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**ITEM 1: COVER PAGE**

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**Pravati Capital LLC**

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

**Pravati Capital LLC  
7154 East Stetson Drive  
Scottsdale, AZ 85251**

**March 26, 2024**

**This brochure provides information about the qualifications and business practices of Pravati Capital LLC (“Pravati Capital” or the “Firm”). If you have any questions about the contents of this brochure, please contact Alex Chucri, the Firm’s Chief Compliance Officer, at 480-718-3134 or [alex@pravaticapital.com](mailto:alex@pravaticapital.com). Additional information about Part 2A Form ADV is available on the SEC’s website at <https://www.sec.gov/about/forms/formadv-part2.pdf>. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.**

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

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

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**ITEM 2: MATERIAL CHANGES**

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Pravati Capital is amending this brochure as part of its Form ADV Annual Amendment for the fiscal year ending December 31, 2023. This brochure has been updated to make certain non-material changes, including the Firm's regulatory assets under management.

Investors are encouraged to review this brochure in its entirety. The information set forth in this brochure is qualified in its entirety by the applicable offering and governing documents. In the event of a conflict between the information set forth herein and the applicable offering and governing documents, the information set forth in the applicable offering and governing documents shall control.

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## ITEM 4: ADVISORY BUSINESS

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### ***Item 4.A. General Description of Advisory Firm***

Pravati Capital LLC (“**Pravati Capital**” or the “**Firm**”), a Delaware limited liability company, was formed in 2013. The Firm’s principal owner is Alexander Chucuri.

### ***Item 4.B. Description of Advisory Services***

Pravati Capital is an investment management firm that provides advisory services to privately offered pooled investment vehicles (each, a “**Fund**” and collectively, the “**Funds**”) and special purpose vehicles (each, an “**SPV**” and collectively, the “**SPVs**”) (collectively with the Funds, the “**Clients**”) that focus on litigation financing. The Clients invest in a broad range of complex commercial disputes, including but not limited to, shareholder and security actions, international arbitration, competition and antitrust cases, as well as intellectual property, insolvency, and class actions.

### ***Item 4.C. Availability of Customized Services for Individual Clients***

The Firm’s investment management and advisory services to the Funds are provided pursuant to the terms of the respective offering memoranda, governing document (e.g., limited partnership or limited liability company agreement) (collectively with the offering memoranda, the “**Offering Documents**”) and investment management agreement of the applicable Fund. The Firm may enter into side letters with investors in the Funds to allow them to obtain certain services tailored to their individual specific needs or impose individual restrictions on investing in certain securities or types of securities. The Firm shall only enter into a side letter if the terms of such letter does not disadvantage another Client or Fund investor.

### ***Item 4.D. Wrap Fee Programs***

Pravati Capital does not participate in a wrap fee program.

### ***Item 4.E. Regulatory Assets Under Management***

As of December 31, 2023, the Firm managed a total of \$162,859,151 of Client assets on a discretionary basis. The Firm does not currently advise any assets on a non-discretionary basis.

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## ITEM 5: FEES AND COMPENSATION

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### ***Item 5.A. Description of Compensation Arrangements***

#### **Management Fees:**

The Firm, in its capacity as investment manager, is entitled to receive a management fee from the Funds, typically around 2.0% annually. Management fees will be calculated as a percentage of each respective Fund’s total amount of called capital or invested capital, in accordance with the respective Fund’s Offering Documents.

Management fees are typically accrued in arrears and paid monthly. The Firm may, in its capacity as investment manager to a Fund, in its sole discretion, waive or reduce the management fee payable with respect to any investor in the Fund.

#### Carried Interest:

The general partner of each Fund (each, a “**General Partner**” and collectively, the “**General Partners**”) is entitled to receive “carried interest” in an amount equal to 20%. The specific percentage and amount of the carried interest is outlined in each respective Fund’s Offering Documents. Generally, Fund investors will receive a stated “preferred return” (based on cumulative distributions) annually, also as described in each Fund’s Offering Documents. The General Partner of the respective Fund may be entitled to a “catch-up” carried interest distribution over such preferred return until the General Partner has received an amount equal to its specified carried interest percentage of the aggregate of the preferred return distributions to the Fund investor and the carried interest catch-up distributions to the General Partner, after which distributions shall be distributed to the General Partner in the specified carried interest percentage with the balance distributed to Fund investors in accordance with the Fund’s Offering Documents.

The General Partner may, in its sole discretion, cause the respective Fund to waive or reduce the carried interest applicable to any investor, including the share of carried interest allocated to certain investors in any Fund. As certain other provisions may apply, prospective Fund investors are urged to review the relevant Fund Offering Documents for specific information related to management fees and carried interest.

#### **Item 5.B. Manner of Fee Payment**

Management fees and carried interest as described in Item 5.A. are included in a respective Fund’s expenses and are allocated against the capital account of each Fund investor with all other Fund expenses.

#### **Item 5.C. Other Fees Clients May be Charged**

Pravati Capital or its affiliates may receive compensation in connection with certain investments made by the Funds, either directly or indirectly through a subsidiary or alternative investment vehicle (“**Other Fees**”). Generally, any Other Fees received by Pravati Capital or its affiliates will be applied as an offset to the respective Fund’s management fees.

The Firm or its affiliates are also entitled to reimbursement from a Fund for any expenses which are incurred by the Firm on behalf of that particular Client, consistent with the terms of the respective Client’s Offering Documents.

#### **Item 5.D. Timing of Fee Payments**

Each Fund will typically pay a management fee to the Firm which will be accrued in arrears and paid as set forth in Item 5.A. above. Each Fund will also typically pay carried interest to the Firm or its affiliates following the receipt of net cash flows in accordance with each Fund’s Offering Documents.

#### **Item 5.E. Receipt of Compensation for Sales**

Neither Pravati Capital nor its supervised persons are compensated for the sale of securities or other investment products.

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## **ITEM 6: PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

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Pravati Capital understands that there exist certain potential conflicts of interest associated with the presence of a performance-based fee (including carried interest payments such as those discussed in Item 5.A. above). Such a fee may create an incentive for the Firm to cause a Client to make investments that are riskier or more speculative than would be the case if there were no performance fee or where the performance fees of different Clients are set at different rates. However, Pravati Capital advises each Client in accordance with its investment strategy and any allocation restrictions set forth in each Client's Offering Documents and advisory agreement such that Clients and Fund investors are aware of the applicable investment strategy, restrictions, and risks.

In addition, Pravati Capital understands that the provision of advisory services to multiple Clients could also create a potential conflict of interest to favor Clients to whom higher advisory and performance fees are charged. However, as stated above, Pravati Capital advises each Client in accordance with its advisory agreement and organizational documents and strives to ensure that all Clients are treated fairly and equally.

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## **ITEM 7: TYPES OF CLIENTS**

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Pravati Capital provides discretionary investment management services to the Funds and SPVs, as described in Item 4.B above. The Funds include investment partnerships and/or other investment entities formed under domestic laws and operate as exempt investment pools under the Investment Company Act of 1940, as amended (the "Investment Company Act"). The investors participating in the Funds are expected to include individuals, institutions, other investment entities, family offices, trusts, public and private pensions, endowments, pensions, foundations, estates or charitable organizations or other corporations or business entities.

Investors in the Funds will be required to be "accredited investors" within the meaning of Rule 501(a) under the Securities Act of 1933, as amended (the "Securities Act") and are generally "qualified purchasers" within the meaning of Section 2(a)(51) under the Investment Company Act.

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## **ITEM 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

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### ***Item 8.A. Methods of Analysis and Investment Strategies Generally***

#### **Litigation Financing**

The Funds typically invest in recourse and non-recourse advances, (collectively, the "Investments") to fund the following: certain commercial litigation or arbitration proceedings, enforcement of judgments and awards, and recovery of misappropriated assets; certain debtor-in-possession matters; and certain cases or portfolios of cases from certain law firms throughout the United States supported by certain personal injury, wrongful death, medical malpractice, mass tort, class action, and other similar cases, whether those cases are settled, in settlement discussions, in court, or have jury verdicts (on appeal or not), and whether they involve one or more jurisdictions, class actions, or other circumstances.

Pravati Capital sources investment opportunities through a number of avenues including, but not limited to, leveraging its contacts with law firms, corporate law departments and managers of corporations in and outside the United States, dialogues with hedge funds and brokers in the third party funding market that are

already active in trying to match unfunded cases with providers of finance, and attendance and presentations at key conferences. Pravati Capital may also be referred opportunities through word of mouth through a variety of channels, including from arbitration service providers.

Having identified potential opportunities, Pravati Capital follows a rigorous process designed to rapidly screen out unsuitable cases. This initial screening process typically considers a number of factors including, but not limited to: 1. the strength of the claim and its likelihood of success; 2. the potential value of a claim both following adjudication and for settlement purposes; 3. enforceability of an ultimate award; 4. financial condition of the respondent or defendant; 5. the likely cost of litigating the claim; 6. regulatory and ethical risks, if any, in the relevant jurisdiction; 7. timing to get through arbitration or trial and final judgment; and 8. timing and likelihood of settlement. Should potential investments pass the Firm's initial screening, they will typically undergo a detailed additional due diligence process on each of the above factors. Once due diligence has been completed, Pravati Capital determines if it considers the opportunity suitable to be pursued. If so, the Firm puts forward its investment proposal to the respective Fund's investment committee, who will decide whether or not to invest. To the extent permitted by local law and the investment terms of the respective Fund, once an investment has been made, Pravati Capital engages in regular, ongoing monitoring of the investments made on behalf of the Fund, both to ensure that the Fund's investment rights are protected and to add whatever value Pravati Capital and its affiliated legal experts can appropriately provide to the conduct of the case underlying the investment. Once the arbitrators or courts award damages, the Firm will engage in activities to collect any award or damages on behalf of the respective Fund. These activities may include negotiations, settlements, and/or enforcement activities in jurisdictions around the world. These activities may also include hedging or other strategies meant to mitigate risk.

#### **Item 8.B and Item 8.C. *Material Risks Involved for Pravati Capital's Strategies***

##### **Risks Relating to Private Investment Funds Generally**

Legal and Regulatory Environment for Private Investment Funds and their Managers. The legal, tax and regulatory environment worldwide for private investment funds (such as the Funds) and their managers is evolving. Changes in the regulation of private investment funds, their managers, and their trading and investing activities may have a material adverse effect on the ability of the Funds to pursue their investment programs and the value of investments held by the Funds. There has been an increase in scrutiny of the private investment fund industry by governmental agencies and self-regulatory organizations. New laws and regulations or actions taken by regulators that restrict the ability of the Funds to pursue its investment program or employ brokers and other counterparties could have a material adverse effect on the Funds and the Funds' investors' investments therein. In addition, the Firm or the General Partners may cause the Funds to be subject to certain laws and regulations if it believes that an investment or business activity is in a Fund's interest, even if such laws and regulations may have a detrimental effect on one or more Fund investors.

Assumption of Business, Terrorism and Catastrophe Risks. The Funds may be subject to the risk of loss arising from exposure that they may incur, indirectly, due to the occurrence of various events, including, without limitation, hurricanes, earthquakes, and other natural disasters, terrorism and other catastrophic events. These risks of loss can be substantial and could have a material adverse effect on the Funds and the Funds' investors' investments therein.

##### **Risks Relating to Management**

Dependence on the General Partner and the Firm. Fund investors will have no opportunity to select or evaluate any cases or investments or strategies. The success of the Funds is dependent upon the ability of the General Partners, in consultation with the Firm, to manage the Funds and effectively implement the Funds' investment programs. The Funds' Offering Documents do not permit Fund investors to participate in the management and affairs of the Funds. If the Funds or any of the other accounts managed by the Firm

were to incur substantial losses the revenues of the Firm may decline substantially. Such losses and/or withdrawals may impair the Firm's ability to provide the same level of service to the Funds as it has in the past and continue operations. The loss of the services of the Firm could have a material adverse effect on the Funds and the Funds' investors' investments therein. No assurance can be given that the Firm will be able to successfully locate investment opportunities, that, if such opportunities are located, that they will be available for allocation to the Funds, or that, for investments originated by Pravati Capital, the purchase of the investments will be approved.

Dependence on Service Providers. The Funds are also dependent upon their counterparties and the businesses that are not controlled by the Firm that provide services to the Funds (the "**Service Providers**"). Examples of Service Providers include the fund administrator, legal counsel and the auditors. Errors are inherent in the business and operations of any business, and although the Firm will adopt measures to prevent and detect errors by, and misconduct of, counterparties and Service Providers, and transact with counterparties and Service Providers it believes to be reliable, such measures may not be effective in all cases. Errors or misconduct could have a material adverse effect on the Funds and the Funds' investors' investments therein.

As the Funds have no employees, the Funds are reliant on the performance of the Service Providers. Each Fund investor's relationship in respect of its interests is with the respective Fund only. Accordingly, absent a direct contractual relationship between the Fund investor and the relevant Service Provider, no Fund investor will have any contractual claim against any Service Provider for any reason related to its services to the Funds. Instead, the proper plaintiff in an action in respect of which a wrongdoing is alleged to have been committed against the Funds by the relevant Service Provider is, prima facie, the Funds.

Retention and Motivation of Key Employees. The success of the Funds are dependent upon the talents and efforts of highly skilled individuals employed by the Firm and the Firm's ability to identify and willingness to provide acceptable compensation to attract, retain and motivate talented investment professionals and other employees. There can be no assurance that the Firm's investment professionals will continue to be associated with the Firm throughout the life of the Funds, and the failure to attract or retain such investment professionals could have a material adverse effect on the Funds and the Funds' investors' investments therein. Competition in the financial services industry for qualified employees is intense and there is no guarantee that, if lost, the talents of the Firm's investment professionals could be replaced.

Investment and Due Diligence Process. Before making investments, the Firm will conduct due diligence that it deems reasonable and appropriate based on the facts and circumstances applicable to each investment. When conducting due diligence, the Firm may be required to evaluate important and complex business, financial, tax, accounting and legal issues. When conducting due diligence and making an assessment regarding an investment, the Firm will rely on the resources reasonably available to it, which in some circumstances, whether or not known to the Firm at the time, may not be sufficient, accurate, complete or reliable. Due diligence may not reveal or highlight matters that could have a material adverse effect on the value of an investment.

## **Risks Relating to the Structure of the Funds**

Limited Liquidity. An investment in the Funds requires a willingness to accept financial risk of committing substantial funds for a period of time. Fund interests are highly illiquid and will not be transferable under most circumstances (subject to the consent of the respective General Partner). Fund interests may not be withdrawn by Fund investors and voluntary withdrawals of Fund investors will not be permitted except in limited instances when necessary to comply with certain laws or regulations and such voluntary withdrawals will be subject to the prior consent of the respective General Partner. Additionally, the respective General Partner, in its sole discretion, may require the withdrawal of all or any portion of a Fund investor's interest at any time, for any reason or no reason. There is currently no market for the Funds' interests and it is not contemplated that one will develop.



Loss of Capital. Even if one or more of the Funds' investments is successful, there can be no assurance that Fund investors will receive distributions from the Funds in an amount equal to their investment in the Fund or the preferred return. All investments in the Funds are speculative and involve a risk of a complete loss of capital. There can be no guarantee that the Funds' investment objectives will be achieved. The General Partners' risk management approach seeks to isolate and mitigate, not eliminate, risk, and there may be certain risks that the General Partners determine should not or cannot be eliminated or mitigated. An investment in the Funds is speculative and involves considerations and risk factors that prospective Fund investors should consider before purchasing interests. Accordingly, the Funds' activities could result in a loss of some or all of the Funds' capital under certain circumstances.

No Right to Control the Fund's Operations. Fund investors have no opportunity to control the day-to-day operations, including investment and disposition decisions, of the Funds. Fund investors must rely entirely on the General Partners to conduct and manage the affairs of the Funds. Fund investors will not have an opportunity to evaluate for themselves relevant economic, financial and other information regarding the investments of the Funds.

Distributions. Distributions will be preliminarily allocated on an investment-by-investment basis to Fund investors participating in such investment pro rata according to their respective interests in such investment, and distributions other than from a disposition of, or current income attributable to, an investment will be primarily allocated pro rata according to each Fund investor's respective capital commitment. Also, distributions that would otherwise be made to a Fund investor may be set aside for liabilities and obligations of the respective Fund. Further, the General Partners may cause the Funds to retain amounts permitted to be reinvested by the Funds.

In-Kind Distributions. In certain circumstances, a Fund investor may receive financial instruments owned by the Funds in lieu of, or in combination with, cash. In-kind distributions may be comprised of, among other things, participations or other derivative instruments referring to certain assets of the Funds, interests in SPVs or trading vehicles holding financial instruments also being held or that were held by the Funds, or participations or other derivatives instruments referring to such SPVs or trading vehicles. The value of financial instruments distributed may increase or decrease before such financial instruments can be sold, and such Fund investors will incur transaction costs in connection with the sale of such financial instruments. Additionally, financial instruments distributed to Fund investors will likely not be readily marketable or saleable and may have to be held by such Fund investor for an indefinite period of time. The risk of loss and delay in liquidating such financial instruments will be borne by such Fund investor, with the result that such Fund investor may receive less cash than it would have received had the distribution been made in cash.

Investments Longer than Term. The Funds may make investments which may not be advantageously disposed of prior to the date the Funds will be dissolved, either by expiration of the respective Fund's term or otherwise. Although the General Partners expect the Funds' investments will be disposed of prior to dissolution or be suitable for in-kind distribution at dissolution and the General Partners have a limited ability to extend the term of the Funds, the Funds may have to sell, distribute, or otherwise dispose of investments at a disadvantageous time as a result of dissolution. In addition, although upon the dissolution of the Funds, the General Partners (or the relevant liquidators) will be required to use reasonable efforts to reduce to cash and cash equivalents such assets of the Funds as the General Partners or such liquidators shall deem it advisable to sell, subject to obtaining fair market value for such assets and any tax or other legal considerations (including legal restrictions on the ability of a Fund investor to hold any assets to be distributed in kind), over such time as is reasonably necessary to settle gradually and close the Funds' business under the circumstances then applicable to the Funds, there can be no assurance with respect to the time frame in which the winding up and the final distribution of proceeds to Fund investors will occur.

Governmental Entity Investors. Governmental entities, including, but not limited to, pension plans maintained by governmental agencies and instrumentalities, may invest in the Funds. Such investors may be subject to laws that affect the applicability or enforcement of certain terms generally governing the Funds. For example, exculpation, indemnification, confidentiality, choice of law and choice of venue provisions may be applied differently with respect to such investors. In addition, investment in the Funds by certain governmental entities may subject the Funds and/or the Firm to increased regulatory burdens and public disclosures about the Funds, its investors and its activities.

Tax Risk. Changes in existing tax laws or regulations and their interpretation may occur after the Funds' offering and could alter the U.S. federal, state, local and/or non-U.S. income tax consequences of an investment in the Funds. Such changes could require significant restructuring of the Funds in order to mitigate such effects.

Recently enacted U.S. tax reform legislation makes significant changes to rules potentially applicable to the Funds and/or its investors. Certain of these new rules are complex and, pending guidance that may be forthcoming, the impact on the Funds and its investors may be unclear. Prospective Fund investors should consult their own tax advisors regarding potential changes in any tax laws, potentially with retroactive effect.

### **Risks Relating to the Operations and Investment Activities of the Funds**

Cybersecurity Risk. As part of its business, the Firm processes, stores and transmits large amounts of electronic information, including information relating to the transactions of the Funds and personally identifiable information of Fund investors. Similarly, service providers of the Firm or the Funds, especially the fund administrator, may process, store and transmit such information. The Firm has procedures and systems in place that it believes are reasonably designed to protect such information and prevent data loss and security breaches. However, such measures cannot provide absolute security. The techniques used to obtain unauthorized access to data, disable or degrade service, or sabotage systems change frequently and may be difficult to detect for long periods of time. Hardware or software acquired from third parties may contain defects in design or manufacture or other problems that could unexpectedly compromise information security. Network connected services provided by third parties to the Firm may be susceptible to compromise, leading to a breach of the Firm's network. The Firm's systems or facilities may be susceptible to employee error or malfeasance, government surveillance, or other security threats. On-line services provided by the Firm to Fund investors may also be susceptible to compromise. Breach of the Firm's information systems may cause information relating to the transactions of the Funds and personally identifiable information of Fund investors to be lost or improperly accessed, used or disclosed.

The service providers of the Firm and the Funds are subject to the same electronic information security threats as the Firm. If a service provider fails to adopt or adhere to adequate data security policies, or in the event of a breach of its networks, information relating to the transactions of the Funds and personally identifiable information of Fund investors may be lost or improperly accessed, used or disclosed.

The loss or improper access, use or disclosure of the Firm or the Funds' proprietary information may cause the Firm or the Funds to suffer, among other things, financial loss, the disruption of its business, liability to third parties, regulatory intervention or reputational damage. Any of the foregoing events could have a material adverse effect on the Funds and Fund investors' investments therein.

Valuation of Assets and Liabilities. The Fund's assets and liabilities are valued in accordance with the Firm's valuation policy (the "**Valuation Policy**"). Virtually all of the Funds' investments are or will be Level III assets. The valuation of any asset or liability involves inherent uncertainty. The value of a security determined in accordance with the Valuation Policy may differ materially from the value that could have been realized in an actual sale or transfer for a variety of reasons, including the timing of the transaction and liquidity in the market. Uncertainties as to the valuation of portfolio positions could have an impact on

the net asset value of the Funds if the judgments of the General Partners regarding the appropriate valuation should prove to be incorrect.

GAAP Net Asset Value Divergence. Due to GAAP requirements, the net asset value of the Funds for purposes of GAAP-compliant financial reporting may diverge from the net asset value of the Fund for all other purposes, including, without limitation, for purposes of allocating gains and losses among Fund investors, which is relevant to, among other things, determining the balance of each capital account, calculating the management fee and the carried interest, and calculating the amounts payable by the Funds in respect of a withdrawal by or distribution to a Fund investor. Net asset value divergence may occur, for example, in connection with the amortization of the organizational and initial offering expenses of the Funds, the measuring of fair value (as a result of Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 820), or the recognition or unrecognition of uncertain tax positions (as a result of FASB ASC 740).

Competition; Availability of Investments. Certain markets in which the Funds may invest are extremely competitive for attractive investment opportunities. As a result, there can be no assurance that the Firm will be able to identify or successfully pursue attractive investment opportunities in such environments.

### **Risks Relating to Investment Strategy**

Risk of Loss. No guarantee or representation is made that the Funds’ investment programs, including, without limitation, the Funds’ investment objectives, diversification strategies or risk monitoring goals, will be successful. Investment results may vary substantially over time. No assurance can be made that profits will be achieved or that substantial or complete losses will not be incurred. Past investment results of the Firm (or investments otherwise made by the investment professionals of the Firm) are not necessarily indicative of their future performance.

There can be no assurance that the Funds’ investments will be profitable and there is a substantial risk that the Funds’ investments will not result in a profit to Fund investors. Assessing the values, strengths, and weaknesses of any investments is complex and the outcome is not certain. Should any investment prove to be unsuccessful or produce returns below those expected by the Firm, the Funds’ ability to make distributions to Fund investors could be materially and adversely affected.

Ethics and Legal Restrictions. Laws and professional regulations (including ethics regulations) in the litigation funding environment (including arbitration funding) can be complex and uncertain. Various jurisdictions prohibit or restrict the assignment of certain claims and/or participating in a lawyer’s contingent fee interests (including ethical rules against sharing fees with lawyers and nonlawyers). Prohibitions against maintenance, champerty and barratry exist in several states. Such prohibitions and restrictions are governed by the rules and regulations of each state and jurisdiction in the United States and vary in degree of strength and enforcement.

Some jurisdictions in the United States and other jurisdictions may not permit the Funds to make investments in or engage in other business and financial transactions relating to certain litigation and arbitration cases. The law and regulations in such jurisdictions may be uncertain, and accordingly, the Funds may not have the ability or the desire to make such investments in these jurisdictions, thereby limiting the size of the potential market. There is also the risk that the Funds’ may make an investment despite the uncertainty around a certain jurisdiction, leading to the risk that such investment agreement may not be enforced.

Where a litigation funding arrangement is challenged under legal and ethical rules, and an award is rendered in favor of the Funds, the courts of any jurisdiction in which enforcement of that award is attempted may decline to enforce it for similar reasons. If a court were to refuse to enforce such an award, the Funds may

not be able to recover its investment or may incur unanticipated costs in recovering its investment and a share of returns from the claim.

The Firm intends to assess the foregoing legal and ethical issues as appropriate on an ongoing basis. However, in many jurisdictions, the relevant issues may not have been considered by the courts or addressed by statute, so obtaining clear opinions or legal advice may be difficult. Thus, the Funds' investments could be open to challenge or subsequent reduction in value. Pravati Capital will not, before making an investment, obtain an official opinion from an independent lawyer providing that its proposed investment will not give rise to professional ethical restrictions on fee splitting or fee sharing between lawyers and non-lawyers or a violation of other legal prohibitions. A number of professional ethics rules and legal restrictions are conceptual in nature and their application is difficult to predict. Accordingly, there is a risk that certain professional or other regulatory bodies may limit the Funds' ability to achieve any return on its investments.

Changes in laws, regulations, or ethical rules in certain jurisdictions could further reduce or limit investment opportunities for the Funds or could reduce the value of the Funds' preexisting investments in such jurisdictions.

The Outcome of Claims is Uncertain. The outcome of claims entails a large degree of uncertainty, including the legal liability of the defendant, the amount of damages assessed by the trier of fact, the ability of the defendant and the defendant's insurance company to pay a settlement or judgment, the abilities of the plaintiff's counsel, the assessment of fault and causation, the legal nature of the claim and the amount of monetary damages ultimately awarded. It is also possible that a claimant may abandon or otherwise compromise its claims. Such an event may prevent the Funds from realizing expected returns or cause the Funds to sustain a complete loss. The uncertainties of litigation and arbitration may result in a judgment for amounts less than anticipated, a settlement for amounts lower than predicted, or failure to reach a settlement. Such unfavorable outcomes could reduce the profitability of the Funds' investments and ultimately cause losses.

Evaluation and Disclosure of Cases and Case Performance. Details of cases that the Funds have pursued or are pursuing or intend to pursue, cannot and will not be disclosed on a named or detailed basis to Fund investors because of confidentiality and other restrictions. To this extent, Fund investors will not have an opportunity to evaluate the claims themselves and will be dependent upon the judgment and ability of the General Partners to assess and manage the assets of the Funds.

Collection Risks; Uncertainty of Timing. Part of the case selection process for investment involves assessing the ability of the defendant to pay a judgment or award if the case is successful. If the defendant is unable to pay or seeks to challenge the validity of the judgment or award, the Funds may encounter difficulties in recovery. Additionally, the nature of litigation and arbitration recoveries, including the timing and amounts recovered, are outside of the control of the Funds and the General Partners. Once the investment is made, there is no assurance as to collection times, and there is no guarantee that the General Partners will be able to predict the timing of payment with enough accuracy to achieve the anticipated profitability and rate of return in any given period.

Retaliation Risks. Although the Firm expects that most of the investments will be related to cases in the U.S., the Firm may occasionally consider investment opportunities related to cases outside the U.S. or hybrid cases with both U.S. and non-U.S. dispute components. There are retaliation risks associated with investing in international arbitrations and litigation. It is possible that one or more of the parties to an international arbitration or a litigation (whether a private party or a sovereign government) may threaten regulatory action or litigation and/or institute regulatory actions or lawsuits against the Funds, the General Partners, the Firm and/or its employees or members in an attempt to undermine the Funds' investments or prospective investments. The law and regulations in non-U.S. jurisdictions vary and what would be considered a retaliatory or frivolous action or lawsuit in the United States may be permissible in a non-U.S. jurisdiction. The expense of defending against any such action or litigation as well as any settlements or

judgments in connection therewith will generally be borne by the Funds. There can be no assurances that any such action or litigation, once begun, would be resolved in favor of the Funds, the General Partners, the Firm and/or its employees or members and an unfavorable outcome could reduce the profitability of the Funds and may ultimately cause losses.

Legal Professional Duties. Where the Funds participate in a claim but do not wholly own or control it, which will usually be the case, the Funds will not be the clients of the law firm representing the owner of the claim. Accordingly, that law firm will be required to act pursuant to its client's wishes rather than those of the Funds or may be subject to an overriding duty to the courts.

Arbitration Risks. There are risks associated with investing in claims being adjudicated by means of arbitration rather than through judicial proceedings, including but not limited to those set forth in this paragraph. Although arbitration can reduce costs and the time required for dispute resolution, there is no assurance that it will do so. In addition, while some arbitration mechanisms permit selection of persons highly qualified to resolve the dispute presented, arbitrators are not judges, and they are not vetted by the judicial appointment process. Moreover, the extent to which discovery is permitted, and adherence to the rules of evidence as well as other procedural safeguards is required, is generally significantly less in an arbitration context. Arbitrators also often are not constrained to articulate the rationales for their decisions, which reduces the degree of predictability in the result. That is also the case because the grounds for reviewing arbitration decisions on appeal are generally extremely limited, making the arbitrator(s) determination essentially the final one.

No Guaranty. Advances made to law firms in which the Funds invest will be recourse and non-recourse advances and repayment of advances will not be guaranteed by the law firms. The Funds will be dependent upon settlement proceeds obtained by the law firms for repayment of investments. Cases and investments will generally not be guaranteed by the law firms but will be collateralized solely by such law firms' cases except in certain very limited circumstances such as fraud or willful misconduct of attorneys of the law firms. If the law firms fail to obtain sufficient settlement proceeds from their cases, then the Funds' ability to make distributions to its investors could be materially and adversely affected.

Leverage. The Funds may enter into credit facilities or other leverage facilities in the sole discretion of the General Partners (i) on an interim basis to bridge capital contributions from Fund investors or (ii) for other investment related purposes. In addition, to the extent that an SPV procures leverage in connection with its investments by borrowing under a credit facility or issuing instruments or securities (such as loans, promissory notes, debt securities, preferred shares or preferred interests) that are senior to the respective Fund's equity interest in such SPV, the respective Fund's equity interest in such SPV will be a leveraged investment in such SPV that would bear the first loss risk in respect of the related Investment. If an SPV uses debt in connection with its investments, the respective Fund's ability to make distributions to the Fund's investors will be subject to additional risk. The leverage provider will likely require: (a) that all borrowed funds be paid back to such leverage provider prior to the SPV making distributions to the respective Fund; (b) that the SPV grant such leverage provider first priority liens which will encumber all of its assets; and (c) that the SPV pay significant origination and similar fees and other fees and expenses incurred by such leverage provider. The respective Fund may also grant a security interest in all or a portion of its assets to a bank or other creditor in a SPV to collateralize its obligations as a guarantor of such SPV's obligations to such bank or creditor.

Inflationary and Banking Risks. A Fund's performance may be adversely affected by inflationary conditions in any market in which the Fund operates or in which its investments are located. Deterioration in economic conditions, or a significant rise in inflation, could cause a decrease in the relative value of any fixed-income investments (or similar investments with fixed rates of return), and may adversely affect the ability of borrowers to pay their debts or counterparties to satisfy their obligations. This may in turn adversely impact a Fund's business and financial results. If global credit market conditions and the stability of global banks deteriorate, the amount of lending and financing could be reduced, thus reducing the volume

of investments available for purchase, which could adversely affect a Fund's business, financial results, and ability to succeed in various markets. Other factors associated with the economy that could influence a Fund's performance include the financial stability of the lenders on any bank loans and credit facilities and a Fund's access to capital and credit. Furthermore, inflationary pressures may result in the reduction of the value and relative performance of a Fund's portfolio companies. The Firm's bank is insured by the FDIC program, which covers up to \$150,000,000 in the event of an insured-bank failure.

**Uncertain Economic, Social and Political Environment.** Consumer, corporate and financial confidence may be adversely affected by current or future tensions around the world, fear of terrorist activity and/or military conflicts, localized or global financial crises or other sources of political, social or economic unrest. Such erosion of confidence may lead to or extend a localized or global economic downturn. A climate of uncertainty may reduce the availability of potential investment opportunities, and increases the difficulty of modeling market conditions, potentially reducing the accuracy of financial projections. In addition, limited availability of credit for consumers, homeowners and businesses, including credit used to acquire businesses, in an uncertain environment or economic downturn may have an adverse effect on the economy generally and on the ability of the Fund and its portfolio companies to execute their respective strategies and to receive an attractive multiple of earnings on the disposition of businesses. This may slow the rate of future investments by the Fund and result in longer holding periods for investments. Furthermore, such uncertainty or general economic downturn may have an adverse effect upon the Fund's portfolio companies.

**Public Health Emergencies, Global Pandemic, Geopolitical, Economic and Market Conditions.** Pandemics and other widespread public health emergencies, including outbreaks of infectious diseases such as SARS, H1N1/09 flu, avian flu, Ebola and the current outbreak of novel coronavirus ("COVID-19"), have and are resulting in market volatility and disruption, and future such emergencies have the potential to materially and adversely impact economic production and activity in ways that are impossible to predict, all of which may result in significant losses to the Funds.

The global impact of the COVID-19 is a continually evolving situation. The virus has disrupted much of society, impacted global travel and supply chains, and adversely impacted global commercial activity in most industries. The continued rapid development of this situation and uncertainty regarding potential economic recovery precludes any prediction as to the ultimate adverse impact of COVID-19 on financial market and economic conditions.

Geopolitical risks from military conflict, international political strategy and escalating international tensions have contributed to uncertainty in the geopolitical and regulatory landscapes. Similarly, natural disasters, climate change-related events and pandemics or health crises may arise and be accompanied by government actions. Any such events and responses, including regulatory developments, may cause significant volatility and declines in the global markets, disproportionate impacts to certain industries or sectors, disruptions to commerce (including to economic activity, travel and supply chains), loss of life and property damage, and may adversely affect the global economy or capital markets.

The estimates and assumptions underlying these financials statements are based on the information available, including judgements about the financial market and economic conditions which may change over time.

**Factors Beyond Control of the Funds, the General Partners and the Firm.** The Funds' ability to make distributions to Fund investors will depend upon many factors beyond the control of the Funds, the General Partners and the Firm. The Funds, the General Partners and the Firm will have no ability to control or make any business decisions regarding decisions to be made by law firms or other decisions regarding the cases or investments in which they seek to litigate. Accordingly, the Funds' ability to make distributions to Fund investors could be entirely dependent upon factors outside of the control of the Funds, the General Partners and the Firm. Such factors include, without limitation, the following:

- unexpected injury or death of a plaintiff, any law firm’s attorneys, or a key witness that adversely affects the likelihood of success of a case;
- failure of any law firm’s attorneys to properly disburse proceeds of settlements or court awards for any reason including, without limitation, misappropriation, breach of contract, or unreasonable delay;
- a plaintiff abandons his or her case or dismisses a law firm as his or her attorney and the previous or new attorney fails to notify us of the change in representation followed by the case settling without notification or payment to the Funds or SPVs;
- law firms refuse to pay the Funds or SPVs as agreed and seek to reduce such obligation through negotiation, arbitration, or litigation;
- law firms fail to accurately estimate undisclosed insurance policy limits of defendants, which may result in a reduction of funds available for settlement or from judgments;
- a plaintiff’s or attorney’s false or incomplete disclosure of facts that impact the success of a case;
- case proceeds which could be subject to tax liens, child support, spousal claims, or other creditor claims that were not disclosed by the plaintiff or the attorney and that may impact the amount of proceeds available to pay the Funds or SPVs;
- appeals or other legal proceedings that challenge a settlement or court award and delay resolution;
- fraudulent actions by the plaintiff, law firms, or other providers to avoid paying the claims;
- a settlement offer is accepted by the plaintiff or a case verdict is obtained that the plaintiff, a law firm, or the courts believe is insufficient to satisfy all lien holders and the claim is reduced;
- the Funds’ recovery is delayed or impaired by litigation, appeals, or federal bankruptcy laws, especially if the proceeds of a case become subject to legal proceedings undertaken by a third party; and
- future legislation or judicial decisions at a federal or state level could, directly or indirectly, impact the Funds’ investments by changing the parameters under which the General Partners, the Firm or the Funds may do business, including, without limitation, construing the Funds’ investments in cases as a loan subject to state usury laws.

Limited Diligence. Certain of the factual statements provided by third parties and relied upon by the Firm are based upon information from various sources believed by individuals affiliated with the Firm to be reliable. Before investing in certain law firms, cases, or investments, the Firm generally intends to conduct due diligence on the applicable law firm, case, and investment. In conducting due diligence and making an assessment regarding a potential investment, the Firm will rely on the resources available, including information from third party sources and information provided by law firms and their personnel. The Firm will not always independently verify any of such information and will have no liability for any inaccuracy or inadequacy thereof. No party (including legal counsel to the Funds) has been engaged to verify the accuracy or adequacy of any of the factual statements provided by such third parties. The Firm is not required to perform any independent due diligence of any such factual matters. The due diligence that the Firm performs with respect to any potential investment may not reveal or highlight all relevant facts that may be necessary or helpful in evaluating such investment opportunity or the value of the underlying collateral. Moreover, such an investigation will not necessarily result in the investment being successful. Should any information prove to be incomplete, inaccurate, or incorrect, the Funds’ ability to make distributions to Fund investors could be materially and adversely affected.

No Insurance. The Funds’ losses (if any) are not insured. To the knowledge of the Firm, insurance is not available on acceptable terms or costs to cover the loss of investment capital resulting from the failure of any case to generate a settlement or judgment. If any law firms fail to resolve or settle their cases for any amount, or for amounts that are less than necessary to pay back the Fund’s invested capital, the Fund could be materially and adversely affected.

Loser Pays Laws. Although the Firm does not expect the Fund to make Investments in cases in a jurisdiction with a “loser pays system,” the Funds may be subject to certain “loser pays” laws and regulations to the

extent that the Funds purchase any investment in a case in such jurisdiction and the Funds could therefore be liable for the defendant's costs and fees in the relevant case. Although the Funds may seek to purchase insurance against this event, there can be no assurance that such insurance will be available on a commercially acceptable basis, or at all, or if purchased, will be adequate to cover costs assessed, which could result in a loss to the Funds. There are also certain laws that create liability for plaintiffs who are determined by a court to have brought litigation that is frivolous or groundless. Although the Funds plan to avoid investments in frivolous or groundless cases, the Funds could be subject to losses if such a case were determined by a court of competent jurisdiction to have been brought or supported by the Funds.

Unenforceable Contracts. Certain provisions in the Funds' financing agreements with law firms may be held unenforceable. The contracts which the Firm will use to document the investments made by the Funds will be tailored to meet requirements and legal restrictions of the jurisdictions in which the claims are purchased and/or in which the claims are pending. However, the Firm intends to include standard clauses in those contracts wherever possible. For example, the Firm intends to subject disputes between the law firm or the claim seller and the Funds under most or all investment documents to binding arbitration. In addition, where an award is rendered by any court or relevant arbitration tribunal, such court or tribunal may decline to enforce the award for a number of reasons outside of control of the Firm. The Funds cannot make any assurances that financing agreements with law firms will be given the effect intended by the Funds if subject to a dispute before a court of competent jurisdiction or a relevant tribunal.

Borrower Risks. The value of a dispute is difficult to predict, for reasons including the reasons set forth in the preceding risk factors regarding litigation and arbitration claims. A law firm may be unable to repay an advance as a result of multiple reasons, including without limitation, the departure of income-generating partners or associates, the collapse of the firm, or the failure to earn sufficient legal fees in connection with litigation to repay its obligations to the Funds. No assurance can be provided that principal amount of any such advances will be repaid or that the collateral will be sufficient to support the advance.

Special Situation Debt Investments. The Funds may invest in investments that are special situation debt investments, which may include secured or unsecured loans, senior or junior bonds, notes, contingent or disputed claims, or other debt instruments that are approaching or are in some form of default or pose heightened credit or other special investment risks. Such investments may expose the Funds to a higher risk of capital loss than a strong performing debt instrument and necessitate some form of restructuring and/or haircut, and possibly require significant time in order for the Funds to maximize the recovery.

Currency Exchange Exposure. Although substantially all of the Funds' investments are expected to be in U.S. cases, to the extent that the Fund invests in non-U.S. cases, such investments may be funded and repaid in currency other than U.S. Dollars. Since the Funds value their investments in U.S. Dollars, the Funds may (but are not obligated to) seek to hedge its non-U.S. currency exposure by entering into currency hedging transactions. There can be no guarantee that financial instruments suitable for hedging currency or market shifts will be available at the time when the Funds wish to use them, or that hedging techniques employed by the Funds will be effective. Furthermore, certain currency market risks may not be fully hedged or hedged at all. To the extent unhedged, the value of the Funds' positions denominated in currencies other than the U.S. Dollar 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.

Credit/Counterparty Exposure. On becoming contractually entitled to proceeds, depending on the structure of the particular investment, the Funds may become a creditor of, and subject to credit risk from, a claimant, a defendant, both or other parties. Moreover, the Funds may be indirectly subject to credit risk to the extent a defendant does not pay a claimant immediately notwithstanding successful adjudication of a claim in the claimant's favor.

Hedging Transactions. The Funds may utilize financial instruments such as derivatives for risk management purposes in order to: (i) protect against possible changes in the market value of the Funds' investment



portfolios resulting from fluctuations in the markets and changes in interest rates; (ii) facilitate the sale of any investments; (iii) enhance or preserve returns, spreads or gains on any investment of the Funds; (iv) hedge the interest rate, credit or currency exchange rate on any of the Funds' investments; (v) protect against any increase in the price of any investment the Funds anticipate making at a later date; or (vi) act for any other reason that the Firm deems appropriate. The Funds will not be required to hedge any particular risk in connection with a particular transaction or its portfolio generally. The Firm may be unable to anticipate the occurrence of a particular risk and, therefore, may be unable to attempt to hedge against it. While the Funds may enter into hedging transactions to seek to reduce risk, such transactions may result in poorer overall performance for the Funds than if they had not engaged in any such hedging transactions. Moreover, the Funds will always be exposed to certain risks that cannot be hedged.

**Servicing Risks.** The award collections that may secure a Fund's investment are specialized assets that require significant work to collect. There can be no assurance that the Funds will be able to successfully collect and service the collection process. A failure to collect an award may have a material adverse effect on the Funds.

**Concentration Risk.** The Funds expect to make a limited number of investments, resulting in the risk that the aggregate returns realized by Fund investors may be substantially adversely affected by the unfavorable performance of, or a default in respect of, even one of such investments.

**Cross Transactions.** The Funds' investment exit strategy may include selling investments to other Funds and accounts managed by the Firm, including without limitation, any additional or successor Funds. Each Fund investor acquiring an interest in a Fund will be deemed to have approved in advance any such sale of investments to the extent that such sale constitutes a cross-agency trade requiring the approval of investors under the Investment Advisers Act of 1940, as amended (the "**Advisers Act**"). In addition, in certain situations, a Fund or certain Funds may seek the approval of an independent constituent of the Fund(s), such as a committee of Fund investors, a majority of the applicable Fund's investors, another independent board of the Fund or the Fund's General Partner (if applicable) to review and approve such transactions and any conflicts that may be inherent therein.

The Firm will be required to effect any such sale between the respective Fund and such other Fund or Client account under terms that are not discriminatory against either party and, in the good faith determination of the Firm, reflect terms that are substantially similar to an arms-length transaction effected between two third-parties based on prevailing market conditions at the time of such transaction.

**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 Funds. Prospective investors should refer to each respective Fund or SPV's offering documents and consult with their own advisers before deciding to invest. In addition, as the Funds' investment programs develop and change over time, an investment in the Funds may be subject to additional and different risk factors not discussed herein.**

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## **ITEM 9: DISCIPLINARY INFORMATION**

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Neither Pravati Capital nor any of its management persons have any reportable disciplinary events to disclose.

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## **ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

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### **Item 10.A. *Broker-Dealer Activities***

Not applicable. Neither Pravati Capital, nor any of its management persons, are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.

**Item 10.B. *Commodity or Futures Industry Affiliations***

Not applicable. Neither Pravati Capital, nor any of its management persons, are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

**Item 10.C. *Affiliate Relationships***

The Firm does not have a material relationship or arrangement material to its advisory business with any related person that fits the categories in Item 10.C.

**Item 10.D. *Investment Adviser Recommendations***

Not applicable. Pravati Capital does not recommend or select other investment advisers for its Clients.

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**Item 11: CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

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**Item 11.A. *Code of Ethics Generally***

Employees of Pravati Capital may only purchase and sell securities in accordance with the Firm's Code of Ethics to which all employees are subject. This policy is monitored by the Firm's Chief Compliance Officer.

Employees are permitted to maintain personal brokerage accounts, subject to the Code of Ethics and personal trading policy.

The Code of Ethics includes the following:

- A statement of Pravati Capital's standard of business conduct.
- Limits on gifts and entertainment.
- Limits on political contributions.
- All employees are required to pre-clear any purchases or sales in any security of an issuer on the Firm's restricted list, including contemplated investments on behalf of the Clients, and/or any investments where material non-public information may be gained, in any of his or her personal accounts.
- Additionally, employees are subject to strict periodic reporting requirements regarding personal securities transactions and holdings.
- Employees must acknowledge in writing having received and read a copy of the Code of Ethics on a periodic basis.
- Any exceptions to the above require the prior approval of the Firm's Chief Compliance Officer.

A copy of the Firm's Code of Ethics is available to Clients, Fund investors and prospective Fund investors upon request at alex@pravaticapital.com or 480-718-3134.

**Item 11.B. *Participation or Interest in Client Transactions***

To minimize conflicts of interest, and to maintain the fiduciary responsibility Pravati Capital has to its clients, the Firm has established policies to monitor the following types of transactions.

### Participation or Interest in Client Transactions

In addition to the Firm's advisory services, the Firm does not today, but may in the future provide litigation financing to and/or investments in certain law firms and legal cases, in which the Funds and SPVs may also invest. This creates a potential conflict of interest as the Firm may be incentivized to invest in investment opportunities in which the Firm or an affiliate has a proprietary interest in on behalf of the Funds and SPVs. However, as noted above, the Firm and its investment personnel manage the Clients' investments in accordance with their respective investment strategies and offering documents, as well as the Firm's fiduciary duty to the Clients, to mitigate this potential conflict of interest.

The Firm does not today, but may in the future, recommend securities to Clients that it, or an affiliate, acts as managing member or general partner for, and/or invests Clients in the same securities as the Firm and/or its related persons. Furthermore, Pravati Capital, its affiliates, and/or employees does not today but may in the future make an investment in the Funds and/or SPVs alongside third party investors. Because Pravati Capital decides which investment opportunities to allocate to the Clients and in what proportions, a conflict of interest may arise whereby Pravati Capital may have an interest in offering greater proportions of those Funds with investments that they find less attractive, while retaining a greater proportion of those Funds owning what they consider to be more attractive investments.

### Principal Transactions

Pravati Capital has not and does not intend to engage in principal transactions with any Clients.

### Fee Structure

Pravati Capital or its affiliates may earn performance-based fees from or receive "carried interest" from its Funds. Under these payment structures, Pravati Capital generally would participate in the property or portfolio return once the Fund receives a total return in excess of a specified threshold, which is usually based on an internal rate of return. These performance-based fees or carried interest may create an incentive for the Firm to pursue investments that are riskier or more speculative than would have been the case in the absence of such allocation to the Firm.

### **Item 11.B. through Item 11.D. *Related Person Transactions***

Pravati Capital, as a fiduciary to its Clients and endeavoring to be honest and truthful to its Clients at all times, prohibits investments in the personal account of any Firm personnel or related person in a security that is currently held or intended to be held by the applicable Fund, except for investment by Pravati Capital and its affiliates (including the Principals) in Funds alongside other investors.

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## **ITEM 12: BROKERAGE PRACTICES**

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### **Item 12.A.1. *Research and Other Soft Dollar Benefits***

The Funds invest primarily in private investments. As such, the Firm does not currently utilize any broker-dealers or intend to utilize any broker-dealers in the future. However, as set forth in the Funds' Offering Documents, Pravati Capital retains full discretion to determine the broker or dealer to be used for each securities transaction for Fund accounts should the Firm need to utilize a broker-dealer in the future. In such a situation, the Firm shall seek to obtain best execution for its clients by placing orders for the purchase and sale of securities with brokers and dealers based on the Firm's evaluation of the ability of the broker or dealer to execute orders in a prompt and effective manner as well as a consideration of factors as, including

but not limited to, the financial stability and reputation of brokerage firms, and the brokerage or other services provided by such brokers.

Pravati Capital does not currently engage in the use of soft dollars.

**Item 12.A.2. *Brokerage for Client Referrals***

Not applicable. Pravati Capital does not participate in selecting or recommending broker-dealers in exchange for Client referrals.

**Item 12.A.3. *Directed Brokerage***

Not applicable. Pravati Capital does not allow directed brokerage by its Clients.

**Item 12.B. *Aggregation and Allocation***

Pravati Capital recognizes its duty to treat all Clients fairly and equitably. Typically, investments pursued by Pravati Capital on behalf of Clients are capacity constrained by the potential size of the contemplated case or the amount of the loan contemplated through the investment transaction. To the extent possible, the Firm will allocate investment opportunities that are appropriate for more than one Client according to policies designed by the Firm to distribute investment opportunities on a fair and equitable basis guided by attributes of each specific investment opportunity and Client.

The Firm does not anticipate trading public securities, however, should the Firm trade public securities and the Firm determines to buy or sell the same security on behalf of more than one Client, it may, but shall be under no obligation to, aggregate (to the extent permitted by applicable law and regulations) the securities to be purchased or sold in order to seek more favorable prices, lower brokerage commissions or more efficient execution. In such case, the Firm will place an aggregate order with the broker on behalf of all such accounts to confirm that accounts for which no directed brokerage arrangement is in place are treated fairly; provided, however, that trading shall be reviewed periodically to confirm no Client is systematically disadvantaged by this policy. The Firm will determine the appropriate number of securities to place with brokers and will select the appropriate brokers based upon the determination of who will likely provide best execution.

As noted above in Items 8.B and 8.C, the Firm may engage in cross-agency transactions between Clients. In striving to treat all Clients equally and fairly and to mitigate potential conflicts of interest, the Firm is required to effect any such sale between the respective Fund and any such other fund or account under terms that are not discriminatory against either party and, in the good faith determination of the Firm, reflect terms that are substantially similar to an arms-length transaction effected between two third-parties based on prevailing market conditions at the time of such transaction.

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**ITEM 13: REVIEW OF ACCOUNTS**

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**Item 13.A. and 13.B. *Review of Accounts***

The portfolio investments of the Funds are continuously reviewed by a team of investment professionals. Pravati Capital and each Fund's Investment Committee actively monitor the portfolio of each Fund on an ongoing basis.

**Item 13.C. *Client Reports***

Investors in each Fund will receive, among other things, a copy of audited financial statements of the relevant Fund within 120 days after the fiscal year end of such Fund. In addition, investors in each Fund will typically receive written portfolio updates regarding their Fund investments on a quarterly basis.

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## **ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION**

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### **Item 14.A. *Other Compensation***

Not applicable. Pravati Capital does not receive a direct economic benefit from any third party for providing investment advice or other advisory services to any Clients.

### **Item 14.B. *Client Referrals***

Not applicable. Pravati Capital does not currently compensate any person, directly or indirectly, for Client referrals. If in the future Pravati Capital enters into such arrangements, this brochure will be appropriately amended.

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## **ITEM 15: CUSTODY**

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Under Rule 206(4)-2 of the Advisers Act (the “**Custody Rule**”), Pravati Capital and certain affiliated entities are deemed to have custody of the cash and/or securities of its Clients. Pravati Capital and its affiliates are exempt from many of the requirements of the Custody Rule because (i) the Clients are audited in accordance with U.S. generally accepted accounting principles on an annual basis by an independent public accountant that is registered with, and subject to regular inspection by the Public Company Accounting Oversight Board, and (ii) the Firm distributes the Clients’ audited financial statements to investors in each respective Client within 120 days of the Fund’s fiscal year end.

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## **ITEM 16: INVESTMENT DISCRETION**

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Pravati Capital has full discretion to manage each Fund. This authority is granted pursuant to an Investment Management Agreement (“**IMA**”) between Pravati Capital and each respective Fund. Individual Fund investors will grant authority to the Fund to enter into or be party to an IMA with Pravati Capital by signing a subscription agreement. In the case of certain transactions, notwithstanding Pravati Capital’s discretionary authority, the Firm may seek a waiver of any potential conflicts or approval from the applicable Fund’s investors, a committee of such Fund’s investors, another independent committee of such Fund or such Fund’s General Partner in the context of certain transactions.

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## **ITEM 17: VOTING CLIENT SECURITIES**

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Pravati Capital has voting authority due to the fact that it has discretionary authority over the securities held by its Clients. Accordingly, although it is unlikely that Pravati Capital will receive proxies due to the nature of its investments in litigation financing, the Firm understands its fiduciary responsibility to monitor corporate events, to vote proxies and cast votes in the best economic interests of its Clients, and to not put Client interests second to its own economic interests. As such, Pravati Capital has adopted proxy voting policies and procedures set forth in its Compliance Manual in the event it may vote proxies on behalf of

Clients in the future. The Firm's proxy voting policies and procedures are available upon request at alex@pravaticapital.com or 480-718-3134.

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**ITEM 18: FINANCIAL INFORMATION**

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**Item 18.A. *Balance Sheet***

Not applicable. Pravati Capital does not require nor solicit prepayment of more than \$1,200 in fees per Client, six months or more in advance.

**Item 18.B. *Financial Condition***

Pravati Capital is not aware of any financial condition that is reasonably likely to impact its ability to meet its contractual commitments to Clients.

**Item 18.C. *Bankruptcy Petitions***

Not applicable. Pravati Capital has not been the subject of a bankruptcy petition at any time during the past ten years.