clients upon written request. Clients seeking this information should contact Kopernik Global Investors, LLC, Attn: Client Service Team, Two Harbour Place, 302 Knights Run Avenue, Tampa, Florida 33602.

**ITEM 18 – FINANCIAL INFORMATION**

Kopernik is not required to include a balance sheet for its most recent fiscal year. The Firm 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.

## **Privacy Policy Notice**

Kopernik Global Investors, LLC and its affiliated funds consider your privacy our highest concern. In order to provide you with individualized service, we collect certain non-public personal information about you from information you provide on applications or other forms (such as your address and social security number), and information about your account transactions with us (such as purchases, sales and account balances). We may also collect such information through your account inquiries by mail, e-mail or telephone.

We do not disclose any non-public personal information about you to anyone, except as permitted by law. Specifically, so that we may continue to offer you products and services that best meet your investing needs, and to effect transactions that you request or authorize, we may disclose the information we collect, as described above, to companies that perform administrative or marketing services on our behalf, such as transfer agents, or printers and mailers that assist us in the distribution of investor materials. These companies will use this information only for the services for which we hired them, and are not permitted to use or share this information with anyone for any other purpose.

If you decide at some point either to close your account(s) or to become an inactive client, we will continue to adhere to the privacy policies and practices described in this Notice. With regard to our internal security procedures, we restrict access to your personal and account information to those employees who need to know that information to service your account. We maintain physical, electronic and procedural safeguards to protect your non-public personal information.