

**ITEM 1  
COVER PAGE**

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

**KENMARE MANAGEMENT, L.P.**

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This brochure (the “Brochure”) provides information about the qualifications and business practices of Kenmare Management, L.P. and Kenmare Capital Partners, L.L.C., and Kenmare Select Management, L.L.C. (collectively, the “**Adviser**,” “**we**,” “**us**,” or “**our**”). If you have any questions about the contents of this Brochure, contact us at (212) 521-5980. 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 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**

There have been no material changes to this Brochure since our previous Annual Updating Amendment filed February 2018.

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## ITEM 4 ADVISORY BUSINESS

### A. General Description of Advisory Firm

We are a Delaware limited partnership, organized on April 21, 1998. We serve as the investment adviser to (i) Kenmare Fund I, L.P., a Delaware limited partnership formed on January 7, 1998 (the “**Domestic Fund**”), which is designed primarily for certain qualified U.S. taxable persons; (ii) Kenmare Offshore Fund, Ltd., a Cayman Islands exempted company formed on September 29, 2000 (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 (iii) Kenmare Select Fund, L.P., a Delaware limited partnership formed on August 21, 2006 (the “**Select Fund**”). The Domestic Fund, together with the Offshore Fund and the Select Fund are herein referred to as the “**Funds**,” and each, individually as the context may dictate, a “**Fund**.”

Our affiliate, Kenmare Capital Partners, L.L.C., a Delaware limited liability company formed in 2005, is the general partner of Kenmare Fund I, L.P., and has ultimate responsibility for the management, operation, and administration of such Fund. Our affiliate, Kenmare Select Management, L.L.C., a Delaware limited liability company formed in August 2006, is the general partner of Kenmare Select Fund L.P., and has ultimate responsibility for the management, operation, and administration of such Fund. Our affiliate, Kenmare Management Corporation, a Delaware S-corporation formed in October 2008, is our general partner, and has ultimate responsibility for our management, operation, and administration. Mark McGrath is the sole shareholder of Kenmare Management Corporation.

We refer to the Funds, collectively, as our “**Client Accounts**,” or more generally, with other potential clients, as our “**clients**.”

From time to time, we or our affiliates may launch, sponsor, or provide investment advisory services to additional pooled investment vehicles and to managed accounts.

Our principal owner is Mark McGrath, who is also the sole shareholder of Kenmare Management Corporation, and the sole managing member of each of Kenmare Capital Partners, L.L.C. and Kenmare Select Management, L.L.C. We have been in business for approximately eighteen years (this includes the tenure of the prior advisory entity to the Domestic Fund, which was operated by an affiliate of J.H. Whitney & Co. (with whom we are no longer affiliated), prior to Mr. McGrath’s succession as our principal owner).

### B. Description of Advisory Services

As an investment adviser, we provide discretionary investment management services and design, structure, and implement investment strategies for the Funds. For a detailed discussion of our strategies, see “Item 8 Methods of Analysis, Investment Strategies and Risk of Loss” below.

Pursuant to our investment advisory agreements, or other advisory arrangements, with each of the Funds, we provide advisory services and manage client assets in accordance with one or more of our established investment strategies. We nonetheless tailor our services to the needs of each client. 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, or other advisory arrangement, 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 December 31, 2018, we had \$144,174,553 in regulatory assets under management (“RAUM”) all of which were managed on a discretionary basis.

## **ITEM 5**

### **FEES AND COMPENSATION**

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

Written investment advisory agreements, or other contractual arrangements, and organizational and offering documents of the Funds, 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. We generally bill our fees on a quarterly or annual basis. Our fees are payable in arrears. For a detailed description of our fee arrangements, see "Item 5 Fees and Compensation – Payment of Fees" below.

In addition to our fees and compensation, each Fund will pay all of its operating expenses and administrative expenses, which are set forth in the applicable written investment advisory agreements and organizational and offering documents of the Funds. Operating expenses and administrative expenses include, but are not limited to, all investment expenses (e.g., brokerage commissions and interest expenses); travel expenses relating to the Funds' operations; legal expenses; accounting expenses (including the cost of an accounting software package); auditing and tax preparation expenses; sub-advisory expenses (if applicable, and to the extent the fees of sub-advisors exceed commission rebates to the Fund used to pay sub-advisors); organizational expenses; expenses relating to the offer and sale of Fund interests; and other expenses related to the Fund. Each Fund generally will also be responsible for its own extraordinary expenses (such as, to the extent applicable, litigation expenses and indemnification expenses). We will bear the costs of providing our services to the Funds, including our general overhead, salary, office and travel expenses (other than travel related to the investment of the Funds' assets), and will be reimbursed for any non-investment advisory expenses we incur on behalf of the Funds.

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**

The fees relating to our trading strategies for the Funds are generally as follows:

- A management fee is payable to the Adviser, quarterly, in advance, at an annual rate of 1% of the applicable Fund's net assets attributable to each capital contribution.
- A performance allocation, or fee, is allocable, or payable, to us by a Fund at a rate equal to 20% of the net gains allocable to an investor's account. The performance

allocation, or fee, is generally allocable, or payable, on an annual basis in arrears. The performance allocation, or fee, is subject to a “high water mark.”

- Such fees are deducted from the applicable Client Account.

We may elect to waive or reduce the incentive allocations, or fees, and the management fees described above, without notice to, or the consent of, any client (or underlying investors in the Funds). There are no current side letter agreements that would negatively impact the Funds.

Finally, with respect to each capital contribution by a Fund investor, such investors may also be subject to certain withdrawal or redemption restrictions that limit their ability to withdraw capital within the first year after effecting each such capital contribution.

Pursuant to the terms of the client’s investment advisory agreement, if the investment advisory relationship is terminated (or funds are withdrawn) as of any date other than the last business day of the applicable payment period, we typically charge a pro-rated 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) other than at the end of a performance fee or allocation calculation period, such termination (or withdrawal) date shall typically be treated as the end of a performance fee or allocation calculation period, and, if earned, we will charge such client a performance fee, or allocate a performance allocation, in connection with such client’s account, as applicable.



## 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 – Fees.”

Performance-based fee or allocation arrangements may create an incentive for us to recommend investments that may be riskier or more speculative than those that we may recommend under a different fee or allocation arrangement. In the allocation of investment opportunities, performance-based fee or allocation arrangements may also create an incentive for us to favor accounts with performance or incentive fee or allocation arrangements over accounts that do not have such arrangements or, alternatively, favor accounts with higher performance based fees or allocation arrangements over accounts with lower performance based fees or allocation arrangements. We have adopted a Trade Allocation and Aggregation Policy, and associated procedures (the “**Allocation Policy**”) designed to ensure that all of our clients are treated fairly and equally, and to prevent this form of conflict from influencing the allocation of investment opportunities among our clients. In accordance with our Allocation Policy, while each of our clients may not participate in each individual investment opportunity on an overall basis, each client generally will be entitled to participate equitably with our other clients.

The Allocation Policy seeks to allocate investment opportunities among our clients in a fair and equitable manner. Allocations are generally calculated pro-rata, based upon the fully invested net asset value of the Client Accounts. In certain cases, however, we may determine that a pro-rata allocation is not appropriate under the particular circumstances. In such event, the allocation will be made based upon other factors deemed relevant, consistent with our fiduciary duties. Any decision to deviate from pro-rata allocations is made by Mr. McGrath, in consultation with our Chief Compliance Officer. Additionally, orders are assessed to determine whether, taken as a whole, the order size would pose regulatory filing or liquidity issues that may adversely affect any Fund. If these issues are present, Mr. McGrath, in consultation with our Chief Compliance Officer, determines whether to reduce the aggregated order pro rata among the Funds, or take other appropriate action to avoid such adverse effects.

## **ITEM 7**

### **TYPES OF CLIENTS**

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

Investors in the Funds generally must make minimum initial subscriptions of \$1,000,000, with subsequent investments generally subject to minimum investments of \$50,000. In addition, 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; a “qualified purchaser,” as defined in Section 2(a)(51)(A) of the Investment Company Act of 1940, as amended; and a “qualified client,” as defined in Rule 205-3 of the Advisers 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.

## **ITEM 8**

### **METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

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

The Funds pursue a variety of investment objectives and strategies. The investment objective of the Funds is to achieve risk-adjusted, after-tax returns. We will seek to achieve this objective by employing an opportunistic investing approach through prudent security selection, while attempting to mitigate the market risk of our portfolio through the selective use of short positions. We will also attempt to maximize after-tax performance through low turnover and multi-year investment horizons on a substantial portion of our portfolio. We will not have as a sole and specific goal to “beat the index,” but rather to provide overall returns that compare favorably to other investments on a risk-adjusted basis and over a long term time horizon.

#### **Investment Methodology**

Our investment selection for the Funds is based entirely on a “bottom up” fundamental value approach. We seek to invest in high return-on-capital businesses run by shareholder oriented managers, when these businesses can be purchased at discounted valuations. We also focus on special situations, including spin-offs, post-bankruptcy equities, “stock-within-stock” stub trades, restructurings/asset sales, and management changes. Driven by company-specific catalysts, these positions may reduce the Funds’ correlation to broader benchmarks. The Funds maintain a high level of concentration representing a short list of “highest conviction” investments, as opposed to a broadly diversified approach. Short positions will generally exhibit the opposite characteristics of our long portfolio. Ideal short positions are businesses with weak fundamental attributes that are trading at inflated prices. We often focus short-selling efforts on companies with aggressive accounting and/or deteriorating fundamentals.

We may invest our clients’ portfolios in stocks of companies with various market capitalizations, which may include, in our discretion, stocks of companies with less than \$5,000,000,000 of market capitalization. We are not restricted with respect to such investments. We may implement our investment strategy through the use of investments in other securities, instruments, and interests. Although each client’s investment strategy will not be limited by type of investment or geography, we expect to focus our initial efforts on markets in the United States. While we intend to focus primarily on public markets, we may, from time to time, and in accordance with each client’s investment objective, make investments in privately-sourced, offered, and/or negotiated transactions on an opportunistic basis.

While we generally intend to apply the investment philosophy and investment process described herein to each client’s portfolio, we may, on behalf of each client, pursue a wide variety of investment strategies, and we may modify or depart from the above described investment philosophy, approach, techniques, and procedures as we determine appropriate to accomplish each client’s investment objectives. It is not anticipated that all techniques described herein will be employed with respect to each client’s investments. Further, all such techniques may not be utilized.

There can be no assurance that the investment objective of each client will be achieved, that its investment philosophy or strategies will be successful, or that it will generate any positive returns. Some of the markets in which we will invest on behalf of a Client Account may be less liquid or illiquid, inefficient, and/or unpredictable, which may also subject Client Accounts to a wide variety of risks. Investors must be prepared for the risk of losing all or substantially all of their investment.

## **B. Risk of Loss**

Investing in securities involves risk of loss that clients should be prepared to bear. More specifically, investing in assets managed pursuant to our strategies set forth above involves the below material risks. There can be no assurance that the Funds will achieve their investment objectives, or that any of their hedging activities will be successfully implemented. In addition to the risks listed below, clients (and underlying investors) should review the respective offering, organizational, and similar documents relating to their Client Account. Each client is also encouraged to consult with us to review the specific risk parameters of, and assets that comprise, the client's account at any given time, and from time to time.

An investment in the Funds is highly speculative and involves a high degree of risk due to the nature of each of the Fund's investments and strategies employed. An investment in any of the Funds should not, in and of itself, be considered a balanced investment program. Prospective investors should be able to withstand the loss of their entire investment, and should consider carefully the following considerations and risk factors, which apply to our investment strategies described above, prior to subscribing for interests in a Fund.

## **C. Risks Related to the Funds' Investments**

***Investment and Trading Risks*** – The Funds will invest substantially all available capital (other than cash reserves) in securities, especially in equity securities. Equity markets in general are subject to fluctuations, and fluctuations are often greater within certain sectors (technology, for example). Furthermore, fluctuations tend to be greater for securities issued by unseasoned companies, and for securities that have a relatively low per-share price. The Funds may invest in such securities. No assurance can be given that the Funds' investment portfolios will generate any income or appreciate in value or avoid substantial losses. The Funds' investment program may utilize such investment techniques as margin transactions, short sales, leverage, and options on securities, which practices can, in certain circumstances, significantly increase the risks to which the Funds may be subject.

***Limited Liquidity of Some Portfolio Securities*** – Some Fund portfolio securities, especially small capitalization stocks, may be thinly traded and relatively illiquid, even if they are publicly-traded, and a certain portion of each Fund's portfolio may be non-publicly traded securities. In addition, practical limitations may inhibit the Funds' ability to liquidate certain of their investments since the Funds may own a relatively large percentage of an issuer's equity securities and market conditions may be unfavorable for sales of securities of particular issuers or issuers in particular industries. In such cases, and especially in the event of extreme market activity, the Funds may not be able to liquidate such an investment promptly, which could adversely affect their gain or increase their loss on the investment.

***Economic Conditions*** – Changes in economic conditions – including, for example, interest rates, inflation rates, industry conditions, competition, technological developments, political and diplomatic events and trends, tax laws, and innumerable other factors – may adversely affect the value of the Funds’ investments and the business and prospects of the Funds. Additionally, recent global economic turmoil has increased market volatility and further demonstrated the risks involved in investing in financial markets. None of these conditions will be within the control of us or Mr. McGrath, and no assurances can be given that the Funds’ investments will not experience additional periods of economic uncertainty.

***Limited Diversification*** – The Funds’ portfolios often may not be significantly diversified, which will increase the risk of an investment in the Funds by increasing the relative impact that each portfolio investment will have on the overall performance of the Funds.

***Small Capitalization Stocks*** – The Funds may invest a significant portion of their assets in the stocks of companies with small market capitalizations. While we believe they often provide significant potential for appreciation, those stocks involve higher risks in some respects than do investments in stocks of larger companies. For example, prices of small-capitalization stocks are often more volatile than prices of large-capitalization stocks, and the risk of bankruptcy or insolvency of many smaller companies (with the resulting losses to investors) is higher than for larger, “blue-chip” companies.

***Leveraged Investments*** – The Funds may invest in companies that have a significant amount of indebtedness. In addition, certain of the Funds’ investments may incur significant indebtedness in connection with various corporate transactions, such as acquisitions, self-tender offers, recapitalizations and others. A highly leveraged company is generally more sensitive to downturns in its business and to changes in prevailing economic conditions than is a company with a lower level of debt. In addition, companies with a significant level of debt may be limited in their ability to fund expenditures and to react to changes in their businesses and industries, and may be restricted in their ability to borrow additional funds.

***Use of Leverage*** – The Funds may, in our sole discretion, leverage their investment positions by borrowing funds from securities broker-dealers, banks, or others. From time to time, the Funds may borrow significant amounts to take advantage of perceived opportunities, such as short-term price disparities between markets or related securities. Such leverage increases both the possibilities for profit and the risk for loss. Borrowings (and in some cases guarantees of performance of the Funds’ obligations) will usually be from (or, in the case of guarantees, by) securities brokers and dealers, and will typically be secured by the Funds’ securities and other assets. Under certain circumstances, such a broker-dealer may demand an increase in the collateral that secures the Funds’ obligations, and if the Funds were unable to provide additional collateral, the broker-dealer could liquidate assets held in the account to satisfy the Funds’ obligations to the broker-dealer. Liquidation in that manner could have extremely adverse consequences. In addition, the amount of the Funds’ borrowings and the interest rates on those borrowings, which will fluctuate, can have a significant effect on the Funds’ profitability.

***Short Selling*** – The Funds’ investment programs may include short selling. Such investments can be extremely volatile and substantially increase the impact of adverse price movements on the Funds’ portfolios, including leaving the Funds exposed to theoretically unlimited liability

based upon any increase in the market price of any securities sold short. There can be no assurance that the strategy adopted for short selling will be profitable or that an investor will not lose some or all of its investment. In addition, regulatory authorities from time to time intervene directly in certain markets and may impose certain restrictions or increased regulatory requirements that affect the Funds. Such restrictions or requirements may have a detrimental effect on the Funds' short selling strategy.

***Hedging Transactions*** – Although the Funds are what is commonly referred to as “hedge funds,” their portfolio positions may nevertheless be partly or entirely unhedged at any given time. Unhedged portfolios are exposed to greater risk than are hedged portfolios. While the Funds may enter into hedging transactions to seek to reduce risk, such transactions may result in a poorer overall performance for the Funds than if they had not engaged in any such hedging transaction. Moreover, it should be noted that the portfolios will always be exposed to certain risks that cannot be hedged, such as credit risk (relating both to particular securities and counterparties).

***Counterparty Risk*** – Many of the markets in which the Funds effect their transactions are “over-the-counter” or “interdealer” markets. The participants in such markets are typically not subject to credit evaluation and regulatory oversight as are members of “exchange based” markets. This exposes the Funds to the risk that a counterparty will not settle a particular transaction because of a credit or liquidity problem, thus causing the Funds to suffer a loss. In addition, in the case of a default, the Funds could become subject to adverse market movements while replacement transactions are executed. Such “counterparty risk” is accentuated for contracts with longer maturities, where events may intervene to prevent settlement, or where the Funds have concentrated their transactions with a single core small group of counterparties. The Funds are not restricted from dealing with any particular counterparty or from concentrating any or all of their transactions with one counterparty. Moreover, the Funds have no internal credit function that evaluates the creditworthiness of their counterparties. The ability of the Funds to transact business with any one or a number of counterparties, the lack of any meaningful and independent evaluation of such counterparties' financial capabilities, and the absence of a regulated market to facilitate settlement may increase the potential for losses by the Funds.

In addition, to the extent that Fund assets are held in the custody of one or more financial institutions, including prime brokers, banks and custodians, there is a possibility that such institutions 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 seek to mitigate this risk by selecting financially responsible brokers, clearing firms, and counterparties with which to do business. However, there can be no assurances that the Funds will avoid such risks.

***Foreign Investments*** – The Funds may invest in securities of foreign corporations and foreign countries. Investing in the equity securities of non-U.S. companies involves certain considerations not usually associated with investing in securities of United States companies, including political and economic considerations, such as greater risks of expropriation and nationalization; the potential difficulty of repatriating funds; general social, political, and economic instability; the small size of the securities markets in such countries; the low volume of trading, resulting in potential lack of liquidity and in price volatility; fluctuations in the rate of

exchange between currencies and costs associated with currency conversion; certain government policies that may restrict the Funds' investment opportunities; and the possible imposition of non-U.S. taxes and additional U.S. taxes with respect to such investments. In addition, accounting and financial reporting standards that prevail in foreign countries generally are not equivalent to United States standards and, consequently, less information may be available to investors in companies located in foreign countries than is available to investors in companies located in the United States. There is also less regulation, generally, of the securities markets in foreign countries than there is in the United States, and legal systems in foreign countries may be less developed and may not provide the Funds' the same rights as in the United States.

***Limited Liquidity; In-Kind Distributions*** – An investment in the Funds provides limited liquidity since the Funds interests are not freely transferable and investors generally may withdraw capital only at the end of a fiscal quarter, beginning at least one year after admission to the Fund. Interests in the Funds will not be registered under the Securities Act of 1933, as amended (the “**Securities Act**”), or the securities laws of any state, or the laws of any non-United States jurisdiction, and may not be transferred unless registered under applicable United States federal and state securities laws, or unless an exemption from such laws is available. The Funds have no plans, and are under no obligation, to register the Fund interests under the Securities Act. No market exists for interests in the Funds and none is expected to develop. Furthermore, we may, in our discretion, make distributions to investors in-kind from the Funds' portfolios. Such investments so distributed may not be readily marketable or saleable, and may have to be held by such investors for an indefinite period of time. As a result, an investment in the Funds is suitable only for sophisticated investors without the need for liquidity in these investments.

***Reliance on Us*** – All Fund investments will be selected by us, and the quality of our decisions will determine the Funds' success or failure. Investors will not have an opportunity to select or evaluate any Fund investments, or to review the Funds' securities positions at any time. Past performance is not indicative of future returns.

***Dependence on the Principal***

Mark McGrath, the Principal, is our sole principal. All investment decisions are made by the Principal on our behalf. We have discretion with respect to the types of securities in which the Funds will invest. The Funds are dependent on the services of Mr. McGrath. The loss of his services could make it impossible for us to continue to manage the Funds.

***Our Right to Dissolve the Funds or Require Withdrawal*** – We have the right to dissolve the Funds at any time. Accordingly, there is a risk that if the Funds' assets become depleted and, as a result, the management fee becomes minimal, we may elect simply to dissolve the Funds and distribute their remaining assets. We also have the right to require that an investor withdraw from the Funds at any time, with or without cause. No person will have any obligation to reimburse any portion of an investor's losses – upon dissolution, expulsion, withdrawal, or otherwise.

***Performance Allocations and Fees*** – The performance allocations and fees may create an incentive for us to cause the Funds to make investments that are riskier or more speculative than would be the case if these special allocations or fees were not made. In addition, since the

performance allocations and fees are calculated on a basis that includes unrealized appreciation of the Funds' assets, it may be greater than if such allocations or fees were based solely on realized gains.

***No Distributions*** – We do not intend to make distributions to investors, except in connection with withdrawals of capital. As a result, if the Funds are profitable, investors will be taxed on their share of Fund net income, even though they do not receive any Fund distributions. They will need to fund those tax liabilities with withdrawals and other sources.

***Liquidation*** – Although investors are not liable for Fund liabilities beyond their capital commitments, if the Funds should become insolvent, investors may, in some limited circumstances, be required to return distributions, capital withdrawals, or other amounts previously paid to the investors by the Funds.

***Inside Information*** – From time to time, we or our affiliates may come into possession of material, non-public information concerning an entity in which the Funds have invested or propose to invest, and applicable law may limit the ability of the Funds to buy or sell securities of such entity while such information remains non-public and material.

***Effect of Withdrawals*** – If significant withdrawals are requested, it may not be possible to liquidate the Funds' investments at the time such withdrawals are requested, or it may be possible to do so only at prices that we believe do not reflect the true value of such investments, resulting in an adverse effect on the return to the investors. In addition, although it is expected on termination of the Funds to liquidate all of the Funds' investments and distribute only cash to the investors, there can be no assurance that this objective will be attained.

***Conflicts of Interest*** – We advise multiple funds and, in certain circumstances, an investment opportunity may be appropriate for more than one investment fund. When the amount of the investment available to such funds is less than the aggregate amount that the funds desire to purchase, an allocation will be made in accordance with our allocation policy. As a general rule, allocations will be made on a pro rata or other fair and equitable basis subject to such factors as legal requirements, appropriate minimum investment amounts, applicable investment restrictions and limitations, and available capital. In connection with any investment by the Funds in which an affiliated investment fund is expected to participate, or has made or will make an investment, the Funds, on the one hand, and such affiliated investment fund, on the other hand, may have conflicting interests, particularly if the Funds and such other affiliated investment fund invest in different classes or types of securities of the same company.

***Limited Liability*** – The Funds have agreed to indemnify us and our members, officers, directors, partners, employees, and agents, from and against any claims and liabilities, including reasonable legal fees and other expenses reasonably incurred, arising out of or in connection with the Funds' business or operations, or any action taken or omitted on the Funds' behalf, except where attributable to willful misconduct, gross negligence, fraud, or bad faith.

***Crossing Transactions among Other Clients*** – The Funds may from time to time sell an investment that they own to, or buy an investment from, other funds that we advise. Such a "cross-trade" will occur when we believe that the transaction is necessary, in light of additional



withdrawals from, or investments in, one of the Funds, in order to align the net asset value of each of the Funds. Under normal circumstances, the price of the instrument subject to a cross-trade will be set at an independent market price. In cases in which no independent price is available, we, on behalf of our clients, will determine or accept the determination of the fair market value of the security in good faith. In no event will such a cross-trade result in any brokerage or transaction-related charges or spread.

***Disclosure of Investment Portfolio*** – The audited financial statements of the Funds will not include a listing of long and short positions held by the Funds. We intend to keep the positions in the Funds’ investment portfolio confidential, subject to the portfolio reporting requirements of the SEC, or other applicable law, rule, or regulation. Such confidentiality is for the purpose of preventing third parties from using information concerning the Funds’ positions, so as not to interfere with the Funds’ investment objectives.

***Tax-Exempt Investors*** – Certain prospective investors may be subject to federal and state laws, rules, and regulations that may regulate their participation in the Funds, or their engaging directly, or indirectly through an investment in the Funds, in investment strategies of the types that the Funds may utilize from time to time (e.g., short sales of securities and the use of leverage and limited diversification). Each type of exempt organization may be subject to different laws, rules, and regulations, and prospective investor should consult with their own advisers as to the advisability and tax consequences of an investment in the Funds. Investment in the Funds by entities subject to ERISA and other tax-exempt entities requires special consideration. Trustees or administrators of such entities are urged to carefully review the matters discussed in the Funds’ offering documents. Since the Funds are permitted to borrow, tax-exempt investors may incur income tax liability to the extent their share of the Funds’ income is treated as “unrelated debt-financed income.”

***Company Act*** – The Funds are not registered as investment companies under the Investment Company Act of 1940, in reliance upon exemptions therefrom and, accordingly, the provisions of the such Act (which, among other things, require investment companies to have a majority of disinterested directors, require securities held in custody to at all times be individually segregated from the securities of any other person and marked to clearly identify such securities as the property of such investment company, and regulate the relationship between the adviser and the investment company) are not applicable.

***Business and Regulatory Risks of Hedge Funds*** – Investment funds and their investment advisers have come under increasing scrutiny from the media and some legislators in recent years. This has particularly been the case following the credit crisis and extreme economic downturn that began in 2008. As a result, multiple pieces of legislation have been introduced or adopted, on the state and federal levels and internationally, including: the Dodd-Frank Act, amendments to the Custody Rule under the Advisers Act, proposed regulation of swaps, enhanced regulation of derivatives, additional short sale restrictions, and disclosure of short sale transaction information, and enhanced state privacy regulations. Such regulatory initiatives could add to the costs and regulatory burdens of operating the Funds. Additional legislation or regulation could limit the activities of investment funds, require investors to disclose more identification information prior to investing, or require more detailed reporting by investment

funds. Such additional legislation or regulation could increase the Funds' expenses and decrease their profitability.

***Tax Matters*** – The Funds may take positions with respect to certain tax issues that depend on legal conclusions not yet resolved by the courts. Should any such positions be successfully challenged by the Internal Revenue Service, an investor might be found to have a different tax liability for that year than that reported on his or its federal income tax return. An audit of the Funds may result in an audit of the returns of some or all of the investors, which examination could result in adjustments to the tax consequences initially reported by the Funds and affect items not related to an investor's investment in the Funds. If such adjustments result in an increase in an investor's federal income tax liability for any year, such investor may also be liable for interest and penalties with respect to the amount of underpayment.

**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 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 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 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 Fund before making an investment with us.

**Multiple Client Accounts**

We provide investment advisory services to multiple Funds. There is no limit on the number of vehicles or accounts that we or our affiliates may manage or advise. Further, we and our personnel may have investments in certain of our 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, and in consideration of such brokers’ provision or payment of the costs of research and other services. 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 that we make full disclosure of all material facts concerning any actual, apparent, or potential conflicts of interest, and requires us and our personnel to follow appropriate procedures designed to minimize any such conflict.

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**

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, owe a fiduciary duty to our clients and a duty to comply with federal and state securities laws and all other applicable laws. These duties include the obligation of all personnel to conduct their personal securities transactions in a manner that does not interfere with the transactions of any client or otherwise to take unfair advantage of their relationship with clients. Among other things, the Code of Ethics requires regular reporting of personal securities transactions by certain personnel. Additionally, we maintain a restricted list of certain issuers whose securities our personnel are not permitted to trade.

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, Gregory Grinberg, at (212) 521-5987 or ggrinberg@kenmarefund.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**

Typically, we do not permit such transactions, but conflicts of interest may occur if we, or our related persons, traded in the same security at, or about the same time, as our clients. For example, 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.

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

We may deem it to be in the best interests of our clients to reallocate or “cross” securities transactions between clients, such as when required to maintain the appropriate level of Client interests in certain investments in the case of Clients following the same investment strategy and objective. Similarly, on rare occasions, we may enter into “principal transactions” in which we or an affiliate act as principal for our own account or as broker for the account of a client with respect to the sale of a security to or purchase of a security from another client. We maintain policies and procedures intended to limit the potential conflicts of interest inherent in cross or principal transactions. Cross or principal transactions will only be effected if they are deemed to be in the best interests of the particular clients involved, and will be conducted in compliance with our policies and procedures and applicable law.

We have adopted an “Insider Trading Policy” that 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” above. Generally, the Code of Ethics requires that, prior to effecting any personal securities transactions, certain personnel, and their immediate family members, must receive written approval from 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 composed of companies or issuers about which a determination has been made that it is prudent to restrict trading activity, which shall include every security in which our Clients have a direct interest. It is our policy that all such personnel, and their immediate family members, shall strictly observe such trading activity prohibitions or restrictions.

In addition, in general, certain 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 brokerage statements. Furthermore, the personal accounts of such persons will be reviewed regularly and compared with transactions for our clients and against the restricted list.

## **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. Accordingly, portfolio transactions will be allocated to brokers based on best execution, and in consideration of such broker's provision or payment of the costs of research and other services.

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

Consistent with our fiduciary duty to clients, we have an obligation to seek the best price and execution of client securities transactions when we are in a position to direct brokerage 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 place trades for execution only with approved brokers or dealers. The factors to be considered in selecting and approving brokers-dealers that may be used to execute trades include, but are not limited to:

- the ability to achieve prompt and reliable executions at favorable prices;
- the competitiveness of commission rates in comparison with other brokers satisfying our overall selection criteria;
- the overall direct net economic result to clients' assets;
- the broker-dealer's clearance and settlement capabilities;
- the operational efficiency with which transactions are effected;
- the financial strength, integrity and stability of the broker;
- the ability to effect the transaction where a large block or other complicating factors are involved;
- the availability of the broker to execute possible difficult transactions in the future;
- the quality, comprehensiveness, and frequency of available research and related services considered to be of value; and
- the quality, comprehensiveness and frequency of notifications of investment opportunities.



In addition, access to the brokerage firm's securities analysts in related areas that provide us with assistance in our investment decision-making process, may be a factor in choosing a broker-dealer.

Mr. McGrath is responsible for due diligence on best execution, including ensuring that we meet our best execution obligations, updating our best execution procedures whenever appropriate, and considering any other best execution issues. Mr. McGrath will generally meet with our Chief Compliance Officer on a periodic basis to evaluate how business was allocated across the approved broker list.

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

Our policy is to only use "soft" or commission dollars to the extent that such expenses come within 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. Conduct outside of the safe harbor afforded by Section 28(e) is subject to the traditional standards of fiduciary duty under state and federal law. Items for which we may use soft dollars, and that fall within the safe harbor, include:

- research seminars and similar programs (however, travel expenses, meals and hotel accommodations are not included);
- computer analyses of securities portfolios;
- third party research, provided that the broker is (i) contractually obligated to pay the provider of the service or products; or (ii) not directly obligated to pay the provider of the service or products, but pays such provider directly and assures itself that such payments are used only for eligible brokerage or research.

We are not obligated to seek the lowest transaction charge, except to the extent that it contributes to the overall goal of obtaining the best execution for clients. A higher transaction charge on exchange and over-the-counter trades may be determined reasonable in light of the value of the brokerage execution and research products and services provided to us for the benefit of our clients.

We may from time to time enter into formal or informal arrangements with certain brokers ("**Soft Dollar Brokers**") whereby the provision of research or brokerage execution services is explicitly dependent on the level of commissions and underwriting concessions generated by the client accounts. Using a broker who provides us with research or other "soft-dollar" benefits may cause clients to pay commissions higher than the commissions charged by broker-dealers who do not so provide.

Research services received from Soft Dollar Brokers will be used to supplement and augment our own research capabilities, and will directly assist us in our investment decision-

making process. Section 28(e) permits products and services obtained by soft dollars to be used for any or all of our Client Accounts. Accordingly, the Client Accounts that provide the brokerage transaction charges for which such products and services are provided, or that engage in the securities transactions generating such charges, do not necessarily receive the direct benefit of specific services. Instead, we may receive a benefit because we do not have to produce or pay for the research, products or services. Therefore, we may have an incentive to select or recommend a broker-dealer based on our interest in receiving the research or other products or services, rather than on our clients' interest in receiving most favorable execution. In selecting Soft Dollar Brokers to initiate soft dollar transactions, we will consider the capabilities of the Soft Dollar Broker to provide best execution.

All products and services that are paid for with client transaction charges, to the extent applicable, will be of the type described in Section 28(e). All products and services that are paid for with soft dollars will be reviewed and approved to ensure that the product or service provides lawful and appropriate assistance in the performance of our investment decision-making activities. In addition, a determination will be made as to whether the amount of the commissions paid is reasonable in light of the value of the products or services provided.

In the last fiscal year, we acquired the following types of research and related products or services using brokerage commissions: written information and analyses concerning specific securities, companies or sectors; along with software, data bases and other technical and telecommunication services utilized in the investment management process.

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

In selecting or recommending broker-dealers, we do not consider whether we, or any of our affiliates, receive client or investor referrals from a broker-dealer or other third party.

## **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 generally do not permit any directed brokerage arrangements.

## **B. Aggregating Orders for Various Client Accounts**

We may aggregate orders of our Client Accounts for trade execution and thereafter allocate the securities on an average price basis to such Client Accounts. More specifically, each client that participates in an aggregated order will participate at the average share price for all of our transactions in that security or other instrument on a given business day, and transaction costs will be shared pro rata based on each client's participation in the transaction. No client will be favored over any other client as a result of such aggregation. Brokerage commission rates will not be reduced because of such aggregation. In some instances, average pricing may result in higher or lower execution prices than otherwise obtainable by a single client. We believe that our aggregation policy is lawful and consistent with our duty to seek best execution for all our clients.

## **ITEM 13**

### **REVIEW OF ACCOUNTS**

#### **A. Periodic Review of Client Accounts**

Mr. McGrath, in conjunction with our Chief Compliance Officer, conducts periodic reviews of Client Accounts, including (i) the manner in which orders have been allocated to each Fund to insure that all orders are allocated on an equitable basis; and (ii) the performance of each Fund as a function of allocation to assure that no Fund is being preferred systematically in the allocation process.

We also invest substantial resources on management systems to track and control risk on a daily basis to ensure the accuracy of accounts and conformity with each client's investment objective; appropriate asset allocation; and to monitor changes to performance of individual securities.

#### **B. Additional Review of Client Accounts**

Client Accounts are generally reviewed on a daily basis. To the extent that there are significant discrepancies discovered with respect to one or more Client Accounts (e.g., with respect to performance), such discrepancies would prompt additional reviews.

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

Investors in the Funds typically receive the following written reports: (i) annually, an audited financial report prepared by a certified public accounting firm; (ii) unaudited quarterly performance summaries; and (iii) annual tax information necessary for completion of the tax returns.

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

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

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

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

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

As of the date of this brochure, we do not have an arrangement with any third party whereby we, directly or indirectly, compensate such person for client or investor referrals.

If we do enter into such an arrangement, all payments to any person, including solicitors, for client or investor referrals will be made in accordance with the provisions of Rule 206(4)-3 of the Advisers Act, and any other applicable laws. We will not make use of a solicitor who is subject to the disciplinary actions stated in Rule 206(4)-3(A)(1)(ii) under the Advisers Act or, if a solicitor is subject to such an action, such solicitor must represent to us that he/she/it is relying on no-action relief from the SEC allowing he/she/it to engage in cash solicitation activities, and that he/she/it is in compliance with any of the obligations imposed by the SEC as a condition to such relief.

## 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 advisory clients, including pooled investment vehicles, 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 advisory clients, and, therefore, we must meet the applicable conditions of the Custody Rule.

The Custody Rule contains significant provisions applicable to investment advisers that serve as a general partner or managing member to private funds formed as limited partnerships or limited liability companies, such as certain of the Funds. Most significantly, the Custody Rule provides an alternative approach to the quarterly account statement delivery requirement and the annual surprise examination requirement that are set forth in the Custody Rule. Specifically, an investment adviser to a private fund, such as the Funds, need not send to each investor a quarterly account statement or have an annual surprise examination if the fund is (i) subject to an audit (as defined in Rule 1-02(d) of Regulation S-X) by an accountant that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board at least annually;<sup>1</sup> and (ii) distributes its audited financial statements, prepared in accordance with generally accepted accounting principles, to all fund investors within 120 days of the end of the applicable fund’s fiscal year.<sup>2</sup> We typically rely upon this exception.

We generally will maintain all securities and funds of our clients, of which we are deemed to have custody, with a “qualified custodian.”

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<sup>1</sup> Audited financial statements that contain qualifying footnotes generally would not meet this requirement.

<sup>2</sup> The Custody Rule requires that advisers to pooled investment vehicles that distribute the pool’s audited financial statements to investors under the rule’s annual audit provision must, in addition to obtaining an annual audit, obtain a final audit of the pool’s financial statements upon liquidation of the pool and distribute the financial statements to pool investors promptly after the completion of such final audit.

## **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. Our clients may, but do not customarily, place limitations on our investment authority, including, without limitation, designating types of permitted investments or prohibiting certain types of investments.

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 client's 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 interest of the Funds. In the situations where we do vote a proxy, we generally vote proxies in accordance with the following general guidelines:

Routine matters will generally be voted consistent with management's recommendation. Examples of routine matters include uncontested election of directors, ratification of auditors, and corporate name change.

Non-routine matters will be voted on a fact sensitive basis. Examples of proxy proposal issues that are so fact sensitive that no general voting policy with respect to such issues may be established by us include merger/acquisition approvals, spin-offs, liquidations, tender offers, and corporate restructurings.

Mr. McGrath will have the overall responsibility of voting proxies received on behalf of the Funds. If the proxies are voted, the proxy proposals received by us and designated as "routine matters" will be voted by Mr. McGrath in accordance with the Proxy Voting Policies, and proxy proposals received by us and designated as "non-routine matters" (or not addressed in the Proxy Voting Policies) will be reviewed by Mr. McGrath, in consultation with our Chief Compliance Officer, on a case-by-case basis.

Notwithstanding the foregoing, Mr. McGrath may vote a proxy categorized as a "routine matter" contrary to the proxy voting guidelines if Mr. McGrath, in consultation with our Chief Compliance Officer, determines that such action is in the best interest of the Funds and. In the event that Mr. McGrath votes contrary to the proxy voting guidelines, the basis for the voting decision will be documented.

In addition to not voting proxies where we deem the expenditure of time and cost of voting would exceed the anticipated benefit to the Funds, Mr. McGrath, in consultation with our Chief Compliance Officer, may choose not to vote proxies in certain situations, or for certain Funds, such as (i) where the proxy is received for a Fund that has been terminated; or (ii) where a proxy is received by us for a security we no longer manage on behalf of a Fund.

We may occasionally be subject to conflicts of interest in the voting of proxies due to business or personal relationships we maintain with persons having an interest in the outcome of certain votes. We, our affiliates, and/or our employees (or other covered persons) may also occasionally have business or personal relationships with the proponents of proxy proposals, participants in proxy contests, corporate directors and officers, or candidates for directorships.

If at anytime, we become aware of a conflict of interest relating to a particular proxy proposal, we will handle the proposal as follows:

- (i) if the proposal is designated in the Proxy Voting Policies above as a “routine matter,” the proposal will be voted by us in accordance with the Proxy Voting Policies, provided little discretion on our part is involved; or
- (ii) if the proposal is designated in the Proxy Voting Policies above as a “non-routine matter” (or not addressed in the Proxy Voting Policies), we will take such action as is necessary to ensure that our vote (including the decision whether to vote) is based on the applicable Fund’s best interest, and not affected by our material conflict of interest.

Clients may obtain a copy of our current written proxy voting policies and procedures, and/or a copy of the voting activity report generated by their account, by contacting our Chief Compliance Officer, Gregory Grinberg, at (212) 521-5987 or [ggrinberg@kenmarefund.com](mailto:ggrinberg@kenmarefund.com).



**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.