

# Kate Capital LLC

243 Tresser Boulevard  
17<sup>TH</sup> Floor  
Stamford, CT 06901  
(203) 362-7198

**October 2024**

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

This brochure (the “Brochure”) provides information about the qualifications and business practices of Kate Capital LLC. If you have any questions about the contents of this Brochure, please contact the Chief Compliance Officer (“CCO”), at 203-216-9667 or by email at [tom@katecapllc.com](mailto:tom@katecapllc.com). The information in this Brochure has not been approved or verified by the U.S. Securities and Exchange Commission (the “SEC”) or by any state securities authority.

Registration as an investment adviser does not imply that Kate Capital LLC or any of its principals or employees possess a particular level of skill or training in the investment advisory business or any other business.

Additional information about Kate Capital LLC is also available on the SEC's website [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

**Item 2: Material Changes**

This Form ADV Part 2A Brochure has been prepared for Kate Capital LLC's initial registration with the SEC and therefore there are no material changes to report.

**TABLE OF CONTENTS**

<b>ITEM 2: MATERIAL CHANGES .....</b>	<b>2</b>
<b>ITEM 3: TABLE OF CONTENTS .....</b>	<b>3</b>
<b>ITEM 4: ADVISORY BUSINESS.....</b>	<b>4</b>
<b>ITEM 5: FEES AND COMPENSATION .....</b>	<b>4</b>
<b>ITEM 6: PERFORMANCE-BASED FEES .....</b>	<b>6</b>
<b>ITEM 7: TYPES OF CLIENTS .....</b>	<b>6</b>
<b>ITEM 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS.....</b>	<b>6</b>
<b>ITEM 9: DISCIPLINARY INFORMATION .....</b>	<b>14</b>
<b>ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS .....</b>	<b>14</b>
<b>ITEM 11: CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING .....</b>	<b>14</b>
<b>ITEM 12: BROKERAGE PRACTICES .....</b>	<b>15</b>
<b>ITEM 13: REVIEW OF ACCOUNTS .....</b>	<b>16</b>
<b>ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION .....</b>	<b>16</b>
<b>ITEM 15: CUSTODY .....</b>	<b>17</b>
<b>ITEM 16: INVESTMENT DISCRETION .....</b>	<b>17</b>
<b>ITEM 17: VOTING CLIENT SECURITIES .....</b>	<b>17</b>
<b>ITEM 18: FINANCIAL INFORMATION .....</b>	<b>17</b>

**Item 4: Advisory Business**

Kate Capital LLC (hereinafter “Kate Capital”, the “Investment Manager”, the “Firm”, or “We”) is a Delaware limited liability company. The Firm was founded in 2024 by Paul Podolsky, the principal owner and managing member of the general partner of the Firm.

Kate Capital’s only offerings will be private funds and separately managed accounts intended for accredited investors. The private funds and separately managed accounts may be referred to collectively as “Funds” or individually as a “Fund”. Kate Capital serves as the investment adviser to the Funds and has full discretionary trading authority.

The private funds are organized in a master-feeder structure as follows:

<b>Master Fund:</b>	Kate Global Master Fund, LP (A Cayman Islands exempted company)
<b>Feeder Funds:</b>	Kate Global Offshore Fund, LLC (A Cayman Islands exempted company)
	Kate Global, LP (A Delaware limited partnership)

The Firm predominately employs a discretionary global macro strategy across global stock, bond, commodity, and currency markets on behalf of the Funds. The Feeder Funds will invest substantially all of their capital into the Master Fund. The Firm may add feeder funds in the future and will promptly amend this Brochure accordingly if it does so.

The Fund is managed pursuant to the objectives specified in the materials by which the Fund offers its ownership interests to investors, does not tailor its services to individual investor needs, and the Fund’s investors do not have the right to specify, restrict, or influence the Fund’s investment objectives or any investment or trading decisions.

We do not provide advice with respect to any other types of investments, and we do not engage in any other business.

Kate Capital does not participate in wrap fee programs.

As of October 2024, Kate Capital does not have any regulatory assets under management.

**Item 5: Fees and Compensation**

With respect to the Funds, the Investment Manager will generally receive management fees and, subject to a loss carryforward provision, performance-based compensation (“Incentive Fee”) for its advisory services. The management fees payable by the Funds start at 1.25% per annum for the first \$250 million of investor ownership interests, and 1.5% for any subsequent investors. Management fees for each Fund are paid monthly in advance. Management Fees may vary and, in some cases, may be negotiable, and may be payable more or less frequently depending on the investor and the arrangement.

The amount of the Management Fee will generally be prorated for periods of less than a full billing period or for any redemption by an investor that is effective other than as of the last day of a month. The Management Fee will be calculated by reference to the net asset value before deduction

for any accrued incentive fee or investor related taxes. The net asset value of the Fund is determined by its Fund Administrator.

The Fund bears and shall be responsible for its own expenses, including, but not limited to: (i) accounting, fund administration, bookkeeping and auditing fees and expenses (including the allocable share of the costs, fees and expenses relating to internal accounting and tax preparation functions – inclusive of salaries of the Investment Manager’s personnel performing such functions – should the Investment Manager determine not to use third party providers for such services); (ii) legal fees and expenses, including, but not limited to, fees and expenses incurred in connection with the Funds offering documents, organizational documents, and contracts and investments, formation expenses of the Funds, including fees and expenses of counsel to, accountants for and agents of the Funds, and other expenses (including, without limitation, travel and travel-related costs and expenses), in each case, incurred in connection with the formation and marketing of the Funds, the preparation of the Funds operative documents and the offering of interests in the Funds; (iii) all fees and disbursements of the Investment Manager and Funds attorneys, consultants, administrators, service providers providing outsourced personnel, functions or services (including, without limitation, chief financial officer personnel, functions or services) and other third parties performing work benefiting the Investment Manager and/or Funds (including the legal and other fees, costs and expenses of the Investment Manager and/or Funds in any threatened or actual litigation or governmental investigation or proceeding, the amount of any judgments or settlements paid in connection with such litigation or fines or penalties levied as a result of any such proceeding or investigation, and the legal or other fees and expenses incurred in connection with the provision of managerial assistance to issuers and/or the disposition of investments); (iv) insurance and bonding costs; (v) all trading expenses and transaction costs, including brokerage commissions, exchange fees, expenses relating to short sales, markups in the bid/offer spread on option positions, clearing and settlement charges, interest on loans and debit balances, margin interest, broker service fees and other clearing and custodial expenses; (vi) expenses attributable to regulatory filings which are made with respect to the assets of the Funds (including filings required by federal and state securities laws, rules and regulations and including, without limitation, Form PF and Investment Manager-related filings), fees or assessments in connection with any regulatory registrations, qualifications, reports, filings and/or approvals of the Investment Manager or Funds, and related compliance fees and expenses, deemed appropriate by the Investment Manager; (vii) such research and portfolio management expenses as the Investment Manager shall deem appropriate, which may include, but are not limited to, expenses incurred in connection with due diligence investigations or research as to investments or potential investments, including travel, lodging and other expenses incurred in connection with visits to companies, meetings, research symposiums and communications with company management, security holders, analysts and other third parties, costs of research reports, data feeds and databases, news wires and quotation services, periodical subscription fees and costs of software and software platforms (including risk control software) utilized by the Investment Manager in connection with managing the Fund portfolio; (viii) fees of the Investment Manager and Funds registered agents; (ix) the cost of preparation and distribution of reports and statements to investors; (x) the costs and fees attributable to any third-party proxy voting service or consultant; (xi) all filing and recording fees; (xii) all custodial fees, bank service fees, and fees or expenses associated with insuring the Investment Manager and Fund’s assets, (xiii) the Management Fee; (xiv) all applicable federal, state, local and foreign taxes payable by the Investment Manager and Funds; (xv) extraordinary expenses, such as indemnification and litigation expenses; and (xvi) all expenses in connection with the winding up and dissolution of the Investment Manager.

Further information regarding expenses is specified in the Fund’s offering documents.

All Management fees for Kate Capital’s advisory services provided to the Fund will be paid in advance. For detailed fee information please refer to the relevant offering documentation. If an investor redeems from the Fund at any time other than at the end of a calendar month, a pro rata

portion of the Management Fee will be refunded to the investor for such partial month (based on the actual number of days remaining in such partial month).

At the sole discretion of Kate Capital, the Management Fee may be waived, reduced, or calculated differently with respect to certain investors, including, without limitation, investors that are members, shareholders, partners, affiliates or employees of or its affiliated entities, members of the immediate families of such persons and trusts or other entities for their benefit.

#### **Item 6: Performance-Based Fees**

As discussed in above in Item 5, Kate Capital is eligible to earn an Incentive Fee equal to 20% of annual net profits of each Fund attributable at the investor level.

When calculating the Performance Fee, all items of income and expense at the Fund level, as well as the Management Fee, will be taken into account.

Performance-based fee arrangements may create an incentive for the Firm to consider investments which may be riskier or more speculative than those which would be considered under a different arrangement. has designed and implemented procedures to ensure that the Fund and all investors are treated fairly and equally. These areas are monitored by the CCO.

Each Performance Fee "Calculation Period" is typically (although it may vary) the period of twelve months ending on December 31 in each year, save in respect of an investor capital account first established other than at the start of the year, in which case the initial Calculation Period for such investor capital account will be the period commencing on the date of establishment of such investor capital account and ending on December 31 in that year.

The Investment Manager reserves the right to waive the fees as well as establish different share classes with different level of fees.

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

The Firm's clients will be the Funds.

Unless otherwise waived by Kate Capital, the minimum initial capital contribution to the Fund for each investor is \$250,000. An investor may make additional capital contributions to the Fund in smaller amounts.

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

Kate Capital's investment objective is to provide consistent returns with minimal correlation to asset classes or other managers/strategies. The Firm employs a rigorous research process, focused on building a rich understanding of the macro drivers of markets including growth, inflation, monetary policy, and geopolitics. The Firm seeks to build a diversified portfolio across global, liquid asset classes. The Firm has an unconstrained opportunity set which allows us to trade long, short and relative value positions based on the difference between our view of the world and market prices (market consensus).

#### **Strategy**

The investment strategy employed by the Firm, on behalf of the Fund, focuses on investing across global, liquid asset classes. The Firm develops a macro perspective on the future path of growth, interest rates, monetary policy, inflation, and the influence of geopolitics. We compare this view

on to pricing of global markets across stocks, bonds, commodities, and currencies to current pricing. Determination of position sizing generally takes into account, among other things, the Firm's estimate of each position's potential risk-adjusted expected returns.

The Firm may invest on behalf of the Funds in derivative securities and financial instruments, including options, for investment purposes, and may write options on securities held in the Fund's portfolio or market indices, thereby allowing the Fund to take advantage of specific market situations. At times, the Fund may maintain higher levels of cash and cash equivalents that are necessary to meet short-term cash needs. The Firm may also invest in government securities, futures, forward contracts and derivative instruments.

Over time, markets change, and the Investment Manager will seek to capitalize on attractive opportunities wherever they might be. Depending on conditions and trends in the securities markets and the economy generally, the Investment Manager will pursue the techniques it considers most appropriate for the Fund.

The Firm will maintain an adequate and documented risk management policy that seeks to identify all relevant risks to which the Fund may be exposed. The Firm's risk management policy will include such procedures as are necessary to enable the Firm to assess the Fund's exposure to market, liquidity, counterparty and operational risks as well as all other relevant material risks.

The Fund utilizes leverage to maximize diversification increasing the volatility of low volatility assets and reducing the volatility of higher volatility assets. The gross exposure will typically not exceed 500%. In addition, the Fund may hedge foreign currency exposures, and this is not counted toward portfolio gross exposures. It may also borrow for cash management purposes, such as to satisfy redemption requests, and to facilitate such borrowings, the Fund may, among other things, enter into a credit facility with one of its service providers or a third-party credit institution. The fund may also enter into Swap or CFD agreements in certain markets (e.g. United Kingdom, France, Spain) and utilize margin in these specific situations, but the notional value of the underlying instrument will be counted in full toward the definition of gross exposure (which, again, will not typically exceed 100%).

In the cases where leverage is temporarily employed, it presents opportunities for increasing the total return on investments, and also has the effect of potentially increasing losses as well. Accordingly, any event which adversely affects the value of an investment could be magnified to the extent leverage is utilised and may result in a substantial loss to the Fund.

Exposure is strictly monitored by the Firm and in line with the Offering Document established.

The investment program of the Fund is speculative and may entail substantial risks. Market risks are inherent in all securities investments to varying degrees. There can be no assurance that the investment objective will be achieved. In fact, certain investment practices described above can, in some circumstances, potentially increase the adverse impact on the Fund's investment portfolio.

### **Risk Factors**

An investment in the Fund, implementing the above-mentioned strategy, involves a high degree of risk, including the risk that the entire amount invested may be lost. No guarantee or representation is made that the investment program will be successful, or that its returns will exhibit low correlation with an investor's traditional securities portfolio. Investment techniques may be utilized which can involve substantial volatility and can, in certain circumstances, substantially increase any potential adverse impact to which the investment portfolio may be subject. Prospective investors should consider the following additional factors in determining whether an investment in the Fund is a suitable investment.

**Risks Related to Certain Investment Strategies***General Investment Risk*

The Fund's investments consist of securities identified by the Investment Manager's methodology. Since such strategy involves identifying securities which are generally undervalued (or, in the case of short positions, overvalued) by the marketplace, success of such strategy necessarily depends upon the market eventually recognizing such value in the price of the security, which may not necessarily occur. The Fund's portfolio positions may undergo significant short-term declines and experience considerable price volatility. Since the Investment Manager's methodology does not require any minimum market capitalization, the Fund may take positions in smaller capitalization companies or other issuers which may involve an increased level of general investment risk. Equity positions may include speculative securities. Accordingly, investors in the Funds must be prepared to assume the risks inherent in such speculative investments.

*Investment Risk*

An investment in the Funds is subject to investment risk, including the possible loss of the entire principal amount invested. There can be no assurance that the investments or investment techniques employed by the Fund will achieve the Fund's investment objective or that the Funds will ever be profitable. There can be no assurance that the Funds will not incur losses. An investment in the Funds should not be regarded as a complete investment program and should be considered solely by investors prepared to experience possible short-term volatility and fluctuations in value in the interest of seeking superior long-term capital appreciation.

*Concentration of Investments*

The Investment Manager does not apply hard and fast maximum and minimum limits to net industry and sector exposure in the Fund's portfolio or fixed diversification standards with respect to any particular industries or sectors. Gross exposures (long positions plus absolute value of short positions) to industries and sectors will be influenced by such factors as the number of issuers available in the industry or sector, the liquidity of those issuers, and the difference in forecasted returns between those issuers. If the Fund's portfolio were to be concentrated within one or more industries or sectors, such concentration could increase both investment risk and portfolio volatility.

*Short Selling*

Short selling is a significant part of the Investment Manager's investment strategy and will be utilized both in situations where the Investment Manager believes the securities in question are overvalued, and therefore likely to experience significant price declines over time, or as a hedge or offset to related long positions. Short selling inherently involves certain additional risks. Selling securities short creates the risk of losing an amount greater than the initial investment in a relatively short period of time and the theoretically unlimited risk of an increase in the market price of the securities sold short. There is also the risk that the securities borrowed by the Fund in connection with a short sale would need to be returned to the securities lender on short notice. If the request for return of securities occurs at a time when other short sellers of the security are receiving similar requests, a "short squeeze" can occur, and the Fund might be compelled, at the most disadvantageous time, to replace borrowed securities previously sold short with purchases on the open market, possibly at prices significantly in excess of the proceeds received earlier. In addition, short selling can involve significant borrowing and other costs which can reduce the profit or create losses in particular positions.



There are other inherent difficulties and challenges in short selling. Management and other stakeholders of issuers may take legal action against short sellers to prevent or discourage the legal short sales of the issuer's securities to avoid depressing the value of its securities. The Investment Manager and the Fund could be subject to such private legal actions. The cost of, and management time committed to, defending any such action(s) could be substantial.

#### Volatility Risk

The investment program may involve the purchase and sale of relatively volatile instruments, including derivatives, which are frequently valued based on implied volatilities of such derivatives compared to the historical volatility of underlying securities. Fluctuations or prolonged changes in the volatility of such securities, therefore, can adversely affect the value of investments held by the Fund.

#### Foreign Investments

A portion of the Fund's assets is likely to consist of foreign investments, which may include foreign or domestic equity securities denominated in U.S. Dollars or foreign currencies and traded in or outside of the U.S. Such investments require consideration of certain risks typically not associated with investing in U.S. securities or property. Such risks include, among other things, trade balances and imbalances and related economic policies, unfavorable currency exchange rate fluctuations, imposition of exchange control regulation by the United States or foreign governments, United States and foreign withholding taxes, limitations on the removal of funds or other assets, policies of governments with respect to possible nationalization of their industries, political difficulties, including expropriation of assets, confiscatory taxation and economic or political instability in foreign nations.

There may be less publicly available information about certain foreign companies than would be the case for comparable companies in the United States and certain foreign companies may not be subject to accounting, auditing and financial reporting standards and requirements comparable to or as uniform as those of United States companies.

#### Investments in Emerging Markets

The Fund may invest in countries characterized by less stable economic or political conditions than in the largest mature Western economies. Emerging market investing is generally characterized as having higher levels of risk than in fully developed markets.

Investing in emerging market countries involves certain considerations not usually associated with investing in securities of developed countries or of companies located in developed countries, including political and economic considerations such as: greater risks of expropriation, nationalization, and general social, political and economic instability; the small size of the securities markets in such countries and the low volume of trading, resulting in potential lack of liquidity and in price volatility; fluctuations in the rate of exchange between currencies and costs associated with currency conversion; certain government policies that may restrict the Fund's investment opportunities; and problems that may arise in connection with the clearance and settlement of trades. In addition, accounting and financial reporting standards that prevail in certain of such countries generally are not equivalent to standards in more developed countries. There is also generally less regulation of the securities markets in emerging market countries than there is in more developed countries. Placing securities with a custodian in emerging market countries may also present considerable risks. In recent periods, emerging market country investors, particularly in Argentina, Russia and the Far East, have experienced substantial losses, due in part to debt defaults, political turbulence and economic instability, which factors may be expected to continue.

*Hedging Transactions*

The Fund may utilize financial instruments both for investment purposes and for risk management purposes in order to (i) protect against possible changes in the market value of the investment portfolios resulting from fluctuations in the markets and changes in interest rates; (ii) protect unrealized appreciation in the value of its investment portfolio; (iii) facilitate the sale of any such investments; (iv) enhance or preserve returns, spreads or appreciation on any investment in the portfolios; (v) hedge against a directional trade; (vi) hedge the interest rate, credit or currency exchange rate on any of the investments; (vii) protect against any increase in the price of any investments the Fund anticipates purchasing at a later date; or (viii) act for any other reason that the Investment Manager deems appropriate. The Fund will not be required to hedge any particular risk in connection with a particular transaction or its portfolios generally. While the Fund may enter into hedging transactions to seek to reduce risk, such transactions may result in a poorer overall performance than if it had not engaged in any such hedging transaction. Moreover, it should be noted that the portfolio will always be exposed to certain risks that may not be hedged.

*Exchange Rate Fluctuations; Currency Risks*

The Fund may invest in financial instruments denominated in non-U.S. currencies, the prices of which are determined with reference to currencies other than the U.S. Dollar. The Fund, however, values its financial instruments in U.S. Dollars. It may or may not seek to hedge each non-U.S. currency exposure by entering into currency hedging transactions, such as treasury locks, forward contracts, futures contracts and cross- currency swaps. There can be no guarantee that financial instruments suitable for hedging currency or market shifts will be available at the time when the Fund wishes to use them, or that hedging techniques employed will be effective. Furthermore, certain currency market risks may not be fully hedged or hedged at all. To the extent unhedged, the value of positions in denominated in currencies other than U.S. Dollars will fluctuate with U.S. Dollar exchange rates as well as with the price changes of the investments in the various local markets and currencies. In such cases, an increase in the value of the U.S. Dollar compared to the other currencies in which the Fund makes investments will reduce the effect of any increases and magnify the effect of any decreases in the prices of the investments in their local markets and may result in a loss. Conversely, a decrease in the value of the U.S. Dollar will have the opposite effect on the Fund's non-U.S. Dollar investments.

**Risks Related to Certain Financial Instruments***Equity Securities Generally*

The value of equity securities of public and private, listed and unlisted companies and equity derivatives generally varies with the performance of the issuer and movements in the equity markets. As a result, the Fund may suffer losses if it invests in equity instruments of issuers whose performance diverges from the Investment Manager's expectations or if equity markets generally move in a single direction. The Fund may also be exposed to risks that issuers will not fulfil contractual obligations such as, in the case of convertible securities or private placements, delivering marketable common stock upon conversions of convertible securities and registering restricted securities for public resale.

*Options*

The Fund may invest a portion of its assets in options, including the following:

- Call Options – There are risks associated with the sale and purchase of call options. The seller (writer) of a call option that is covered (e.g., the writer holds the underlying security) assumes the risk of a decline in the market price of the underlying security below the purchase price of the underlying security less the premium received and gives up the opportunity for gain on the underlying security above the exercise price of the option. The seller of an uncovered call option assumes the risk of a theoretically unlimited increase in the market price of the underlying security above the exercise price of the option. The securities necessary to satisfy the exercise of an uncovered call option may be unavailable for purchase, except at much higher prices, thereby reducing or eliminating the value of the premium. Purchasing securities to cover the exercise of an uncovered call option can cause the price of the securities to increase, thereby exacerbating the loss. The buyer of a call option assumes the risk of losing the entire premium investment in the call option.
- Put Options – There are risks associated with the sale and purchase of put options. The seller (writer) of a put option which is covered (e.g., the writer has a short position in the underlying security) assumes the risk of an increase in the market price of the underlying security above the sales price (in establishing the short position) of the underlying security plus the premium received, and gives up the opportunity for gain on the underlying security if the market price falls below the exercise price of the option. The seller of an uncovered put option assumes the risk of a decline in the market price of the underlying security below the exercise price of the option. The buyer of a put option assumes the risk of losing the entire investment in the put option.
- Stock Index Options – The Fund may also purchase and sell call and put options on stock indices listed on securities exchanges or traded in the over-the-counter market for the purpose of realizing its investment objectives or for the purpose of hedging its portfolio. A stock index fluctuates with changes in the market values of the stocks included in the index. The effectiveness of purchasing or writing stock index options for hedging purposes will depend upon the extent to which price movements in the Fund's portfolio correlate with price movements of the stock indices selected. Because the value of an index option depends upon movements in the level of the index rather than the price of a particular stock, whether the Fund realizes gains or losses from the purchase or writing of options on indices depends upon movements in the level of stock prices in the stock market generally or, in the case of certain indices, in an industry or market segment, rather than movements in the price of particular stocks. Accordingly, successful use by the Fund of options on stock indices will be subject to the Investment Manager's ability to correctly predict movements in the direction of the stock market generally or of particular industries or market segments.

#### Derivative Instruments in General

The Fund may use various derivative instruments, including options, forward contracts, swaps and other derivatives which may be volatile and speculative. Certain positions may be subject to wide and sudden fluctuations in market value, with a resulting fluctuation in the amount of profits and losses. Use of derivative instruments presents various risks, including the following:

- Tracking Risk – When used for hedging purposes, an imperfect or variable degree of correlation between price movements of the derivative instrument and the underlying investment sought to be hedged may prevent the Fund from achieving the intended hedging effect or expose the Fund to the risk of loss.

- Liquidity Risk – Derivative instruments, especially when traded in large amounts by a small number of counterparties, may not be liquid in all circumstances, so that in volatile markets the Fund may not be able to close out a position without incurring a loss.
- Leverage Risk – Trading in derivative instruments can result in large amounts of leverage. Thus, the leverage offered by trading in derivative instruments may magnify the gains and losses experienced by the Fund and could cause the Fund's net asset value to be subject to wider fluctuations than would be the case if the Fund did not use the leverage feature in derivative instruments.
- Hedging Risk – When a derivative is used as a hedge against an opposite position that the Fund also holds, any loss generated by the derivative should be substantially offset by gains on the hedged investment, and vice versa. While hedging can reduce or eliminate losses, it can also reduce or eliminate gains.
- Investment Risk – When the Fund uses derivatives as an investment vehicle to gain market exposure, rather than for hedging purposes, any loss on the derivative investment will not be offset by gains on another hedged investment. The Fund will therefore be directly exposed to the risks of that derivative. Gains or losses from derivative investments may be substantially greater than the derivative's original cost.
- Availability Risk – Derivatives may not be available to the Fund upon acceptable terms. As a result, the Fund may be unable to use derivatives for hedging or other purposes.
- Counterparty Credit Risk – When the Fund uses derivatives, it is subject to the risk that the other party to the agreement (the counterparty) will not be able to perform. It is possible that, in the event of a counterparty default, the Fund may not be able to recover all or a portion of its investment in such derivative instrument and may be exposed to additional liability (i.e., the obligations associated with what has become an unhedged position).

#### Debt Securities

The Fund may invest in debt securities and instruments. Certain of the debt instruments in which the Fund invests may be unrated, and whether or not rated, the debt instrument may have speculative characteristics. The issuers of such instruments may face significant ongoing uncertainties and exposure to adverse conditions that may undermine the issuer's ability to make timely payment of interest and principal. In addition, an economic recession could severely disrupt the market for these securities and may have an adverse impact on the value of such instruments. It is also likely that any such economic downturn could adversely affect the ability of the issuers of such securities to repay principal and pay interest thereon and increase the incidence of default for such securities.

#### Inflation-Linked Debt Securities

Inflation-linked debt securities are structured to provide protection against inflation. The value of the principal or the interest income paid on an inflation-linked debt security is adjusted to track changes in an official inflation measure. Repayment of the original principal upon maturity (as adjusted for inflation) is guaranteed in the case of U.S. Treasury inflation-indexed debt securities. For securities that do not provide a similar guarantee, the adjusted principal value of the securities repaid at maturity may be less than the original principal value. The value of inflation-linked debt securities is expected to change in response to changes in real interest rates. Real interest rates are tied to the relationship between nominal interest rates and the rate of inflation. In general,

the price of an inflation-linked debt security falls when real interest rates rise and rises when real interest rates fall. Interest payments on inflation-linked debt securities will vary as the principal and/or interest is adjusted for inflation and can be unpredictable. In periods of deflation, the Fund may have no income at all from such investments. The principal value of an investment in the Funds is not protected or otherwise guaranteed by virtue of the Fund's investments in inflation-linked debt securities.

#### Currency Risks

Although the base or functional currency of the Fund is the U.S. dollar, the Fund may invest in securities and other assets and may incur liabilities that are or may be denominated in other currencies. Accordingly, the value of the Fund's assets and liabilities may be affected favorably or unfavorably by fluctuations in currency exchange rates. The Investment Manager may seek to hedge the foreign currency exposure of the Fund through spot and forward foreign exchange contracts, foreign exchange futures contracts and other hedging techniques. The Investment Manager is not required to hedge against fluctuations in exchange rates between the U.S. dollar and the non-U.S. currencies in which the Fund's investments are denominated, thus the Fund generally will be exposed to, and the values of such investments generally will fluctuate with, the exchange rates between the relevant currencies. Such fluctuations in currency exchange rates could materially adversely affect the Fund or its investments. The Fund may also engage in speculative trading in currencies themselves. In many cases, hedging activity or investments in currencies are made through financial instruments that involve embedded leverage, magnifying the risks associated with such activity or investments. There can be no assurance that any of the Fund's currency hedging or investment activities (if and as applicable) will be available, effective or successful, and fluctuations in the relative values of currencies could cause material losses for the Fund.

#### Futures Contracts

The value of futures depends upon the price of the financial instruments underlying them. Futures prices are highly volatile, and price movements of futures contracts can be influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies. In addition, investments in futures are also subject to the risk of the failure of any of the exchanges on which the Fund's positions trade or of its clearing houses or counterparties.

Futures positions may be illiquid because certain exchanges limit fluctuations in certain futures contract prices during a single day by regulations referred to as "daily price fluctuation limits" or "daily limits." Under such daily limits, during a single trading day, no trades may be executed at prices beyond the daily limits. Once the price of a particular futures contract has increased or decreased by an amount equal to the daily limit, positions in that contract can neither be taken nor liquidated unless traders are willing to effect trades at or within the limit. This could prevent the Fund from promptly liquidating unfavorable positions and subject it to substantial losses or prevent it from entering into desired trades. In extraordinary circumstances, a futures exchange or regulator could suspend trading in a particular futures contract, or order liquidation or settlement of all open positions in such contract.

#### Forward Trading

Forward contracts and options thereon, unlike futures contracts, are not traded on exchanges and are not standardized; rather, banks and dealers act as principals in these markets, negotiating each transaction on an individual basis. Forward and "cash" trading is substantially unregulated; there is no limitation on daily price movements and speculative position limits are not applicable. The

principals who deal in the forward markets are not required to continue to make markets in the currencies or commodities they trade, and these markets can experience periods of illiquidity, sometimes of significant duration. There have been periods during which certain participants in these markets have refused to quote prices for certain currencies or commodities or have quoted prices with an unusually wide spread between the price at which they were prepared to buy and that at which they were prepared to sell. Disruptions can occur in forward markets due to unusually high trading volume, political intervention or other factors.

---

The foregoing list of risk factors does not purport to be a complete enumeration or explanation of the risks involved in an investment in the Fund. Prospective investors should read the entire relevant Memorandum and consult with their own advisers before deciding whether to invest. In addition, as the investment program develops and changes over time, an investment in the Fund may be subject to additional and different risk factors.

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

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

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

The investment manager is registered with the NFA as a commodity pool operator.

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

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

Kate Capital has adopted a Code of Ethics (the "Code") and a Compliance Manual (the "Manual") that requires us and our personnel, as far as possible, to put the interests of the Fund before our own interests. All of our personnel are also required to comply with all applicable law, regulatory Rules and Regulations, as well as internal processes and procedures, including personal trade reporting and pre-clearance. Kate Capital employees are required to certify their adherence to the policies and procedures set forth in the Manual and Code upon commencement of employment and no less than annually thereafter.

Upon registration with the SEC, all employees must direct their financial service providers to send duplicate copies of personal discretionary investment account statements to the CCO and/or the Firm's third-party compliance provider. These records are used to monitor compliance with the Firm's employee personal trading policies. Employees must also obtain pre-approval from the CCO before engaging in any outside business activities or private investments or receiving an allocation of an Initial Public Offering.

Investors or prospective investors may obtain a copy of the relevant sections of the Manual by contacting the compliance officer at [tom@katecapllc.com](mailto:tom@katecapllc.com) or by telephone at 203-557-4370.

Neither we nor a related person recommends to clients, buys or sells for client accounts, securities in which we or any related person has a material financial interest.

We, our staff members and/or staff members of our affiliates and related entities may hold investments in the Fund.

Incidental personal account investments may be made from time to time by our staff members in securities which may also be traded by the Fund, but all such personal account trading must be carried out in accordance with our Code.

It is integral to our culture that as far as possible, the interests of our Fund and its investors are put ahead of the interests of the Firm and our staff members and conflicts of interest are avoided where possible. Kate Capital's Code is applicable to all employees and associated persons, unless we have taken reasonable steps to determine that the staff member will not be involved to any material extent in, or have access to, information about the Firm's investment business.

In accordance with our procedures, the prior consent of the CCO or a designated member of management must be sought before personal account trades are made in applicable securities. Once the approved trades have been executed, a copy of the contract note, trade confirmation, or account statement must be forwarded to our compliance department, who undertake ongoing monitoring of all personal account trading activity.

### **Item 12: Brokerage Practices**

Kate Capital will be authorized by the Funds to determine the broker or dealer to be used for each securities transaction for the Fund. In selecting brokers or dealers to execute transactions, the Firm does not need to solicit competitive bids and does not have an obligation to seek the lowest available commission cost. Where required by regulation, the Firm may negotiate "execution only" commission rates and where appropriate, separate research only commission rates. Thus, the total commission rate over the execution price may include a separate research rate.

The Firm shall also have the authority to select and appoint custodians of the assets of the Fund. The Firm's authority is limited by its own internal policies and procedures and the Fund's investment guidelines.

In selecting an appropriate broker-dealer to affect a trade, the Firm seeks to obtain "best execution," meaning generally the execution of a securities transaction for the Fund in such a manner that the Fund's total costs or proceeds in the transaction are most favourable under the circumstances. Accordingly, in seeking best execution, the Firm takes into consideration the price of a security offered by the broker-dealer, as well as a broker-dealers' full range and quality of their services including, among other things, their facilities, reliability and financial responsibility, execution capability, commission rates, responsiveness to the Firm, brokerage and research services provided to the Firm (e.g., research ideas, analysis, and investment strategies), special execution and block positioning capabilities, clearance, and settlement and custodial services.

### **Aggregation**

In general, the Firm aggregates trade orders for the Fund to achieve more efficient execution or to provide for equitable treatment among accounts. The Fund will be allocated securities based on the average price achieved for such trades.

The Firm reserves the right, in its sole discretion, to change brokerage and custodial arrangements for the Fund without further notice to investors.

The Firm does not trade for its own account. All trades are executed as agents on behalf of the Fund.

**Allocation**

The Firm's policy prohibits any allocation of trades in a manner that results in more favourable treatment for Kate Capital's proprietary accounts (should it ever establish such accounts), affiliated accounts, or any particular Fund.

The Firm has adopted a policy for the fair and equitable allocation of transactions that generally analyses each trade, taking into consideration the specifics of each trade and the characteristics of the Fund.

**Research Commission**

The Firm intends to use soft dollars within the "safe harbor" provided by Section 28(e) of the United States Securities Exchange Act of 1934, as amended. The use of brokerage commissions to obtain research services creates a conflict of interest between the Firm and the Fund. This may result in the Fund paying higher brokerage commissions than might be paid if transactions were affected through brokers that do not provide such services. To the extent that the Firm is able to acquire these products and services without expending its own resources or at reduced prices, the Firm's use of "soft dollars" would tend to increase their profitability. In addition, the availability of these non-monetary benefits may influence the Firm to select one broker rather than another to perform services for the Fund.

**Item 13: Review of Accounts**

The Firm's portfolio manager and investment professionals continuously monitor and analyze the transactions, positions, and investment levels of the Fund to ensure that they conform to the investment objectives and guidelines that are stated in the Fund offering documents. In these reviews, the Firm pays attention to any changes in the investment's fundamentals, overall risk management and changes in the markets that may affect price levels. The Firm engages in active management for the Fund and reviews transactions, positions and cash balances on a daily basis.

**Reporting**

The Firm will distribute annual audited financial statements to the investors in the Fund within 120 days of the Firm's fiscal year-end. In addition, the Firm distributes reports to investors in the Fund, which include monthly investor statements from the fund administrator, monthly performance and risk reports and quarterly/annual investment letters.

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

Kate Capital makes cash payments to third-party solicitors for referrals. When applicable, cash payments for client solicitations will be structured to comply fully with the requirements of Rule 206(4)-3 under the Advisers Act and related SEC staff interpretations.

As discussed above in Item 12, Kate Capital executes transactions with a broker or dealer that (i) provides Kate Capital with the opportunity to participate in capital introduction events sponsored by the broker-dealer, or (ii) refers investors to Funds advised by Kate Capital. If otherwise consistent with seeking best execution provided, Kate Capital is not selecting the broker-dealer in recognition of the opportunity to participate in such capital introduction events or the referral of investors.

We do not receive an economic benefit from any third parties in return for providing investment advice or other services to our funds.



**Item 15: Custody**

The Firm will comply with the requirements of Rule 206(4)-2 of the Advisers Act with regards to custody of assets of the Clients ("Custody Rule") and will use qualified custodians to custody Client assets. The Fund administrator also sends investors in the Fund monthly statements.

Additionally, all Funds are audited by an independent, unaffiliated auditor and we will deliver audited financial statements to all investors in the Fund within a maximum of 120 days of the end of the year.

**Item 16: Investment Discretion**

Kate Capital has full discretionary authority over the Fund including authority to make decisions with respect to which securities to be bought and sold as well as the amount and price of those securities. Additionally, Kate Capital has full discretion over the brokers or dealers to be used for transactions and the commissions to be paid. These terms are established in the offering documents of the Funds.

**Item 17: Voting Client Securities**

The Firm intends to vote proxies on a case-by-case basis. Prior to voting a proxy, the relevant employees of will make a determination, in their opinion, as to what vote if any, is in the best interest of the Fund. The Firm maintains written records of the proxy vote on each occasion a proxy is voted. Investors in the Fund may not direct the voting of proxies.

If a material conflict of interest between the Firm and the Fund should arise, the Firm will determine whether voting in accordance with the guidelines set forth in the proxy voting policies and procedures is in the best interests of the Fund or take another appropriate action.

Investors may request a copy of the Firm's proxy voting policy, as well as the records of any proxy votes for the respective Fund in which they have an investment.

**Item 18: Financial Information**

Kate Capital has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients and has not been the subject of a bankruptcy proceeding.