

## **Form ADV Part 2A: Firm Brochure**

# KORE CAPITAL

### **Kore Advisors LP**

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**Updated: March 25, 2022**

This Brochure provides information about the qualifications and business practices of Kore Advisors LP. If you have any questions about the contents of this Brochure, please contact the Chief Compliance Officer at (561) 737-1721 or by e-mail: [gkosinski@korecapital.com](mailto:gkosinski@korecapital.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority. Kore Advisors LP is registered as an investment adviser with the SEC. An investment advisor's registration with the SEC does not imply a certain level of skill or training in the investment advisory business or any other business.

This Brochure is not: (i) an offer or agreement to provide advisory services to any person; (ii) an offer to sell interests (or a solicitation of an offer to purchase interests) in any fund; (iii) a complete discussion of the strategies, risks, or conflicts of interest associated with any fund; or (iv) to be relied on in determining whether to invest in a fund or establish an advisory relationship with Kore Advisors LP. The information provided in this Brochure about any fund is qualified in its entirety by reference to relevant fund offering documentation.

The following statement is required by the rules of the Commodity Futures Trading Commission:

Pursuant to an exemption from the Commodity Futures Trading Commission ("CFTC") in connection with accounts of qualified eligible persons, this Brochure or account document is not required to be, and has not been, filed with the CFTC. The CFTC does not pass upon the merits of participating in a trading program or upon the adequacy or accuracy of this Brochure. Consequently, the CFTC has not reviewed or approved this Brochure.

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

**Item 2: Material Changes**

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This Brochure dated March 25, 2022, serves as an update to the Brochure dated March 2021.

Effective March 14<sup>th</sup>, 2022, Gary Kosinski has been appointed Chief Compliance Officer of Kore Advisors, LP, replacing Michael Rasmussen.

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#### **Item 4: Advisory Business**

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Kore Advisors LP (“Kore” or the “Firm”) is a Delaware limited partnership formed in 2002 and has its principal place of business in Florida. Kore Management LLC, a Delaware limited liability company, is the General Partner of Kore. Kore is beneficially owned and controlled by Koz LLLP, a Florida limited liability limited partnership, which is beneficially owned by J. Gary Kosinski, Kore’s Chief Investment Officer, Chief Compliance Officer, and Chief Risk Officer.

Kore has been registered with the SEC as an investment advisor since January 2012. Kore is a member of the National Futures Association (“NFA”) and registered as a commodity pool operator with the CFTC. For CFTC purposes, J. Gary Kosinski, Andrei Itkis, Kore Management LLC and Koz LLLP are listed as Principals of the Firm and J. Gary Kosinski is registered as an Associated Person of the Firm.

Kore currently provides discretionary and non-discretionary investment management services to private funds and certain separately managed accounts (collectively “Managed Accounts”). Kore’s current private fund clients include: (1) Kore Fund Ltd. (“Kore Fund”), a Cayman Islands exempted company; (2) Kore Onshore Fund LP (“Kore Onshore Fund”), a Delaware Limited Partnership, (3) Kore Offshore Fund Ltd, a Cayman Islands exempted company (“Kore Offshore Fund” and Kore Onshore Fund invest substantially all of its capital in Kore Fund through a “master-feeder” structure), (4) Kore Partners Series 2, a Series of Kore Partners LP (“KPS2”), a Delaware Series Limited Partnership; and (5) Kore Partners Series 3, a Series of Kore Partners LP (“KPS3”), a Delaware Series Limited Partnership and (6) Kore Partners Series 4, a Series of Kore Partners LP (“KPS4”), a Delaware Series Limited Partnership. Kore also acts as sub-advisor to Kore Insurance Fund, a Series of SALI Multi-Fund V, LP (“Kore IDF”), which invests a majority of its assets in the Kore Onshore Fund. Kore Fund, Kore Onshore Fund, Kore Offshore Fund, KPS2, KPS3 and KPS4 are collectively referred to as the “Funds”, and together with the Managed Accounts, are sometimes collectively referred to herein as “Clients” or “Client Accounts”.

All discussions regarding the Funds in this Brochure, including but not limited to investments and strategies used in managing the Funds, the fees and other costs associated with an investment in the Funds, and conflicts of interest faced by the Firm and its affiliates in connection with management of the Funds, are qualified in their entirety by reference to each Fund’s respective confidential offering memorandum and governing documents.

Kore IDF is governed by a subadvisor agreement which sets forth certain investment guidelines and restrictions with respect to Kore’s investment management activities with respect to Kore IDF and may be modified from time-to-time in consultation with SALI Fund Services, the investment manager to Kore IDF.

As of December 31, 2021, Kore managed approximately \$1,419,000,000 of regulatory assets under management (“RAUM”). Approximately \$1,090,000,000 is managed on a discretionary basis, while the remaining \$329,000,000 is managed on a non-discretionary basis.

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

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Client Accounts are generally charged fees consisting of: (i) a management fee and (ii) a performance allocation, which is calculated based upon a percentage of the net capital appreciation of the respective Client Account at the end of each fiscal year.

Kore’s fee schedule is generally as follows:

Management Fee: 2% annually (0.167% monthly)

Performance Allocation: 20% annually (subject to a hurdle rate and high water mark for certain Funds)

The Management Fee is accrued monthly and paid quarterly in arrears and is prorated for partial periods. The Management Fee is exclusive of brokerage commissions, transaction fees, custodial fees and other administrative costs and expenses which shall be incurred directly by the respective Client. Fees received by Kore are generally deducted directly from the respective Fund by the Fund Administrator, who then pays Kore. See Item 12 “Brokerage Practices” for a discussion of the brokerage arrangements that Kore enters into.

Both the Management Fee and Performance Allocation may be subject to fee waivers with respect to certain Funds and/or Client Accounts. Management Fees and a Performance Allocation generally are not subject to negotiation, however, Kore reserves the right to waive or impose different fees or otherwise modify the fee arrangements for an existing investor in any Fund with the consent of such investor. KPS2, KPS3, KPS4, and certain affiliated Managed Accounts, do not pay Management Fees. Kore IDF pays a quarterly management fee at a rate of 1.25% per annum.

#### **Item 6: Performance-Based Allocations and Side-By-Side Management**

As described in Item 5, Kore may be entitled to a Performance Allocation based on a share of appreciation of a Fund’s assets. Investors that pay a performance fee must be a “Qualified Client” as set forth in Rule 205-3 of the Investment Advisers Act of 1940 (the “Advisers Act”). In calculating the Performance Allocation for a Fund, Kore includes realized and unrealized capital gains and losses.

Generally, at the end of each year, Kore charges an aggregate amount equal to 20% of the new net profits, subject to the “high water mark” and “hurdle rate.” The “high water mark” feature prevents Kore from receiving a performance allocation for profits that simply restore previous losses and is intended to ensure that such performance allocation is based on the long-term performance of an investment in the Funds. In addition, if the rate of return of new profit (after all fees and expenses) earned by the Fund is less than the hurdle rate (which is the average U.S. Federal Funds rate for such year as reported in the *Wall Street Journal*) for such year, then Kore will not receive a performance allocation from such Client Account.

Performance allocation arrangements may create an incentive for Kore to recommend investments which may be riskier or more speculative than those which would be recommended under a different fee arrangement. Such performance allocation arrangements also create an incentive to favor higher fee paying accounts over other accounts in the allocation of investment opportunities. To mitigate these conflicts, the Firm’s policies and procedures seek to provide that investment decisions are based on the best interests of Client Accounts, without consideration of the Firm’s pecuniary interests. Kore has adopted a Trade Allocation Policy that seeks to allocate investments in a fair and equitable manner.

KPS2, KPS3, KPS4 and certain affiliated Managed Accounts do not pay a Performance Allocation.

In the case of Kore IDF, Kore is entitled to a performance allocation at the end of each calendar year which is calculated as follows: (1) Class A Portfolio Fund Capital Account: 15% per annum and (2) Class B Portfolio Fund Capital Account: 20% per annum.

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

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Kore provides discretionary and non-discretionary investment advice to the Funds and other Managed Accounts. Interests in the Funds, and the Funds themselves, are not registered under the Securities Act of 1933, as amended (the “Securities Act”) and are exempt from the definition of an “investment company” under Section 3(c)(7) of the Investment Company Act of 1940, as amended (the “Investment Company Act”). Accordingly, interests in the Funds are offered exclusively to investors who meet the requirements of an “accredited investor” under Regulation D of the Securities Act and a “qualified purchaser” under the Investment Company Act.

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

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

The following is a summary of the strategies and methods Kore uses in managing assets for the Client Accounts. Kore may employ additional strategies, or variations of these strategies without advance notice to investors. These descriptions do not in any way limit the Client Account’s investment activities. All strategies carry a risk of loss. Certain risks are inherent, or more likely to impact a particular strategy or transaction, while other risks are related to the markets in which we may trade or the instruments are traded. Market risk is inherent in all securities investments to varying degrees, and there can be no assurance that the investment objective of the Client Accounts will be achieved. Additional strategies and variations of strategies may involve higher levels of risk.

There is no guarantee or representation that Kore’s investment strategy, including, without limitation, its investment objectives, diversification or risk monitoring process will be successful over time. Investments in the Funds are speculative and involve a high degree of risk. There may be risks which cannot be monitored or controlled, and risks that may be greater than forecasted, especially in unusual market conditions. Kore cannot guarantee that any assumptions relied upon herein will be true for all future events or that all assumptions have been considered or stated. Investing in securities involves risk of loss, possibly a total loss of invested capital that investors should be prepared to bear.

Kore’s proprietary investment strategy seeks to achieve capital appreciation with minimum volatility and preservation of capital. Kore may invest and trade in a broad and essentially unrestricted range of financial instruments, including, but not limited to, U.S. and non-U.S. government, agency and corporate debt securities (public and private); U.S. and non-U.S. equity securities (including publicly and privately offered common stock, preferred stock and convertible securities); mortgage-backed and asset-backed securities; foreign currencies; commodities; futures; repurchase and reverse repurchase agreements; interest rate, bond, currency, equity, credit default and commodity swaps, floors and caps; collateralized debt and loan obligations; loans, including loans originated by the Funds or affiliates of Kore; leases, including leases originated by the Funds or its affiliates; derivatives, rights and options on any of the foregoing and other investments, assets, property or ventures selected by Kore. Kore may target undervalued and distressed investments such as: (i) out-of-favor sectors where Kore can acquire investments at a significant discount to the fundamental value of their underlying cash flow or assets; (ii) companies undergoing, or considered likely to undergo, reorganizations under U.S. or non-U.S. bankruptcy laws; (iii) companies initiating debt restructurings, reorganization and/or liquidation outside of bankruptcy; and (iv) companies facing a broad range of liquidity issues. There is also no restriction on the types of investment and trading strategies that Kore may utilize.

Kore may take “outright” directional market positions. In doing so, Kore may rely on fundamental, quantitative and/or statistical analysis. Valuation models may be useful in identifying or exploiting directional investment opportunities.

Kore may utilize considerable leverage in making investments. Kore may, among other things, borrow money from banks and other lenders to leverage investments; utilize futures, forwards, swaps and other derivatives to acquire leverage; finance investments through repurchase and reverse repurchase agreements, total return swaps and options and trade securities and derivatives on margin. Leverage used on particular trades will vary depending on the strategy utilized and the availability of leverage and there is no internal limit on the amount of leverage that Kore may employ.

Kore employs a proprietary risk metric, the “Kore Adverse Move Methodology,” to monitor risk. Kore Adverse Move Methodology does not imply that risk is bounded by some limit. It is a combination of qualitative and quantitative analysis. The Kore Adverse Move Methodology takes into account fundamental analysis and statistical analysis—such as VAR measures, historic worst move analysis and stress-test/scenario analysis, as well as reasoned judgment.

## **General Risks**

The following is a summary of certain material risks associated with Kore’s investment strategies and the types of securities in which Kore typically invests. The information below does not include every potential risk associated with each investment strategy or security. Investors and prospective investors are urged to ask questions regarding risk factors applicable to a particular investment strategy or security, read all of the comprehensive risk disclosures set forth in the relevant Fund documentation and determine whether a particular strategy or type of security is suitable in light of the prospective investor’s circumstances, investment objectives and financial situation.

## **Risks Relating to Investment Strategies and Methods of Analysis**

### ***General Trading Risks***

Substantial risks are involved in trading in U.S. and non-U.S. government securities, corporate debt and equity securities, mortgage-backed and asset-backed securities, commodity and financial futures, options, rate caps, rate swaps; collateralized debt and loan obligations; loans, including loans originated by the Funds or affiliates of the Firm and the various other financial instruments which the Funds may trade. Substantial risks are also involved in borrowing and lending against such investments. The prices of these investments are volatile, market movements are difficult to predict and financing sources and related interest and exchange rates are subject to rapid change. One or more markets in which the Firm will trade may move against the positions held by it, thereby causing substantial losses. Many other unforeseeable events, including actions by various government agencies and U.S. and non-U.S. political events, may cause sharp market fluctuations.

### ***Market Disruptions; Governmental Intervention***

The global financial markets have in recent years gone through pervasive and fundamental disruptions that have led to extensive and unprecedented governmental intervention. Such intervention has in certain cases been implemented on an “emergency” basis, suddenly and substantially eliminating market participants’ ability to continue to implement certain strategies or manage the risk of their outstanding positions. In addition — as one would expect given the complexities of the financial markets and the limited time frame within which governments have felt compelled to take action — these interventions have typically been unclear in scope

and application, resulting in confusion and uncertainty which in itself has been materially detrimental to the efficient functioning of the markets as well as previously successful investment strategies.

Major losses may be incurred in the event of disrupted markets and other extraordinary events in which historical pricing relationships become materially distorted. The risk of loss from pricing distortions is compounded by the fact that in disrupted markets many positions become illiquid, making it difficult or impossible to close out positions against which the markets are moving. The financing available to the Firm from its banks, dealers and other counterparties is typically reduced in disrupted markets. Such a reduction may result in substantial losses. Market disruptions may from time to time cause dramatic losses, and such events can result in otherwise historically low-risk strategies performing with unprecedented volatility and risk.

### ***Financing Arrangements***

The investment strategies utilized by the Firm may require the use of substantial leverage. As a general matter, the banks and dealers that provide financing can apply essentially discretionary margin, haircut, financing and security and collateral valuation policies. Changes by banks and dealers in margin, haircut, financing and valuation policies may result in large margin calls, loss of financing and forced liquidations of positions at disadvantageous prices. In addition, the dealers have essentially discretionary authority to close out credit lines. There can be no assurance that the Firm will be able to maintain adequate financing, particularly in adverse market conditions, such as those that generally occurred during the latter part of 1998 and 2008-2009. If it is not able to do so, forced portfolio liquidations and significant losses could result.

### ***Diminished Liquidity in Certain Positions***

Adverse market conditions can lead to a “liquidity crisis,” i.e., the inability to sell most fixed-income securities (other than U.S. Treasuries) at expected prices. In both 1998 and 2008-2009, this inability to sell (which occurred generally in the market) led, in certain cases, to the inability of hedge fund managers to meet margin calls and fund redemptions that, in turn, led to the collapse of certain portfolios as dealers cut credit lines and investors withdrew capital, further reducing the creditworthiness of the owner of the portfolio. There can be no assurance that future market conditions will not result in similar liquidity crises.

### ***Substantial Leverage***

Futures contracts and over-the-counter derivatives are traded on margins that typically range from less than 1% to 10% of contract notional and average less than 5%. Furthermore, through the use of repurchase arrangements, swaps, direct bank borrowings, margin trading, financing conduits and government programs, the Firm (subject to the availability of financing), may be able to achieve a moderate degree of leverage on its “cash” securities positions. There is no internal limit on the amount of leverage that may be utilized by the Funds. The more leverage utilized, the more likely a substantial change will occur, either up or down, in the value of the Interests. The Funds may be subject to major losses in the event that market events disrupt the structured nature of its positions or it is forced to liquidate positions at a disadvantageous time. Furthermore, the credit extended to the Funds by dealers to permit it to maintain its leveraged



positions can be terminated by the dealers largely in their discretion, forcing such liquidation at potentially material losses.

### ***Concentration***

The Funds are not subject to any concentration or diversification restrictions and may hold a limited number of investment positions. The undiversified nature of the Funds' trading may result in increased risk of loss.

### ***No Limitation of Trading Strategies***

The Firm may utilize any trading strategy it deems appropriate to take advantage of market opportunities. Given the broad potential range of strategies, it is not possible to precisely describe the risks associated with all such strategies.

### ***Volatility***

The prices of the instruments traded by the Firm have been subject to periods of volatility in the past, and such periods can be expected to recur. Price movements are influenced by many unpredictable factors, such as market sentiment, inflation rates, interest rate movements and general economic and political conditions. While volatility can create profit opportunities for the Funds, it can also create the specific risk, in the case of the Funds, that historical or theoretical pricing relationships will be disrupted, causing what should otherwise be comparatively low risk positions to incur losses. On the other hand, the lack of volatility can also result in losses for certain of the Funds' strategies that profit from price movements.

### ***Interest Rate Risk***

The Funds are subject to 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.

### ***Illiquid Securities***

A portion of the Funds' portfolio may consist of securities and other financial instruments which are not actively and widely traded. Consequently, it may be relatively difficult for the Funds to dispose of such investments rapidly and at favorable prices in connection with withdrawal requests, adverse market developments or other factors. Illiquid securities may also be more difficult to value.

### ***Spread Trading Risks***

A significant part of the Fund's trading operations may involve spreads between two or more positions. To the extent the price relationships between such positions remain constant, no gain or loss on the positions will occur. Such positions do, however, entail a substantial risk that the price differential could change unfavorably, causing a loss to the spread position. In periods of trendless, stagnant markets and/or deflation, many alternative investment strategies have materially diminished prospects for profitability.

### ***Arbitrage Trading***

A significant part of the Funds' trading operations may involve arbitraging between the cash and derivatives markets in financial instruments. This means that Funds purchase (or sell)

financial instruments in cash markets (*i.e.*, on a current basis) and take offsetting positions in the futures or other derivatives markets in the same or related financial instruments. These offsetting positions are subject to the same risk of adverse price differentials outlined under “— Spread Trading Risks” above. In addition, because many cash market contracts are not traded on exchanges, but rather through a network of banks and dealers, there may be less liquidity in such markets. No limitations on price movement are imposed upon such banks and dealers, which means that a balanced position might suffer significant short-term losses since price moves on the cash “leg” of the arbitrage position are not limited. Furthermore, the increase in value of one leg of a trade may not be available to the trader at the same time as a margin or collateral payment is due from the trader in respect of a decrease in value in the other leg of the trade. This imbalance in cash utilization (even though the arbitrage as a whole may be profitable) may require premature termination of the position unless the trader has sufficient cash reserves to carry the combined position. In addition, dealers may require margining of arbitrage positions at levels that make it impossible for the Funds to maintain such positions, forcing liquidation at potentially disadvantageous prices.

### ***Model Risk***

Certain of the Firm’s strategies require the use of quantitative valuation models. As market dynamics shift over time due to factors such as changed market conditions and participants, a previously highly successful model could become outdated or inaccurate, perhaps without the Firm recognizing that fact before substantial losses are incurred. There can be no assurance that the Firm will be successful in developing and maintaining effective quantitative models.

### ***Operational Risk***

Our strategies are highly dependent on information systems and technology. Any failure or deterioration of these systems or technology due to human error, data transmission failures or other causes could materially disrupt our operations. A disaster or a disruption in the infrastructure that supports our business, including a disruption involving electronic communications or other services that we, or that third parties we do business with, use or affecting one of our offices or facilities, may affect our ability to continue to operate our business without interruption. Although we and our affiliates have back-up facilities for our information systems as well as technology and business continuity programs in place, there can be no assurance that these will be sufficient to mitigate the harm that may result from such a disaster or infrastructure disruption.

### ***Holding Period of Investment Positions***

The Funds’ transactions involve acquiring related positions in a variety of different instruments or markets at or about the same time. Frequently, optimizing the probability of being able to exploit the pricing anomalies among these positions requires holding periods of significant length — often many months to a year or more. Actual holding periods depend on numerous market factors which can both expedite and disrupt price convergences. There can be no assurance that the Fund will be able to maintain any particular position, or group of related positions, for the duration required to realize the expected gains, or avoid losses, from such positions.

### ***Non-U.S. Securities***

A substantial portion of the Funds’ trading may involve the purchase of non-U.S. securities. Securities of some non-U.S. issuers are less liquid and more volatile than comparable U.S. securities. Similarly, volume and liquidity in most non-U.S. securities markets are less than in the United States and, at times, price volatility can be greater than in the United States. Because stock certificates and other evidences of ownership of such security may be held outside the

United States, the Fund may be subject to additional risks, including possible adverse political and economic developments, possible seizure or nationalization of non-U.S. deposits and possible adoption of governmental restrictions which might adversely affect the payment of principal and interest on such securities or might restrict the payment of principal and interest to investors located outside the country of the issuer, whether from currency blockage or otherwise. The value of foreign securities may also be affected by changes in currency rates.

### ***High-Yield Securities***

As part of structured transactions, where the Funds attempt to hedge issuer credit risk, the Funds may invest in “high yield” bonds and preferred securities which are rated in the lower rating categories by the various credit rating agencies or in comparable non-rated securities. Securities in the lower rating categories are subject to greater risk of loss of principal and interest than higher-rated securities and are generally considered to be predominantly speculative with respect to the issuer’s capacity to pay interest and repay principal. They are also generally considered to be subject to greater risk than securities with higher ratings in the case of deterioration of general economic conditions. Because investors generally perceive that there are greater risks associated with the lower-rated securities, the yields and prices of such securities fluctuate more than those for higher-rated securities. The market for lower-rated securities is thinner and less active than that for higher-rated securities, which can adversely affect the prices at which these securities can be sold. In addition, adverse publicity and investor perceptions about lower-rated securities, whether or not based on fundamental analysis, may be a contributing factor in a decrease in the value and liquidity of these securities.

### ***Loans***

The Funds may trade in the primary and secondary market for loans. Such loans may be privately negotiated transactions, each of which has individualized terms. These positions may be illiquid and difficult to value. In addition, in the case of such trading, the Firm may come into possession of material non-public information relating to the borrower, preventing the Funds from trading in any securities of such issuer.

Loans may be subject to price volatility due to various factors including, but not limited to, changes in interest rates, market perception of the creditworthiness of the borrower and general market liquidity. The Funds may invest in loans to distressed borrowers, which are typically subject to greater market fluctuations and risks of loss of income and principal and are often influenced by many of the same unpredictable factors which affect equity prices. Loans involve a fundamental credit risk based on the borrower’s ability to make principal and interest payments.

The Funds may also invest in loan participations where it will be subject to certain additional risks as a result of having no direct contractual relationship with the borrower of the underlying loan. In such circumstances, the Fund would depend on the lender to enforce its rights and obligations under the loan arrangements in the event of a default by the borrower on the underlying loan and will generally have no voting rights with respect to the issuer, as such rights are typically retained by the lender. Such investments are subject to the credit risk of the lender (as well as the borrower) since they will depend upon the lender’s forwarding payments of principal and interest received on the underlying loan. There can be no assurance that the lender will not default on its obligations under such arrangements, resulting in substantial losses to the Funds.

### ***Currency Risks and Hedging***

Since certain securities in which the Funds invest will be valued in non-U.S. currency, the Funds are subject to the risk of fluctuations in the exchange rate between the local currency and U.S.

Dollars. Among the factors that may affect currency values are trade balances, the level of short-term interest rates, differences in relative values of similar assets in different currencies, long-term opportunities for investment and capital appreciation and political developments. Therefore, the Funds may, in part, seek to offset the risks associated with such exposure through non-U.S. exchange transactions. The markets in which non-U.S. exchange transactions are effected are highly volatile, highly specialized and highly technical. Significant changes, including changes in liquidity and prices, can occur in such markets within very short periods of time, often within minutes. Non-U.S. exchange trading risks include, but are not limited to, exchange rate risk, interest rate risk and potential interference by non-U.S. governments through regulation of local exchange markets, non-U.S. investment, or particular transactions in a non-U.S. currency. Any currency hedge will be used to protect against currency losses but will also prevent profits from any currency fluctuation related gains. There can be no assurance that a currency hedge will be successful at accomplishing this purpose or will not itself generate significant losses. Furthermore, to the extent that any currency hedging strategy involves the use of over-the-counter derivatives transactions entered into in the U.S. (and, in certain circumstances, outside the U.S.), such a strategy would be affected by implementation of the various regulations adopted pursuant to Dodd-Frank.

### ***Custody and Counterparty Risk***

Institutions, such as brokerage firms, banks and broker-dealers, generally have custody of the Funds' portfolio assets and may hold such assets in "street name." The Funds are subject to the risk that these firms and other brokers, counterparties, clearinghouses or exchanges with which the Funds deal may default on their obligations to the Funds. Any default by any of such parties could result in material losses to the Funds. Bankruptcy or fraud at one of these institutions could also impair the operational capabilities or the capital position of the Funds. In addition, securities and other assets deposited with custodians or brokers may not be clearly identified as being assets of the Funds, causing the Funds to be exposed to a credit risk with regard to such parties. The Funds generally will only be an unsecured creditor of its trading counterparties in the event of bankruptcy or administration of such counterparties. In some jurisdictions, the Funds may also only be an unsecured creditor of its brokers in the event of bankruptcy or administration of such brokers. The Firm attempts to limit its brokerage and custody transactions to well capitalized and established banks and brokerage firms in an effort to mitigate such risks, but the collapse in 2008 of the seemingly well capitalized and established Bear Stearns and Lehman Brothers demonstrates the limits on the effectiveness of this approach in avoiding counterparty losses.

The Funds may effect transactions in "over-the-counter" or "interdealer" markets. The participants in such markets are typically not subject to the same level of 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 transaction in accordance with its terms and conditions because of a dispute over the terms of the contract (whether or not bona fide) or because of a credit or liquidity problem, thus causing the Funds to suffer a loss. Such "counterparty risk" is accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where the Funds have concentrated its transactions with a single or small group of counterparties. The Funds are not restricted from dealing with any particular counterparty or in the size of the exposure which the Funds may provide to a given counterparty. The inability to make complete and "foolproof" evaluations of the financial capabilities of the Funds' counterparties and the absence of a regulated market to facilitate settlement increases the risk to the Funds.

While Dodd-Frank is intended to bring more stability and lower counterparty risk to derivatives market by requiring exchange clearing of derivatives trades, not all of the Funds' trades will be subject to the clearing requirements once they become generally effective, either because the trades are grandfathered or because they are bespoke. Furthermore, it is yet to be seen whether

Dodd-Frank will be effective in reducing counterparty risk or if such risk may actually increase as a result of market uncertainty, mutuality of loss to clearinghouse members, or other reasons.

### ***General Economic Conditions***

The Funds' trading investment strategies are subject to some dimension of market risk and general economic conditions including: directional price movements, deviations from historical pricing relationships, changes in the regulatory environment, changes in market volatility, "flights to quality," "credit squeezes," etc. The Firm's style of alternative investing may be no less speculative than traditional investing strategies. On the contrary, due in part to the degree of leverage which the Funds may employ and the leverage embedded in the derivative instruments in which the Funds may invest, the Funds may from time to time incur sudden and dramatic losses. The particular or general types of market conditions in which the Funds may incur losses or experience unexpected performance volatility cannot be predicted, and the Funds may materially underperform other investment funds with substantially similar investment objectives and approaches.

### **Risks Associated with Cybersecurity**

The Firm's information and technology systems may be vulnerable to damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches, usage errors by its professionals, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquakes. Although the Firm has implemented various measures to manage risks relating to these types of events, if these systems are compromised, become inoperable for extended periods of time or cease to function properly, the Firm may have to make a significant investment to fix or replace them. The failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in the Firm's operations and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information relating to clients and investors (and the beneficial owners of investors). Such a failure could harm the Firm's reputation or subject it or its affiliates to legal claims and otherwise affect their business and financial performance. Additionally, any failure of the Firm's information, technology or security systems could have an adverse impact on its ability to manage the private investment funds referred to herein

### **Epidemic Risk**

An epidemic outbreak and reactions to such an outbreak could cause uncertainty in markets and businesses, including the Firm's business, and may adversely affect the performance of the global economy, including causing market volatility, market and business uncertainty and closures, supply chain and travel interruptions, the need for employees and vendors to work at external locations, and extensive medical absences. The Firm has policies and procedures to address known situations, but because a large epidemic may create significant market and business uncertainties and disruptions, not all events that could affect Kore's business and/or the markets can be determined and addressed in advance.

### **Force Majeure**

Portfolio investments may be affected by force majeure events (i.e., events beyond the control of the party claiming that the event has occurred, including, without limitation, acts of God, fire, flood, earthquakes, outbreaks of an infectious disease, pandemic or any other serious public health concern, war, terrorism, labor strikes, major plant breakdowns, pipeline or electricity line ruptures, failure of technology, defective design and construction, accidents, demographic changes, government macroeconomic policies, social instability, etc.). Some force majeure events may adversely affect the ability of a party to perform its obligations until it is able to

remedy the force majeure event. These risks could, among other effects, adversely impact the cash flows available from companies in which the Advisor may invest, cause personal injury or loss of life, damage property, or instigate disruptions of service. In addition, the cost to these investments of repairing or replacing damaged assets resulting from such force majeure event could be considerable. Force majeure events that are incapable of or are too costly to cure may have a permanent adverse effect on any investment held by client accounts. Certain force majeure events (such as war or an outbreak of an infectious disease) could have a broader negative impact on the world economy and international business activity generally, or in any of the countries in which the Advisor may invest.

## **Risks Related to Specific Types of Investments**

### ***Futures Trading; Speculative Position Limits***

Futures prices are highly volatile, and price movements are influenced by a multitude of factors such as supply and demand relationships, government trade, fiscal, monetary and exchange control policies, political and economic events and emotions in the marketplace. Futures trading can also be highly leveraged. Further, futures trading may be illiquid as a result of daily limits on movements of prices. Finally, the Firm's futures trading could be adversely affected by speculative position limits.

### ***Forward Contracts***

The Funds may trade deliverable forward contracts in the interbank currency market. Such deliverable forward contracts are not traded on exchanges; rather, banks and dealers act as principals in these markets. As a result of Dodd-Frank, the CFTC now regulates non-deliverable forwards (including deliverable forwards where the parties do not take delivery). Changes to the forward markets may entail increased costs and result in burdensome reporting requirements. In addition, there is no limitation on the daily price movements of forward contracts. Principals in the forward markets have no obligation to continue to make markets in the forward contracts traded. The imposition of credit controls by governmental authorities pursuant to Dodd-Frank might limit such forward trading to less than that which the Firm would otherwise recommend, to the possible detriment of the Funds.

### ***Swaps and Other Derivatives***

The Funds enter into swap and similar derivative transactions involving or relating to interest rates, credit risks, non-U.S. currencies, commodities, securities, investment fund interests, indices, prices or other items. A swap transaction is an individually negotiated, non-standardized agreement between two parties to exchange cash flows (and sometimes principal amounts) measured by different interest rates, commodity prices, exchange rates, indices or prices, with payments generally calculated by reference to a principal ("notional") amount or quantity. Swap contracts and similar derivative contracts are not currently traded on exchanges in any significant amount; rather, banks and dealers act as principals in these markets. As a result, the Funds are subject to the risk of the inability or refusal to perform with respect to such contracts on the part of the counterparties with which the Funds trades. Participants in the swap markets are not required to make continuous markets in the swap contracts they trade. Furthermore, regulations implemented pursuant to Dodd-Frank may result in increased costs and reporting requirements, position limits, and other regulatory burdens. This may adversely affect the Funds' ability to enter into swap contracts, or else render certain strategies in which the Funds might otherwise engage impossible or so costly that they will no longer be economical to implement.



### ***Asset-Backed Securities***

The Funds may invest in asset-backed securities (“ABS”). ABS are securities that entitle the holders to receive payments that depend primarily on the cash flow from a specified pool of financial assets, either fixed or revolving, that by their terms convert — if paid in accordance with their tenor — into cash within a finite time period, together with rights or other assets designed to assure the servicing or timely distribution of proceeds to holders of the ABS. Holders of ABS bear various risks, including credit risks, liquidity risks, interest-rate risks, market risks, operations risks, structural risks and legal risks. Credit risk is an important issue in ABS because of the significant credit risks inherent in the underlying collateral and because issuers are primarily private entities. The structure of an ABS and the terms of the investors’ interest in the collateral can vary widely depending on the type of collateral, the desires of investors and the use of credit enhancements. Although the basic elements of all ABS are similar, individual transactions can differ markedly in both structure and execution. Important determinants of the risk associated with issuing or holding the securities include the process by which principal and interest payments are allocated and distributed to investors, how credit losses affect the issuing vehicle and the return to investors in such ABS, whether collateral represents a fixed set of specific assets or accounts, whether the underlying collateral assets are revolving or closed-end, under what terms (including the maturity of the ABS itself) any remaining balance in the accounts may revert to the issuing entity and the extent to which the entity that is the actual source of the collateral assets is obligated to provide support to the issuing vehicle or to the investors in such ABS.

### ***Residential and Commercial Mortgage-Backed Securities***

Investing in commercial and residential mortgage-backed securities involves the risks typically associated with investing in traditional fixed-income securities (including interest rate and credit risk) as well as the risk of principal prepayment and exposure to real estate. The rate of prepayments on underlying mortgages affects the price and volatility of a mortgage-backed security, and may have the effect of shortening or extending the effective maturity of such security. Different types of mortgage-backed securities are subject to varying degrees of prepayment risk. Residential mortgage-backed securities generally provide for prepayment of principal at any time due to, among other reasons, prepayments on the underlying mortgage loans. As a result of prepayments, the Funds may be required to reinvest assets at an inopportune time resulting in a lower return. The risks of investing in such instruments reflect the risks of the underlying obligors, as well as the real estate that secures the instruments. If the Funds purchase mortgage-backed or asset-backed securities that are “subordinated” to other interests in the same mortgage pool, the Funds as a holder of those securities may only receive payments after the pool’s obligations to other investors have been satisfied. An unexpectedly high rate of defaults on the mortgages held by a mortgage pool may limit substantially the pool’s ability to make payments of principal or interest to the Funds as a holder of such subordinated securities, reducing the values of those securities or in some cases rendering them worthless; the risk of such defaults is generally higher in the case of mortgage pools that include so-called “sub-prime” mortgages. An unexpectedly high or low rate of prepayments on a pool’s underlying mortgages may have a similar effect on subordinated securities. A mortgage pool may issue securities subject to various levels of subordination; the risk of non-payment affects securities at each level, although the risk is greater in the case of more highly subordinated securities.

### ***Short Sales***

The Funds may engage in short selling. A short sale involves the sale of a security that the Funds do not own in the hope of purchasing the same security (or a security exchangeable therefor) at a later date at a lower price. To make delivery to the buyer, the Funds must borrow the security and is obligated to return the security to the lender, which is accomplished by a

later purchase of the security. The Funds realize a profit or a loss as a result of a short sale if the price of the security decreases or increases, respectively, between the date of the short sale and the date on which the Funds cover its short position (*i.e.*, purchases the security to replace the borrowed security). A short sale involves the theoretically unlimited risk of an increase in the market price of the security that would result in a theoretically unlimited loss. Also, there can be no assurance that the securities necessary to cover a short position will be available for purchase.

### ***Trading on Non-U.S. Markets***

A significant portion of the Funds' trading operations may involve trading on markets outside the United States. Trading on such markets is not regulated by any U.S. government agency. Some non-U.S. markets are, in contrast to U.S. exchanges, "principals' markets" in which performance is the responsibility only of the individual member with whom the trader has entered into a contract and not of any exchange or clearing corporation. In a number of foreign markets, a substantial volume of trades, which in the United States could only be executed on a regulated exchange, are executed wholly off exchanges in privately negotiated and substantially unregulated transactions. In some cases, the intermediaries through which the Funds may deal on foreign markets may in effect take the opposite side of trades made for the Funds, although acting as the Fund's agent—a practice which would be prohibited in the United States. The Funds may not have the same access to certain trades as do various other participants in foreign markets. Furthermore, since the Funds determine its Net Assets in United States dollars, the Funds are subject to the risk of fluctuations in the exchange rate between the local currency and dollars, as well as the possibility of exchange controls, in connection with its foreign trading.

### ***Emerging Market Investing***

The Funds may invest a portion of its assets in government and corporate debt securities and other instruments in emerging markets. The value of emerging market debt instruments may be drastically affected by political developments in the country of issuance. In addition, the existing governments in the relevant countries could take actions that could have a negative impact on the Funds, including nationalization, expropriation, imposition of confiscatory taxation or regulation or imposition of withholding taxes on interest payments. The economies of many of the emerging market countries are still in the early stages of modern development and are subject to abrupt and unexpected change. In many cases, governments retain a high degree of direct control over the economy and may take actions having sudden and widespread effects. Also, many emerging market country economies have a high dependence on a small group of markets or even a single market. Emerging market countries tend to have periods of high inflation and high interest rates as well as substantial volatility in interest rates. The value of emerging market debt can be expected to be extremely sensitive to changes in interest rates worldwide and, in particular, in the country of the relevant issuer. Emerging market debt issuers and their obligations are not generally rated by any credit rating agency, and a significant proportion of such issuers and obligations would likely fall in the lowest rating category if they were rated. In certain cases, the structures used to make trades in emerging market securities may be complex, entail significant counterparty exposure and/or involve legal uncertainty under local law.

### **Item 9: Disciplinary Information**

Kore has not been subject to any disciplinary action, whether criminal, civil or administrative (including regulatory) in any jurisdiction. Likewise, no persons involved in the management of the Firm have been subject to any such action.



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

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Kore is registered as a commodity pool operator with the CFTC and is a member of the NFA. J. Gary Kosinski, Andrei Itkis, Kore Management LLC and Koz LLLP are listed as a Principals and J. Gary Kosinski is registered as an Associated Person of the Firm with the NFA.

Kore Capital LLC, an affiliate of the Firm that is under common control with the Firm, acts as general partner of the Funds and has delegated its commodity pool operator responsibilities with respect to the Kore Onshore Fund to the Firm. As general partner of Kore Onshore Fund, Kore Capital LLC receives a performance allocation as described in Item 5 of this Brochure.

Kore and its employees do not have any relationships or arrangements with other financial services companies that pose material conflicts of interest.

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

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### ***Code of Ethics and Personal Trading***

Kore has adopted a Code of Ethics (“Code”) and Employee Investment Policy (“EIP”) which collectively require that all Kore personnel must put the interests of Clients before their own personal interests and must act honestly and fairly in all respects in dealing with Clients. Kore’s Code and EIP establish various procedures with respect to conflicts of interest, including investment transactions in accounts in which employees or related persons have a beneficial interest or accounts over which an employee has investment discretion. Among other requirements, employees (and members of their immediate households) must obtain written pre-approval from the CCO for certain personal trades and must report their personal securities transactions and holdings. Employees must also obtain pre-approval from the CCO before engaging in any outside business activities or private securities transactions. Employees are required to provide the CCO with duplicate copies of account statements for all covered investment accounts.

Kore’s Code and EIP are available to Clients and qualified prospective investors upon request by contacting Kore’s Chief Compliance Officer.

### ***Participation or Interest in Client Transactions***

Employees and affiliates of the Firm may hold, either directly or through the Funds’ general partner, financial interests in the Funds. Additionally, it is possible that Kore employees may personally invest in some of the same investments that are held in Client Accounts or may own investments that are subsequently purchased for Client Accounts. Such transactions are required to be pre-approved in order to evaluate any issues resulting from the employee’s proposed ownership. Kore may or may not receive any compensation from such investments from employees. Employees and/or affiliates of Kore may invest in the Funds. To the extent that they do so, they are deemed to have a direct interest in the success of the Funds’ investment strategy. Kore’s Code and EIP contain policies and procedures designed to minimize any actual or potential conflicts.

## **Item 12: Brokerage Practices**

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### ***Best Execution***

Kore has a fiduciary duty to use reasonable efforts to obtain best execution of securities transactions for its Client Accounts. This means that in selecting broker-dealers to execute

transactions, the Firm must attempt to ensure that the total cost or proceeds of any transaction is the most favorable under the circumstances. However, we do not need to necessarily solicit competitive bids on each transaction and may not have an obligation to seek the lowest possible cost. In selecting brokers for execution, Kore may take into account the full range and quality of a broker-dealer's services. The factors to be considered in selecting and approving broker-dealers include, but are not limited to, overall costs of a trade (*i.e.*, net price paid or received); quality of execution; reputation, financial strength and stability; block trading and block positioning capabilities; willingness and ability to commit capital; access to underwritten offerings and secondary markets; ongoing reliability; fairness in resolving disputes; and confidentiality of trading activity. In addition, a broker may, in certain cases, have greater expertise or greater capability in connection with both accessing the market and executing a transaction. Kore periodically reviews its relationships with broker-dealers and the effectiveness of our efforts to obtain best price and execution.

### ***Trade Aggregation***

Kore will generally execute Client transactions on an aggregated or batch basis when it believes that aggregation will enable it to negotiate more favourable commission rates or other transaction costs. Clients may pay higher commissions or mark-ups as a result if aggregation of trading is not utilized or available in such situations.

To obtain best execution, Kore usually makes a single purchase and then allocates the purchased securities among Client Accounts.

### ***Modification of Pro Rata Allocations***

Kore attempts to allocate trades on a *pro rata* basis, but considers the following factors prior to allocating a trade: 1) strategy mandate; 2) availability of capital; 3) Client specific needs; 4) need to bring Client Account to desired exposure level or portfolio rebalancing; 5) trade size; and 6) counterparty considerations. In analyzing these factors, there will be certain situations when trades may not be allocated on a *pro rata* basis.

### ***Trade Errors***

Kore may on occasion experience errors with respect to transactions. Trade errors are an intrinsic risk in any investment process and will occur from time to time. The Firm has trade policies and procedures designed to reduce the possibility of error. The Firm's general policy is to identify and correct any trade errors promptly and in the best interest of the affected client. It is the Firm's general policy that, absent a violation of the applicable standard of care, all benefits and burdens of a trade error will be borne by the Client.

### ***Soft Dollars***

Kore currently does not use "soft dollars". If the Firm does establish such arrangements in the future, we intend to remain within the safe harbor parameters of Section 28(e) of the Securities Exchange Act of 1934, as amended.

### ***Cross Trades***

Kore may direct, from time to time and subject to applicable client investment guidelines and restrictions, one client to sell securities to another client (or with other Funds) through an internal cross trade. Cross trades may be executed with the assistance of a broker. No fees will be charged by Kore to its clients in connection with the completion of a cross trade. In certain cases, cross trades may be viewed as principal trades due to certain

ownership interests. Cross trades give rise to conflicts of interest between clients. For example, one client could be advantaged to the detriment of another in the event that the securities being exchanged are not priced in a manner that reflects their fair value. In addition, an investment adviser could use its investment authority to transfer unappealing securities from one client to another. With respect to cross trades, Kore will comply with the requirements of Section 206(3) of the Advisers Act and their internal policies and procedures. Kore will, among other things: (1) confirm that such trade is allowed by the applicable investment guidelines; (2) ensure that Kore's valuation procedures were followed when pricing the transaction, including obtaining a third-party valuation when appropriate; and (3) confirm that notice of the specific trade was provided to the clients and written consent was obtained.

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**Item 13: Review of Accounts**

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The Firm actively manages Client Accounts. The Firm's Portfolio Managers review Client Account positions and transactions on a daily basis. In addition, the third party administrator ("Administrator") for Kore Fund, Kore Onshore Fund, and Kore Offshore Fund provides daily reviews and reconciliations of cash, positions, and activity to prime brokers to validate that all transactions were executed as initiated and accounted for in a proper manner. The Firm acts as the administrator for KPS2, KPS3 and KPS4. Kore Fund, Kore Onshore Fund and Kore Offshore Fund investors are provided with monthly unaudited capital account statements and investors in each of the Funds receive audited financial statements annually.

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

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Kore may enter into arrangements pursuant to which it compensates third parties for client referrals. In accordance, third party solicitors may receive a portion of the fees otherwise payable to Kore. For purposes of clarity, referral fees are paid out of the existing management and/or performance allocation fees and are not an additional cost or expense to clients.

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**Item 15: Custody**

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As a result of J. Gary Kosinski's control of the general partner of the Kore Onshore Fund and his influence over the management of Kore Fund, the Firm is deemed to have custody of the assets in the Funds under Rule 206(4)-2 of the Advisers Act ("Custody Rule"), although the Firm does not physically hold the securities and other assets. To comply with the Custody Rule, the securities and other assets of the Funds are held by qualified custodians and audited financial statements are distributed to each investor within 120 days of the respective Funds' fiscal year end. Investors should carefully review the audited financial statements of the respective Fund upon receipt.

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**Item 16: Investment Discretion**

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Kore generally has full discretionary authority to determine, without obtaining specific Client consent, securities to be bought or sold, the amount of securities to be bought or sold, broker-dealer to be used and the commission rates paid. This authority is granted to Kore through an investment advisory agreement signed by the Client and Kore. Any limitation on Kore's discretionary authority is included in such investment advisory agreement and the respective Fund's offering documents.

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**Item 17: Voting Client Securities**

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While Kore infrequently receive proxies to vote due to the nature of the investment instruments that are traded, the Firm has established proxy voting policies and procedures designed to

ensure that proxies are voted in the Client's best interest. The Firm will analyze proxies on a case-by-case basis. Kore will generally abstain from voting a proxy or a specific proxy item when it is deemed not in the Client's best interest to vote or there is a potential conflict of interest. Kore does not solicit or accept voting recommendations from its Clients. Clients and investors may request a copy of Kore's proxy voting policies, procedures, and prior voting history.

#### **Item 18: Financial Information**

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This section is not applicable to the Firm.