

# Kaname Capital, L.P.

Form ADV  
Part 2A Brochure  
March 2024



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This brochure (“Brochure”) provides information about the qualifications and business practices of Kaname Capital, L.P. (“Kaname” or the “Firm”). If you have any questions about the contents of this Brochure, please contact Kaname Capital by phone at (617) 841-7705 or by email at [contact@kanamecapital.com](mailto:contact@kanamecapital.com).

Registration as an investment adviser with the U.S. Securities and Exchange Commission (“SEC”) does not imply a certain level of skill or training. In addition, the information in this Brochure has not been approved or verified by the SEC or by any state securities authority.

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

## **Item 2: Material Changes**

The following is a summary of changes to the prior Brochure filed by Kaname Capital, L.P. (“Kaname”) with the SEC in March 2023:

- Kaname now manages the assets of a separately managed account (the “SMA”) in addition to its related private fund. As a result, the following Items have been updated:
  - Item 4, the addition of the SMA and its investment strategy;
  - Item 5, the SMA’s management and incentive fees;
  - Item 7, the addition of the SMA as a new type of client;
  - Item 11, the actual and potential conflicts faced by Kaname as a result of having multiple clients; and
  - Item 12, the timing differences between trading for the SMA and other clients.

Additional non-material grammatical and stylistic changes have been made throughout the Brochure. Clients and prospective clients should review this Brochure carefully and in its entirety.

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#### **Item 4: Advisory Business**

Kaname Capital, L.P. is a Delaware limited partnership that was formed in September 2018. The Firm is owned and controlled by Thomas (Toby) Rodes and Eric Ikauniks through their ownership of Kaname Capital GP, LLC. The Firm is the adviser to the Japan Absolute Value Fund (the “Fund”), a Cayman Islands exempted limited partnership, and the general partner of the Fund is Kaname Capital GP, L.P. (the “General Partner”), which is under common control with the Firm. As used in this Brochure, the term “Client” collectively refers to the Fund and all other accounts it manages.

Kaname provides discretionary investment management services to the Fund, which is a privately offered pooled investment vehicle commonly referred to as a “hedge fund” or “private fund.” The terms of the Fund are set forth in the Fund’s offering memorandum, limited partnership agreement, subscription document, and other constituent documents (the “Offering Documents”). The Fund will generally be offered to investors (“Investors” or “Limited Partners”) who are (i) both “accredited investors” as defined under the Securities Act of 1933 (the “Securities Act”) and “qualified purchasers” as defined in Section 2(a)(51)(A) of the Investment Company Act of 1940, as amended (the “1940 Act”) or (ii) “knowledgeable employees” (as defined by Rule 3c-5 under the Investment Company Act). Investors must also meet other applicable suitability requirements as outlined in the Offering Documents.

Investors in the Fund should refer to the Offering Documents, including the Appendices thereto, for definitive and more detailed information regarding the matters described in this Brochure. The Firm does not tailor its advisory services to the individual needs of Investors in the Fund.

The Firm seeks to accomplish its investment mandate on behalf of the Fund generally by investing in Japanese small cap equities.

Kaname also manages the assets of a separately managed institutional account (“SMA”) that invests in a concentrated sub-set of the equities contained in the Fund.

The Firm does not participate in wrap fee programs.

As of December 31, 2023, the Firm’s regulatory assets under management were approximately \$137.5 million.

#### **Item 5: Fees and Compensation**

##### Fund Fees

As described more fully in the Fund’s Offering Documents, Kaname is entitled to receive an annual asset-based management fee of 2%, paid quarterly in advance calculated based on the value of each Limited Partner’s Capital Account (the “Management Fee”).

For each fiscal year, the General Partner may be entitled to an incentive allocation (“Incentive Allocation”). The Incentive Allocation is generally equal to the aggregate of 20% of any net profit allocable to each Limited Partner for such fiscal year in excess of any loss recovery with respect to such Limited Partner’s Capital Account, provided, however, that no Incentive Allocation with respect

to a particular Capital Contribution will be made until the net profits allocated to such Capital Account for the year exceed such Limited Partner's loss carryforward amount. The General Partner may agree with any Limited Partner to waive, reduce or calculate differently the Incentive Allocation payable by such Limited Partner.

#### Fund Expenses

Kaname will render its services to the Fund at its own expense, including the salaries of employees necessary to render such services and all general overhead expenses attributable to the Firm's operations. All other expenses (collectively, "Fund Expenses") will be borne by the Fund, including legal, accounting and tax services (including third-party accounting and tax services), audit and other professional fees and expenses, expenses related to regulatory compliance or filings, registered office fees, fees and expenses of the administrator, investment expenses such as commissions and mark-ups, third-party trading services, custodial fees, bank service fees, ongoing offering expenses, and other expenses related to the purchase, sale or transmittal of Fund assets, provided that certain Fund Expenses are subject to an annual cap, as more fully described in the Offering Documents.

#### Separately Managed Account Fees

In consideration of the services it provides to its SMA, Kaname receives an asset-based fee negotiated with the client. Additionally, Kaname is eligible to receive an annual performance fee based on the gains over a hurdle rate with the previous year's closing net asset value as the base for comparison.

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

As described in Item 5, above, the General Partner and Kaname are eligible to receive an Incentive Allocation and/or annual performance fee based on the outperformance of its Clients. Kaname provides investment management services to multiple Clients, and the management fees, Incentive Allocations and performance fees differ. Side-by-side management of multiple accounts with different fee arrangements may create potential conflicts of interest, as Kaname and its investment personnel have a greater incentive to favor client accounts that pay Kaname higher performance-based compensation or higher fixed, asset-based fees.

Although performance-based fees are intended to align Kaname's interests with those of its Clients, creating a greater incentive for Kaname to manage its Clients' assets well, they also can create conflicts of interest between Kaname and its supervised persons, on the one hand, and the Fund, on the other hand. For example, a performance-based fee may create an incentive for Kaname to make investments on behalf of the Clients that are riskier, more speculative, or exhibit more volatility than would be the case in the absence of a performance-based fee.

To mitigate potential conflicts, Kaname has adopted and implemented policies and procedures intended to address conflicts of interest relating to the management of the Fund. It is also Kaname's basic policy that no Kaname Client will receive preferential treatment over any other Kaname Client.

As more fully explained in Item 12, Kaname will allocate trades to all Clients fairly over time in accordance with the Clients' applicable investment strategies. Among strategies, Kaname intends to

allocate trades pro-rata whenever possible but is under no obligation to do so. Other factors that may affect allocation decisions may include, but are not necessarily limited to, client directed investment limitations, differing investment strategies and objectives, trading restrictions, risk parameters, liquidity of the investment relative to the needs of the particular entity, the nature of the investment opportunity taken in the context of the other investments at the time, transaction costs and cash flows or tax considerations. Kaname has also developed procedures that require the objective allocation for limited opportunities to ensure fair and equitable allocation among accounts.

Kaname does not represent that the amount it receives as a performance fee or the manner of calculating such performance fee is consistent with the performance-based fees charged by other investment advisers under the same or similar circumstances. The performance fee paid by the Fund may be higher or lower than the performance-based fees charged by other investment advisers for the same or similar services.

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

Kaname currently provides investment advisory services to the Fund and a separately managed institutional account, as described in Item 4 above. Investment advice is provided directly to the Fund, subject to the discretion and control of the Fund's General Partner, and not individually to the investors in the Fund. Interests in the Fund are offered pursuant to applicable exemptions from registration under the 1940 Act and the Securities Act.

Kaname may in the future provide advisory services to other funds or separately managed accounts.

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

Kaname seeks to invest at the intersection of unusually low valuation multiples and unusually high operational excellence in the global public equity universe. Kaname's quantitative investment process, which screens for certain valuation and operational quality characteristics, distills the global universe down to approximately 200 stocks, the majority of which are consistently in Japan. Approximately 25 stocks will eventually become part of the Clients' long-only portfolio after rigorous fundamental analysis (the Firm will not take short positions on behalf of Clients). Kaname is not screening specifically for Japanese stocks. Japan just has the most opportunity at Kaname's preferred crossroads of value and operational quality. These stocks are commonly, but not always, about US\$500 million in market capitalization, with some significantly larger. Kaname's principals' fluency in the Japanese language helps to facilitate fundamental research on its prospective investments.

*Risk of Loss.* No guarantee or representation is made that the Clients' investment programs, including, without limitation, the Clients' 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 results are not necessarily indicative of future performance.

*General Economic and Market Conditions.* The success of the Clients' activities will be affected by general economic and market conditions, such as global and local economic growth, interest rates, availability of credit, credit defaults, inflation rates, economic uncertainty, changes in laws (including laws relating

to taxation of the Clients' investments), trade barriers, currency exchange controls, and national and international political circumstances (including wars, terrorist acts, or security operations). These factors may affect the level and volatility of the prices and the liquidity of the Clients' investments. Volatility or illiquidity could impair the Clients' profitability or result in losses. The Clients may maintain substantial trading positions that can be adversely affected by the level of volatility in the financial markets.

*Private Investment Funds.* The legal, tax, and regulatory environment worldwide for private investment 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 Firm to pursue its investment program and the value of investments held by the Clients.

*Change in Laws and Regulations.* The Clients and their investments may be sensitive to changes in law or regulation, particularly those regarding rights and remedies available to holders of certain securities. Changes in law or regulation could severely limit the availability of investments for the Clients or affect the value of their investments or the amount of time it takes for the Firm to acquire and dispose of investments. The effect of changes in law or regulation may be difficult to predict and may occur at any time.

*Competition; Availability of Investments.* Certain markets in which the Clients may invest may be competitive. 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. Further, the Clients' investment strategies and performance may be affected by the number of other investors pursuing similar strategies. Additionally, when other investors pursue similar strategies, the Firm's ability to influence investment outcomes may be affected.

*Japanese Securities.* Client investments will be subject to risks specific to investments in Japanese securities. Because the Japanese economy is heavily dependent on commodity imports, fluctuations or shortages in the commodity markets (especially oil) could negatively impact Client investments. Other risks arising from investing in Japanese securities include risks from earthquakes, volcanoes, tsunamis, and other environmental events; risks that Japan's trading partners, including China and other Southeast Asian countries, will experience significant political and economic turmoil; currency fluctuations; risks stemming from financial system instability due to large levels of non-performing loans, over-leveraged corporate balance sheets, extensive cross-ownership by major corporations, and large government deficits; and risks from an aging labor force, which could impair Japan's production capacity and overall competitiveness. There is still significant uncertainty surrounding Japan's economy, and investors should be prepared to bear such risks and uncertainties.

*Concentration Risk.* Clients principally invest in equity securities issued by companies with significant relations to one country - Japan. By focusing its investments in one country, Clients are subject to additional risk stemming from the non-diversification of their investments. Among other things, investment performance is closely tied to social, political, and economic conditions and changes in regulatory or tax policy within Japan. Due to this concentration, Kaname's investment strategy involves greater financial risk than the strategy of other more diversified investment strategies.

*Foreign Investment Risk.* The prices of foreign securities may be more volatile than the prices of securities of U.S. issuers because of economic and social conditions abroad, political developments, and changes

in the regulatory environments of foreign countries. In addition, changes in exchange rates and interest rates may adversely affect the values of the Clients' foreign investments. Foreign companies are generally subject to different legal and accounting standards than U.S. companies, and foreign financial intermediaries may be subject to less supervision and regulation than U.S. financial firms. Foreign securities include ADRs, EDRs and GDRs. Unsponsored ADRs and GDRs are organized independently and without the cooperation of the foreign issuer of the underlying securities and involve additional risks because U.S. reporting requirements do not apply. In addition, the issuing bank may deduct shareholder distribution, custody, foreign currency exchange, and other fees from the payment of dividends.

*Currency Risk.* The values of investments in securities denominated in foreign currencies increase or decrease as the rates of exchange between those currencies and the U.S. dollar change. Currency conversion costs and currency fluctuations could erase investment gains or add to investment losses. Currency exchange rates can be volatile and are affected by factors such as general economic conditions, the actions of the United States and foreign governments or central banks, the imposition of currency controls, and speculation.

*Trading in Forward Contracts to Hedge Currency Risk.* The Fund may, but is not obligated to, elect to hedge its exposure to fluctuations in the United States dollar relative to foreign currencies by entering into forward contracts with respect to such currencies. A forward contract is similar to a futures contract but unlike a futures contract the terms of a forward contract are not standardized nor are forward contracts traded on exchanges designated by the United States Government. Forward contracts are subject to the credit risk of the principals or their refusal to perform and the imposition of exchange controls.

Forward contracts are not guaranteed by an exchange or a clearing house and the failure of a principal with whom a forward contract is made would likely result in a default. It may be difficult to enforce the contractual obligations of a non-United States principal in the event that a principal refuses to perform under a forward contract.

*Volatility of Small Capitalization Companies.* Investments in small capitalization stocks involve greater risk than is customarily associated with investments in larger, more established companies. These companies often have sales and earnings growth rates that exceed those of large companies. These growth rates may in turn be reflected in more rapid share price appreciation. Smaller companies often have limited product lines, markets, or financial resources, and they may be dependent upon one-person management. These securities may have limited marketability and may be subject to more abrupt or erratic movements in price than securities of larger companies or the market averages in general.

*Investments in Undervalued Assets.* The Firm will seek to invest in undervalued securities. The identification of investment opportunities in undervalued securities is a difficult task, and there is no assurance that such opportunities will be successfully recognized or acquired. While investments in undervalued securities theoretically offer the opportunity for above-average capital appreciation, these investments may involve a high degree of financial risk and can result in substantial losses. The Firm may be forced to sell, at a substantial loss, securities which it believed to be undervalued, if they are not in fact undervalued. In addition, Clients may be required to hold such assets for a substantial period of time before realizing their anticipated value. During this period, a portion of the assets



would be committed to the assets purchased, thus possibly preventing Clients from investing in other opportunities.

*Long Only Strategy.* Client holdings are expected to be long only. To the extent that markets fall generally, Clients may incur losses and the value of the investments may decrease. The Firm will not hedge its exposure through short selling.

*Use of a Prime Broker to Hold Assets.* The Fund intends to use one or more prime brokers to hold some or all of its assets. Special risks exist if the assets of the Fund are held by a prime broker rather than a bank custodian. In the event that the prime broker experiences severe financial difficulty, the Fund's assets could be frozen and inaccessible for withdrawal or subsequent trading for an extended period of time while the prime broker's business is liquidated, resulting in a potential loss to the Fund, due to adverse market movements while the positions cannot be traded. Furthermore, if the prime broker's pool of assets is determined to be insufficient to meet all claims, the Fund could suffer a loss. The current prime broker of the Fund's assets is BTIG. Investors should be aware that a prime broker may provide research, capital introduction, or other services to the Fund, and that the provision of such services may create a conflict of interest for the Fund in selecting a prime broker. The Firm may appoint or change prime brokers or use additional prime brokers at its discretion. The prime brokers shall be paid a fee in accordance with their standard fee schedules.

*Counterparty and Custody Risk.* The Fund may have contractual agreements with various counterparties, including a prime broker, to perform various functions or effect certain transactions for or on behalf of the Fund. These entities typically are not subject to credit evaluation and may be subject to limited regulatory oversight. This exposes the Fund to the risk that a counterparty will not settle a transaction in accordance with contractual obligations whether due to insolvency, bankruptcy or other causes. In the event an entity holding Fund assets declares bankruptcy or experiences severe financial distress, the Fund may lose all or a portion of its assets at such entity or may be unable to access and manage such assets for a prolonged period. SIPC and FDIC insurance, if available at all, may be subject to limitations that preclude a full recovery by the Fund.

*Systems and Operational Risk.* The Firm and the Clients rely heavily on certain financial, accounting, data processing, and other operational systems and services that are employed by the Firm and/or by third-party service providers, including legal service providers, a third-party administrator, and others. Many of these systems and services require manual input and are susceptible to error. These systems or services may be subject to certain defects, failures, or interruptions.

*Cybersecurity.* The Firm and its service providers are subject to risks associated with a breach in cybersecurity. Cybersecurity is a generic term used to describe the technology, processes, and practices designed to protect networks, systems, computers, programs, and data from both intentional cyberattacks and hacking by other computer users as well as unintentional damage or interruption that, in either case, can result in damage or interruption from computer viruses, network failures, computer and telecommunications failures, infiltration by unauthorized persons and security breaches, usage errors by their respective professionals, power outages, and catastrophic events such as fires, tornadoes, floods, hurricanes, and earthquakes. A cybersecurity breach could expose both the Firm and the Fund to substantial costs (including, without limitation, those associated with forensic analysis of the origin and scope of the breach, increased and upgraded cybersecurity, identity theft, unauthorized use of proprietary information, litigation, adverse investor reaction, the dissemination of confidential and proprietary information, and reputational damage), civil liability, and regulatory

inquiry or action. In addition, any such breach could lead to substantial withdrawals from the Firm's Clients. While the Firm has established a business continuity plan in the event of, and risk management strategies, systems, policies and procedures to seek to prevent, cybersecurity breaches, there are inherent limitations in such plans, strategies, systems, policies, and procedures including the possibility that certain risks have not been identified. Furthermore, the Firm cannot control the cybersecurity plans, strategies, systems, policies, and procedures put in place by other service providers to the Firm and/or the issuers in which the Clients invest.

*Force Majeure.* Client holdings may be affected by force majeure events (i.e., events beyond the control of the party claiming that the event has occurred, including, without limitation, acts of God, fire, flood, earthquakes, outbreaks of an infectious disease, pandemic or any other serious public health concern, war, terrorism, labor strikes, major plant breakdowns, pipeline or electricity line ruptures, failure of technology, defective design and construction, accidents, demographic changes, government macroeconomic policies, social instability, prolonged changes in climatic conditions, etc.).

Force majeure events that are incapable of or are too costly to cure may have a permanent adverse effect on Client holdings. Certain force majeure events (such as war or an outbreak of an infectious disease) could have a broader negative impact on the world economy and international business activity generally.

The risks described above are not a complete list of all risks associated with the Clients' investment strategies. In addition, as Client investment programs develop and change over time, Client investments may be subject to additional and different risk factors.

Clients should refer to Governing Documents for a more complete description of the risks involved in investing in such program.

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

The Firm and its management persons have not been involved in any legal or disciplinary events that are material to an Investor's evaluation of the Firm's investment advisory business or the integrity of the Firm's management.

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

Neither the Firm nor any of its management persons is registered or has an application pending to register as (i) a broker-dealer or a registered representative of a broker-dealer or (ii) a futures commission merchant, a commodity pool operator, a commodity trading adviser or associated person of the foregoing.

The Firm has no material relationships or arrangements with a related person who is a broker-dealer, investment company, other investment adviser, financial planning firm, commodity pool operator, commodity trading adviser or futures commission merchant, banking or thrift institution, accounting firm, law firm, insurance company or agency, pension consultant, real estate broker or dealer, or an entity that sponsors or syndicates limited partnerships that are material to its advisory services or the Fund. The Firm has developed and will continue to develop relationships with professionals who provide services such as legal, accounting, banking, tax preparation, insurance brokerage, and other

personal services. None of the above relationships create a material conflict of interest with the Clients or their investors.

As described in Item 4, the Firm is affiliated with the Fund's General Partner. The Firm serves as the Adviser to the Fund, and the General Partner is the general partner of, and receives investment management and incentive allocations from the Fund. Certain of the Firm's partners, officers, employees, affiliates, and their respective family members may invest directly in the Fund. Investments in the Fund made by these persons may not be subject to the Management Fees or the Incentive Allocation described in Item 5 above.

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

The Firm has adopted a Code of Ethics (the "Code") that is designed to meet the requirements of Rule 204A-1 of the Investment Advisers Act of 1940 (the "Advisers Act"). The Firm's Code covers standards for business conduct, confidentiality of client information, personal trading limitations, preventing against insider trading, reporting of personal securities transactions, social media policies, political contribution policies, and restrictions on gifts and business entertainment items, among other things.

The Code applies to all Firm personnel and sets forth a standard of business conduct that takes into account the Firm's fiduciary duty as an investment adviser to the Fund. The Code requires Firm personnel to comply with applicable federal securities laws, and to promptly bring any violations of the Code to the attention of the Firm's Chief Compliance Officer. All personnel are provided with a copy of the Code and are required to acknowledge receipt and understanding of the Code on at least an annual basis.

All Firm personnel must provide an initial list of personal securities accounts and holdings. Thereafter, the Firm requires its personnel to report their securities transactions on a quarterly basis and to disclose their securities holdings on an annual basis. The Code also includes insider trading policies and procedures that are designed to prevent the improper use of material, non-public information. Such policies and procedures generally prohibit the Firm and its personnel from trading for the Fund or themselves in securities of an issuer while in possession of material, non-public information about the issuer. Violations of the Code may result in remedial actions, including, but not limited to, fines, censure, suspension, or termination.

The Firm will provide a copy of its Code to any existing or prospective Investor upon request to its Chief Compliance Officer by phone at: (617) 841-7705, or by email at: [contact@kanamecapital.com](mailto:contact@kanamecapital.com).

The Firm faces actual and potential conflicts of interest when allocating investment opportunities among our Clients. Kaname will have differing financial interests, direct or indirect, in the performance of one client relative to other clients. As a result, the Firm may have an incentive to favor one client over others. We seek to allocate investment opportunities among the Clients and handle any transactions between Clients in a fair and equitable manner. In certain circumstances, for investments in which multiple Clients participate, trades are allocated among the Clients, but the percentages will differ depending on the client's investment strategy. In each such case, Kaname determines, prospectively, an appropriate allocation percentage by which to allocate trades between the applicable Clients generally or for specified investments. The applicable allocation percentages or

target position sizes may be adjusted from time to time based on a subjective assessment of certain factors. In some cases, one or more portfolios might add to their positions in a particular instrument while one or more other portfolios decrease their positions in that instrument. For various reasons, the portfolios and performance of two portfolios that pursue the same strategy will often not be identical and could differ materially. See Item 12.B.

If any matter arises that the Firm determines in good faith to constitute an actual conflict of interest, the Firm may take such actions as may be necessary or appropriate to ameliorate the conflict.

## **Item 12: Brokerage Practices**

It is Kaname's policy to execute portfolio transactions in the best interests of the Clients, including to seek to obtain "best execution" of every transaction made by Kaname for the Clients. The term "best execution" means seeking the best price and execution for a security in the marketplace as well as ensuring that, in executing client transactions, clients do not incur unnecessary brokerage costs and charges. Kaname is not obligated to obtain the lowest possible commission cost, but rather, should determine whether the transaction represents the best qualitative execution for the Clients. Kaname has adopted procedures to help it apply this policy.

On an annual basis, Kaname evaluates the execution performance of its brokers.

### **Selection of Broker-Dealers**

Kaname is solely responsible for choosing the broker or brokers used for each securities transaction for the Fund. In negotiating commission rates and selecting broker-dealers, Kaname will take into account the financial stability and reputation of the particular broker-dealer, the ability to achieve prompt and reliable executions at favorable prices, the operational efficiency with which transactions are effected and the brokerage and research services provided by such broker-dealer, among other factors. Since commission rates are generally negotiable, selecting brokers on the basis of considerations which are not limited to applicable commission rates may at times result in higher transaction costs than would otherwise be obtainable.

Kaname conducts the majority of the Clients' trading through its prime brokers, but in certain circumstances, trades are executed through the prime broker but the prime broker "steps out" of the commissions associated with those trades in favor of another broker. Such transactions do not adversely impact the Clients.

### **Research and Other Soft Dollar Benefits**

The Firm does not participate in any soft dollar arrangements outside of receiving research available to other institutional investors. Research services received from brokers and dealers are supplemental to the Firm's own research effort. To the best of the Firm's knowledge, these services are generally made available to all institutional investors doing business with such broker-dealers. The Firm does not separately compensate such broker-dealers for the research and does not believe that it "pays-up" for such broker-dealers' services due to the difficulty associated with the broker-dealers not breaking out the costs for such services. In addition, the Firm believes that any information received from a broker-dealer is consistent with the safe harbor for brokerage and research services under Section 28(e) of the Securities Exchange Act of 1934.

### **Directed Brokerage**

Kaname does not have client directed brokerage arrangements.

### **Allocation and Aggregation of Orders**

It is Kaname's policy to allocate investment opportunities to all Clients fairly over time in accordance with the Clients' applicable investment strategies. Kaname will have no obligation to purchase or sell a security for, enter into a transaction on behalf of, or provide an investment opportunity to any Client solely because Kaname purchases or sells the same security for, enters into a transaction on behalf of, or provides an opportunity to another Client if, in its reasonable opinion, such security, transaction or investment opportunity does not appear to be appropriate for the Client. Nor will Kaname have any obligation, when allocating an investment opportunity to two or more Clients, to allocate such investment opportunity on a pro rata basis according to the Clients' respective net assets at the time of the investment or according to some other objective standard. Rather, investment opportunities will generally be allocated among those Clients for which participation in the respective opportunity is considered appropriate, taking into account a number of factors and criteria, including, without limitation: (i) available capital; (ii) whether the risk-return profile of the proposed investment is consistent with a Client's objectives or investment strategy; (iii) the potential for the proposed investment to create an imbalance in a Client's portfolio; (iv) the liquidity requirements of a Client; (v) potentially adverse tax consequences; (vi) regulatory restrictions that would or could limit a Client's ability to participate in a proposed investment; and (vii) the need to manage risk in a Client's portfolio. Differences in trading can be material and will not necessarily relate back to an objective standard; Kaname will review these differences in an effort to confirm that allocations are effected in a fair and equitable manner over time, taking into account the differing investment objectives of Clients and other factors deemed relevant by Kaname.

In addition to allocations of trading and investment opportunities, Kaname may cause Clients to trade in the same or similar securities at different times or according to different trading strategies, potentially resulting in different prices or different levels of success in completing an entire order. This is likely to occur when the SMA and the Fund are trading in close proximity. The SMA has agreed with Kaname that all investment opportunities (both purchases and sales) will first be allocated to the Fund before they are allocated to the SMA. If Kaname determines that the purchase or sale of a security is appropriate with regard to one or more Clients, Kaname may, but is not obligated to, purchase or sell such a security on behalf of such Clients with an aggregated order, for the purpose of reducing transaction costs, to the extent permitted by applicable law. When an aggregated order is filled through multiple trades at different prices on the same day, each participating Client will receive the average price, with transaction costs generally allocated pro rata based on the size of each Client's participation in the order (or allocation in the event of a partial fill) as determined by Kaname. In the event of a partial fill, allocations may be modified on a basis that Kaname deems to be appropriate, including, for example, in order to avoid odd lots or de minimis allocations.

When orders are not aggregated, trades generally will be processed in the order that they are placed with the broker or counterparty selected by Kaname. As a result, certain trades in the same security for one Client (including a Client in which Kaname and its personnel may have a direct or indirect interest) may receive more or less favorable prices or terms than another Client, and orders placed later may not be filled entirely or at all, based upon the prevailing market prices at the time of the order or trade. In addition, some opportunities for reduced transaction costs and economies of scale may not be achieved.

**Trade Errors**

Kaname believes that if a trade error occurs, it should be corrected in a prompt and efficient manner to minimize any loss. Pursuant to guidance from the SEC and the U.S. Department of Labor, Kaname does not use commissions from Fund transactions to compensate brokers for absorbing a trade. Additionally, pursuant to Section 28(e) of the Exchange Act, Kaname will not compensate for a loss by providing future commissions or soft-dollars to a broker-dealer. In general, when the error and the responsible party are identified, the trade is broken immediately, if possible, and the error is corrected the same day.

It is Kaname policy that it will net all gains and losses resulting from trade errors on an annual basis. If there is an overall net gain for the Account, Kaname will leave such gain in the Account. If there is an overall net loss, Kaname will reimburse the Account with the appropriate amount necessary to make the affected Account whole. If deemed necessary, Kaname will address trade errors on a more frequent than annual basis. Kaname's trade error policy for the Fund differs and is described in the Offering Documents.

**Item 13: Review of Accounts**

The Fund's portfolio is under continuous review by the Firm.

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

The Firm does not compensate any person for client referrals, nor does it receive economic benefits from any third party for providing investment advisory services to the Fund.

**Item 15: Custody**

All client assets are held in custody by unaffiliated broker-dealers or banks. Kaname does not have custody with respect to assets held in the Account, however, due to the Firm's access to Client funds and securities as General Partner to the Fund and its authority to deduct fees and other expenses from the Fund's accounts, Kaname is deemed to have custody of its Client's funds and securities. Kaname does not provide Investors with statements from the custodian. Instead, the Fund will be subject to annual financial statement audits conducted by an accounting firm that is subject to regular inspection by the Public Company Accounting Oversight Board. The Fund's financial statements will be audited in accordance with accounting principles generally accepted in the United States (U.S. GAAP) and distributed to each Investor within 120 days of the Fund's fiscal year end.

**Item 16: Investment Discretion**

The Firm has discretionary authority to manage securities on behalf of the Clients. The Firm is authorized to make transaction recommendations for the Clients, subject to the terms of the Firm's investment management agreement with the Clients.

**Item 17: Voting Client Securities**

Kaname has established proxy voting policies and procedures designed to ensure that in cases when Kaname votes proxies with respect to the Fund's securities, such proxies are voted in the best interests of the Fund. Generally, Kaname votes proxies it receives on behalf of its clients absent unusual circumstances.

If a material conflict of interest between Kaname and the Clients exists, Kaname will determine whether voting in accordance with the guidelines set forth in the proxy voting policies and procedures is in the best interests of the Fund or take some other appropriate action.

Kaname's clients and investors in the Fund managed by Kaname may request a copy of its proxy voting policies and procedures, as well as the Fund's proxy voting records, by contacting the Chief Compliance Officer by phone at (617) 841-7705 or by email at [contact@kanamecapital.com](mailto:contact@kanamecapital.com).

Kaname does not generally participate in class action settlements.

**Item 18: Financial Information**

The Firm has never filed for bankruptcy and is not aware of any financial condition that is reasonably likely to impair its ability to meet contractual commitments to the Fund.