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**1. Cover Page**

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**Johkim Capital Partners Management LLC**

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

**Johkim Capital Partners Management LLC  
8235 Douglas Ave., Suite 1120  
Dallas, TX 75225**

**December 19, 2024**

**This brochure provides information about the qualifications and business practices of Johkim Capital Partners Management LLC (“Johkim”, the “Investment Manager”, or the “Firm”). If you have any questions about the contents of this brochure, please contact Johkim’s Chief Compliance Officer, Kim Karstetter Cole at (469) 281-9411 or [Kim Karstetter@johkim.com](mailto:Kim.Karstetter@johkim.com). 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.**

**Any reference to Johkim as a registered investment adviser does not imply a certain level of skill or training.**

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

## **2. Summary of Material Changes**

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In this Item, the Firm is required to discuss any material changes that have been made to the Brochure since the last annual amendment. The Firm filed an Other-Than-Annual Amendment on December 19, 2024. Please see below the list of changes made.

- Johkim updated its office address to reflect its new principal place of business.

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## 4. Advisory Business

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### *Principal Owners*

Johkim Capital Partners Management LLC, a Texas limited liability company, commenced operations as an investment manager in May 2017. Johkim's principal place of business is in Dallas, TX. Johkim is principally owned by Jatin Kakkar.

### *Types of Advisory Services*

Johkim provides investment advisory, management and other services to privately offered pooled investment vehicles which are intended for investment by certain qualified purchasers defined by Section 2(a)(51) of the Investment Company Act of 1940, as amended (the "**Company Act**") so as to comply with the exemptions under Section 3(c)(7) of the Company Act.

The private investment vehicles are organized as a Master/Feeder fund structure: Johkim Capital Partners Master LP, a Cayman Islands exempted limited partnership; Johkim Capital Partners Onshore LP, a Delaware limited partnership, and Johkim Capital Partners Offshore Ltd., a Cayman Islands exempted company (each a "**Fund**", and together the "**Master Fund**" or "**Funds**").<sup>1</sup> Both the Johkim Capital Partners Onshore LP Fund and the Johkim Capital Partners Offshore Ltd. Fund invest substantially all of their capital in the limited partnership interests of the Johkim Capital Partners Master LP Fund.

Johkim does not act as a general partner to any of the Funds. Instead Johkim advises the Funds at the direction of the Funds' general partners and affiliates of the Firm, Johkim Capital Partners GP LP, a Delaware limited partnership, which acts as general partner to the Johkim Capital Partners Onshore LP Fund, and Johkim Capital Partners GP LLC, a Delaware limited liability company, which acts as general partner to Johkim Capital Partners Master LP (each a "**General Partner**" and together the "**General Partners**"), and in accordance with the applicable investment manager agreements. Johkim Capital Partners Offshore Ltd. is managed by two Directors: Jatin Kakkar and Vanessa Gilman.

The Master Fund pursues a specialized corporate credit investment strategy.

Johkim has in the past and may in the future offer consulting and advisory services.

### *Client Investment Objectives and Restrictions*

As discussed in the relevant offering documents, Johkim's investment objective is to invest primarily in publicly traded U.S. dollar denominated high yielding corporate loans, bonds, convertibles, and other securities issued by companies with ratings below investment grade, and opportunistically in bonds, loans, and other securities issued by companies with investment grade ratings with the goal of

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<sup>1</sup> As an SEC-registered investment adviser, Johkim owes a fiduciary duty to all of its clients. In 2006, the decision by the Court of Appeals for the D.C. Circuit in *Goldstein v. SEC*, 451 F. 3d 873 (D.C. Cir. June 23, 2006), with respect to private funds, clarified that the "Client" of an investment adviser to a private fund is the fund itself and not an investor in the fund. For purposes of this Brochure, the term "Fund", "Funds", and "Master Fund", refer to the Clients of Johkim, the Investment Manager.

earning long-term compounded returns that are consistent with U.S. equity markets and annualized volatility that is lower than U.S. equity markets. To achieve specific Client objectives, Johkim relies on its deep analysis of and experience with mispricing's that exist within specific parts of the corporate credit cycle. Further details on investment strategies are stated in the governing documents for the Fund or a specific Client.

### ***Wrap Fee Programs***

Johkim does not participate in a wrap fee program.

### ***Assets under Management***

As of December 31, 2023, Johkim had approximately \$383,057,905 in regulatory assets under management, all of which are managed on a discretionary basis.

## 5. Fees and Compensation

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### *Fees*

As discussed in the relevant Fund offering documents, the Funds offer separate classes of limited partner interests which are not available to all investors. Each class of interest has different fees, performance allocations, add-on and withdrawal rights, and reporting and information rights. Some classes have been shut down permanently and a particular class may only be available during different phases of the credit cycle as determined by Johkim.

Generally, Johkim as the Investment Manager, is entitled to a management fee (the “**Management Fee**”) based on a percentage of assets under management. The Management Fee is calculated and paid each calendar quarter in advance. The Management Fee varies by class and assets under management.

The General Partner is entitled to a performance-based allocation (the “**Performance Allocation**”) if a “high-water mark” has been reached in the investors’ capital accounts, which is paid to an affiliate, Johkim Capital Special Partners LP, a Delaware limited partnership. If the applicable high-water mark is met, the Performance Allocation is generally calculated and paid at the end of each calendar year (or upon certain capital account events such as closure or redemption by an investor). The Performance Allocation varies by class and some classes have annual return hurdles that must be met prior to earning Performance Allocation.

Across the various classes of limited partners interest, Johkim charges Management Fees in the range of 1.0%-1.5%. Performance Allocation ranges from 15% to 17.5% and is subject to a “high- water mark.” For some classes of limited partner’s interest, the Performance Allocation is also subject to a 5% annual hurdle and Johkim can catch up at the rate of 50-100% after the annual hurdle has been met.

Across the various classes of limited partners interest, investors are subject to an initial lockup period of 24 months. Some classes of limited partners interest can redeem their interest after 12 months by paying an early redemption fee of 3-5%. Subject to certain withdrawal restrictions, a Limited Partner may withdraw 25% of its Capital Account balance on 90 calendar days’ prior written notice at the last day of each calendar quarter and/or such other days as the General Partner may determine in its sole discretion.

The General Partner may, in its discretion, waive or reduce the Management Fee, and Performance Allocation, lockup, early redemption fees, and notice period with respect to any or all investors.

The Master Fund or the General Partner has entered into and may in the future, in its sole discretion, enter into “side letter” agreements with certain limited partners pursuant to which the Master Fund gives certain limited partners rights not granted to other limited partners, including one or more of the following: (i) reduced Management Fees, (ii) reduced Performance Allocation, (iii) the right to withdraw all or a portion of their investment in the Master Fund on shorter notice with or without paying the early redemption fee and/or with more frequency than the terms described in the offering documents and (iv) different reporting and information rights.

In computing net asset values on which to charge fees/allocation, Johkim applies the guidelines in its written valuation policy. All assets managed by Johkim are valued according to the valuation methodologies contained in its valuation policy and in accordance with U.S. Generally Accepted

Accounting Principles (GAAP) – Accounting Standards Codification Topic 820, Fair Value Measurement (“ASC 820”).

### ***Other Fees and Expenses***

The fees and expenses described below are general in nature and not intended to be exhaustive. Investors should refer to the applicable offering documents for additional details.

Investors are subject to the following expenses associated with their investments in the Funds, in addition to the Management Fee and Performance Allocation described above:

***Initial organization and offering costs of the Funds.*** This includes legal, accounting, printing, marketing and comparable expenses. These costs and expenses are expected to be amortized over a period of 60 calendar months from the date the Funds commence operations because the General Partner believes such treatment is more equitable than expensing the entire amount of Organizational Expenses in the Funds’ first year of operation, as is required by GAAP. The General Partner may, however, limit the amount of organizational expenses that the Funds amortize so that the audit opinion issued with respect to the Funds’ financial statements will not be qualified.

***Trading expenses.*** Each Client bears its pro rata share of trading expenses including, but not limited to: commissions and other trading costs; interest on margin and other borrowings; borrowing charges on securities sold short; audit, accounting, legal and custodial fees.

***Ongoing operating expenses.*** The Funds bear their pro rata share of operating expenses, including but not limited to: investment research, data feeds, order management and portfolio management software and licenses, industry research, industry publications and expert networks; data terminals, including Bloomberg; legal fees (including fees paid to Johkim’s counsel for services for the Funds’ benefit); tax return preparation and other compliance reporting, and other professional fees and expenses; governmental fees and taxes (excluding withholding taxes attributable to particular investors); costs of reporting and making information available to investors; costs of Fund governance activities, including costs of any Fund independent advisors or an advisory committee, if created; costs of compliance with regulatory, tax, and other filing and reporting requirements applicable to the Fund (including costs of preparing and submitting Form D, and Schedules 13D or 13G); fees and expenses paid or reimbursed to the administrator; costs of the ongoing offer and sale of interests in the Funds; and all other reasonable expenses related to the Funds’ operations or asset purchases, sales, transmittals, or record keeping.

***Soft dollars.*** A portion of the commissions generated on advisory Clients’ brokerage transactions may generate “soft dollar” credits that Johkim is authorized to use to pay brokers and other providers for research and other research related services and products used by Johkim. See Item 12 for more information.

### ***Fees Paid in Advance***

The Management Fee is payable in advance, quarterly, as discussed above. When the circumstance arises, the Management Fee is prorated with respect to any partial periods.

Certain operating expenses borne by the Funds, including but not limited to, data terminals or investment research, are due in advance of the delivery of the vendor's services. In such cases, the Fund will amortize the cost of the expense over the life of the respective contract.

### ***Shared Expenses***

Certain operating expenses, in the sole discretion of the Firm, may be deemed beneficial to multiple Funds and other of the Firm's Clients ("Shared Expenses"). Shared Expenses generally include, but are not limited to, expenses such as data terminal costs and investment research beneficial to multiple Clients. The Firm will, in its sole discretion, determine a portion of Shared Expenses attributable to each Client. Each applicable Client then bears their portion of the Shared Expenses to the extent the respective Client agreement allows for reimbursement of such amounts. Johkim bears any remaining balance of Shared Expenses.

In the case of Shared Expenses that are paid in advance, Johkim will rebate an estimated amount of fees directly to the impacted Clients in advance or when appropriate in accordance with the offering and governing documents, any "side letter" arrangements, or other applicable agreements and the Expense Policy in place from time-to-time.

### ***Compensation for the Sale of Securities or other Investment Products***

Neither Johkim nor any of its supervised persons accept compensation for the sale of securities or other investment products.



## **6. Performance-Based Fees and Side-By-Side Management**

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As noted previously in Item 5, Johkim and its affiliates generally will be entitled to receive performance-based distributions from the Clients. Performance-based fees or compensation, in general, may create an incentive for Johkim or its supervised persons to make investments that are riskier and more speculative than would be the case in the absence of a performance-based fee. Such fee arrangements may also create an incentive to favor higher fee-paying clients over other clients in the allocation of investment opportunities. To the extent that any such conflict were to arise, in order to address such conflict(s), Johkim has implemented policies and procedures to verify that all advisory clients receive equitable and fair treatment consistent with Johkim's fiduciary duty.

## **7. Types of Clients**

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As mentioned in Item 4, Johkim provides advisory services on a discretionary basis to privately offered pooled investment vehicles. Johkim also has in the past and may in the future provide non-discretionary advisory or consulting services.

Investors in the Funds must be qualified purchasers within the meaning of the Investment Company Act of 1940, as amended. Generally, the minimum commitment by a limited partner to a Fund is \$1,000,000. However, Johkim reserves the right to accept commitments of lesser amounts and has in the past accepted initial commitments of lesser amounts.

## 8. Methods of Analysis, Investment Strategies and Risk of Loss

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The following discussion of Johkim's strategies and risks is a summary of the discussion in, and is qualified in its entirety by, each of the Fund's private placement memorandums and agreements in place for other Clients.

### *Methods of Analysis and Investment Strategies*

Johkim intends to achieve the Master Fund's investment objective by having a countercyclical long-biased strategy that is based on (i) a top-down analysis of the U.S. corporate credit market and (b) a bottom-up credit underwriting methodology that is disciplined and repeatable.

The Firm will primarily focus on U.S. dollar denominated long and short investments that are issued by U.S. based companies or foreign companies and include:

- Leveraged loans;
- High yield bonds;
- Investment grade bonds;
- Fallen Angel bonds;
- Convertibles and
- Common equity issued by companies with high yield debt.

Periodically the Master Fund may also invest in preferred shares, ETFs, Collateralized Loan Obligations, CDX and other financial instruments related to companies that have high yield debt outstanding. Further, the Master Fund may make long or short investments in treasury securities of various duration issued by the US Government for interest rate hedging purposes. The Master Fund may also invest up to 10% of its portfolio in securities outside of these categories.

### *Top-Down Analysis*

The Firm has analyzed the U.S. corporate credit cycle for high yield issuers in the U.S. and identified mispricing patterns through the corporate credit cycle. Johkim intends to capitalize on this mispricing to generate superior risk-adjusted returns. This analysis is based on the BofA Merrill Lynch U.S. High Yield Master II Index and its components, which track the performance of publicly issued U.S. dollar denominated below investment grade rated corporate debt in the U.S. market. To qualify for inclusion in the index, securities must have a below investment grade rating (based on an average of Moody's, S&P, and Fitch). Johkim will pivot between two distinct strategies that will drive the top-down portfolio makeup and will use the spread level of the BofA Merrill Lynch U.S. High Yield Master II Index as an indicative gauge to decide which strategy to employ.

**Preservation-Plus Phase Strategy:** This strategy will be employed when the spread level of the BofA Merrill Lynch U.S. High Yield Master II Index is on the tighter end of its historical range (i.e. close to 500 basis points or lower<sup>2</sup>). The strategy will remain in place until the spread

level has moved to the wider end of its historical range (i.e. close to 800 basis points or higher<sup>2</sup>). During this time period many investors may be aggressively chasing higher yields, investing in riskier companies and employing leverage. In this phase, Johkim will mainly focus on relatively safer names in the high yield universe while looking for and selectively adding a few high conviction higher yielding investments to the Master Fund's portfolio.

**Risk-On Phase Strategy:** This strategy will be employed when the spread level of the BofA Merrill Lynch U.S. High Yield Master II Index is on the wider end of its historical range (i.e. close to 800 basis points or higher<sup>2</sup>). The strategy will remain in place until the spread level has moved to the tighter end of its historical range (i.e. close to 500 basis points or lower<sup>2</sup>). During this time period many other investors may be shunning risk and the research conducted by Johkim indicates that high yielding loans, bonds and securities issued by riskier companies are attractively priced. The Firm will mainly focus on these companies perceived to be risky. The duration and spread of the portfolio is expected to be higher during the Risk-On Strategy Phase vs. the Preservation-Plus Strategy Phase.

In both these phases, Johkim will be monitoring for Investment Grade and current and potential Fallen Angel bonds and add them to the portfolio if appropriate. Fallen Angel bonds are bonds that were issued with an investment-grade rating but have since been moved to high-yield status due to the weakening financial condition of the issuer.

The duration and spread of the portfolio is expected to be higher during the Risk-On Strategy Phase vs. the Preservation-Plus Strategy Phase.

The Firm also plans to short debt securities, equities, ETFs, CDX and Treasuries deemed to be overpriced or for hedging purposes. The Master Fund's gross and net exposure will vary based on whether Johkim believes it is in the Preservation-Plus Phase or Risk-On Phase. The net exposure is expected to be higher in the Risk-On Phase vs. the Preservation-Plus Phase. Gross exposure will range between 1.0x-2.25x and net long exposure will range between 0.5x-1.5x.

#### *Bottom-Up Credit Underwriting*

While the top-down analysis will inform the composition of the portfolio, a bottom-up credit underwriting process will be utilized to identify specific loans, bonds and securities that have the potential to outperform the BofA Merrill Lynch U.S. High Yield Master II Index. Johkim plans to use a disciplined and repeatable bottom-up credit underwriting methodology for identifying loans, bonds and securities that are mispriced.

The bottom-up credit underwriting methodology will begin by employing standard screens for quickly shortlisting companies for further analysis. Screening will be based on industry sectors, attractive/unattractive business models and standard analytical criteria (e.g. spread, yield to maturity, duration). Once screening has helped identify high probability investments, the Firm will utilize its proprietary underwriting platform, to perform more rigorous diligence.

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<sup>2</sup> The spread levels discussed here are indicative-only and the Firm implements the mentioned strategies at its discretion based on its analysis of market conditions.

From a risk management perspective Johkim will measure the spread, duration and beta of the portfolio and benchmark it against the BofA Merrill Lynch U.S. High Yield Master II Index. No single issuer will be more than 10% (on cost basis) of the Master Fund's capital under management and no single industry sector will be more than 30% (on cost basis) of the Master Fund's capital under management. The Firm will primarily invest in loans, bonds and securities that have at least \$200 million outstanding at time of initial investment. The Firm will evaluate portfolio sensitivity to movement in commodity prices, foreign exchange rates, interest rates and macroeconomic conditions.

Bottom up credit underwriting will be conducted using public filings, credit agreements, indentures, industry reports, ratings reports and news publications. In addition, the Firm will hold meetings with company management, industry experts, buy side analysts and sell side analysts. As needed, Johkim may also retain legal, accounting, tax, operations, sales, marketing and industry experts for diligence.

The methods of analysis and investment strategy for advisory or consulting agreements are dependent on the specific analysis and strategy desired by the Client and disclosed in the relevant agreements, including, but not limited to, top-down analysis of mispricing patterns through the corporate credit cycle and bottom-up credit underwriting.

### ***Certain Material Risks***

As with any investment, loss of principal is a risk of investing. Risk is the chance that an investment's or investment strategy's actual return will be different than expected. Risk includes the possibility of losing some or all of the original investment. There can be no assurance that the Master Funds' investments objectives will be achieved, and investment results may vary materially from one reporting period to the next. Consequently, an investment in the Master Fund is suitable only for sophisticated investors who are capable of making an informed and independent decision as to the risks involved in an investment in the Master Fund. A prospective investor should carefully review the Funds' offering documents and the agreements referred to therein prior to deciding to invest in the Funds.

Additionally, certain other risks may arise that are out of Johkim's control such as natural disasters, health pandemics, and other geopolitical factors such as war, terrorism, and emergency regulatory measures could negatively impact the Funds' investments.

*The various risks outlined below are not the only risks associated with an investment in the Johkim Master Fund. The following risks are qualified in their entirety by the risks set forth in the private placement memorandums of the Funds. Please refer to the applicable offering documents for a more detailed description of the risks associated with each respective Fund.*

**Limited Operating History.** The Fund is a recently formed entity which does not have a substantial operating history for prospective investors to evaluate prior to making an investment in the Fund.

**Reliance on Investment Manager's Principals and Key Personnel.** The Master Fund will be substantially dependent on the services of Jatin Kakkar, Amar Vallurupalli and other key principal personnel of the Investment Manager. In the event of the death, disability, departure or insolvency of Mr. Kakkar, Mr. Vallurupalli or other key, principal personnel of the Investment Manager, or the complete transfer of their respective interests in the Investment Manager (if any), the business of the Master Fund may be adversely affected. The Investment Manager and its key personnel will devote such time and effort as they deem necessary for the management and administration of the Master Fund's business. However,

the Investment Manager and its key personnel may engage in various other business activities in addition to managing the Master Fund, and consequently may not devote all time to the Master Fund business.

Due to the boutique size of the Investment Manager, the departure of key personnel may have a temporary, but potentially adverse, effect on the Investment Manager's operations. To mitigate this risk, the Investment Manager seeks to incentivize the long-term retention and performance of its staff, promote a high-quality firm culture, and provide appropriate staffing levels to maintain the successful operations of the Investment Manager. Additionally, the Investment Manager has a Key Person Insurance policy in place on Jatin Kakkar, so the Investment Manager would have adequate capital to support the orderly unwinding of the Fund in the event of his untimely death.

***Investment Judgment; Market Risk.*** The profitability of a significant portion of the Master Fund's investment program depends to a great extent upon correctly assessing the future course of the price movements of securities and other investments. There can be no assurance that Johkim will be able to predict accurately these price movements. The prices of the securities and other investment instruments in which the Master Fund invests are highly volatile and market movements are difficult to predict. Investment analyses and decisions may frequently be required to be undertaken on an expedited basis to take advantage of investment opportunities. In such cases, the information available at the time of making an investment decision may be limited, incomplete or erroneous, and therefore no assurance can be given that all circumstances that may adversely affect an investment will be known. Depending upon the investment strategies employed and market conditions, the Master Fund may be adversely affected by unforeseen events involving such matters as political crises, military actions (such as Russia's invasion of Ukraine in 2022), terrorist attacks, natural disasters, public health issues (including viral outbreaks such as the COVID-19 coronavirus), changes in currency exchange rates or interest rates, inflation, conservation measures and increased attention to environmental, social and governance ("**ESG**") investing, forced redemptions of securities or acquisition proposals, regulatory intervention or general market conditions creating illiquidity or pricing anomalies or value impairment. With respect to the investment strategy utilized by the Master Fund, there is always some, and occasionally a significant, degree of market risk.

***Ukraine.*** In late February 2022, the Russian military invaded Ukraine, which amplified existing geopolitical tensions among Russia, Ukraine, Europe and many other countries, including the U.S. and other members of the North Atlantic Treaty Organization ("**NATO**"). In response, various countries, including the U.S., the United Kingdom, and members of the European Union, issued broad-ranging economic sanctions against Russia, Russian companies and financial institutions, Russian individuals and others. Additional sanctions may be imposed in the future. Such sanctions (and any future sanctions) and other actions against Russia in light of Russia's invasion of Ukraine will adversely impact the economies of Russia and Ukraine. Certain sectors of each country's economy may be particularly affected, including but not limited to, financials, energy, metals and mining, engineering and defense and defense-related materials sectors. The ramifications of the hostilities and sanctions also may negatively impact other regional and global economic markets (including those in Europe and the U.S.), companies in other countries (particularly those that have done business with Russia) and various sectors, industries and markets for securities and commodities globally, such as oil and natural gas and precious metals. Accordingly, the actions discussed above and the potential for a wider conflict could increase financial market volatility and have severe negative consequences for regional and global markets, industries and companies in which the Fund invests. Moreover, the extent and

duration of the Ukrainian invasion or future escalation of such hostilities, the extent and impact of existing and future sanctions, market disruptions and volatility, and the result of any diplomatic negotiations cannot be predicted. These and any related events could have a significant impact on the performance of the Fund.

***Risks Related to a Public Health Crisis.*** As mentioned above, a public health crisis, such as the outbreak of the COVID-19 global pandemic and related recession, could have unpredictable and adverse impacts on global, national and local economies, which could in turn negatively impact the Fund and its investment performance. Disruptions to commercial activity (such as the imposition of quarantines or travel restrictions) or, more generally, a failure to contain or effectively manage a public health crisis, could adversely impact Fund investments. In addition, such disruptions could negatively impact the ability of the Investment Manager to effectively make, monitor and dispose of Fund investments. Finally, the outbreak of COVID-19 has contributed to, and could continue to contribute to, extreme volatility in financial markets, which could adversely affect the Investment Manager's ability to identify Fund investments and have a material and adverse impact on the Fund's performance. The impact of a public health crisis such as COVID-19 (or any future pandemic, epidemic or outbreak of a contagious disease) is difficult to predict and presents material uncertainty and risk with respect to the Fund's performance.

***Supply Chain Disruptions.*** The Fund may invest in the securities of companies that rely on their suppliers and their supply chains to meet their quality and production standards and specifications in a timely and safe manner. There are many factors that could cause shortages or interruptions in the supply chain of these operating companies, including adverse weather, environmental factors, natural disasters, unanticipated demand, labor or distribution problems, public health crises, such as pandemics and epidemics, changes in law or policy, and the financial health of suppliers and their supply chains. Failure to take adequate steps to mitigate the likelihood or potential effect of such events, or to effectively manage such events if they occur, could materially adversely affect the performance of these companies, particularly in circumstances where a company relies on a product sourced from a single supplier or location, which in turn could materially adversely affect the Fund's investment in such company.

In addition, unexpected delays in deliveries from suppliers that ship directly to these underlying companies or increases in transportation costs, including through increased fuel costs, could materially adversely affect the financial condition and operating results of these companies (and, by extension, the performance of the Fund). Labor shortages or work stoppages in the transportation industry, long-term disruptions to the national transportation infrastructure, reduction in capacity and industry-specific regulations such as hours-of-service rules that lead to delays or interruptions of deliveries, whether as a result of the COVID-19 pandemic or otherwise, could also materially adversely affect the financial condition and operating results of these companies.

***Inflation; Rising Interest Rates.*** Economies tend to have periods of high inflation and high interest rates, as well as substantial volatility in interest rates. The financial condition and operating results of many of the companies in which the Fund will invest will be adversely affected by recent increases in inflation and interest rates. Rising inflation and elevated U.S. budget deficits and overall debt levels, including as a result of federal pandemic relief and stimulus legislation and/or economic or market and

supply chain conditions, has put upward pressure on interest rates and could be among the factors that could lead to higher interest rates in the future. In 2022, the U.S. Federal Reserve raised interest rates for the first time in several years and indicated that it expected to continue raising interest rates in an effort to control inflation. Higher interest rates could adversely affect the overall business, income and ability of these portfolio companies (and, by extension, the Fund) to make distributions, including by reducing the fair value of many of the goods and services provided and consumed by these portfolio companies and adversely affecting their ability to obtain financing on favorable terms or at all.

Increased inflation could also have an adverse impact on the Fund's general and administrative expenses, as these costs could increase at a rate higher than the Fund's returns. Additionally, if the Fund incurs variable rate debt, increases in interest rates would, to the extent not effectively hedged by the Fund, increase the Fund's interest costs, which could negatively impact the Fund's returns. In addition, if the Fund needs to repay existing debt during periods of rising interest rates, it could be required to liquidate one or more of the Fund's investments at times that may not permit realization of the maximum return on such investments.

**Senior Loan Risk.** Senior loans, both secured and unsecured, may not be rated by a national rating agency, are generally not registered with the SEC and generally are not listed on a securities exchange. Consequently, the amount of public information available about senior loans generally is less extensive than that available for more widely rated, registered and exchange-listed securities. In addition, some adjustable rate loans may be unsecured or insufficiently collateralized, which increases the risk of losses to the Master Fund if the loan's issuer defaults.

**Credit Risk.** Debt or preferred securities held by the Master Fund may fail to make dividend or interest payments when due. Investments in securities below investment grade credit quality are predominantly speculative and subject to greater volatility and risk of default. Unrated securities are evaluated by the Investment Manager using industry data and its own analysis processes that may be similar to that of a nationally recognized rating agency; however, such internal ratings are not equivalent to a national agency credit rating. Counterparty credit risk may arise if counterparties fail to meet their obligations, should the Master Fund hold any derivative instruments for either investment exposure or hedging purposes.

**Interest Rate Risk.** Fixed-income securities such as bonds, preferred, convertible and other debt securities will decline in value if market interest rates rise.

**Loan Settlement Risk.** Lack of established settlement standards or remedies for failure to settle may cause the Fund to lack timely access to proceeds from selling loans, or to investment exposure from buying loans. In addition, the Master Fund may be subject to material counterparty risk generally equal to any unrealized gains for trades that have not settled over a significant period of time.

**Extension Risk.** During periods of rising interest rates, certain debt obligations may be paid off substantially more slowly than originally anticipated and the value of those securities may fall sharply, resulting in a decline in the Master Fund's income and potentially in the value of the Master Fund's investments.

**High Yield Securities Risk.** The Master Fund invests in securities that are rated below investment-grade (commonly referred to as "junk bonds," including those bonds rated lower than "BBB-" by



Standard & Poor's Ratings Services and Fitch or "Baa3" by Moody's), or are unrated, may be deemed speculative and involve greater levels of risk than higher-rated securities of similar maturity and are more likely to default. High yield securities may be issued by less creditworthy issuers. Issuers of high yield securities may have a larger amount of outstanding debt relative to their assets than issuers of investment-grade bonds. In the event of an issuer's bankruptcy, claims of other creditors may have priority over the claims of high yield securities holders, leaving few or no assets available to repay high yield securities holders. High yield securities frequently have redemption features that permit an issuer to repurchase the security from the Master Fund before it matures. If the issuer redeems high yield securities held by the Master Fund, the Master Fund may have to invest the proceeds in bonds with lower yields and may lose income. The Master Fund may incur expenses to the extent necessary to seek recovery upon default or to negotiate new terms with a defaulting issuer.

**Call Risk.** During periods of falling interest rates, an issuer of a callable bond held by the Master Fund may "call" or repay the security before its stated maturity, which may result in the Master Fund having to reinvest the proceeds in securities with lower yields, which would result in a decline in the Master Fund's income, or in securities with greater risks or with other less favorable features.

**Custody Risk.** Custody risk refers to the risks inherent in the process of clearing and settling trades, as well as the holding of securities by local banks, agents and depositories. Low trading volumes and volatile prices in less developed markets may make trades harder to complete and settle, and governments or trade groups may compel local agents to hold securities in designated depositories that may not be subject to independent evaluation. Local agents are held only to the standards of care of their local markets. In general, the less developed a country's securities markets are, the greater the likelihood of custody problems.

**Illiquidity.** From time to time, the investments made by the Master Fund may become very illiquid, and consequently the Master Fund may not be able to sell such investments at prices that reflect the General Partner's assessment of their value or the amount paid for such investments by the Master Fund. Illiquidity may result from the absence of an established market for the investments as well as legal, contractual or other restrictions on their resale by the Master Fund and other factors. Furthermore, the nature of the Master Fund's investments may require a long holding period prior to profitability. The Partnership Agreement authorizes the General Partner to make distributions in kind of securities in lieu of or in addition to cash. In the event the General Partner makes distributions of securities in kind, such securities could be illiquid or subject to legal, contractual and other restrictions on transfer.

**Short Sales.** The Master Fund may enter into transactions, known as "short sales," in which it sells a security it does not own in anticipation of a decline in the market value of the security. Short sales by the Master Fund that are not made "against the box" theoretically involve unlimited loss potential since the market price of securities sold short may continuously increase. The Master Fund may mitigate such losses by replacing the securities sold short before the market price has increased significantly. Under adverse market conditions, the Master Fund might have difficulty purchasing securities to meet its short sale delivery obligations and might have to sell portfolio securities to raise the capital necessary to meet its short sale obligations at a time when fundamental investment considerations would not favor such sales. Should the cost to borrow a security increase significantly, the Master Fund may be subject to additional borrow costs. If the Master Fund is unable to continuously secure sufficient securities to borrow, the Master Fund may be required to meet its short sale obligations at inopportune timing or price levels.

**Derivatives.** Derivative instruments, or “derivatives,” include futures, options, swaps, structured securities and other instruments and contracts that are derived from, or the value of which is related to, one or more underlying securities, financial benchmarks, currencies or indices. Derivatives allow an investor to hedge or speculate upon the price movements of a particular security, financial benchmark currency or index at a fraction of the cost of investing in the underlying asset. The value of a derivative depends largely upon price movements in the underlying asset. Therefore, many of the risks applicable to trading the underlying asset are also applicable to derivatives of such asset. However, there are a number of other risks associated with derivatives trading. For example, because many derivatives are “leveraged,” and thus provide significantly more market exposure than the money paid or deposited when the transaction is entered into, a relatively small adverse market movement can not only result in the loss of the entire investment but may also expose the Master Fund to the possibility of a loss exceeding the original amount invested. Derivatives may also expose investors to liquidity risk, as there may not be a liquid market within which to close or dispose of outstanding derivatives contracts, and to counterparty risk. The counterparty risk lies with each party with whom the Master Fund contracts for the purpose of making derivative investments. (the “**Counterparty**”). In the event of the Counterparty’s default, the Master Fund will only rank as an unsecured creditor and risks the loss of all or a portion of the amounts it is contractually entitled to receive.

**Non-U.S. Securities.** Investments in foreign securities involve certain factors not typically associated with investing in U.S. securities, such as risks relating to (i) currency exchange matters, including fluctuations in the rate of exchange between the U.S. dollar (the currency in which the books of the Master Fund are maintained) and the various foreign currencies in which the Master Fund’s portfolio securities will be denominated and costs associated with conversion of investment principal and income from one currency into another; (ii) differences between the U.S. and foreign securities markets, including the absence of uniform accounting, auditing and financial reporting standards and practices and disclosure requirements, and less government supervision and regulation; (iii) political, social or economic instability; (iv) imposition of foreign income, withholding or other taxes; and (v) the extension of credit, especially in the case of sovereign debt.

**Emerging Market Securities.** The Master Fund may invest in securities of companies located or doing business in emerging market countries. The value of such securities may be drastically affected by political developments in the country of the company’s location. In addition, the existing governments in the relevant countries could take actions that could have a negative impact on the Master Fund, including nationalization, expropriation, imposition of confiscatory taxation or regulation or imposition of withholding taxes on distributions.

**Emerging Market Inflation.** 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 securities can be expected to be extremely sensitive to changes in interest rates worldwide and, in particular, in the country of the relevant security

**Economic and Political Risks.** A portion of the Master Fund’s assets may be invested in countries where the market economy is relatively less stable. Although the recent general trend in such countries has been towards more open markets and the promotion of private business initiatives, no assurance can be given that the governments of these countries will continue to pursue such policies or that such policies may not be altered significantly. Political instability, economic distress, the difficulties of adjustment to a market economy, social instability, organized crime or other factors beyond the

Investment Manager's control could have a material adverse effect on the performance of the Master Fund.

***International Trade.*** Many world economies are heavily dependent upon international trade and, accordingly, have been and may continue to be adversely affected by trade barriers, exchange controls, managed adjustments in relative currency values and other protectionist measures imposed or negotiated by the countries with which they trade. These economies also have been and may continue to be adversely affected by economic conditions in the countries with which they trade.

***Investment Controls.*** Restrictions or controls may at times limit or preclude foreign investment in certain emerging markets and increase the costs and expenses of the Master Fund. Certain emerging markets require governmental approval prior to investments by foreign persons, limit the amount of investment by foreign persons in a particular issuer, limit the investment by foreign persons only to a specific class of securities of an issuer that may have less advantageous rights than the classes available for purchase by domiciliaries of the countries and/or impose additional taxes on foreign investors. Certain emerging markets may also restrict investment opportunities in issuers in industries deemed important to national interests.

Investments in emerging markets may require governmental approval for the repatriation of investment income, capital or the proceeds of sales of securities by foreign investors. In addition, if a deterioration occurs in an emerging market's balance of payments, the country could impose temporary restrictions on foreign capital remittances. The Master Fund could be adversely affected by delays in, or a refusal to grant, any required governmental approval for repatriation of capital, as well as by the application to the Master Fund of any restrictions on investments. Investing in emerging markets may require the Master Fund to adopt special procedures, seek local government approvals or take other actions, each of which may involve additional costs to the Master Fund.

***Leverage.*** Subject to applicable margin and other limitations, the Master Fund may borrow funds in order to make additional investments and thereby increase both the possibility of gain and risk of loss. Consequently, the effect of fluctuations in the market value of the Master Fund's portfolio would be amplified. Interest on borrowings will be a portfolio expense of the Master Fund and will affect the operating results of the Master Fund. Also, the Master Fund could potentially create leverage via the use of instruments such as options and other derivative instruments. No restrictions have been imposed on the collateral and asset reuse or rehypothecation arrangements that the Fund may agree with its brokers and custodians.

***Options.*** Investing in options can provide a greater potential for profit or loss than an equivalent investment in the underlying asset. The value of an option may decline because of a change in the value of the underlying asset, the passage of time, changes in the market's perception as to the future price behavior of the underlying asset or any combination thereof. In the case of the purchase of an option, the risk of loss of an investor's entire investment (*i.e.*, the premium paid plus transaction charges) reflects the nature of an option as a wasting asset that may become worthless when the option expires. Where an option is written or granted (*i.e.*, sold) uncovered, the seller may be liable to pay substantial additional margin, and the risk of loss is unlimited, as the seller will be obligated to deliver, or take delivery of, an asset at a predetermined price which may, upon exercise of the option, be significantly different from the market value.

***Futures and other Commodity Interests.*** While the Fund does not intend to invest in physical commodities, the Fund’s investment program contemplates that it may make investments in certain other assets that are regulated as futures and other commodity interests. Such trading activity is regulated by the Commodity Futures Trading Commission (the “**CFTC**”). Pursuant to an exemption from registration under CFTC regulations, the Investment Manager is not required to register, and is not registered, with the CFTC as a commodity pool operator (a “**CPO**”) or as a commodity trading advisor (“**CTA**”), or become a member of the National Futures Association (“**NFA**”). To comply with the exemption, the Investment Manager is subject to specific limitations on the amount of futures and other commodity interests that it can trade on behalf of the Master Fund. Should the Master Fund’s investments in futures or other commodity interests exceed the limits provided by the applicable exemption from registration, the Investment Manager will either have to register with the CFTC and become a NFA member or cease providing commodity interest trading advice to the Master Fund and liquidate the Master Fund’s holdings of futures or other commodity interests which could result in losses and additional costs to the Master Fund.

***ESG and Sustainable Investing.*** ESG analysis is integrated into our investment process. The Investment Manager considers both financial and non-financial factors in the analysis of any given issuer. In conducting research, the Investment Manager combines both traditional investment information with ESG analysis, and that is considered for both investing and proxy voting purposes. Investments in companies that have favorable ESG factors may underperform investments that do not utilize or do not have favorable ESG factors. The Investment Manager maintains an ESG policy (and review committee), however the ESG policy does not prevent the Investment Manager from making any particular investment, but rather focuses on underwriting ESG risks more explicitly and make sure that the fund is compensated appropriately for ESG risks.

***Turnover.*** The Master Fund may invest on the basis of short-term market considerations. The portfolio turnover rate of the Master Fund may be significant, potentially involving substantial brokerage commissions and fees.

***Investment Authority.*** Substantially all decisions with respect to the management of the Master Fund are made by the General Partner and the Investment Manager. Limited Partners have no right or power to take part in the management of the Master Fund. In the event of the withdrawal or bankruptcy of the General Partner, generally the Master Fund will be liquidated.

***Master-Feeder Structure.*** The Master Fund generally invests through a “master-feeder” structure. Although a common investment fund structure, the “master-feeder” fund structure presents certain unique risks to investors. For example, a smaller feeder fund investing in the Master Fund may be materially affected by the actions of a larger feeder fund investing in the Master Fund. If a feeder fund withdraws from the Master Fund, the remaining feeder fund may experience higher pro rata operating expenses, thereby producing lower returns. The Master Fund may become less diverse due to a redemption by a larger feeder fund, resulting in increased portfolio risk. As a matter of Cayman Islands law, the Master Fund is not a separate legal entity. Legal proceedings by or against the Master Fund may be instituted by or against any one or more of the general partners only. Expenses or liabilities of the Master Fund (or its general partners) arising from any such suit would be borne by the Master Fund, and creditors of the Master Fund may enforce claims against all assets of the Master Fund. In addition, to the extent the Fund’s assets are invested in the Master Fund, certain conflicts of interest may exist due to different tax considerations applicable to the Fund and other feeder funds.

**Performance Allocation.** The Performance Allocation made to the Special Limited Partner may create an incentive for the Investment Manager, an affiliate of the General Partner and Special Limited Partner, to make investments that are riskier or more speculative than would be the case in the absence of such Performance Allocation.

**Separate Classes of Interest.** There are separate classes of interests in the Fund which provides certain Limited Partners with a reduced Performance Allocation, which will decrease the revenue paid to the Special Limited Partner. This may reduce the incentive for the Investment Manager to make more risky or speculative investments.

**Withdrawal Restrictions.** There are severe restrictions on withdrawals from the Fund (which may be settled in securities rather than cash) and on transfers of interests. The prior written consent of the General Partner is required for a transfer of the interest of any Limited Partner. Because of the restrictions on withdrawals and transfers, an investment in the Master Fund is a relatively illiquid investment and involves a high degree of risk. A subscription for interests should be considered only by persons financially able to maintain their investment and who can accept a loss of all of their investment.

**No Distributions.** Since the Master Fund does not generally intend to pay distributions, an investment in the Master Fund is not suitable for investors seeking current distributions of income. Moreover, an investor is required to report and pay taxes on its allocable share of income from the Master Fund, even though no cash is distributed by the Master Fund.

**In-Kind Distributions.** A withdrawal distribution may be made in cash or in-kind, or any combination thereof. The General Partner will determine the percentage of any distribution to be made in cash and the percentage to be made in-kind, as well as the particular securities to be distributed. Distributions that are made in-kind will, to the extent practicable, not be disproportionately allocated to any Limited Partner or Limited Partners. However, a prior or contemporaneous in-kind distribution to some Limited Partners will not affect the Master Fund's right to distribute cash to Limited Partners.

In the event that a distribution in-kind does not represent a pro rata portion of the portfolio, a Limited Partner receiving assets through such distribution may experience lower returns than it would have if it received a pro rata portion of the portfolio (or was distributed different assets in any non pro rata distribution). Conversely, the Master Fund's performance after making such a distribution may be lower than it would have if such assets remained in the portfolio entirely or were distributed pro rata in accordance with the portfolio, thereby adversely affecting the remaining Limited Partners.

**Possible Effect of Withdrawals.** Limited Partners may withdraw capital from their respective Capital Accounts in accordance with the terms of the Partnership Agreement. A significant withdrawal of capital from the Fund could require the Fund to liquidate investments more rapidly than otherwise desirable to raise the necessary cash to fund the withdrawals and to achieve an investment allocation appropriately reflecting a smaller portfolio. This may cause a temporary imbalance in the Fund's portfolio, which may adversely affect the remaining Limited Partners.

**Compulsory Withdrawals.** The General Partner may require any Limited Partner to withdraw from the Fund, in whole or in part, at any time and for any reason or no reason, upon written notice to such Limited Partner, with any withdrawal proceeds paid in the same manner as for withdrawals initiated by a Limited Partner.

**Currency Risk.** The Master Fund may invest its capital in securities that are custodied in different countries, the prices of which are determined with reference to currencies other than the U.S. dollar. The Master Fund values its securities in U.S. dollars and therefore may be affected by fluctuations in currency values.

**Cash Distributions Upon Withdrawals and Leverage.** The Master Fund's ability to make cash distributions to a withdrawing Limited Partner or to the Partners, if applicable, may be limited by, among other things, the terms of the investment leverage entered into by the Fund for the purpose of making portfolio investments on a leveraged basis.

**Concentration of Holdings.** Although the Investment Manager has adopted informal guidelines on diversification, those guidelines are subject to change by the Investment Manager, and there are no limits on the Investment Manager's investment discretion that require diversification by issuer, industry or market or that impose position size limitations. At any given time, it is therefore possible that the Investment Manager may select positions that are concentrated in a particular market or industry, or in a limited number or type of securities. Limited diversity could expose the Master Fund to losses disproportionate to general market movements if there are disproportionately greater adverse price movements in those positions.

**Diversification.** Since the Master Fund's portfolio will not necessarily be widely diversified, the investment portfolio of the Master Fund may be subject to more rapid changes in value than would be the case if the Master Fund were required to maintain a wide diversification among companies, securities and types of securities.

**Valuations.** From time to time, certain situations affecting the valuation of the Master Fund's investments (such as limited liquidity, unavailability or unreliability of third-party pricing information and acts or omissions of service providers to the Master Fund) could have an impact on the net asset value of the Master Fund, particularly if prior judgments as to the appropriate valuation of an investment should later prove to be incorrect after a net asset value-related calculation or transaction is completed. The Master Fund is not required to make retroactive adjustments to prior subscription or withdrawal transactions or Management Fees or Performance Allocations based on subsequent valuation data.

**Non-Public Information.** From time-to-time, the Investment Manager may come into possession of non-public information concerning specific companies. Under applicable securities laws, this may limit the Investment Manager's flexibility to buy or sell portfolio securities issued by such companies. The Master Fund's investment flexibility may be constrained as a consequence of the Investment Manager's inability to use such information for investment purposes.

**Soft Dollars.** The Investment Manager may enter into "soft dollar" arrangements with one or more broker-dealers whereby the Investment Manager will direct securities transactions to the broker-dealer in return for research products and services from the broker-dealer. Although the Investment Manager will use the research and services in making investment decisions for the Master Fund, the Investment Manager may use such research or services for other accounts and the Master Fund will generally pay more than the lowest available commissions for execution of these transactions. The Investment Manager may also enter into "soft dollar" arrangements to cover Fund expenses or costs and expenses of the Investment Manager to the extent such arrangements are permitted by law and described in this Memorandum. See "*Brokerage and Custody*."

***Absence of Registration.*** The Master Fund has not and will not register under the Investment Company Act. Accordingly, the provisions of the Investment Company Act which, among other things, require that a fund's board of directors, including a majority of disinterested directors, approve certain of the fund's activities and contractual relationships, prohibit certain trading and investment activities and prohibit the fund from engaging in certain transactions with its affiliates, will not be applicable.

***ERISA.*** Because it is intended that neither the Fund nor the Master Fund will hold or be deemed to hold "plan assets" (within the meaning of ERISA), Benefit Plan Investors (as defined herein) may not have the protection of ERISA with respect to the investments and other activities of the Fund or the Master Fund. (See "*ERISA and Other Regulatory Considerations.*")

***Initial Strategic Investor.*** The General Partner, the Investment Manager and the Fund have entered into an arrangement with the Strategic Investor Group whereby an affiliate of the Strategic Investor Group will receive a fee, calculated as a percentage of the Management Fee and the Performance Allocation payable at the Master Fund level and from any advisory or consulting agreement or other managed account. This arrangement will, in effect, reduce the amount of the Management Fees and/or Performance Allocations received by the Investment Manager and the Special Limited Partner, as applicable. The Strategic Investor Group has made a substantial investment in both the Onshore Fund and the Offshore Fund.

***Broker Insolvency Risk.*** Transactions entered into by the Master Fund may be executed on various U.S. and non-U.S. exchanges, and may be cleared and settled through various clearing houses, custodians, depositories, broker-dealers and prime brokers throughout the world. While U.S. rules and regulations applicable to these brokers may offer significant protections to the assets of their clients if one of them were to become insolvent, the assets of the Master Fund held at such broker could be at risk. For example, while brokers are required to segregate client assets from their proprietary assets and are required to hold specified amounts of capital in reserve, client assets are normally held in pooled client accounts for the benefit of all clients and not specifically in the name of the Master Fund. Additionally, the broker may be able to transfer client assets out of such client accounts in the ordinary course of its business. The Master Fund could experience losses if the clients' aggregate claims exceeded the amount of client assets such broker actually held at the time of the insolvency. In addition, while the return of client property is designed to occur on an expedited basis (usually by transfer of the accounts to a solvent broker), the Master Fund may be unable to trade the securities that were held by the insolvent broker during this transfer period.

The assets of the Master Fund also may be held by non-U.S. brokers. Although certain non-U.S. jurisdictions provide similar protections to client assets, there can be no assurance that the Master Fund will not experience losses in any insolvency of such a non-U.S. broker. The Master Fund will attempt to execute, clear and settle transactions through entities that the Investment Manager believes to be sound, but there can be no assurance that a failure by any such entity will not lead to a loss to the Master Fund. In addition, the Securities and Exchange Commission, other regulators, self-regulatory organizations and exchanges in the United States and other countries are authorized to take extraordinary actions in the event of market emergencies. Such actions could lead to a Master Fund loss as a result of delay in settling transactions or other circumstances.

***Counterparty Risk.*** The Master Fund is subject to the risk that counterparties of derivative contracts and other instruments in which it invests and trades may default on their obligations under those

instruments and that certain events may occur that have an immediate and significant adverse effect on the value of those instruments. Some of the markets in which the Master Fund effects its transactions are over-the-counter or inter-dealer markets. The participants in such markets are typically not subject to credit evaluation by an exchange or clearing organization and regulatory oversight as are members of exchange-based markets. The Master Fund therefore is exposed to a greater risk that a counterparty will not timely settle a transaction or otherwise perform its obligations in accordance with contractual 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 Master Fund to suffer a loss. Such counterparty risk is accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where the Master Fund has concentrated its transactions with a single or small group of counterparties. These risks may differ materially from those entailed in exchange-traded transactions, which generally are backed by clearing organization guarantees, daily marking-to-market and settlement of positions and segregation and minimum capital requirements applicable to intermediaries. Although the Master Fund intends to enter into transactions only with counterparties that the Investment Manager believes to be creditworthy, and will attempt to reduce the Master Fund's exposure by obtaining collateral in appropriate cases and will pursue any available remedies under any of these contracts, there can be no assurance that a counterparty will not default and that the Master Fund will not sustain a loss on a transaction as a result. The Master Fund is not restricted from dealing with any particular counterparty or from concentrating any or all of its transactions with one counterparty. Concentration of transactions with a limited number of counterparties could increase the potential for losses by the Master Fund. The Master Fund is subject to the risk of failure of any of the exchanges on which its positions trade or of their clearinghouses.

***Information Security – General.*** The Master Fund, the Investment Manager, their respective services providers and relevant listing exchanges are heavily reliant upon internet connected information technology systems which are inherently vulnerable to attacks by malicious third parties and unauthorized disclosure due to incorrect configuration, operating error(s), known and unknown vulnerabilities and system behavior(s). Similar types of risks are also present for issuers of securities in which the Master Fund invests, which could result in material adverse consequences for such issuers and cause the Master Fund's investment in such portfolio companies to lose value. The Investment Manager and the Master Fund General Partner have implemented controls which comply with applicable laws and regulations, but they, and the issuers of securities in which the Master Fund invests, and their respective vendors, are unable to completely prevent unauthorized access to their information systems and may be unable to anticipate evolving threat vectors and as a result be unable to prepare mitigating mechanisms to limit these inherent risks. If an information system compromise or disruption occurs, the Fund, Investment Manager, the Master Fund General Partner, or the issuers of securities in which the Master Fund invests may face material increases in their costs associated with response, repair, and mitigation which may result in material adverse consequences for such affected party. Compromise or disruption could also result in the inability of the impacted party to operate its business, violations of applicable laws, regulatory fines, reputational damage, and the compromise of sensitive investor information resulting in a direct financial loss through identity or account theft. These risks may not be covered by insurance, and insurance policies which do cover such risks may exist only on the surplus lines market and may be subject to extensive exclusions and limitations.

***Information Security – Unauthorized Systems Access.*** The systems (including hardware, networking, software, SaaS, and PaaS), including the data stored thereon, used by the Fund, the Master Fund



General Partner, the Investment Manager, the issuers of securities in which the Master Fund invests, and their respective service providers are at risk of unauthorized access by internal and external parties, including via misconfiguration, credential mismanagement, unauthorized privilege escalation, failures to limit account access, unmitigated known vulnerabilities, previously unknown vulnerabilities (“zero-day” attacks), the compromise of any entity within the supply chain (including during the provision of software updates), phishing and identity falsification attacks, organized criminal activity, the actions of Advanced Persistent Threats (“APT’s”), ransomware, insecure APT’s, code development practices, and the violation of information policies and practices by agents or employees. It may not be possible to recover or repair systems or data which become compromised through any of these means and such unauthorized access may result in the disclosure of sensitive personal data resulting in a material adverse effect for party experiencing the compromise including potential legal claims and adverse regulatory actions.

***Information Security – System Disruption.*** The systems (including hardware, networking, software, SaaS, and PaaS), including the data stored thereon, used by the Fund, the Master Fund General Partner, the Investment Manager, the issuers of securities in which the Master Fund invests, and their respective service providers are at risk of being rendered inoperable even without a security breach as a result of a failure of the internet infrastructure (including telecommunications providers, local connection exchanges, DNS managers and providers), poor maintenance or redundancy practices, lack or failure of business continuity/disaster recovery procedures, denial of service attacks and similar attacks which are likely to proliferate and become increasingly disruptive as a result of broader adoption of the Internet of Things can each result in operational disruption which prevents the impacted party from operating its business for a period of time, potentially incurring financial loss and loss of customer goodwill.

***Information Security – Reputation.*** In the event of any system compromise, data breach, or system disruption, the reputation of the issuers of securities in which the Master Fund invests could become damaged, resulting in a materially adverse effect on the value of such securities and potential increase in costs or failure of such issuers.

***Information Security – Physical Security.*** The facilities used by, and housing the information systems used by the Fund, the Master Fund General Partner, the Investment Manager, the issuers of securities in which the Master Fund invests, and their respective vendors are at risk of unauthorized entry during which a third party may gain access to sensitive or confidential information in violation of applicable law, including the risk of a data breach which results in material financially adverse consequences.

***Data Privacy & Cybersecurity Laws.*** Governments continue to address the evolving use of information systems and the transfer and management of personal data. These regulations, including the European General Data Protection Regulation, various U.S. federal and state consumer privacy laws, and potential future regulation could impose material operational costs on the Fund, the Master Fund General Partner, the Investment Manager, the issuers of securities in which the Master Fund invests, and their respective service providers, and a failure by any of these parties to comply with such regulations could result in substantial fines and other regulatory enforcement action which results in a materially adverse effect. Industry specific regulations, including those promulgated by states, may impose additional operating costs, materially conflict in a manner which excludes market access to a particular territory, and otherwise adversely impact the financial performance of the regulated party.

***Agreements with Certain Limited Partners.*** The Master Fund, the Investment Manager and the General Partner (as applicable) have entered into, and may in the future enter into, “side letter” agreements with certain Limited Partners pursuant to which the Master Fund gives certain Limited Partners rights not granted to other Limited Partners, including one or more of the following: (i) reduced Management Fees, (ii) reduced Performance Allocation, (iii) the right to withdraw all or a portion of their investment in the Master Fund on shorter notice with or without paying an early withdrawal fee, and/or with more frequency than the terms described in the offering documents, and (iv) different reporting and information rights. As a result, certain Limited Partners may have better visibility into the portfolio and be able to withdraw their interests at times when other Limited Partners may not. Subject to applicable law, the Master Fund does not intend to disclose the terms of such side letter agreements and does not intend to disclose the identities of the Limited Partners that have entered into such agreements.

***Similar Strategies and Differing Information Rights.*** The Investment Manager currently manages and provides similar investment and trade advice for other collective investment vehicles (including the Offshore Fund) and has in the past and may in the future provide advice for other investment accounts (including advisory accounts). As part of this, some of the Investment Manager’s other clients could use information provided for their own proprietary purposes without the Investment Manager’s knowledge and such actions (*e.g.*, opposite direction trades or hedging activity) could negatively impact other clients. Further, some investors in other collective investment vehicles managed by the Investment Manager receive or may seek additional information on the holdings of such collective investment vehicles and such investors may similarly take actions that could negatively impact the Investment Manager’s other Clients.

***Allocation of Time and Investment Opportunities.*** In addition to the multiple Clients that the Investment Manager currently manages, the Investment Manager may add new accounts or investment vehicles in the future, some of which may have objectives similar to those of the Fund, which may be managed by the Investment Manager or any of its affiliates and in which the Investment Manager or any of its affiliates may have an equity interest. The Investment Manager acts and will continue to act in a manner that it considers fair, reasonable, and equitable in allocating investment opportunities to the Fund and if applicable other clients, but does not otherwise impose any specific obligations or requirements concerning the allocation of time, effort, or investment opportunities to the Fund or other clients or any restrictions on the nature or timing of investments for the account of the Fund and other client accounts that the Investment Manager or its affiliates may manage or advise. The Investment Manager is not obligated to devote any specific amount of time to the affairs of the Fund or any other clients and is not required to accord exclusivity or priority to the Fund or other clients in the event of limited investment opportunities arising from the application of speculative position limits or other factors.

***Regulatory Changes.*** The U.S. Securities and Exchange Commission (the “**SEC**”) has proposed rules that would significantly overhaul the regulation of the private fund industry. If adopted, these rules would impose new SEC and investor reporting requirements on certain private fund advisers, which will likely include the Investment Manager. The likelihood that such proposed rules or any subsequently proposed rules will be adopted, and their impact on the operations of the Investment Manager is uncertain. The Investment Manager anticipates that, if such proposed rules or any

subsequently proposed rules are adopted, the Investment Manager will be required to devote substantial time, attention and resources to complying with such new requirements (which, in turn, would reduce the amount of time, attention and resources that could otherwise be devoted to carrying out the investment activities of the Fund).

In view of the foregoing considerations, an investment in interests is suitable only for investors who are capable of bearing the relevant investment risks.

## **Tax Related Risks**

***Uncertainty and Complexity of Tax Treatment.*** The tax aspects of an investment in a partnership, such as the Master Fund, are complicated and complex and, in many cases, uncertain. Statutory provisions and administrative regulations have been interpreted inconsistently by the courts. Additionally, some statutory provisions remain to be interpreted by administrative regulations. Investors may therefore be subject to uncertainty with respect to the tax consequences associated with certain aspects of an investment in the Master Fund. Each prospective investor should have the tax aspects of an investment in the Master Fund reviewed by professional advisors familiar with such investor's personal tax situation and with the tax laws and regulations applicable to the investor and private investment vehicles.

***Risk of Adverse Determination.*** There can be no assurance that the tax principles discussed herein will not be challenged successfully by the Internal Revenue Service (the "***Service***"), or significantly modified by new legislation or regulations, changes in the Service's positions or court decisions. The Master Fund has not applied for, nor does it expect to apply for, any advance rulings from the Service with respect to any of the federal income tax consequences described herein. No representation or warranty of any kind is made by the General Partner with respect to the federal income tax consequences relating to an investment in the Master Fund. The Master Fund or Fund may take positions with respect to certain tax issues which depend on legal conclusions not yet resolved by the courts. Should any such positions be successfully challenged by the Service or other applicable taxing authority, there could be a materially adverse effect on the Master Fund, and a Limited Partner may have a different tax liability for that year than that reported on its income tax returns.

***Risk of Tax Audit.*** An audit of the Master Fund by the Service or another taxing authority could result in adjustments to the tax consequences initially reported by the Master Fund and may result in an audit of the returns of some or all of the Limited Partners, which examination could affect items not related to a Limited Partner's investment in the Master Fund. If audit adjustments result in an increase in a Limited Partner's income tax liability for any year, such Limited Partner may also be liable for interest (and, potentially, penalties) with respect to the amount of the underpayment, if any. The legal and accounting costs incurred in connection with any audit of the Master Fund's tax returns, which as the case may be, may be significant, will be borne by, and treated as expenses of, the Master Fund. The cost of any audit of a Limited Partner's tax return will be borne solely by that Limited Partner.

***Payment of Audit Adjustments.*** Pursuant to the Bipartisan Budget Act of 2015, if an audit of the Master Fund by the Service results in an imputed underpayment, the Master Fund may pay any resulting taxes, penalties, and interest directly. Generally, the Master Fund may elect to shift such tax liability to the Limited Partners, but there can be no assurance that the Master Fund would make such election under all circumstances. If the Master Fund is required to make payments of taxes, penalties and interest resulting from audit adjustments, its cash available for distribution or investment may be substantially reduced.

***Tax Considerations Taken into Account.*** The General Partner may take tax considerations into account in determining when the Master Fund's investments should be sold or otherwise disposed of. The Master Fund may take on certain market risk and incur certain expenses in this regard in an attempt to achieve a form of tax treatment with respect to a transaction.

Pursuant to the Tax Cuts and Jobs Act, passed on December 20, 2017, the holding period of a capital asset must exceed three years for gain from the disposition of such asset to be treated as long-term capital gain (and subject to preferential tax rates) with respect to certain partnership interests. Typically, for Limited Partners the holding period must only exceed one year for gain to be treated as long-term capital gain. It is expected that the interest of the General Partner in the Master Fund will be subject to the three-year holding period rules. This would result in a conflict of interest between the General Partner and the Limited Partners with respect to certain investments. The General Partner will endeavor to utilize a uniform investment strategy which determines the timing of the disposition of investments based on valuations, industry trends and market opportunities. However, there can be no assurances that this potential conflict of interest will not result in the Master Fund taking on market risk with respect to the timing of the disposition of certain investments.

***Tax Liabilities Without Distributions.*** Each Limited Partner, in computing its federal income tax liability for a taxable year, is required to take into account its distributive share of the Master Fund's items of income, deduction, gain, loss, and credit ("tax items") for the taxable year of the Master Fund ending within or with the taxable year of the Limited Partner – in accordance with the allocations set forth in the Partnership Agreement – regardless of whether the Limited Partner has received or will receive corresponding distributions from the Master Fund. Because the General Partner anticipates that there will be no cash (or property) distributions to the Limited Partners prior to their withdrawals, an investor may incur tax liability with respect to activities of the Master Fund without receiving sufficient distributions from the Fund to defray such tax liabilities. In order to satisfy its tax liability in such a case, a Limited Partner will need sufficient funds from sources other than the Master Fund. Furthermore, the Master Fund may make investments with respect to which the Master Fund may recognize income for U.S. federal income tax purposes prior to receiving cash (or property) therefrom. In addition, the Master Fund may, in one or more taxable years, recognize income for U.S. federal income tax purposes that does not reflect its income as an economic matter. Such recognition of income prior to receipt of an economic benefit, if any, may result in increased tax liability for the Limited Partners in one or more taxable years.

***Delayed Form 1065 Schedules.*** The Fund will provide Schedules K-1, K-2, or K-3, as applicable, as soon as practical after receipt of all of the necessary information. However, the Fund may be unable to provide final Schedule to Limited Partners for any given tax year until significantly after April 15th of the following year. The General Partner will endeavor to provide Limited Partners with estimates of the taxable income or loss allocated to their investment in the Fund on or before such date, but final Schedules may not be available until completion of the Fund's annual audit. Limited Partners should be prepared to obtain extensions of the filing date for their income tax returns at the federal, state and local levels and should be aware that such extensions of the filing date will generally not extend the dates that any taxes owed are due to be paid.

***Unrelated Business Taxable Income.*** The Master Fund expects to make investments or engage in activities that will give rise to unrelated business taxable income ("***UBTI***"). Thus, an investment in the Master Fund may be less desirable for tax-exempt investors. The Fund may participate in investments that give rise to UBTI through entities that are treated as partnerships for U.S. federal income tax

purposes. Because of the “flow-through” principles applicable to partnerships, if UBTI is earned by the Fund, a tax-exempt investor in the Master Fund will realize UBTI. Because of the General Partner’s objective of maximizing the pre-tax returns of all the Limited Partners, the General Partner may be required to make certain decisions to maximize pre-tax returns that result in Tax-Exempt U.S. Investors (as defined below) recognizing more UBTI than might otherwise be the case. In some cases, the General Partner may forego actions with regard to the acquisition, financing, management and disposition of assets that would reduce UBTI because such actions would reduce the overall pre-tax returns to all the Limited Partners.

***Non-U.S. Investments and Emerging Markets.*** Certain investments made by the Master Fund may be subject to foreign taxes, including brokerage, stamp, withholding or other taxes levied by governments, which has the effect of increasing the cost of such investment and reducing the realized gain or increasing the realized loss on such securities at the time of sale. All distributions to the Master Fund will be made net of any taxes payable on those distributions or on amounts out of which they are distributed (including any corporate, foreign, local and withholding taxes). In addition, if the Master Fund invests in foreign entities that are treated as “passive foreign investment companies” or “controlled foreign corporations” for U.S. federal tax purposes, Limited Partners may have adverse tax consequences from their indirect interests in those entities through the Master Fund. Investing in the securities of companies located outside the U.S. involves certain tax considerations not usually associated with investing in securities of U.S. companies. With respect to certain countries, there is a possibility of confiscatory taxation, the imposition of withholding or other taxes on dividends, interest, capital gains or other income and less favorable tax provisions. In addition, an issuer of securities may be domiciled in a country other than the country in whose currency the instrument is denominated. Some of these risks do not apply equally to issuers in larger, more developed countries. These risks are more pronounced in investments in issuers in countries with emerging markets or if the Master Fund invests significantly in a particular country.

***Tax Changes.*** Investors will be subject to the risk that changes to the tax law may adversely affect the federal income tax consequences of their investment in the Master Fund. Changes in existing tax laws, rules, or regulations, and/or interpretations of them, may be enacted after the date of this Memorandum, possibly with retroactive effect, and could alter the income tax consequences of an investment in the Master Fund. Certain provisions of the Code, as amended, may be further amended or interpreted in a manner adverse to the Master Fund, in which event any benefits derived from an investment in the Master Fund may be adversely affected. In addition, significant legislative and budgetary proposals affecting tax laws have been made, and may continue to be made, by the legislative and executive branches of the U.S. federal government. The likelihood of enactment of any such proposals, or any similar proposals, into law is uncertain. The enactment of any such proposals, including subsequent proposals, into law could have material adverse effects on the Master Fund and/or the Limited Partners. Enactment of such legislation, or similar legislation, could require significant restructuring of the Master Fund in order to mitigate such effects.

***Tax-Exempt Entities.*** Certain prospective investors that are tax-exempt for U.S. income tax purposes may be subject to U.S. federal and state laws, rules and regulations that regulate their participation in the Master Fund, or their engaging directly or indirectly through an investment in the Master Fund, in certain investment strategies that the Master Fund may utilize from time-to-time (e.g., short-sales of securities and the use of leverage, the purchase and sale of options and limited diversification). While the Master Fund believes its investment program is generally appropriate for U.S. tax-exempt investors for which an investment in the Master Fund would otherwise be suitable, each type of tax-exempt

organization may be subject to different laws, rules and regulations, and prospective investors should consult with their own advisers as to the advisability and tax consequences of an investment in the Master Fund. Investments in the Master Fund by entities subject to ERISA, and other tax-exempt entities, require special consideration. Trustees or administrators of such entities are urged to carefully review the matters discussed herein.

The foregoing list of risk factors does not purport to be a complete explanation of the risks of Johkim's investment strategy. Prospective investors are urged to read the applicable Fund's private placement memorandums.

## **9. Disciplinary Information**

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Neither Johkim nor its management personnel have any legal or disciplinary events that are material to a Client's or a prospective client's evaluation of its advisory business or the integrity of its management.

## **10. Other Financial Industry Activities and Affiliations**

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### ***Other Activities***

Johkim is currently not applying to register as a broker-dealer and does not intend to do so. As discussed in Item 8 Risk of Loss, Johkim is exempt from registration with the CFTC or NFA as a CPO or CTA.

### ***Third-Party Relationships***

Johkim's principal (Jatin Kakkar) serves as the Chairman of the Board of Directors of Texas Exchange Bank. Johkim has engaged Mid-Continent Securities Advisors, Ltd. and Equus Financial Consulting LLC to market interests in the private funds.



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

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### ***Code of Ethics***

Johkim has adopted a code of ethics in compliance with Rule 204A-1 under the Investment Advisers Act of 1940 (the “**Code**”). The Code states the requirement of the Firm, its personnel, and any related persons to fulfill their fiduciary duty to the Firm’s Funds and therefore be honest and truthful in all dealings with Clients and place the interests of the Funds ahead of those of the Firm, its personnel, and/or any related persons at all times. Any exceptions to the below policies require the prior approval of the Chief Compliance Officer. Additionally, any violations of the Firm’s Code are required to be reported to the Chief Compliance Officer for documentation and remediation.

As outlined in Johkim’s Code, the Firm’s personnel, including directors, officers, partners, other persons occupying a similar status or performing similar functions, and employees, are permitted to maintain personal trading accounts subject to the following supervision: all personal accounts must adhere to the disclosure requirements and restrictions stated in the Firm’s Code, which require personnel to disclose any and all personal securities holdings on an initial and annual basis, request preclearance for any personal trade in certain securities, and provide the Chief Compliance Officer, on a quarterly basis, with duplicate account statements for all accounts in which any personnel has personal securities holdings.

All Firm personnel adhere to Johkim’s practice that no personnel can knowingly purchase or sell for any personal account any security, directly or indirectly, in such a way as to adversely affect a Client’s transactions.

Additionally, Johkim’s Code details: (i) a statement of the standard of business conduct; (ii) restrictions and reporting requirements regarding the giving or receiving of gifts and/or entertainment to and/or from, among others, current or prospective investors, government officials, and union officials, by any of the Firm’s personnel; (iii) restrictions and reporting requirements related to political contributions; and (iv) the requirement for all employees to acknowledge, in writing, having received and read a copy of the Firm’s Code. Any exceptions to the preceding need the prior approval of the Chief Compliance Officer.

Investors and prospective investors may obtain a copy of the Code upon request in writing to Johkim at the address on the cover of this Brochure.

### ***Participation or Interest in Client Transactions and Personal Trading***

Johkim, as a fiduciary to its Clients, endeavors to make decisions in the best interest of its Clients if a conflict of interest arises between the Firm’s transactions on behalf of its Clients and those of the Firm’s personnel, related persons, and affiliates. In order to monitor any conflict of interest, Johkim employees are required to pre-clear certain contemplated transactions for a personal account and must disclose on an initial and annual basis the holdings of all personal accounts, as well as all personal securities transactions on a quarterly basis. In addition to the pre-clearance requirements, these transactions are reviewed on a quarterly basis by the Chief Compliance Officer for compliance with the restrictions set forth in the Code.

## 12. Brokerage Practices

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### *Selection of Brokers*

In selecting brokers to execute portfolio transactions, the Firm makes a good faith judgment about which broker would be appropriate. Johkim takes into consideration not only the available prices and rates of brokerage commissions, but also other relevant factors that may include (without limitation):

- the execution capabilities of the broker-dealer;
- research (including economic forecasts, investment strategy advice, fundamental and technical advice on individual securities, valuation advice and market analysis);
- custodial and other services provided by the broker/dealer that are expected to enhance our general portfolio management capabilities;
- the size of the transaction;
- the difficulty of execution;
- the operational facilities of the broker-dealers involved;
- the risk in positioning a block of securities; and
- the quality of the overall brokerage and research services provided by the broker-dealer.

When the Firm selects the broker-dealer for a transaction, Johkim may cause the Client to pay a higher commission for effecting a transaction than another broker-dealer would have charged for effecting that transaction. Johkim does this if it determines in good faith that the amount of the commission is reasonable in relation to the value of the brokerage and research services provided by the broker-dealer. The determination is viewed in terms of either the particular transaction or Johkim's overall responsibilities with respect to its Clients.

### *Soft Dollars*

As discussed in Item 8, the Client may enter into "soft dollar" arrangements with one or more broker-dealers whereby Johkim will direct securities transactions to the broker-dealer in return for research products and services from the broker-dealer.

Section 28(e) of the Securities Exchange Act of 1934 ("**Section 28(e)**") provides a "safe harbor" to advisers from liability for breach of fiduciary duties relating to the purchase of limited research or brokerage services using soft dollars so long as the products and services received constitute lawful and appropriate assistance and the amount indirectly paid for those products or services is reasonable. Johkim intends to use soft dollars only within the meaning of Section 28(e); however, there are potential conflicts of interest:

- Research and brokerage services obtained by the use of commissions arising from the Client's portfolio transactions may be used by Johkim in its other investment activities. A Client may not necessarily, in any particular instance, be the direct or indirect beneficiary of the research or brokerage services provided in consideration of the soft dollar service generated by the trading of the Client itself.
- Johkim may, but is not obligated to, enter into arrangements under which certain direct expenses of the Client are paid with soft dollars. Johkim will enter into such arrangements in situations in which the Firm believes that such arrangements are administratively or

operationally more expedient and more favorable to the Client than arrangements under which the Client pays for the products or services in question with cash. However, such arrangements make it more difficult for investors to evaluate the cost structure of the Client because the costs of such products or services are not broken out separately.

- In addition to any soft dollar arrangements that Johkim enters into with brokers, brokers may provide certain research or other products or services to all of their customers, including Johkim, without being requested to do so. Similarly, brokers may refer investors to Johkim. The Firm may take advantage of the products or services provided rather than producing or paying for them from another provider. Similarly, Johkim may accept investor referrals from brokers in appropriate circumstances. In these situations, the Firm receives a benefit because it does not have to pay for the products or services, such as research, or because it will receive additional compensation if the Master Fund accepts new investments.

### ***Trade Aggregation and Allocation***

Johkim recognizes its duty to treat all Clients fairly and equitably. Consistent with such an overriding principle, the Firm will make every effort to act fairly and equitably, but there can be no assurance of equality of treatment among all Client accounts or that any investment will be proportionally allocated among Clients. Client agreements and the offering materials for the Funds contain discussion and disclosure of trade allocation practices. When purchasing securities for more than one of its Clients (e.g., bunching orders), Johkim will endeavor to aggregate such orders into a single trade to purchase the quantity of securities necessary for all accounts of Clients managed by Johkim. Some Clients have in the past and may in the future receive recommendations only and such recommendations are generally provided to such clients in parallel or after Johkim's Funds have traded. Conflicts of interest may arise between clients trading in the same securities. These conflicts are mitigated by appropriate communication with clients when they enter into agreements with Johkim, as well as, agreed upon trade allocation and priority procedures.

### 13. Review of Accounts

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Johkim maintains comprehensive review procedures for the ongoing monitoring of portfolio investments. In connection therewith, the Firm conducts regular reviews of all investments held in the Client portfolio. These reviews include, but are not limited to, regular meetings to review the portfolio, a Risk Report that is updated weekly, and a monthly Risk Committee meeting.

#### ***The Funds***

The Firm furnishes Fund investors with (i) audited financial statements prepared in accordance with generally accepted accounting principles, accompanied by the report of its independent certified public accountants, and (ii) tax information necessary for the completion of tax returns.

In addition, investors in the Fund are provided with monthly investor statements from the administrator that are unaudited, a monthly tear sheet with limited portfolio details, and quarterly letters that include a discussion of investor performance and market observations.

From time to time, due to investor needs or mandates certain investors in the fund request, Johkim does and may agree to provide those investors more frequent more detailed, stylistically different, or additional reports of the fund clients' portfolio holdings or performance.

#### **14. Referrals and Other Compensation**

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Johkim has contractual relationships with third-party entities to offer interests in the Funds to prospective investors or clients. For their referral services, these entities may receive compensation from Johkim in the form of a percentage of the management fee and/or performance-based fee or allocation that Johkim and its affiliates receive from its Funds with respect to the referred investors. The fees and expenses payable to any such third-party entities will not be borne by the Master Fund or by the Limited Partners, but instead will be borne by Johkim and Johkim Capital Special Partners LP either directly or through the payment of a portion of the Performance Allocation and/or the Management Fee. This arrangement will, in effect, reduce the amount of the Management Fees and/or Performance Allocations received by Johkim and Johkim Capital Special Partners LP, as applicable. All solicitation arrangements that Johkim may enter into will be in compliance with Rule 206(4)-1 under the Advisers Act.

## **15. Custody**

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The General Partner has custody of the Master Fund's cash and securities for purposes of Rule 206(4)-2 under the Advisers Act. In accordance with Rule 206(4)-2, the Master Funds' cash and securities are maintained at qualified custodians selected by Johkim. An independent public accounting firm, which is registered with and subject to inspect by the PCAOB, conducts annual audits of the Master Funds, and audited financial statements (prepared in accordance with U.S. generally accepted accounting principles) are provided to Fund investors on an annual basis. Such audited financial statements generally will be provided to Fund investors within 120 days after the end of each fiscal year.

## **16. Investment Discretion**

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Pursuant to investment management agreements with the Funds, Johkim is granted broad authority to determine the type and amounts of securities to be bought and sold, as well as the timing of such purchases and sales for the Master Fund. In connection with this discretionary authority, the Firm selects investments on behalf of the Master Fund.

As mentioned in Item 7, the Firm has in the past and may in the future advise certain Clients on a non-discretionary basis, where the Firm provides investment recommendations to Clients under certain consulting agreements in exchange for a fee. These Clients may or may not, at their discretion, transact in the recommended securities or loans. Securities or loans recommended to such party could also have been purchased or sold by Johkim for its other clients.

## **17. Voting Client Securities**

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Johkim's general policy is to vote proxy proposals, amendments, consents, or resolutions relating to Client securities in a manner that serves the best interests of its Fund Clients, as determined by the Firm in its discretion, and considering relevant factors, including, but not limited to, the impact on the value of the securities, the anticipated costs and benefits associated with the proposal, the effect on liquidity, ESG considerations, and customary industry and business practices. A copy of the Firm's proxy voting policies may be obtained by contacting Johkim at the address listed on the first page of this Brochure.



## **18. Financial Information**

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Johkim does not require or solicit prepayment of more than \$1,200 in fees from Clients six months or more in advance and therefore has not included a balance sheet for its most recent fiscal year. Johkim is not aware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments to Clients and has not been the subject of a bankruptcy petition at any time during the past ten years.