

Kensico Capital Management Corp.

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Part 2A of Form ADV: Firm Brochure
March 29, 2024

This brochure provides information about the qualifications and business practices of Kensico Capital Management Corp. If you have any questions about the contents of this brochure, please contact us at info@kensicocapital.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 other federal or state securities authority.

A copy of this brochure and additional information about Kensico Capital Management Corp. is also available on the SEC’s website at www.adviserinfo.sec.gov.

Registration with the SEC or with any state securities authority does not imply a certain level of skill or training.

This brochure does not constitute an offer to sell or the solicitation of an offer to purchase any securities of any entities described herein. Any such offer or solicitation will be made solely to qualified investors by means of a confidential offering memorandum and related subscription materials.

ITEM 2. MATERIAL CHANGES

This brochure dated March 29, 2024 serves as an update to the Kensico Capital Management Corp.'s ("Kensico") brochure dated March 30, 2023. Since that time, Kensico has deregistered as commodity pool operator with the Commodity Futures Trading Commission and the National Futures Association in reliance on CFTC Rule 4.13(a)(3). While there have been no other changes to the business of Kensico that would rise to a material change for purposes of this brochure, we have updated this brochure to present information about Kensico in a more concise manner. In addition, we have made routine updates throughout the brochure to improve and clarify our business practices, compliance policies and procedures, as well as to respond to evolving industry best practices.

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ITEM 4. ADVISORY BUSINESS

The Adviser

Kensico was founded in January 2000 by Michael Lowenstein and Thomas Coleman, who remain its principal owners. Kensico is a Delaware corporation and currently has a single office located in Greenwich, Connecticut.

Advisory Services

Kensico provides investment advisory services on a discretionary basis to private investment funds (each a “Fund” and, collectively, the “Funds”). Interests in the Funds are offered to sophisticated and institutional investors on a private placement basis. The Funds are exempt from registration under the Investment Company Act of 1940, and interests in the Funds are exempt from registration under the Securities Act of 1933.

Kensico currently advises Kensico Associates, L.P. (the “Onshore Fund”), as well as a master-feeder structure consisting of Kensico Offshore Fund, Ltd. (the “Offshore Feeder Fund”) and Kensico Offshore Fund Master, Ltd (the “Offshore Master Fund”). The Offshore Feeder Fund invests substantially all of its assets in the Offshore Master Fund (and both of these funds are referred to collectively as the “Offshore Funds”).

Kensico Capital L.L.C., an affiliated entity formed as a Delaware Limited Liability Company, serves as general partner for the Onshore Fund and as a shareholder of the Offshore Master Fund.

Kensico may act as investment adviser for other entities or accounts in the future.

Investment Strategies and Types of Investments

Please see Item 8 below for a description of the investment strategies employed by Kensico for the Funds and certain material risks inherent in those strategies. Additional information about the Funds’ investment strategies, objectives and risks is included in the respective confidential offering memorandum for each Fund.

Kensico does not participate in wrap fee programs.

Assets Under Management

As of December 31, 2023, Kensico managed approximately \$2,892,094,000 of client net assets on a discretionary basis and did not manage any assets on a non-discretionary basis.

ITEM 5. FEES AND COMPENSATION

The fees for each Fund are set forth in their respective confidential offering memorandum. Below is a brief summary.

Management Fee

Kensico is generally paid a management fee (the “Management Fee”) calculated based on a percentage of the value of the interests or shares, as applicable, of each investor in each of the Onshore Fund and the Offshore Feeder Fund (each, a “Fund Investor”). The percentage varies depending on the date of

investment, as well as which of two applicable capital holding periods that a Fund Investor chooses, which is illustrated as follows:

Holding Period	Annual Management Fee
One Year	1.5%
Three Year	1.0%

Investments deemed by Kensico to be special situation investments (*e.g.*, certain illiquid investments or investments lacking a readily ascertainable market value) are valued at cost (or, in the case of a pre-existing Fund investment that is designated as a special situation investment after it is acquired, at estimated fair market value as of the date of such designation) for purposes of calculating the Management Fee until any such investment is realized or becomes freely tradable (as determined by Kensico).

Management Fees are deducted monthly in advance for the Onshore Fund and deducted quarterly in advance for the Offshore Fund. With respect to any period that is less than a full calendar month or quarter, as applicable, the prepaid Management Fees, prorated accordingly, are refunded to the Fund Investor's account. In other words, the Management Fee is adjusted for any subscriptions and withdrawals or redemptions during the relevant calendar month or quarter.

Kensico can, in its sole discretion, waive, reduce or modify the Management Fee for any and all Funds with regard to certain Fund Investors. Kensico has waived the Management Fee with respect to members, officers, affiliates and employees of Kensico and their related interests (collectively, the "Adviser Affiliates") and their families.

Incentive Reallocation

Kensico's affiliated entity, Kensico Capital L.L.C., generally receives an annual incentive reallocation from the Funds, equal to a percentage of the annual increase in value (incorporating realized and unrealized gains and losses), if any, of each Fund Investor's capital. The percentage reallocated to Kensico Capital L.L.C. varies depending on the date of the investment, as well as which of two applicable capital holding periods that a Fund Investor chooses, which is illustrated as follows:

Holding Period	Annual Incentive Reallocation
One Year	17.0%
Three Year	15.0%

The incentive reallocation is also reduced by any amounts in the relevant loss recovery account, which reflects losses from prior periods. Special situation investments are not subject to any incentive reallocation until that investment is realized or becomes freely tradable (as determined by Kensico).

In the event that a Fund Investor withdraws or exits a Fund at any time other than at the end of a fiscal year, the incentive reallocation will be determined with respect to such interest of the Fund Investor as of the date of the withdrawal or exit.

Kensico can, in its sole discretion, waive, reduce or modify the provisions relating to the incentive reallocations with regard to certain Fund Investors. Kensico has waived the incentive reallocation with respect to Adviser Affiliates and their families.

Additional Fees and Expenses

In addition to the Management Fee and the incentive reallocation, the Funds bear their own expenses as described more fully in each Fund's confidential offering memorandum. These expenses include, for example, charges imposed by custodians, brokers, or other counterparties, as well as interest and commitment fees on loans and debit balances, research and data service costs, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. The Funds also incur certain operating and related expenses, such as administration, accounting, tax, audit, insurance, legal and directors' fees and expenses. For more information about the brokerage commissions that are incurred by the Funds, please see Item 12 (Brokerage Practices). Expenses are typically allocated among the Funds in proportion to their respective net asset values, or in such other manner as Kensico determines to be equitable.

ITEM 6. PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

Kensico charges performance-based compensation to the Funds in the form of an incentive reallocation. Performance-based compensation arrangements can create an incentive for Kensico to recommend investments that may be riskier or more speculative than those that would be recommended under a different fee arrangement. Such fee arrangements can also create an incentive to favor higher-fee-paying accounts over other client accounts in the allocation of investment opportunities (although in the case of Kensico the Funds have parallel fee arrangements).

ITEM 7. TYPES OF CLIENTS

As noted above in Item 4, Kensico currently provides investment advisory services to the Funds. Investors in the Funds include institutions, endowments, foundations and charities, funds of funds, family offices, high-net worth individuals and other privately placed pooled investment vehicles. The Funds are offered exclusively to accredited investors as defined in Regulation D under the Securities Act. The confidential offering memorandum for each Fund sets forth the required minimum amounts for investment by investors. The minimum investment amounts generally do not apply to Adviser Affiliates and have been reduced for other investors.

ITEM 8. METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

Methods of Analysis and Investment Strategies

Kensico pursues an opportunistic and value-oriented investment approach, and does not intend to focus on any one strategy, industry or asset class. While the Funds will invest primarily in publicly-traded equity securities, the Funds generally have broad and flexible investment authority. The flexibility to invest in different industries, products and instruments (*e.g.*, publicly-traded value and growth stocks, spin-offs, risk arbitrage, bankruptcies, post-bankruptcies, commodities, interest rate or currency derivatives, private investments, and credit derivatives referencing corporate or sovereign debt, among other securities) should broaden the range of possible investment opportunities for the Funds. The mixture of investments owned by the Funds can change considerably over time as market conditions fluctuate. Kensico's general approach to investing on behalf of the Funds results in seeking opportunities that typically can be classified as either "absolute value" or "relative value."

Absolute Value Strategy

“Absolute Value” investments, which may be “longs” or “shorts,” are securities that, in the judgment of Kensico, are trading at a price below (longs) or above (shorts) their intrinsic value. While some of these investments will be event-driven, there is no requirement for them to be so.

Relative Value Strategy

“Relative Value” investments involve the taking of a long position in one security and a short position in another security where the two securities have some economic relationship to one another. Depending on the type of trades utilized, a Fund would profit if the spread between the two securities either converged or diverged. One side of these “relative value” investments may have some of the characteristics of the “absolute value” investments discussed above (e.g., spin-offs or accounting complexities). These investments may include paired trades, which involve the taking of a long position in an issuer in one industry and the simultaneous taking of an offsetting position in a different issuer in the same industry. Other types of relative value trades may include intra-capitalization trades, convertible arbitrage and merger arbitrage.

Other Strategies

The two investment strategies described above illustrate some of the strategies Kensico can use on behalf of the Funds to seek investment opportunities. These descriptions are meant to represent a general overview rather than an exclusive list of potential methods and strategies. Many of these opportunities could be of a long-term nature and require multi-year investments. Kensico also may seek to take advantage of short-term price dislocations based on value-driven analysis or market momentum. In addition, Kensico may engage in other strategies for the Funds as new opportunities or shifting market dynamics present themselves. The Funds also can utilize borrowed funds (leverage) in an effort to increase their returns.

The Funds may invest in other funds or employ other investment managers as sub-advisers where doing so, in Kensico’s opinion, provides the Funds with access to investments or expertise that would otherwise not be available to them.

Additional information about methods of analysis and investment strategies employed by Kensico on behalf of the Funds is included in each Fund’s respective confidential offering memorandum.

Risk of Loss

As a general matter, investing in securities involves a risk of loss that investors should be prepared to bear. Moreover, and as explained more fully in each Fund’s confidential offering memorandum, the investment program of each Fund involves a substantial degree of risk. Examples of such risks of loss include the following:

Equity Securities. The market prices for equity securities may be affected by general economic and market conditions, such as a broad decline in stock market prices, or by conditions affecting a specific issuer, such as changes in a company’s financial condition or earnings forecast.

Concentration Risk. The concentration of investments in a relatively limited number of industries and investments may tend to result in more rapid changes in the value of a portfolio, upward or downward, than would be the case if the portfolio was more widely diversified.

Short Sales. Kensico engages in short sales on behalf of the funds. A short sale involves the sale of a security that the seller does not own. To complete a short sale, the short seller must borrow the security sold in order to make delivery to the buyer. The short seller must then replace any securities borrowed by purchasing them at the market price at the time of replacement. A short seller may be required to return the securities borrowed at any time. The price at such time may be more or less than the price at which the security was sold. Short sales can result in profits when the prices of the securities sold short decline, and losses, which are theoretically unlimited, when such prices increase.

Options and Other Derivatives. The Funds may from time to time invest in options and other derivative instruments, including ETFs. Kensico generally uses derivatives as a substitute for investing in underlying equities, and not to achieve leverage. Derivatives involve additional risks. The purchaser of a put or call option runs the risk of losing the entire investment in a relatively short period of time if an option expires unexercised. Some derivatives are not traded on an exchange, are not readily transferable, and are subject to the risk of default by the counterparty.

Use of Leverage and Margin Risk. Kensico utilizes leverage in investing the Funds' assets, including through trading on margin by borrowing funds and pledging securities or other assets as collateral. The use of leverage can increase or decrease returns. In addition, securities pledged to broker counterparties to secure the Funds' margin accounts could be subject to "margin calls." These calls would require the Funds to either deposit additional assets with the broker or suffer mandatory liquidation of the pledged assets to compensate for the decline in value. A substantial drop in the value of the Funds' assets accompanied by corresponding margin calls could force the Funds to liquidate assets quickly, and not for what Kensico perceives to be their fair value, in order to pay off the Funds' margin debt.

Investments in Non-U.S. Securities. Investments in non-U.S. companies involve additional risks not typically associated with trading in the United States. Such risks include potential adverse events in the country where an issue is located, unfavorable changes in exchange rates, imposition of exchange control regulation by the United States or foreign governments, restrictions on repatriation of investment income and capital, and higher transaction costs. In addition, there may be less publicly-available information about certain non-U.S. companies than would be the case for comparable companies in the United States. Moreover, non-U.S. companies might not be subject to accounting, auditing, banking and financial reporting standards and requirements comparable to the United States.

Fundamental Analysis. Certain trading decisions made by Kensico are based on fundamental analysis. Data on which fundamental analysis relies may be inaccurate, generally available to other market participants including competitors and subject to interpretation. The Funds may not be able to realize their investment goals as a result of inaccurate data. Losses also may be incurred to the extent that Kensico misinterprets the meaning of certain data.

Non-Public Information. As part of Kensico's fundamental analysis, Kensico may come into possession of material, non-public information about a company ("MNPI"). The receipt of such information may be intentional or inadvertent, notwithstanding Kensico's policies and procedures to prevent the unintended receipt of MNPI. The possession of MNPI will typically require Kensico to refrain from buying or selling the securities of an issuer at times when Kensico might otherwise intend for the Funds to buy or sell such securities.

Operational and Cyber Risks. Operational and cyber risks cover a broad range of potential issues. For example, Kensico relies on many different systems – including execution, financial, accounting, and other data processing systems – to trade, clear and settle transactions for the Funds, to evaluate and monitor potential and existing investments, and to generate risk-management and other reports critical to oversight of the Funds. Operators of these systems include fund administrators, prime brokers, counterparties and

execution platforms. Failures or errors in these systems could result in mistakes or delays in execution, confirmation or settlement of transactions, challenges in making investment decisions, and the impairment of general risk oversight for the Funds. In addition, the increasing reliance on internet-based systems to conduct transactions and store data also creates increased cybersecurity risks.

These and other risks are described more fully in each Fund's confidential offering memorandum.

ITEM 9. DISCIPLINARY INFORMATION

Kensico does not believe that there have been any legal or disciplinary events that are material to our advisory business or the integrity of our management.

ITEM 10. OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Kensico and its affiliates are not engaged in any other activities in the financial industry. As stated in Item 4, Kensico Capital, L.L.C., an affiliated entity, serves as general partner for the Onshore Fund and as a shareholder of the Offshore Master Fund.

For a description of material conflicts of interest, as well as a description of how such conflicts are addressed, please see Item 11, "CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING" below.

ITEM 11. CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

Code of Ethics

Kensico has adopted a Code of Ethics (the "Code") that sets forth standards of conduct for Kensico and our employees. The Code also addresses specific areas of conduct, including with respect to conflicts of interest, personal trading, gifts and entertainment and business activities outside of Kensico. The Code incorporates the following general principles that all employees are expected to uphold:

- Employees must at all times place the interests of the Funds first;
- All personal securities transactions must be conducted in a manner consistent with the Code and in a manner that avoids or appropriately mitigates actual or potential conflicts of interest;
- Employees must not take any inappropriate advantage of their positions with respect to the Funds;
- Employees must maintain the confidentiality of information about the Funds' portfolios, as well as the financial circumstances of the Funds and their investors; and
- Employees must maintain independence in the investment decision-making process.

With respect to personal trading, the Code places restrictions, including pre-clearance requirements, on the ability of employees to engage in personal securities transactions. These restrictions generally cover initial public offerings, limited or private offerings and individual equity securities. In determining whether to approve a trade, the compliance department takes into consideration any potential material conflict of interest, and if any exists, what limitations to place on such personal transactions. For clarification, the pre-approval requirement generally does not apply to trading in exempt securities and personal accounts over which neither the employee nor any of his or her family members have investment discretion. The Code also requires employees to disclose their personal securities holdings and transactions to Kensico on a periodic basis.

The Code and Kensico's compliance manual are distributed to each employee at the time of hire and are supplemented with training periodically thereafter. All employees must acknowledge the terms of the Code at least annually or more frequently in the event of a material update.

A copy of the Code is available to clients and prospective clients upon request to info@kensicocapital.com.

Transaction-Related Conflicts of Interest

Conflicts Generally. Kensico faces certain conflicts of interest by virtue of advising multiple Funds and because Adviser Affiliates and their families also invest in the Funds. Some of these transaction-related conflicts of interest are described below. Additional information about conflicts of interest is included throughout this brochure and in each Fund's confidential offering memorandum.

Personal Investments, Including in the Funds. Adviser Affiliates may transact securities in their personal accounts that are also held by or under consideration for investment by the Funds. Any such personal transactions by Adviser Affiliates in those securities are subject to pre-clearance by the Kensico compliance team (other than certain exempt securities such as money market funds or in the case of certain non-discretionary accounts). Kensico's policies and procedures generally place time-related restrictions on personal transactions in these securities, with the result that such transactions may be delayed or denied or profits may be disgorged. In addition, Adviser Affiliates and their families invest in the Funds and with more frequent liquidity than Fund Investors. To the extent an Adviser Affiliate does invest in the Funds, an information asymmetry exists between the Adviser Affiliate and the other Fund Investors.

Other Activities. Kensico and its Adviser Affiliates will devote their time and effort to the affairs of each Fund as deemed reasonably necessary and appropriate. Kensico is not restricted from forming additional investment funds, from entering into other investment advisory relationships or from engaging in other business activities, even though such activities may be in competition with the Funds and/or may involve substantial time and resources of Kensico and its Adviser Affiliates. The activities could be viewed as creating a conflict of interest in that the time and effort of Kensico and its Adviser Affiliates will not be devoted exclusively to the business of Funds, but will be allocated between the business of the Funds and the management of other accounts or other business activities.

Trading Restrictions Due to MNPI. Although internal policies are in place that are designed to prevent the unauthorized receipt of MNPI, from time to time Kensico and its Adviser Affiliates may come into possession of such information concerning specific companies, including during the course of activities that are not for the benefit of the Funds. For example, Adviser Affiliates may serve on one or more boards of directors, and as a result, the Funds could be restricted from participation in certain investments. Under applicable securities laws, this may limit Kensico's flexibility to buy or sell securities of such companies and to use the information for investing in other companies.

Rebalancing Trades. Kensico periodically enters into "rebalancing trades" when contributions to, or withdrawals/redemptions of capital from, the Funds change the asset ratios among the Funds. The purpose of rebalancing trades is to bring each Fund's exposure to a commonly held investment in line with such Fund's percentage of total equity under management in the Funds. Due to the percent ownership by Adviser Affiliates in the Funds, Kensico does not engage in direct cross trades between the Funds. Rather, Kensico effects such trades on the open market. The inability to engage in cross trades in some instances leads to increased transaction costs incurred by the Funds.

Distributions in Kind to Adviser Affiliates. In certain limited circumstances, securities may be distributed in kind by the Offshore Funds to Adviser Affiliates for the tax efficiency of the Adviser Affiliates (e.g., to enable the Adviser Affiliates to make charitable donations of appreciated securities in

kind). In cases where the distribution will not be made to all investors, independent member(s) of the Offshore Funds' board of directors will approve such distributions. Kensico has adopted policies and procedures to ensure that any such distributions will be valued based on Kensico's policies and procedures and will not adversely affect the Offshore Funds' ability to liquidate shares of the same securities. Investors in the Offshore Feeder Fund will not generally be given the option for distribution of securities in kind.

Tax Considerations Among the Funds. Kensico at times makes investment decisions that differ between the Onshore Fund and the Offshore Funds in order to maximize tax efficiency or to address, reduce or eliminate certain tax issues for the Funds in light of their respective tax and regulatory status. Kensico's consideration of the tax suitability and advantages of certain transactions may result in a variation in performance of the Funds. Adviser Affiliates have different levels of exposure to different Funds which could impact investment decisions based on tax considerations. In addition, tax rates applicable to the incentive reallocation may be impacted by the holding periods for investments held by the Funds. As a result, Kensico can have differing interests from those of Fund Investors, especially in situations where the choice of a particular tax lot may result in preferential tax treatment for the incentive reallocation from the Funds, but be less preferable for Fund Investors.

ITEM 12. BROKERAGE PRACTICES

Brokerage Policy and Procedures

Kensico has full discretion in deciding which brokers and dealers to use for the execution of securities transactions for the Funds and in negotiating the rates of compensation the Funds pay. Securities transactions for the Funds generate a substantial amount of brokerage commissions and related transaction costs, all of which the Funds, and not Kensico, are obligated to pay.

In selecting broker-dealers to effect securities transactions, Kensico seeks to obtain "best execution" by considering a range of factors. These factors include price; transaction size; ability to find liquidity; nature of the market for the security; commission rates (or markups or markdowns); timing of the transaction given market prices and trends; confidentiality concerns; the reputation, experience and financial stability of the broker-dealer; quality of service rendered by the broker-dealer in other transactions with Kensico; rate of soft dollar credits; quality and usefulness of brokerage and research services and investment ideas presented by the broker-dealer or third parties; the broker-dealer's ability to accommodate any special execution or order handling requirements that may surround the particular transaction; and other factors Kensico considers relevant and beneficial to the Funds. Kensico is not obligated to obtain the lowest commission costs on each transaction.

Research and Other Soft Dollar Benefits

Kensico has soft dollar arrangements with broker-dealers and providers from which Kensico receives research and other services and capabilities. Kensico considers the trading costs in relation to the relative value of the benefits received and incurs reasonable commissions with reputable firms. Broker-dealers who provide value-added research and other services while satisfying best-execution criteria are paid through trading relationships at negotiated commission rates and these rates are higher than those that would be available without the receipt of research and other services (known as "paying up"). Kensico has established an internal best execution committee to review, among other matters, transaction costs, best execution, and the value of external research.

Brokerage and research furnished or paid by brokers includes, but is not limited to, written information, verbal communication and other analyses concerning specific securities, companies or sectors; market, financial and economic studies, data, metrics and forecasts; financial publications; statistical and pricing

services; as well as discussions with research or company personnel and industry or subject matter experts. Brokerage and research services obtained by the use of commissions arising from the Funds' portfolio transactions may be used by Kensico in its other investment activities. If Kensico uses client brokerage commissions to obtain research or other products or services, Kensico receives a benefit because it does not have to produce or pay for the research, products or services. Kensico may have an incentive to select or recommend a broker-dealer based on Kensico's interest in receiving the research or other products or services, rather than on the Funds' interest in receiving most favorable execution. Kensico generally uses soft dollar benefits to service all of the Funds' accounts; however, Kensico may not be able to allocate soft dollar benefits to the Funds proportionately to the soft dollar credits a Fund generates. Kensico expects all of its soft dollar arrangements to come within the safe harbor provided by Section 28(e) of the Securities Exchange Act of 1934, as amended, and subject to prevailing guidance by the SEC regarding Section 28(e).

The types of products and services Kensico acquired with soft dollars during the past year include: subscription, sell-side and bespoke securities and industry research reports and analysis; industry conferences and consultants; meetings with research analysts and company management; macroeconomic or industry periodical subscriptions; subscriptions to data services ranging from business and sales trends, behavior analytics, surveys or bespoke research projects, alternative data (*e.g.*, credit card data), regulatory filings and securities market pricing and trends; statistical, portfolio or risk analysis tools; fix lines, direct-to-broker phone lines and software for direct trading access and for evaluating trading quality and strategies from various trading counterparties; clearing and settlement services; industry surveys; and consults and reports on political, legal or regulatory developments affecting portfolio securities or investment opportunities. Such research services were typically provided in the form of access to various computer-generated data, written reports or in person or telephonic meetings.

Brokerage for Client Referrals

Kensico does not receive client (or investor) referrals from broker-dealers or third parties in return for selecting broker-dealers to execute Fund transactions. Kensico has entered into agreements on behalf of the Funds with certain broker-dealers who act as prime brokers on behalf of the Funds. These broker-dealers periodically organize conferences for potential investors interested in investing in private funds and invite representatives from private-fund managers to attend or speak at such conferences (known as "capital introduction" events). Kensico personnel historically have not attended or spoken at such events, but may in the future.

Directed Brokerage

Kensico does not have client directed brokerage arrangements.

Aggregation and Allocation of Transactions

Kensico generally allocates investment opportunities on a *pari passu* basis among the Funds based on the relative size of each Fund's assets. When effecting transactions for the Funds, Kensico typically aggregates, or "bunches" buy and sell orders into a single large order for execution. In many instances, such aggregation of orders can result in lower commissions, a more favorable net price or more efficient execution than if each Fund's order were placed separately. However, there may be instances in which order aggregation results in a less favorable transaction than a particular Fund would have obtained by trading separately. Kensico is not obligated to place all transactions on an aggregated basis. Each Fund participating in an aggregated order will participate at the same price and share costs pro rata with all other participants. Where an aggregated order is filled through multiple trades at different prices on the same day, that day's total fill and all transaction costs will be allocated by Kensico to participating Funds pro rata based on the initial

order (on an average price and cost basis), but may be modified on a basis that Kensico deems appropriate, including for example to avoid odd lots or de minimis allocations.

As noted above, investment opportunities are typically allocated *pari passu* among the Funds. In making allocation decisions among the Funds, Kensico can (and, when applicable, does) also take into consideration other factors such as (i) the potential for adverse tax consequences; (ii) regulatory and other restrictions that would or could limit a Fund's ability to participate in a proposed investment; (iii) the potential for the proposed investment to create an imbalance in a Fund's portfolio (taking into account expected inflows and outflows of capital); (iv) liquidity requirements for a Fund; (v) the ramp-up period for any newly launched funds in the future; and (vi) rounding and the avoidance of de minimis allocations. Such considerations can (and are often expected to) result in allocations among the Funds on other than a *pari passu* basis.

ITEM 13. REVIEW OF ACCOUNTS

Kensico provides continuous advisory services for the Funds and performs various daily, weekly, monthly, quarterly and periodic reviews of each Fund's portfolio. The portfolio investments of each Fund are reviewed by the Kensico's principals and investment team members, including through a review of daily portfolio and exposure reports. In addition, a review may be triggered by special circumstances.

Kensico prepares and distributes to Fund Investors monthly capital account statements, monthly and quarterly Fund reports (indicating estimated performance, exposures, positions and other portfolio characteristics), quarterly commentary letters, and if applicable, information necessary for investors to complete their annual U.S. income tax returns. In addition, Kensico distributes audited financial statements prepared in accordance with U.S. generally accepted accounting principles to all Fund Investors annually.

ITEM 14. CLIENT REFERRALS AND OTHER COMPENSATION

Kensico does not receive compensation from non-clients for providing advisory services to clients, and does not participate in referral arrangements.

ITEM 15. CUSTODY

Kensico is deemed to have custody of client assets because it acts in a capacity with respect to the Funds that gives Kensico legal access to the Funds' cash and securities. In accordance with applicable requirements under the Advisers Act, Kensico distributes to Fund Investors on an annual basis audited financial statements prepared in accordance with generally accepted accounting principles within 120 days of each Fund's fiscal year end. The financial statements are prepared by an independent public accountant that is registered with the Public Company Accounting Oversight Board. Fund Investors should carefully review the annual financial statements and compare the statements with information about their respective Fund that has been provided by Kensico or the Fund's administrator.

ITEM 16. INVESTMENT DISCRETION

Kensico provides investment advice directly to the Funds on a discretionary basis pursuant to the investment objectives and guidelines set forth in each Fund's confidential offering memorandum.

ITEM 17. VOTING CLIENT SECURITIES

Kensico has adopted proxy voting policies and procedures as required by the Advisers Act. Our proxy voting policies and procedures are designed to ensure that we act in the best interest of our clients when determining whether and how to vote on any proxy matter. Kensico's policy is to vote proxies for the exclusive benefit of the relevant Funds as determined by Kensico in its discretion and in line with the Funds' investment objectives. Kensico may abstain from voting if it deems such abstention is in the Funds' best

interests, taking into consideration factors such as regulatory restrictions, costs (such as travel or translation costs) or requirements of its prime brokers. If Kensico identifies a potential conflict of interest with respect to a particular proxy vote, the Chief Compliance Officer will be consulted to determine whether a conflict exists. In the unlikely event that an actual conflict exists, the CCO will take necessary and appropriate steps to ensure that Kensico votes the proxy consistent with the best interests of the Funds and in a manner not affected by the conflict of interest. The CCO may consider potential methods for resolving conflicts, including: (i) where a personal relationship is involved, shifting primary responsibility for voting the proxy to a member of the investment team who does not have such personal relationship or to the CCO; (ii) delegating the voting decision to an independent committee of investors, directors or other representatives of the Funds, as applicable; or (iii) seeking guidance from outside legal counsel.

Fund Investors may not direct Kensico's vote in a particular proxy solicitation. Upon request, Kensico will provide clients with a copy of its proxy voting policies and procedures, as well as information about how Kensico voted securities in connection with a particular vote. Requests may be made in writing to info@kensicocapital.com.

On a related topic, Kensico from time to time makes investments in securities that subsequently become the subject of class action lawsuits. Kensico will typically have the Funds participate in these lawsuits, but retains the flexibility to decline or opt out. Kensico's general approach with respect to any proceeds received as a result of participating in a class action lawsuit is to allocate the proceeds on a *pro rata* basis to the Fund Investors in the Fund at the time the proceeds are received. Kensico has engaged a third-party to administer class action monitoring and recovery on behalf of the Funds. The fees payable in connection with such arrangements are based on a percentage of any amounts recovered in respect of class action lawsuits and are borne by the Funds.

ITEM 18. FINANCIAL INFORMATION

Kensico does not solicit or receive fees more than six months in advance, does not have any financial condition likely to impair its ability to meet contractual commitments to clients, and has not been the subject of a bankruptcy petition at any time during the past ten years.

ITEM 19. REQUIREMENTS FOR STATE-REGISTERED ADVISERS

Kensico is not registered with any state securities authority.