

# KORA

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## ITEM 1 COVER PAGE

### Part 2A OF FORM ADV: FIRM BROCHURE

## KORA MANAGEMENT LP

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This brochure provides information about the qualifications and business practices of Kora Management LP, Kora GP LLC and Kora GP Ltd (collectively, “**we**,” “**us**,” or “**our**”). If you have any questions about the contents of this brochure, contact us at (212) 257-5670. The information in this brochure has not been approved or verified by the U.S. Securities and Exchange Commission (the “**SEC**”) or by any state securities authority.

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

We are a registered investment adviser under the Investment Advisers Act of 1940, as amended (the “**Advisers Act**”). Such registration under the Advisers Act does not imply any level of skill or training.

**ITEM 2**  
**MATERIAL CHANGES**

Our initial and prior brochure was dated and filed October 2014 (“prior brochure”). There have been no material changes to the prior brochure.

Our brochure may be requested, free of charge, by contacting our Chief Compliance Officer, Tanvir Kirpalani, at (212) 257-5670 or [tanvir@koracap.com](mailto:tanvir@koracap.com).

## **IMPORTANT NOTE ABOUT THIS BROCHURE**

*This brochure is not:*

- *an offer or agreement to provide advisory services to any person;*
- *an offer to sell interests (or a solicitation of an offer to purchase interests) in any Fund (as defined below); or*
- *a complete discussion of the features, risks or conflicts associated with any Fund.*

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## ITEM 4 ADVISORY BUSINESS

### A. General Description of Advisory Firm

Kora Management LP (the “**Investment Adviser**”) is a Delaware limited partnership organized on December 2, 2013. The Investment Adviser serves as the investment adviser to (i) Kora Master Fund LP, a Cayman Islands exempted limited partnership formed on December 6, 2013 (the “**Master Fund**”); (ii) Kora Fund LP, a Delaware limited partnership formed on December 2, 2013 (the “**Domestic Fund**”), which is designed primarily for certain qualified U.S. taxable persons, and which invests all of its investable assets in the Master Fund; and (iii) Kora Offshore Fund Ltd, a Cayman Islands exempted company formed on December 6, 2013 (the “**Offshore Fund**”), which is designed primarily for certain qualified investors who are not U.S. persons and for certain qualified U.S. tax-exempt investors, and which invests all of its investable assets in the Master Fund. We refer to the Domestic Fund together with the Offshore Fund and any additional feeder funds as the “**Feeder Funds**” and, together with the Master Fund as the “**Funds**,” and each, individually as the context may dictate, a “**Fund**.”

From time to time, we or our affiliates may launch, sponsor, or provide investment advisory services to additional pooled investment vehicles or managed accounts. We refer to the Funds and any such additional pooled investment vehicles and managed accounts, collectively, as our “**Client Accounts**,” or more generally, with other potential clients, as our “**clients**.”

Kora GP LLC, a Delaware limited liability company formed on December 2, 2013, serves as the general partner of the Domestic Fund (the “**Domestic Fund General Partner**”) and Kora GP Ltd, a Cayman Islands exempted company formed on December 6, 2013, serves as the general partner of the Master Fund (the “**Master Fund General Partner**”). The Domestic Fund General Partner has ultimate responsibility for the management, operation and administration of the Domestic Fund and the Master Fund General Partner has ultimate responsibility for the management, operation and administration of the Master Fund.

Our principal owners (through one or more entities) are Nitin Saigal and Daniel Jacobs (the “**Principals**”).

### B. Description of Advisory Services

As an investment adviser, we provide discretionary investment advisory services for the Client Accounts. For a detailed discussion of our strategies, see Item 8 – “Methods of Analysis, Investment Strategies and Risk of Loss.”

Pursuant to our investment advisory agreements with each of the Funds, we provide advisory services and manage client assets in accordance with one or more of our established investment strategies. With respect to other Client Accounts, we will typically provide discretionary advisory services similar to the Fund. In limited circumstances, we may tailor the types of securities or other instruments to be traded on the client’s behalf based upon specific directions provided by such clients in their investment advisory agreements or otherwise. Any restrictions on investing in certain securities, types of securities, or any geographic areas or

industry sectors will be specified in the investment advisory agreement with, or offering and organizational documents of, the relevant client.

**C. Wrap Fee Programs**

We do not participate in wrap fee programs.

**D. Assets Under Management**

As of February 28, 2015, we had approximately \$329,700,000 regulatory assets under management on a discretionary basis and no assets under management on a non-discretionary basis.

## **ITEM 5**

### **FEES AND COMPENSATION**

#### **A. Advisory Services and Fees**

Written investment advisory agreements and/or organizational and offering documents of the Client Accounts govern the terms of compensation and the manner in which we charge fees to each of our clients. The fees we charge for our advisory services may be negotiable depending on the circumstances of the client's account and the service levels we provide to the client.

In addition to our fees and compensation, each Client Account will pay certain operating expenses and administrative expenses, as set forth in the applicable written investment advisory agreement and/or organizational and offering documents of the Client Account. Operating expenses and administrative expenses may include, but are not limited to, all fees, costs and expenses associated with the negotiation, financing, sourcing, acquiring, holding, monitoring, hedging, settling and disposing of investments or proposed investments and other transaction costs, including, without limitation, transaction fees, custodial fees, brokerage fees, commissions, consulting, advisory, due diligence, investment banking, legal, financial, auditing, accounting, research, third-party consulting and other professional fees and expenses related to investments and proposed investments, as well as all fees, expenses, interest payments and principal payments due to any lenders, investment banks and other financing sources in connection with the financing, sourcing, acquiring, holding, monitoring, hedging and disposing of investments or proposed investments, custodial fees, appraisal fees and expenses, all entity-level taxes, fees or other governmental charges, the costs of any insurance (including, without limitation, general partner liability insurance, errors and omissions insurance, directors and officers insurance, if any), any directors' fees, expenses incurred in the collection of monies owed to the Client Accounts, management fees, legal, auditing, research, and accounting fees and expenses (including, without limitation, fees and expenses of any administrator of any of the Client Accounts and expenses associated with the preparation and delivery of financial statements, tax returns and Schedules K-1, if any), extraordinary expenses (including, without limitation, litigation-related and indemnification expenses) and the costs of any reporting to investors, any meetings of investors and any "broken-deal" or failed transaction expenses.

We will bear the costs of providing our services to the Client Accounts, including our general overhead, salary, office and travel expenses (other than travel related to the investment of the Client Accounts' assets) and will be reimbursed for any non-investment advisory expenses we incur on behalf of the Client Accounts.

In connection with the above fees and expenses, the Feeder Funds pay a proportionate share of such fees and expenses incurred by the Master Fund. We do not receive brokerage commission or other compensation attributable to the sale of securities or other investment products.

For a discussion of the factors that we consider in selecting or recommending broker-dealers for client transactions and determining the reasonableness of commissions and

compensation for such broker-dealers, see Item 12 – “Brokerage Practices – Selection of Broker-Dealers and Reasonableness of Compensation.”

**B. Payment of Fees**

As further described in the organizational and offering documents of the Funds, our compensation in respect of the Funds generally consists of an asset-based management fee and a performance fee based on the net gains allocable to an investor’s account. Such fees are deducted from the applicable Fund’s assets.

The Funds and their investors are qualified purchasers as defined in section 2(a)(51)(A) of the Investment Company Act of 1940, as amended (the “**Investment Company Act**”). Therefore, detailed information on how we are compensated for our advisory services and our fee schedule are not included herein.

We may elect to waive or reduce the performance allocations and the management fees without notice to or the consent of any Fund (or underlying investors in the Funds).

Pursuant to the terms of the applicable investment advisory agreement, if the investment advisory relationship is terminated (or funds are withdrawn or redeemed) as of any date other than the last business day of the applicable payment period, we typically charge a prorated management fee based on the ratio that the number of days for which investment advisory services were rendered bears to the total number of days in that payment period, and we return any unearned fees to the client or underlying investor. In the event that the investment advisory relationship is terminated (or funds are withdrawn or redeemed) other than at the end of a performance allocation calculation period, such termination (or withdrawal or redemption) date shall typically be treated as the end of a performance allocation calculation period.



## **ITEM 6**

### **PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

In some cases, including pursuant to our investment advisory agreements with the Funds, we will enter into performance or incentive fee or allocation arrangements with eligible clients. The terms and conditions of such fees or allocations are subject to individualized negotiations with each client. We will structure any performance or incentive fee or allocation arrangement in accordance with Section 205(a)(1) of the Advisers Act and the rules and regulations thereunder, including the exemption set forth in Rule 205-3 of the Advisers Act permitting performance fee arrangements with “qualified clients.” For a more detailed discussion of the calculation of the incentive fees or allocations paid or made, as applicable, by the Funds, see Item 5 – “Fees and Compensation – Payment of Fees.”

As of the date hereof, our only clients are the Funds. The Feeder Funds invest substantially all of their assets in the Master Fund and we maintain one trading account for the Master Fund, to which we allocate all investment opportunities. Prior to the establishment of any other Client Accounts, we will develop a procedure to address the allocation of investment opportunities among Client Accounts.

The amount of incentive fees or allocations made to us is dependent upon the Funds’ rate of return and may be substantial compared to a fee calculated as a percentage of the assets under management, which might be paid to a money manager for managing a comparable amount of money. This provision may provide an incentive to us to approve more speculative trading strategies in an effort to maximize the Funds’ rate of return.

## **ITEM 7**

### **TYPES OF CLIENTS**

We currently provide investment advisory services to the Funds, which are offered to high net worth individuals; financially sophisticated individuals and institutional investors, including trusts, estates, or charitable organizations, pension and profit sharing plans; and commingled investment vehicles.

The minimum initial subscription for an investor in the Funds is \$5,000,000. Investors in the Funds must meet certain prescribed criteria, including, as applicable, being an “accredited investor,” as defined in Rule 501(a) of Regulation D, promulgated pursuant to Section 4(2) of the Securities Act of 1933, as amended (the “**Securities Act**”), and a “qualified purchaser,” as defined in Section 2(a)(51)(A) of the Investment Company Act. Such minimum investment amounts and investor criteria are set forth in the offering documents of each Fund.

We may, in our sole discretion, waive any of these minimum account requirements, subject to applicable law.

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

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

The investment objective of the Funds is to generate superior risk-adjusted absolute returns over rolling, multi-year horizons, primarily through investment in international equities, with a primary focus on emerging economies.

Each of the Feeder Funds invests all or substantially all of its investable assets through the Master Fund, and conducts all or substantially all of its investment and trading activities indirectly through its investment in the Master Fund.

Through our focused research efforts, we have implemented a process-driven approach to our investments in emerging markets. By focusing on a narrowed universe of businesses, we expect to be able to conduct our research in significant depth. We focus a substantial amount of our efforts on conducting due diligence on the ecosystem of competitors, suppliers, and customers that surround any prospective or existing portfolio company, and conduct an in-depth analysis of the local, regional and global peers of such company. We believe that understanding what a business and its market opportunities today may develop into tomorrow requires rigorous financial, accounting and operational analysis. We spend significant time in this analysis, particularly in understanding the balance sheet and cash flow statements of a business, rather than focusing solely on the selected earnings presented by the company's management team.

Our philosophy for long investing relies on identifying long-term compounders in which we have a high degree of confidence over a multi-year horizon.

Our philosophy for short selling relies on identifying businesses in which we see a large divergence between current investment perception and current business fundamentals, and, equally important, an expectation for these two factors to converge within a relatively short time period. We believe an identifiable catalyst for value realization is required for effective short selling, and we therefore intend to avoid open-ended short positions.

At a portfolio level, we intend to take a "best ideas" approach to adding individual long and short term investments to the Funds' portfolio. Additionally, we expect to employ a series of checks and balances to ensure that the sum of these individual decisions prudently balances risk and reward over both the short and long term.

We expect any other clients to pursue investment objectives similar to those described above in respect of the Funds.

**B. Risk of Loss**

Investing in securities involves risk of loss that clients should be prepared to bear. More specifically, an investment in the Funds involves substantial risks, including, but not limited to, those described below. There can be no assurance that the Funds' investment objective will be achieved or that there will be any return of capital, and investment results may vary substantially

on a monthly, quarterly or annual basis. The Funds are a potentially suitable investment only for sophisticated investors for whom an investment in the Funds does not represent a complete investment program and who, in consultation with their own investment and tax advisors, fully understand and are capable of assuming the risks of an investment in the Funds. Because this is not an exhaustive list of all of the risks associated with the conduct of our investment advisory business, clients should read this brochure, any investment advisory agreement and any offering documents of the particular Fund or other Client Account before making an investment with us.

- *General Investment and Trading Risks.* The Funds will invest in and actively trade securities using strategies and investment techniques with significant risk characteristics, including risks arising from the volatility of the global equity, currency, and fixed income markets, the risks of short sales, the risks of leverage, and the risk of loss from counterparty defaults. No guarantee is made that the Funds' investment program or overall portfolio, or various investment strategies used or investments made will have low correlation with each other or with the market or that the Funds' returns will exhibit low long-term correlation with an investor's traditional securities portfolio. The Funds' investment program may use such investment techniques as margin transactions, short sales, and leverage, which practices can involve substantial volatility and can, in certain circumstances, substantially increase the adverse impact to which the Funds may be subject.
- *Investment Judgment.* The profitability of a significant portion of the Funds' investment program depends to a great extent upon correctly assessing the future course of the price movements of securities and other investments. There can be no assurance that we will be able to predict accurately these price movements.
- *Competition.* The securities industry is extremely competitive. The Funds will compete for investment opportunities against various other investors, including many of the larger securities and investment banking firms, which have substantially greater financial resources and research staffs. Competitive investment activity by other firms may reduce the Funds' opportunity for profit by reducing or amplifying the magnitude as well as the duration of the market inefficiencies which we seek to exploit.
- *Concentration of Investments.* There is no obligation to maintain a diversified portfolio of investments and the Funds will often hold relatively few investments and/or be more concentrated in a limited number of investments, industries or geographies. The Funds could be subject to significant losses if they hold a large position in a particular investment that declines in value or is otherwise adversely affected.
- *Equity Securities.* The Funds may invest in equity and equity-related securities, including, without limitation, equity investments acquired in connection with restructured debt securities or instruments, or in connection with reorganizations and/or restructurings of debt securities, equity securities, or other obligations and

assets of undervalued, operationally challenged and/or financially troubled companies or institutions. Equity securities fluctuate in value in response to many factors, including the activities and financial condition of individual companies, the business market in which individual companies compete, industry market conditions, interest rates and general economic environments.

- *Short Sales.* The Funds' investment program may include short selling for certain purposes. Such practice can, in certain circumstances, substantially increase the impact of adverse price movements on the Funds' portfolio. A short sale of a debt instrument such as a bond involves the theoretical risk of an increase in the market price plus accrued interest. A short sale of equity securities involves the theoretical risk of an unlimited increase in the market price of securities sold short. Moreover, short selling is limited to securities that can be borrowed, and it may be necessary to cover short positions at an undesirable time and at undesirable prices because securities that were shorted can no longer be borrowed.
- *Hedging.* The Funds may engage in a variety of hedging transactions. Hedges can be more difficult to implement than many other types of transactions, and the possibilities for errors may be greater than for other transactions. Additionally, there is no guarantee that these hedging transactions will prevent losses to the Funds. The success of the Funds' hedging strategy will be subject to our ability to correctly assess the degree of correlation between the performance of the instruments used in the hedging strategy and the performance of the investments in the portfolio being hedged. Since the characteristics of many securities change as markets change or time passes, the success of the Funds' hedging strategy will also be subject to our ability to continually recalculate, readjust, and execute hedges in an efficient and timely manner.
- *Exchange-Traded Funds.* In addition to the risks associated with investments in ordinary securities of individual issuers, there are events that can trigger sharp and sometimes adverse price movements in ETFs. Not limited to, but among these, are surprise dividends, changes to regular dividend amounts, announcements of rights offerings and possible surprise revisions to net asset values.
- *Options.* The Funds may engage in the trading of options. Such trading involves risks substantially similar to those involved in trading margined securities in that options are speculative and highly leveraged. Specific market movements of the securities underlying an option cannot accurately be predicted. The purchaser of an option is subject to the risk of losing the entire purchase price of the option. The writer of an option is subject to the risk of loss resulting from the difference between the premium received for the option and the price of the security underlying the option which the writer must purchase or deliver upon exercise of the option.
- *Derivatives.* The Funds may invest in derivative financial instruments. In addition, the Funds may from time to time utilize both exchange-traded and over-

the-counter futures, options and contracts for differences, for hedging purposes, as well as other derivatives. Regulatory restraints may restrict the instruments that the Funds may trade. Such derivative instruments are highly volatile, involve certain special risks and expose investors to a high risk of loss. The low initial margin deposits normally required to establish a position in such instruments permit a high degree of leverage. As a result, a relatively small movement in the price of a contract may result in a profit or a loss which is high in proportion to the amount of funds actually placed as initial margin and may result in unquantifiable further losses exceeding any margin deposited. Further, when used for hedging purposes there may be an imperfect correlation between these instruments and the investments or market sectors being hedged.

The trading of over-the-counter derivatives will subject the Funds to a variety of risks including: (i) counterparty risk, (ii) clearing member risk, (iii) clearinghouse risk, (iv) basis risk, (v) interest rate risk, (vi) settlement risk, (vii) legal risk, and (viii) operational risk. Counterparty risk is the risk that one of the Funds' counterparties might default on its obligation to pay or perform generally on its obligations. Clearing member risk is the risk that one of the Funds' derivatives clearing members might default on its obligation to pay or perform generally on its obligations (and such risk is not fully covered by the relevant clearinghouse). Clearinghouse risk is the risk that one of the Funds' derivatives clearinghouses might default on its obligation to pay or perform generally on its obligations. Basis risk is the risk that the normal relationship between two prices might move in opposite directions. Interest rate risk is the general risk associated with movements in interest rates. Settlement risk is the risk that a settlement in a transfer system does not take place as expected. Legal risk is the risk that a transaction proves unenforceable in law or because it has been inadequately documented. Operational risk is the risk of unexpected losses arising from deficiencies in a firm's management information, support and control systems and procedures. Transactions in over-the-counter derivatives may involve other risks as well, as there is no exchange market on which to close out an open position. It may be impossible to liquidate an existing position, to assess the value of a position or to assess the exposure to risk.

- *Leverage.* The Funds may leverage their investment positions by borrowing funds from securities broker-dealers, banks, or others. Such leverage increases both the possibility for profit and the risk of loss. Loans typically will be secured by the Funds' securities and other assets. Under certain circumstances, a lender may demand an increase in the collateral that secures the Funds' obligations, and if the Funds are unable to provide additional collateral, the lender could liquidate assets held in the account to satisfy the Funds' obligations. Liquidation in that manner could have extremely adverse consequences. In addition, the amount of the Funds' borrowing and the interest rates on that borrowing, both of which will fluctuate, may have an effect on the Funds' profitability.
- *Securities Lending and Borrowing.* The Funds may lend securities to securities brokers and other institutions as a means of earning additional income or may

borrow securities from securities brokers or other institutions to cover short positions. If the other party to such transaction becomes insolvent or bankrupt, the Funds could experience delays and extra costs in recovering payment or the securities. To the extent that, in the meantime, the value of securities changes, the Funds could experience further losses. Security loans must be fully collateralized, and we must be satisfied with the creditworthiness of the other party to the transaction.

- *Risks of Foreign Investments and Emerging Markets.* The Funds may invest in securities of foreign companies, governments, and government agencies. Investing in such securities, which are generally denominated in foreign currencies, and the use of forward foreign currency exchange contracts, involves unusual risk not typically associated with investing in securities issued by U.S. companies or by the U.S. government or its agencies or instrumentalities. Investing in emerging markets poses greater risks and a greater potential for returns than investing in developed countries. Securities of companies in these emerging markets are generally more volatile and may be much more volatile than securities issued by companies located in developed countries. The Funds may be affected favorably or unfavorably by exchange control regulations or changes in the exchange rate between such currencies and the U.S. dollar. Moreover, individual foreign economies may compare unfavorably with the U.S. economy in growth of gross national product, rate of inflation, rate of savings and capital reinvestment, resource self-sufficiency, and balance-of-payment positions, and in other respects. Some of the countries in which the Funds may invest have laws and regulations that currently preclude or severely restrict direct foreign investment in securities of their companies. Securities of some foreign companies are less liquid and their prices are more volatile than securities of comparable U.S. companies. Investing in foreign securities creates a greater risk of securities clearance and settlement problems. Further, some of the securities in which the Funds may invest may be thinly traded and relatively illiquid or may cease to be traded after the Funds invest in them. In addition to being illiquid, such securities may be issued by unseasoned companies and may be highly speculative. No assurance can be given that the investment portfolio will generate any income or will appreciate in value. In addition, the Funds occasionally may acquire relatively large positions in a few securities. In such cases, and in the event of extreme market activity, the Funds may not be able to liquidate investments promptly if the need should arise, which could materially and adversely affect the results to of such investments.
- *Global Political Risks.* Some of the companies in which the Funds may invest may be particularly exposed to the risk of political change and governmental action. With respect to some foreign countries, there is the possibility of expropriation or confiscatory taxation, limitations on the removal of funds or other assets of the Funds, political or social instability, war or insurrection, terrorist attacks, or diplomatic developments that could affect the value and marketability of the Funds' investments in those countries.

- *Small and Medium Capitalization Companies.* The Funds may invest in the equity and other securities of companies with small to medium-sized market capitalizations. While we believe that such companies often provide significant potential for appreciation, such investments, particularly small-capitalization securities, involve higher risks in some respects than do investments in securities of larger companies. The prices of small capitalization and even medium-capitalization securities are often more volatile than prices of large capitalization securities and the risk of bankruptcy or insolvency of many smaller companies (with the attendant losses to long investors) is higher than for larger, “blue-chip” companies. In addition, due to thin trading in some medium or small-capitalization securities, an investment in those securities may be illiquid. The small to medium-sized market capitalization securities may, at times, significantly underperform the large capitalization securities and may do so in the future. A related concern for short sale risk is that smaller companies tend to be more readily acquired.
- *Investments in Distressed Securities and Assets.* The Funds may invest a portion of their assets in stocks of, or real property previously held by, companies that are in, have been in or are about to enter bankruptcy or are otherwise experiencing severe financial or operational difficulties. The prices of these securities (or parcels of real property) fall in anticipation of the financial distress when their holders choose to sell rather than remain invested in a financially troubled company. This investment strategy seeks to capitalize on the knowledge, flexibility and long-term investment horizon of the Funds. These securities, however, have little stock market dependence or correlation to the performance of the stock market, succeeding or failing based upon our effectiveness and knowledge in uncovering all of the variables specific to a distressed company.

The Funds also may invest a portion of their assets in unrated debt securities and distressed debt. Distressed debt may be private or public securities, including senior and subordinated bonds and other debt instruments, of companies that are in, have been in or are about to enter bankruptcy or are otherwise experiencing severe financial or operational difficulties. Unrated debt securities and distressed debt generally are considered to have more risk than other debt securities. Companies issuing such lower-rated debt securities are not as strong financially, and are more likely to encounter financial difficulties and be more vulnerable to changes in the economy than better capitalized companies. Although distressed debt may already be trading at substantial discounts to prior market values, there is significant risk that the financial, legal or other status of the issuer may deteriorate even further.

- *Special Situation Investments.* The Funds may invest in companies involved in (or the target of) acquisition attempts or tender offers or in companies involved in or undergoing work-outs, liquidations, spin-offs, reorganizations, bankruptcies or other catalytic changes or similar transactions. In any investment opportunity



involving any such type of special situation, there exists the risk that the contemplated transaction either will be unsuccessful, take considerable time or will result in a distribution of cash or a new security the value of which will be less than the purchase price to the Funds of the security or other financial instrument in respect of which such distribution is received. Similarly, if an anticipated transaction does not in fact occur, the Funds may be required to sell their investment at a loss. Because there is substantial uncertainty concerning the outcome of the transactions involving financially troubled companies in which the Funds may invest, there is a potential risk of loss by the Funds of their entire investment in such companies.

- *Interest Rate Risk.* Generally, the value of fixed income securities will change inversely with changes in interest rates. As interest rates rise, the market value of fixed income securities tends to decrease. Conversely, as interest rates fall, the market value of fixed income securities tends to increase. This risk will be greater for long-term securities than for short-term securities. We may attempt to minimize the exposure of the portfolios to interest rate changes through the use of interest rate swaps, interest rate futures and/or interest rate options. However, there can be no guarantee that we will be successful in fully mitigating the impact of interest rate changes.
- *Risk of Operations/Liquidity Risks.* Although many of the securities that the Funds may acquire will be traded on public exchanges, each exchange typically has the right to suspend or limit trading in all securities that it lists. Such a suspension could render it difficult or impossible for the Funds to liquidate their positions and would thereby expose them to losses. In addition, some of the securities in which the Funds may invest may be thinly traded, restricted, or not traded in a public market, potentially making it difficult for the Funds to dispose of a position at the time or price desired. Moreover, in periods of extreme market volatility, the bid/ask spreads for some securities that ordinarily are liquid may widen, making it difficult or undesirable to sell the securities. Moreover, there is a possibility that the institutions, including brokerage firms and banks, with which the Funds will do business or with which securities may be entrusted for custodial purposes, will encounter financial difficulties that may impair the operational capabilities or the capital position of the Funds. The Funds will seek to mitigate this risk by selecting financially responsible brokers, clearing firms, and counterparties with which to do business. Furthermore, if investors in the Funds elected to withdraw a substantial amount as of the end of a given semi-annual period, the Funds might be forced to close out existing positions at a time when it was disadvantageous to do so. There can be no assurance that the trading markets will remain liquid enough for management to close out existing positions at any time there is a need to do so.
- *Borrowing; Interest Rates; Margin.* We may borrow funds from brokerage firms and banks on behalf of the Funds in order to be able to increase the amount of capital available for marketable securities investments. The rates at which the

Funds can borrow, in particular, will affect the operating results of the Funds. Even if the Funds make a profit on a trade, the interest expense incurred in carrying the position may exceed the profit generated by the trade. The Funds' use of short-term borrowings or repurchase agreements will result in certain additional risks to the Funds. For example, should the securities pledged to brokers to secure the Funds' margin accounts or repurchase obligation decline in value, the Funds could be subject to a "margin call," pursuant to which the Funds must either deposit additional funds with the broker or suffer mandatory liquidation of the pledged securities to compensate for the decline in value. In the event of a sudden precipitous drop in the value of the Funds' assets, the Funds might not be able to liquidate assets quickly enough to pay off their margin debt.

- *Institutional Risks; Counterparty Risk.* Institutions will have custody of the assets of the Funds. Certain assets of the Funds will be exposed to the credit risk of the dealers, brokers and exchanges through which we deal, whether we engage in exchange-traded or off-exchange transactions. These firms and/or financial institutions, regardless of how large or well-capitalized, may encounter financial difficulties that impair the operating capabilities or the capital position of the Funds. If any broker-dealer or other financial institution holding the Funds' assets were to become bankrupt or insolvent, it is possible that the Funds would be able to recover only a portion, or in certain circumstances, none of their assets held by such bankrupt or insolvent entity.

Brokers may trade with an exchange as principals on behalf of the Funds, in a "debtor-creditor" relationship, unlike other clearing broker relationships where the broker is merely a facilitator of the transaction. Such broker could, therefore, have title to all of the assets of the Funds (for example, the transactions that the broker has entered into on behalf of the Funds as principal as well as the margin payments that the Funds provide). In the event of such broker's insolvency, the transactions into which the broker has entered as principal could default, and the Funds' assets could become part of the insolvent broker's estate, to the detriment of the Funds. The Funds' assets may be held in "street name," in which case, a default by the broker could cause the Funds' rights to be limited to that of an unsecured creditor.

To the extent that the Funds invest in swaps, derivative or synthetic instruments, or other over-the-counter transactions, including forward contracts, or, in certain circumstances, non-U.S. securities, the Funds may also take a credit risk with respect to the parties with whom they trade and may bear the risk of settlement default. These risks may differ materially from those entailed in exchange-traded transactions, which generally are backed by clearing organization guarantees, daily marking-to-market and settlement, and segregation and minimum capital requirements applicable to intermediaries. Transactions entered into directly between two counterparties generally do not benefit from such protections and expose the parties to the risk of counterparty default.

- *Discretion and Changes in Investment Strategy.* We have considerable discretion in choosing the securities that may be acquired and have the right to modify the investment strategy, selection criteria or hedging techniques used by the Funds without the consent of their investors. Any of these new investment techniques may not be thoroughly tested in the market before being employed and may have operational or theoretical shortcomings, which could result in unsuccessful investments and, ultimately, losses to the Funds. In addition, any new investment strategy or hedging technique developed may be more speculative than earlier techniques and may increase the risk of an investment in the Funds.

To the extent that any other Client Account pursues investment objectives similar to those described above in respect of the Funds, an investment in such Client Account will involve risks similar to those described above.

**ITEM 9**  
**DISCIPLINARY INFORMATION**

To the best of our knowledge, there are no legal or disciplinary events that we believe would be material to our clients' or our prospective clients' evaluation of our advisory business or the integrity of our management.

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

**A. Broker-Dealer Registration**

Neither we nor any of our management personnel (i) are registered as broker-dealers or (ii) have any application pending to register with the SEC as a broker-dealer or registered representative of a broker-dealer.

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

Neither we nor any of our management personnel (i) are registered as a futures commission merchant, commodity pool operator, commodity trading advisor or an associated person of the foregoing or (ii) have any application pending to register with respect to any of the foregoing.

**C. Material Relationships and Conflicts of Interests with Industry Participants**

Our relationships and arrangements with our various clients and other industry participants are material to our advisory business and may raise conflicts of interest. Below is a description of some of the potential conflicts of interest arising from such relationships and arrangements. Because this is not an exhaustive list of all of the conflicts of interest associated with the conduct of our investment advisory business, clients should read this brochure, any investment advisory agreement and any offering documents of the particular Client Account before making an investment with us.

**Multiple Clients**

There is no limit on the number of clients that we or our affiliates may manage or advise. Further, we and our personnel may have investments in certain of our clients. Fund investors may also hold interests in other Client Accounts. As a result of the foregoing, we may have conflicts of interest in (i) allocating the time and resources of our personnel between and among clients; (ii) allocating investment opportunities between and among clients (see Item 6 – “Performance-Based Fees and Side-By-Side Management”); and (iii) effecting transactions between clients, including clients in which we or our personnel may have different financial interests.

**Broker-Dealers and Other Service Providers**

While we select our prime brokers, counterparties and service providers in accordance with our fiduciary obligations to our clients, from time to time, such parties or their affiliates may also invest in the Funds.

With respect to the selection of broker-dealers, we allocate portfolio transactions to brokers based on best execution. For a more detailed discussion of the factors that we consider in selecting or recommending broker-dealers for client transactions, see Item 12 – “Brokerage Practices.”

Our Code of Ethics requires us and our personnel to follow appropriate procedures designed to identify and properly disclose, mitigate, and/or eliminate applicable conflicts of interest. For a more detailed discussion of our Code of Ethics, see Item 11 – “Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.”

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

Pursuant to the organizational and offering documents of the Funds, we may enter into side letters or similar separate agreements with one or more investors in the Funds (including investment advisers) that may alter the terms and conditions generally applicable to investors in the Funds (including, without limitation, with respect to the Management Fee, the Incentive Allocation, lock-up periods, transfers, notices, and reporting and disclosure). As of the date hereof, we have entered into such agreements with one investment adviser.

Except as otherwise disclosed in this Item 10, we do not recommend or select for our clients, receive compensation directly or indirectly from, or have other business relationships with, other investment advisers.

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

**A. Code of Ethics**

We have adopted a Code of Ethics that is based on the principle that we, and each of our personnel, must act with competence, dignity, integrity, and in an ethical manner, when dealing with clients, the public, prospects, third-party service providers and fellow employees. Employees must use reasonable care and exercise independent professional judgment when conducting investment analysis, making investment recommendations, trading, promoting our services, and engaging in other professional activities.

We will provide a copy of our Code of Ethics, free of charge, to any client or investor and prospective client or prospective investor upon request. Our Code of Ethics may be requested by contacting our Chief Compliance Officer, Tanvir Kirpalani, at (212) 257-5670 or tanvir@koracap.com.

**B. Recommending, Buying, or Selling Securities in which We or a Related Person Have a Material Financial Interest, Invest, or Buy or Sell at the Same Time; Conflict of Interests**

Although we generally do not permit such transactions, conflicts of interest may occur if we, or our related persons, were to trade in the same security at or about the same time as our clients. An example of such occurrence would be seeking to sell the securities we hold, while simultaneously recommending that our clients maintain their position in the security. In such circumstances, a sale by our related persons or by us may affect the liquidity, value or trading price of the securities that our clients continued to hold. In addition, we or our personnel may invest in the Funds, and, therefore, such persons may hold an indirect interest in the same securities as other investors in the Funds. Our Code of Ethics and our personal trading policy have been designed to limit such conflicts of interest.

We or our affiliates may give advice and recommend securities to certain clients that may differ from advice given to, or securities recommended to, or bought or sold for, other clients, even though their investment programs may be the same or similar.

On rare occasions, we may deem it to be in the best interests of our clients to reallocate or “cross” securities transactions between clients. We maintain policies and procedures intended to limit the potential conflicts of interest inherent in cross transactions. Further, our policies and procedures prohibit us from entering into “principal transactions” in which we or an affiliate act as principal for our own account or for the account of a client with respect to the sale of a security to or purchase of a security from another client.

Our Code of Ethics prohibits us and our personnel from trading for clients or for ourselves or themselves, or recommending trading, in securities of a company while in possession of material nonpublic information (“**Inside Information**”) about the company, and from disclosing such information to any person not entitled to receive it, in either case in

contravention of applicable securities laws. By reason of our various activities, we may have access to Inside Information or be restricted from effecting transactions in certain investments that might otherwise have been initiated. We have adopted policies and procedures reasonably designed to, among other things, control and monitor the flow of Inside Information to and within our organization, as well as prevent trading based on Inside Information.

### **Personal Trading**

We believe restricting our personnel's personal trading is one way of avoiding conflicts of interest between our clients and such personnel. Our personal trading policies are part of our Code of Ethics. For a full description of our Code of Ethics, see Item 11 – "Code of Ethics, Participation or Interest in Client Transactions and Personal Trading – Code of Ethics."

Subject to certain key exceptions, firm personnel generally may not effect any securities transactions for themselves or their family members. Notwithstanding the above, firm personnel may effect securities transactions in the following securities for themselves or their family members without pre-clearance:

- ETFs that track broad-based indices (as identified at <http://www.nasdaq.com/investing/etfs/broad-based.aspx>);
- Sovereign debt securities; and
- U.S. municipal securities.

In addition, firm personnel may effect securities transactions in private placements, subject to advance approval by our Chief Compliance Officer.

Generally, if a proposed securities transaction involves a security appearing on our restricted list, the transaction will not be approved for personal trading. The restricted list is a dynamic, virtual list of companies or issuers about which a determination has been made that it is prudent to restrict trading activity. It is our policy that all personnel and their immediate family members strictly observe such trading activity prohibitions or restrictions.

In addition, in general, firm personnel must provide our Chief Compliance Officer with (i) their and their immediate family members' securities holdings at the commencement of employment and annually thereafter, and (ii) quarterly transaction reports. Our Chief Compliance Officer will review such reports for potentially abusive behavior, and will compare the trading of firm personnel with transactions for our clients and against the restricted list.

The foregoing restrictions and reporting requirements do not apply to transactions in the following securities:

- Direct obligations of the Government of the United States;
- Bankers' acceptances, bank certificates of deposit, commercial paper and high-quality short-term debt instruments, including repurchase agreements;



- Shares issued by money market funds;
- Shares issued by open-end investment companies registered in the U.S., other than funds advised or underwritten by us or our affiliates;
- Interests in 529 college savings plans; and
- Shares issued by unit investment trusts that are invested exclusively in one or more open-end registered investment companies, none of which are advised or underwritten by us or our affiliates.

### **Outside Business Activities**

Employees are prohibited from engaging in outside activities without the prior written approval of our Chief Compliance Officer. Approval will be granted on a case-by-case basis, subject to careful consideration of potential conflicts of interest, disclosure obligations, and any other relevant regulatory issues.

## **ITEM 12**

### **BROKERAGE PRACTICES**

Pursuant to each client's investment advisory agreement, or other similar agreement, we are generally authorized to select the broker or dealer to effect transactions on behalf of our clients. However, our selection of the broker or dealer may be tailored to a particular client's investment guidelines or restrictions, where appropriate.

#### **A. Selection of Broker-Dealers and Reasonableness of Compensation**

As part of our fiduciary duty to clients, we have an obligation to seek the best price and execution of client transactions. While not defined by statute or regulation, "best execution" generally means the execution of client trades at the best net price considering all relevant circumstances. We will seek best execution with respect to all types of client transactions, including equities, options, foreign currency exchange, and any other types of transactions that may be made on behalf of a client. We will conduct the following types of reviews to evaluate the qualitative and quantitative factors that influence execution quality:

- Initial and periodic reviews of individual broker-dealers;
- Contemporaneous reviews by our Chief Compliance Officer; and
- Quarterly best execution reviews.

Before we begin trading with a broker-dealer we will review, as applicable, the broker-dealer's operational, financial, and regulatory status. We may also perform periodic reviews of broker-dealers, which will vary in frequency and intensity based on the perceived counterparty exposure to us and our clients.

As part of normal functions, the investment personnel and Chief Operating Officer will consider the execution quality of each trade.

We have a Broker & Research Allocation Committee. The committee is made up of our Portfolio Manager, our Senior Analyst, and our Chief Operating Officer. The purpose of the committee is to ensure that we obtain the appropriate amount of sales coverage and research perspective from our executing brokers and research providers. The committee also analyzes the commission dollars paid to brokers and ensures that there are no execution or trading issues that need to be highlighted.

#### **1. Research and Other Soft Dollar Arrangements**

Our policy is to limit the use of "soft dollars" to obtain services that constitute research and brokerage services within the meaning of Section 28(e) of the Securities Exchange Act of 1934, as amended ("Section 28(e)"). Section 28(e) provides a "safe harbor" to investment managers that use commission dollars of their advised accounts to obtain investment research and brokerage services that provide lawful and appropriate assistance to the investment manager in performing investment decision-making responsibilities.

Any new arrangements with broker-dealers regarding soft dollars must be approved in advance by our Chief Compliance Officer. The terms of any such arrangement must be documented in a written agreement that is executed by us and the broker-dealer. Further, we will disclose our soft dollar practices to clients in the applicable investment advisory agreement or other applicable agreements or offering documents.

We have not entered into written soft dollar arrangements as of the date of this brochure. We will attempt to negotiate the lowest available commission rates commensurate with the assurance of reliable, high quality brokerage services; however, we may select brokers that charge a higher commission or fee than another broker would have charged for effecting the same transaction; provided, that the selection of a broker will be made on the basis of best execution, taking into consideration various factors, including commission rates, reliability, financial responsibility, strength of the broker and the ability of the broker to efficiently execute transactions, the broker's facilities, and the broker's provision or payment of the costs of research and other services or property that are of benefit to us or clients to which we provide investment services; provided, further, that we may be influenced in our selection of brokers by their provision of other services, including, without limitation, capital introduction, marketing assistance, consulting with respect to technology, operations, equipment and office space, and other services or items. Such execution services, research, investment opportunities or other services may be deemed to be soft dollars. As noted above, however, we have not entered into written soft dollar arrangements. We do not generate soft dollar credits that may be applied to goods or services through the trading or other activities of clients.

The provision by a broker of research and other services and property to us creates an incentive for us to select such broker since we would not have to pay for such research and other services and property as opposed to solely seeking the most favorable execution for a client. Any research, services or property provided by a broker may benefit any client and such benefits may not be proportionate to commission dollars related to the provision of such research, services or property.

## **2. Brokerage for Client Referrals**

We have adopted certain policies and procedures to ensure that we meet our best execution obligations in selecting or recommending broker-dealers. These procedures include quarterly best execution reviews, in which our Broker & Research Allocation Committee addresses numerous factors, including client referrals and other conflicts of interest that may influence, or may appear to influence, our direction of brokerage.

## **3. Directed Brokerage**

"Directed brokerage" refers to instances in which a client retains the discretion to choose brokers and instructs us to direct portfolio transactions to a particular broker-dealer. We do not permit any directed brokerage arrangements.

**B. Aggregating Orders for Various Clients**

As of the date hereof, our only clients are the Funds. The Feeder Funds invest substantially all of their assets in the Master Fund and we maintain one trading account for the Master Fund. Prior to the establishment of any other Client Accounts, we will develop a procedure to address the aggregation of orders for multiple Client Accounts.

**C. Trade Errors**

We attempt to minimize trade errors by promptly reconciling confirmations with trade tickets, and by reviewing past trade errors to understand the internal control breakdown that caused the errors.

If we make an error while placing a trade for a client, we will seek to correct the error promptly in a way that mitigates any losses. As disclosed in the Funds' offering documents, the cost of errors in the Funds' accounts will be borne by the Funds unless an error is the result of bad faith, gross negligence, or willful misconduct by us. Nonetheless, errors in a Fund's account must be reported to our Chief Compliance Officer and reviewed to identify any appropriate changes to our policies or procedures.

Our Chief Compliance Officer will work with our Portfolio Manager to resolve any trade errors. Our Chief Compliance Officer will maintain a trade error file that contains all documentation necessary to substantiate the actions taken to resolve each error.

**ITEM 13**  
**REVIEW OF ACCOUNTS**

**A. Review of Client Accounts**

Our Portfolio Manager reviews Client Accounts at least once per week to monitor security concentration, holding period, exposure, position sizing, drawdowns, liquidity, beta, and leverage, among other things. Our Chief Compliance Officer reviews Client Accounts on a daily basis to identify any issues that may arise.

**B. Contents and Frequency of Account Reports to Clients**

Investors in the Funds typically receive the following written reports: (i) annual audited financial reports, and (ii) monthly performance reports, which may be unaudited.

Upon request, certain investors may receive additional information and reporting that other investors may not receive, and such information may affect an investor's decision to request a withdrawal or redemption from its account.

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

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

Currently, our only clients are the Funds. We do not receive economic benefits from third parties (other than fees from clients) for providing investment advice or other advisory services to the Funds.

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

As of the date of this brochure, we do not have any arrangement with a third party whereby we directly or indirectly compensate such person for client or investor referrals. Prior to entering into any such arrangements, we will develop a procedure to address the risks associated therewith.

## **ITEM 15**

### **CUSTODY**

Rule 206(4)-2 of the Advisers Act (the “**Custody Rule**”) imposes specific conditions on investment advisers who have actual or deemed custody of client assets. As an investment adviser to clients, we may be deemed to have custody in instances where we have actual possession or the authority to obtain possession of the assets of our clients, and therefore we must meet the applicable conditions of the Custody Rule.

We are required to maintain the funds and securities (except for securities that meet the privately offered securities exemption in the Custody Rule) over which we have custody with a “qualified custodian.” Qualified custodians include banks, brokers, futures commission merchants and certain foreign financial institutions.

Rule 206(4)-2 imposes on advisers with custody of clients' funds or securities certain requirements concerning reports to such clients (including underlying investors) and surprise examinations relating to such clients' funds or securities. However, an adviser need not comply with such requirements with respect to pooled investment vehicles if each pooled investment vehicle: (i) is audited at least annually by an independent public accountant, and (ii) distributes its audited financial statements prepared in accordance with generally accepted accounting principles to their investors, all limited partners, members or other beneficial owners within 120 days (180 days in the applicable case of a fund of fund adviser) of its fiscal year-end.

We are deemed to have custody of the Funds' assets because of the authority that we have over those assets. Our Chief Compliance Officer is responsible for overseeing the audits of the Funds as well as the distribution of the audited financial statements to all investors within 120 days of the Funds' fiscal year-ends.

## **ITEM 16**

### **INVESTMENT DISCRETION**

At the outset of an advisory relationship, we generally receive discretionary authority from a client to select the identity and amount of securities to be purchased and sold by the client. For example, we have investment discretion to manage securities accounts on behalf of the Funds. In all cases, we exercise this investment discretion in a manner consistent with the stated investment objectives of the particular client, which are contained in the applicable offering documents and/or investment advisory agreement.

When selecting securities and assessing potential investments, we observe the investment policies, limitations and restrictions of the clients we advise, as stated in the applicable investment advisory agreement or other applicable agreements or offering documents. In very limited circumstances, our clients may place limitations on our investment authority, including, without limitation, designating types of permitted investments, prohibiting certain types of investments or imposing certain limitations with respect to the value of certain trades placed on their behalf.

For a complete discussion of our advisory business and the services we provide to our clients, see Item 4 – “Advisory Business.”



## **ITEM 17**

### **VOTING CLIENT SECURITIES**

We have, and in the future will continue to accept, the authority to vote our clients' securities. As such, we have adopted policies and corresponding procedures to comply with Rule 206(4)-6 of the Advisers Act and with our fiduciary obligations (such policies and procedures, the "**Proxy Voting Policies**").

We are committed to voting proxies in a manner consistent with the best interests of our clients. We may vote proxies on behalf of our clients and our policy is to do so in the interest of maximizing shareholder value. To that end, we will vote in a way that we believe is consistent with our fiduciary duty, and that will cause the relevant position to increase the most or decline the least in value. We consider both the short and long term implications of the relevant proposal in determining how to vote.

We have not identified any conflicts of interest between our clients' interests and our own within the proxy voting process. Nevertheless, if we determine that a material conflict of interest exists in voting a proxy, the appropriate persons will meet and decide how to resolve the situation. We may, on occasion, determine to abstain from voting a proxy or a specific proxy item when we conclude that the potential benefit of voting is significantly outweighed by the costs of such vote.

We will provide a copy of our Proxy Voting Policies, free of charge, to any client or investor and prospective client or prospective investor upon request. Our Proxy Voting Policies may be requested by contacting our Chief Compliance Officer, Tanvir Kirpalani, at (212) 257-5670 or [tanvir@koracap.com](mailto:tanvir@koracap.com). As a matter of policy, we do not disclose how we expect to vote on upcoming proxies. Additionally, we do not disclose the way we voted proxies to unaffiliated third parties without a legitimate need to know such information.

**ITEM 18**  
**FINANCIAL INFORMATION**

**A. Balance Sheet**

We are not required to attach a balance sheet because we do not require or solicit the payment of fees six months or more in advance.

**B. Contractual Commitments to Our Clients**

We have no financial condition that is reasonably likely to impair our ability to meet contractual and fiduciary commitments to our clients.

**C. Bankruptcy Petitions**

We have not been the subject of a bankruptcy petition at any time during the past ten years.