

Key Group Holdings (USA) Inc.

2828 N. Harwood St., Suite 1240
Dallas, TX 75201

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This Brochure provides information about the qualifications and business practices of Key Group Holdings (USA) Inc. If you have any questions about the contents of this Brochure, please contact Yvonne Daffy, Chief Compliance Officer ("CCO") of Key Group Holdings (USA) Inc. at +44 (0) +44 203 598 3368, or by email at y.daffy@kghl.net. 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. Additional information about Key Group Holdings (USA) Inc. is also available on the SEC's website at www.adviserinfo.sec.gov.

Registration of an investment adviser does not imply that Key Group Holdings (USA) Inc., or any of its principals or employees, possesses a particular level of skill or training in the investment advisory business or any other business.

Item 2: Material Changes

December 2021:

- Yvonne Daffy appointed as Chief Compliance Officer (“CCO”).
- Change of legal name and primary business name of the Adviser (from Key Group Holdings (Cayman) Ltd to KGH Ltd).

March 2022:

- Change of methodology for the calculation of Regulatory Assets Under Management (“RAUM”).

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Item 4: Advisory Business

Key Group Holdings (USA) Inc. ("**Key Group USA**", "**we**", "**us**", "**our**", or the "**Firm**") is an investment adviser organized on 20 January 2012. On October 22, 2015, Key Group Holdings (USA) LLC converted by operation of Delaware law and incorporated as Key Group Holdings (USA) Inc. Under a proposed Master Services Agreement (the "**Agreement**") between Key Group USA and KGH Ltd (the "**Investment Manager**" or "**KGH Ltd**"). In December 2021, the Investment Manager changed its name and address from Key Group Holdings (Cayman), Ltd. in the Cayman Islands to KGH Ltd domiciled in the Bahamas.

The Key Group USA provides discretionary or non-discretionary advisory services to KGH Ltd for its use in connection with its clients. KGH Ltd, as the Investment Manager, provides discretionary advisory services to several separately managed pooled investment vehicles (collectively referred to herein as "**Managed Funds**").

KGH Ltd acts as investment manager providing discretionary advisory services to the KGH Market Neutral Strategies Master Fund SP (the "**Fund**"), a segregated portfolio of Key Group Holdings Master Fund SPC, a Cayman Islands segregated portfolio company (the "**Managed Funds**"). The Managed Funds and the Fund are generally managed on a *pari passu* basis.

Key Group USA primarily focuses its advisory services in the energy and natural resources sectors, as well as sectors we believe to be tangentially related, employing a long/short equity strategy. Key Group USA seeks capital appreciation from its investment strategy while taking reasonable steps to protect capital relative to the sought-after rate of return.

Key Group USA provides discretionary and non-discretionary advisory services to KGH Ltd based on specific investment objectives and strategies, as more specifically described in Item 8. Key Group USA does not tailor advisory services to the individual needs of investors in the Managed Funds. With respect to its discretionary advisory services, if any, Key Group USA may have complete discretion, subject to certain limitations, to trade its strategy, including the buying and selling of securities, the selection of broker-dealers through which to execute trades, the negotiation of trading commissions/rates, and the voting of shares. As to its discretionary and non-discretionary advisory services, Key Group USA will tailor its services to the individual needs of KGH Ltd and its clients and Key Group USA expects in the future that it will negotiate with KGH Ltd and/or its clients, restrictions on investing in certain securities or types of securities.

Key Group USA is a wholly owned subsidiary of KGH Research (UK) Limited, which is itself a wholly owned subsidiary of KGH Ltd. Millinvest, Ltd. is the owner of KGH Ltd as of the date of submission of this form. Sunil Jagwani is the ultimate beneficial owner of Millinvest, Ltd.

As of 31 December 2021, Key Group USA had regulatory assets under management of approximately USD \$1,957,856,286 managed on a discretionary or non-discretionary basis with responsibility to make recommendations as to specific securities and arranging or effecting their purchase and sale pursuant to the Agreement.

Item 5: Fees and Compensation

Pursuant to the Agreement, Key Group USA generally will receive a monthly sub-advisory fee (the "**Sub-advisory Fee**") equal to a percentage of Key Group USA's costs incurred (expressed on cost-plus basis), which is billed to KGH Ltd and payable in arrears. Key Group USA may also receive an investment sub-advisory fee (the "**Investment Management Fee**") equal to a percentage of its client's advisory fee. Fees for any discretionary advice provided are currently expected to be fixed at cost-plus but may be negotiable in the future.

Key Group USA and its employees do not accept compensation, including sales charges or service fees, from any person for the sale of securities or other investment products.

Item 6: Performance-Based Fees and Side-By-Side Management

The Firm may be entitled in the future to receive a performance allocation as part of the Agreement that is calculated based upon a percentage of the net capital appreciation of its discretionary account, subject to a “loss carry-forward” provision. Any performance allocation will be in accordance with the available exemption set forth in Rule 205-3 of the Investment Advisers Act of 1940, as amended (the “**Advisers Act**”).

Net asset value for measuring assets for the calculation of the performance allocation includes net realized and unrealized capital gains and losses. Capital gains are calculated net of all expenses of an account except for the Investment Management Fee which is subtracted from the performance allocation.

Any performance allocation may create an incentive for Key Group USA to recommend investments which may be riskier or more speculative than those which would be recommended under a different fee arrangement. Key Group USA has procedures designed and implemented to prevent this conflict from influencing investment decisions.

Other than the Sub-Advisory Fee arrangement described in Item 5, no hourly, flat or asset-based fees are charged to the client accounts.

Item 7: Types of Clients

The Firm exclusively intends to provide sub-advisory services to KGH Ltd.

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

Methods of Analysis & Investment Strategy

Key Group USA acts as sub-adviser to KGH Ltd (collectively, “**Key Group**”). Key Group’s aim is to generate consistent positive returns, in varying market conditions, by investing, on both a long and short basis, in equity securities of companies that operate predominantly in the natural resources and energy industries, as well as certain sub-sectors we believe to be tangentially related. Key Group relies primarily on extensive fundamental analysis of a broad universe of issuers within the identified sectors and sub-sectors. The accounts managed by Key Group may also invest in certain commodity and commodity-related sub-sectors and certain industrial sub-sectors. Potential investments include global equity, fixed income, commodity and derivatives with the aim of capital appreciation in a disciplined manner. Key Group may use investments in commodities futures contracts or other commodity-related derivatives for both hedging and speculative investing purposes.

Risk of Loss Factors

Investing in securities involves risk of loss that the clients should be prepared to bear. A client should consider the following factors before investing. The following list of risk factors does not purport to be a complete enumeration or explanation of the risks involved in an investment. Clients are urged to consult their professional advisers and review the legal documents for an account before deciding to make an investment.

Sector Risks

The value of clients' portfolios will be vulnerable to factors affecting the natural resources and energy industries, such as increasing regulation and developments in the energy sector and energy conservation incentives which can increase compliance costs and affect business opportunities for companies in which clients may invest. Key Group's focus on investments in select industries means the value of a client's portfolio may rise and fall more than the value of a similar investment in a strategy that invests more broadly. Clients may also be affected by changing commodity prices, which can be highly volatile and are subject to risks of oversupply and reduced demand.

Use of Leverage

The use of leverage, the act of borrowing capital to make investments, exposes clients to additional levels of risks, including (i) greater losses from investments than otherwise would have been the case, (ii) margin calls that could force Key Group to liquidate investment positions and (iii) losses on investments where the investment fails to earn a return that equals or exceeds the cost of borrowing the capital in the first place. Also, a sharp decline in the value of investments held by clients may affect Key Group's ability to liquidate the investments quickly, resulting in increased losses.

Short Sales

Short selling, or the sale of securities not owned by clients, involves certain specific risks. Short selling exposes clients to the risk of loss in an amount greater than the initial investment, and such losses can increase rapidly and without limit. There is also the risk that the securities borrowed by clients would need to be returned to the lender on short notice. Such a request could require clients to purchase the securities in the open market at prices that are significantly higher than the proceeds from the initial sale of these securities.

Counterparty Risk

Key Group may engage in transactions in securities and financial instruments that involve counterparties. Under certain conditions, clients could suffer losses if a counterparty to a transaction were to default or if the market for certain securities and/or financial instruments were to become illiquid. In addition, clients could suffer losses if there were a default or bankruptcy by certain other third parties, including brokerage firms and banks with which clients do business, or to which securities have been entrusted for custodial purposes.

Dependence on Key Personnel

Key Group will have discretionary or non-discretionary sub-advisory responsibility for the investment management of client accounts and may have day-to-day responsibility for certain investment decisions. Key Group is dependent on the strategy and management expertise of Sunil Jagwani and if Key Group were to lose his services, clients could be adversely affected.

Trade Execution Risk

Many of the investment techniques used by Key Group require the rapid and efficient execution of transactions, or the ability to accumulate or liquidate large positions. Inefficient execution can impair realization of the market opportunities sought with such techniques.

Small to Medium Capitalization Companies

Key Group may invest client accounts in the stocks of companies with small to medium-sized market capitalizations. While Key Group believes these stocks may provide significant potential for appreciation, such stocks, particularly smaller-capitalization stocks, involve higher risks in some respects than do investments in stocks of larger companies. For example, prices of such stocks are often more volatile than prices of large-capitalization stocks. In addition, due to thin trading in some such stocks, an investment in these stocks may be less liquid than that of larger capitalization stocks.

Portfolio Turnover

Part of Key Group's investment strategy may involve the taking of frequent trading positions and, as a result, turnover and brokerage commission expenses may exceed those of other investment entities of comparable size. The frequent turnover of the portfolio may also lead to inefficient tax consequences for clients.

Global Events (War in Ukraine) and Public Health Emergencies

Investment markets can be affected by several external factors such as political and economic uncertainty, regional conflicts (such as the war in Ukraine), environmental concerns and widespread public health emergencies (such as the COVID-19 pandemic) resulting in market volatility and disruption.

Even if the spread of the COVID-19 virus itself is substantially contained, it will be difficult to assess what the longer-term impacts of an extended period of unprecedented economic dislocation and disruption will be on future macro- and micro-economic developments, the health of certain industries and businesses, and commercial and consumer behaviour.

Further, there has been increased market volatility in the wake of political instability in Eastern Europe following Russia's invasion of Ukraine. The war in Ukraine is changing the geopolitical and economic landscape, which could have profound consequences for global growth and markets. High uncertainty in the period ahead will inevitably increase market volatility. Global energy prices are set to rise, boosting inflation, and slowing growth in the rest of the world.

The war in Ukraine has introduced new uncertainty to the stock market, amid a war with no end in sight and mounting sanctions on the part of the U.S. and Europe. The conflict will have an impact on global markets.

Amongst others, emergencies, and events such as the ones summarised above, have the potential to materially, and adversely, impact economic production and activity in ways that are impossible to predict; all of which may result in significant losses to the Funds to which Key Group provides its investment management advisory services.

Item 9: Disciplinary Information

This Item is not applicable.

Item 10: Other Financial Industry Activities and Affiliations

Key Group USA is a wholly owned subsidiary of KGHL Research (UK) Limited, a UK-based private limited company which is itself a wholly-owned subsidiary of KGH Ltd, a corporation organized under the laws of the Bahamas. Key Group USA will provide discretionary and non-discretionary advisory services to KGH Ltd and its clients, and provides research and trading services exclusively to KGH Ltd.

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

Pursuant to Rule 204A-1 of the Advisers Act, Key Group has adopted a Code of Ethics and a Personal Trading Policy that establishes various procedures with respect to investment transactions in accounts in which Key Group (a term that encompasses all Key Group USA) employees or related persons have a beneficial interest or accounts over which an employee has investment discretion. Key Group and/or its officers or employees are generally not permitted to trade in the same securities that may be purchased or sold for clients. Sales of existing positions may be permitted as long as the employee has received prior approval from the Firm's Chief Compliance Officer (the "CCO").

Employees (and members of their immediate households) are permitted to invest in equities, debt, options or futures only after obtaining pre-approval from the CCO. The spirit of the Code of Ethics and the Personal Trading Policy (the "Code") is to prohibit personal trading that violates the law, interferes with employees' duties, or otherwise violates the Code and, generally, to discourage frequent trading in employee personal accounts. In addition, employees may not acquire securities for their own account in an initial public offering and must obtain pre-approval from the CCO before participating in any private placement.

All of Key Group's employees must direct their brokers to send duplicate brokerage statements to the CCO or make similar alternative arrangements. These records are used to monitor compliance with the foregoing policies.

The Code applies to any personal transactions in any financial instrument. Certain financial instruments, such as equity, debt, options, or futures contracts, require pre-approval from the CCO prior to effecting any transaction. Certain transactions involving government securities, open-end mutual funds, broad based exchange traded funds ("ETFs") or other instruments, while not requiring pre-approval, are covered by the Firm's holdings disclosure requirements under the Code.

Key Group absolutely prohibits the misuse or inappropriate communication of inside information in connection with our securities transactions. Key Group, as well as federal and state securities laws, also prohibits the practice of market manipulation, which comprises conduct intended to deceive or defraud investors by controlling or artificially affecting the price of securities.

Key Group has also adopted communications guidelines designed to assist personnel in understanding their duties and responsibilities regarding the receipt and the communication of financial and other sensitive information.

Any outside business activities employees wish to engage in must be disclosed to and approved by the CCO.

Key Group has adopted a policy regarding the giving and receiving of business gifts and entertainment.

Key Group has also adopted a policy governing political contributions, the holding of public office and impermissible payments. This policy is designed, among other things, to address the requirements of Rule 206(4)-5 under the Advisers Act.

Key Group's Code of Ethics and Personal Trading Policy are available upon request.

Item 12: Brokerage Practices

As an adviser and a fiduciary to client accounts, Key Group USA requires that clients' interests must always be placed first and foremost, and our trading practices and procedures prohibit unfair trading practices. Key Group seeks to disclose and avoid any actual or potential conflicts of interests or resolve such conflicts in our clients' favor. Key Group has adopted the following policies and practices to meet the Firm's fiduciary responsibilities and to ensure our trading practices are fair.

Aggregation

When appropriate, we may, but are not required to, aggregate client orders to achieve more efficient execution or to provide for equitable treatment among accounts. Client accounts participating in aggregated trades will be allocated securities based on the average price achieved for such trades.

Allocation

Our policy prohibits any allocation of trades in a manner that would cause any client account, including accounts where the Firm's directors and/or employees are beneficial owners of more than a 25% interest in the account, to receive more favorable treatment than other client accounts.

We generally allocate trades for client accounts on a *pari passu* basis based on the gross market value of the participating accounts subject however to the differing capital size, leverage, cash availability, risk parameters and other such factors affecting such accounts and/or arrangements. The intention of this allocation policy is that unlevered performance of each relevant account be substantially similar to that of other accounts and/or arrangements managed by Key Group in a similar strategy.

Key Group does not intend to execute principal trades or cross trades.

Best Execution

Key Group's goal of achieving best execution in our securities transactions, taking all relevant factors into consideration, is integral to our business. Traders are authorized to make investment decisions on behalf of client accounts (subject to applicable trading guidelines), and in doing so are responsible to meet "best execution" standards, that is, to ensure that transactions are executed in such a manner that the Firm's total trading-related costs (including costs of relevant research relating to trading) are minimized while trade prices are optimal. Brokerage allocations are to be made in consideration of such factors as price; transaction costs; speed and size of execution; a broker's ability to effect the transactions; its facilities, reliability and financial responsibility; its commitment of capital in appropriate circumstances; as well as other factors that are deemed appropriate to consider under the circumstances.

Principal Trading

Key Group's policy and practice is to not engage in any principal transactions.

Soft Dollars

Key Group may use soft dollars generated by client accounts to pay for certain research and/or related services provided by brokers described above. The term “soft dollars” refers to the receipt by an investment manager of products and services (including research) provided by brokers without any cash payment by the investment manager, based on the volume of revenues generated from brokerage commissions for transactions executed for clients of the investment manager. The products and services available from brokers include both internally generated items (such as research reports prepared by employees of the broker) as well as items acquired by the broker from third parties (such as quotation equipment). Using soft dollars to obtain investment research and/or related services creates a conflict of interest between us and our clients. Soft dollars may be used to acquire products and services that are not exclusively for the benefit of clients which paid the commissions and that may primarily or exclusively benefit us. If we are able to acquire these products and services without expending our own resources (including management fees paid by clients), our use of soft dollars would tend to increase our profitability. Furthermore, we may have an incentive to select or recommend brokers based on our interest in receiving research or other products or services, rather than on our clients’ interest in receiving most favorable execution. We may cause clients to pay commissions (or mark-ups or markdowns) higher than those charged by other brokers in return for soft dollar benefits.

Section 28(e) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), provides a safe harbor to advisers who use soft dollars generated by client accounts to obtain investment research and brokerage services that provide lawful and appropriate assistance to us in the performance of investment decision-making responsibilities. We intend that any soft dollars that we receive in connection with client-related matters would be within the limitations set forth in Section 28(e) of the Exchange Act.

KGH Ltd has a formal soft dollar arrangement in which certain client accounts may participate. In addition, during the last fiscal year, KGH Ltd obtained investment research from its broker-dealers. No soft dollars were received that were outside of Section 28(e).

Item 13: Review of Accounts

Review of Accounts

The discretionary accounts managed by Key Group USA, if any, are reviewed on a daily basis from an operational standpoint for proper positions and correct accounting of profit and loss and balances.

Reporting

Clients’ assets are held at a third-party qualified custodian. Client access to portfolio data and analytics, including real-time position level data, is determined on a client-by-client basis, based on the needs of the client. Key Group USA does not have custody of client accounts.

Item 14: Client Referrals and Other Compensation

Key Group USA does not currently employ any third-party marketers or solicitors for client referrals.

Key Group USA does not currently provide advice to parties other than KGH Ltd, though it may do so in the future. Key Group USA also does not provide other advisory services to the investors in any account advised by KGH Ltd.

Item 15: Custody

This item is not applicable.

Item 16: Investment Discretion

Key Group USA may possess discretionary portfolio management authority over all or a portion of the investments of certain client of KGH Ltd with respect to asset allocations and direct investments as a per the Agreement.

Key Group USA may have the authority to determine (i) the securities to be purchased and sold for client accounts (subject to restrictions on its activities set forth in the applicable investment management agreement and any written investment guidelines) and (ii) the amount of securities to be purchased or sold for client accounts.

Item 17: Voting Client Securities

Key Group USA does not vote proxies. All voting of proxies is the responsibility of KGH Ltd. Upon request, Key Group USA will provide a copy of the Key Group proxy voting policies and procedures and/or a record of all proxy votes cast.

Item 18: Financial Information

This Item is not applicable.