

## **Kavi Asset Management, LP**

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This brochure provides information about the qualifications and business practices of Kavi Asset Management, LP. If you have any questions about the contents of this brochure, please contact Kavi Asset Management, LP's Chief Compliance Officer ("CCO") George Song at 646-762-8608 or by email at [george.song@kavifund.com](mailto:george.song@kavifund.com).

The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority. Additional information about Kavi Asset Management, LP is also available on the SEC's website at: [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Registration of an investment adviser does not imply that Kavi Asset Management, LP or any of its principals or employees possesses a particular level of skill or training in the investment advisory business or any other business.

**Item 2 - Material Changes**

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This Brochure, dated as of March 2018 amends the Brochure dated March 2017. There has been one material change from the March 2017 Brochure. Kavi Asset Management, LP began providing investment management services with regard to a new separately managed account.

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## Item 4 - Advisory Business

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Kavi Asset Management, LP, a Delaware limited partnership (**"Kavi"**, the **"Firm"**, **"we"**, **"us"**, or **"our"**), commenced operations in 2014. Kavi was founded by Manny Singh and Mathé Young Mosny. Mr. Singh is the sole owner of the Firm. Kavi offers investment advisory services on a discretionary basis to Kavi Global Opportunity Master Fund, LP, a Cayman Islands exempted limited partnership (the **"Master Fund"**) and two feeder funds, Kavi Global Opportunity Fund, LP, a Delaware limited partnership (the **"Domestic Feeder Fund"**) and Kavi Global Opportunity Offshore Fund, Ltd, a Cayman Islands exempted company (the **"Offshore Feeder Fund"**)(the Master Fund, Domestic Feeder Fund and Offshore Feeder Fund are collectively referred to as the **"Hedge Fund"**). Kavi advises an additional private pooled investment vehicle, Kavi CI SPV, LP, a Delaware limited partnership (the **"Master SPV"**), and Kavi CI SPV (Cayman), LP, a Cayman Islands limited partnership (the **"Feeder SPV"**) (the Master SPV and the Feeder SPV are collectively referred to as the **"SPV Fund"**, and together with the Hedge Fund and any future funds, as a **"Fund"**, and collectively, the **"Funds"**). Also, the Firm provides investment management services with regard to separately managed accounts (**"SMAs"**), over which Kavi has investment discretion (the Funds and the SMAs, together with any future SMAs, are referred to herein as each a **"Client"**, and collectively as **"Clients"**).

Kavi bases its advice to each Client on the investment objectives and restrictions, if any, set forth in the applicable organizational document, limited partnership agreement, investment management agreement, offering memorandum and/or subscription agreements, as the case may be, of each Client (each, a **"Fund Document"** and, collectively, the **"Fund Documents"**). The Funds are not tailored to any particular private fund investor (each an **"Investor"**).

As of December 31, 2017, Kavi's regulatory assets under management were approximately US\$234,132,000, all managed on a discretionary basis.

## Item 5 - Fees and Compensation

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### **Management Fees**

As the investment adviser to the Hedge Fund, we receive management fees at an annual rate of 1.5%-1.75%, depending upon the value of the net assets of each particular share class of the Domestic Feeder Fund, the Offshore Feeder Fund and the Master Fund. These management fees are deducted from the Master Fund quarterly, in advance, and are prorated for any investment period that is less than a full calendar quarter. The management fees are refundable if the advisory contract is cancelled prior to the end of a payment period.

While the management fee is generally not negotiable, we may waive or modify the fee for certain Investors that are members, employees or affiliates of Kavi, relatives of such persons, or for certain large or strategic Investors, with the Firm's consent.

We do not receive a management fee from the SPV Fund.

For the advisory services provided to the SMAs, Kavi is entitled to an undisclosed management fee as detailed in the investment management agreement entered by and between the Firm and the underlying SMA clients.

**Other Expenses**

The Domestic and Offshore Feeder Funds invest in the Master Fund on substantially the same terms and conditions and therefore are generally allocated a proportionate share of the Master Fund's gains, losses and expenses based on their interest in the Master Fund.

The Funds will bear their own expenses relating to their organization and the offering of shares, as well as investment and operational expenses. These expenses may include, among other things: legal, administration, audit and accounting expenses (including third party accounting services); proxy voting services; investment expenses such as commissions, research fees, market data and similar expenses; interest on margin accounts and other indebtedness; borrowing charges on securities sold short; custodial fees; bank service fees; Fund-related insurance costs (including D&O and E&O insurance for Kavi and the general partner); and any other expenses related to the purchase, sale, or transmittal of the Funds' assets, including, in the case of the SPV Fund, expenses incurred in developing, negotiating, structuring, holding and disposing of the investment.

If Kavi incurs any of the expenses mentioned above on behalf of the Funds, then the Firm will allocate such expenses among the Funds in proportion to the size of the investment made by each in the activity or entity to which the expense relates, or in such other manner as Kavi considers fair and reasonable.

The SMAs will bear and be charged with all costs and expenses relating to its activities and operations. All out-of-pocket expenses incurred directly in connection with the transactions effected on behalf of the SMAs pursuant to the investment management agreement (including, without limitation, trading expenses, custodial fees, brokerage commissions and legal fees) shall be reimbursed by the SMAs. Any shared fees and expenses incurred by both the Hedge Fund and the SMAs shall be reimbursed on a pro rata basis.

The Firm shall bear its own overhead costs or expenses, including, without limitation, the salaries and benefits of the Firm's employees performing the services described in the Fund Documents.

For a more detailed discussion of brokerage and transaction costs, Investors are directed to "Item 12: Brokerage Practices." Additional information is also available in the relevant Fund Documents.

**Item 6 – Performance-Based Fees and Side-By-Side Management**

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An affiliate of Kavi receives an annual incentive allocation equal to 15%-20%, depending on the share class of each Investor, of the net profits, if any, attributable to each Investor's account in the Hedge Fund at the end of each fiscal year. An affiliate of Kavi also receives an incentive allocation equal to 15% in the SPV Fund, taken upon realization and subject to a 6% annual hurdle and a catch-up provision. Incentive allocations are described in more detail in the relevant Fund Documents. The incentive allocations are charged in compliance with Rule 205-3 of the Investment Advisers Act of 1940, as amended (the "**Advisers Act**").

Kavi's affiliate may waive or modify the incentive allocation as to certain Investors that are members, employees or affiliates of Kavi, relatives of such persons, or for certain large or strategic Investors.

The SPV Fund is currently invested in one private portfolio company and does not anticipate additional investments. As a result, it is not expected that any conflicts of interest will arise, such as allocation decisions which may be impacted by performance-based fee differentials.

For the SMAs, the Firm is also entitled to an undisclosed incentive allocation as detailed in the investment management agreement entered by and between the Firm and the underlying SMA clients.

The performance-based compensation listed above may create an incentive for Kavi to recommend investments that may be riskier or more speculative than would be the case if such arrangements were not in effect. In addition, performance-based arrangements may create an incentive to favor higher fee paying clients in the allocation of investment opportunities. The Firm believes that it has reasonable controls in place to mitigate such potential conflicts of interest. These controls include trade allocation procedures that generally require accounts with similar investment strategies to be managed in a similar fashion, subject to a variety of exceptions, such as particular investment restrictions or policies applicable only to certain accounts, differences in cash flows, exposure guidelines, account sizes and similar factors.

## **Item 7 - Types of Clients**

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The Firm's clients are the Funds and the SMAs. The Fund Documents provide the eligibility criteria and minimum investment requirements.

In general, each Investor in the Funds must be an "accredited investor" as defined in Regulation D under the Securities Act of 1933, as amended (the "**Securities Act**"), and a "qualified purchaser" as defined in Section 2(a)(51) of the Investment Company Act of 1940, as amended. Although Kavi has the authority to accept subscriptions of a lesser amount, the required minimum initial investment is generally US\$5,000,000 for the Hedge Fund and US\$1,000,000 for the SPV Fund.

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

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### ***Investment Strategy***

#### Hedge Fund

Kavi applies a deep fundamental-based investment approach that is the hallmark of the principals' prior investment experience, primarily to event-driven situations. By identifying catalyst-driven investment opportunities that typically fall outside the realm of most long/short equity strategies, while underwriting a longer-term investment horizon than is typical for most event-driven strategies, Kavi seeks to capitalize on the "duration arbitrage" available at the intersection of the two strategies. The long book primarily consists of event-driven names in which Kavi can identify a discrete catalyst or sequence of events that it believes will narrow the discrepancy between the market price and intrinsic value. The short book is almost entirely comprised of single-name, idiosyncratic investments which independently are alpha-generating and collectively serve as an intrinsic hedge to the long book. Occasional portfolio-level hedges are also utilized to neutralize unintended or undesirable factor exposures.

The investment objective of the Funds is to create a meaningful "spread" or divergence in performance between its long book and short book. By constructing a portfolio of longs which outperform the market (long alpha), while creating a portfolio of shorts which underperform the market (short alpha), and maintaining reasonable gross and moderate net exposures, the Funds seek to generate consistent performance across a wide range of market conditions.

The Funds maintain a broad and flexible mandate to invest across sectors, geographies and market capitalizations, utilizing the same generalist and global approach to investing that Messrs. Singh and Mosny have successfully deployed throughout their careers. Kavi also uses the same investment approach regardless of the portion of the capital structure in which it is investing. The flexibility to invest across the capital structure gives Kavi the ability to express its differentiated market view through the security which most effectively expresses such perspective. Kavi believes this ability provides a distinct advantage in identifying mispriced assets that often arise from rapid change.

Kavi applies its fundamental, event-driven approach across a variety of security types, including but not limited to: long and short equities, put and call options, long and short bonds, convertible and preferred securities, credit default swaps, bank debt and other corporate obligations and warrants. Furthermore, Kavi may occasionally use swaps (including interest rate swaps), currencies, commodities (and derivatives of the foregoing) to protect the portfolio against macroeconomic shocks in situations in which it is prudent and appropriate to use these instruments.

#### SPV Fund

Kavi formed the SPV Fund for the purposes of capitalizing on a single private investment opportunity, which is separate from the Hedge Fund.

#### ***Risk of Loss***

The following explanation of certain risks is not exhaustive, but rather highlights some of the more significant risks involved in our investment strategies. Prospective Investors are urged to consult their professional advisers and review relevant Fund Documents before deciding to make an investment.

*Reliance on Key Personnel.* The Funds will be substantially dependent on the services of Mr. Manny Singh (the “**Principal**”). In the event of the death, disability, departure or insolvency of the Principal, or the complete transfer of the Principal’s interest in the Firm, the business of the Funds may be adversely affected. The Principal will devote such time and effort as he deems necessary for the management and administration of the Funds’ business. However, the Principal may engage in various other business activities in addition to managing the Funds, and consequently may not devote all time to Fund business.

*Nature of Investments.* We have broad discretion in making investments for the Funds. Investments will generally consist of equity securities and other assets that may be affected by business, financial market or legal uncertainties. There can be no assurance that we will correctly evaluate the nature and magnitude of the various factors that could affect the value of and return on investments. Prices of investments may be volatile, and a variety of factors that are inherently difficult to predict, such as domestic or international economic and political developments, may significantly affect the results of the Funds’ activities and the value of investments. In addition, the value of the Funds’ portfolio may fluctuate as the general level of interest rates fluctuates. No guarantee or representation is made that the Funds’ investment objective will be achieved.

*Substantial Changes in Regulation.* Regulation of securities markets has undergone substantial change in recent years, and is expected to continue to change. There can be no assurance that we will be able, for financial reasons or otherwise, to comply with future laws and regulations.

*Limited Rights of Investors.* Substantially all decisions with respect to the management of the Funds are made exclusively by us. Investors have no right or power to take part in the

management of the Funds. We also make all of the trading and investment decisions of the Funds. In the event of our withdrawal or bankruptcy, generally the Funds will be liquidated.

*No Distributions.* Since the Funds do not generally intend to pay distributions, an investment in the Funds is not suitable for Investors seeking current distributions of income.

*Leverage.* Subject to applicable margin and other limitations, we may borrow on the Funds' behalf in order to make additional investments and thereby increase both the possibility of gain and risk of loss. Consequently, the effect of fluctuations in the market value of the Funds' portfolios would be amplified. Interest on borrowings will be a portfolio expense for the Funds and will affect the operating results of the Funds. Also, the Funds could potentially create leverage via the use of instruments such as options and other derivative instruments. The Funds may, under some circumstances, be required to liquidate assets to service their interest and principal obligations. If loans to the Funds are collateralized with assets which decrease in value, the Funds may be obligated to pledge additional collateral to a lender in the form of cash or securities to avoid liquidation of the existing collateral. Moreover, if the assets under management are insufficient to pay the principal of, and interest on, the debt when due, the Funds could sustain a total loss of their investments. The rights of lenders to the Funds to receive payments of interest on and repayments of principal of their loans, and their rights in and to the Funds' assets, will be senior to the rights of Investors.

*Interest Rate Fluctuations.* The prices of portfolio investments tend to be sensitive to interest rate fluctuations and unexpected fluctuations in interest rates could cause the corresponding prices of the long and short portions of a position to move in directions which were not initially anticipated. In addition, interest rate increases generally will increase the interest carrying costs to the client of borrowed securities and leveraged investments.

*Short Sales.* We will enter into transactions on behalf of the Funds, known as short sales, in which we sell a security the Funds do not own in anticipation of a decline in the market value of the security. Short sales that are not made against the box theoretically involve unlimited loss potential since the market price of securities sold short may continuously increase. We may mitigate such losses by replacing the securities sold short before the market price has increased significantly. Under adverse market conditions, we might have difficulty purchasing securities to meet the Funds' short sale delivery obligations, and might have to sell portfolio securities to raise the capital necessary to meet the Funds' short sale obligations at a time when fundamental investment considerations would not favor such sales.

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



will only rank as unsecured creditors and risk the loss of all or a portion of the amounts they are contractually entitled to receive.

*Counterparty Creditworthiness.* In addition to the exchange-traded and exchange-cleared options contracts, we may also occasionally invest in the over-the-counter market in contracts that involve dealing with counterparties and their ability to meet the terms of the contracts. In particular, we may enter into repurchase agreements, forward contracts and swap arrangements, each of which expose the Funds to credit risk to the extent that the counterparty defaults on its obligations to perform under the relevant contract.

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

*Special Situation Investments.* We may invest on behalf of the Funds in companies involved in (or the target of) acquisition attempts or tender offers or in companies involved in or undergoing work-outs, liquidations, spin-offs, reorganizations, bankruptcies or other catalytic changes or similar transactions. In any investment opportunity involving any such type of special situation, there exists the risk that the contemplated transaction either will be unsuccessful, will take considerable time or will result in a distribution of cash or a new security the value of which will be less than the purchase price to the Client of the security or other financial instrument in respect of which such distribution is received. Similarly, if an anticipated transaction does not in fact occur, we may be required to sell the investment at a loss. Because there is substantial uncertainty concerning the outcome of transactions involving financially troubled companies in which we may invest, there is a potential risk of loss by the Funds of their entire investment in such companies.

*Fixed Income Securities.* Fixed-income securities provide periodic returns and the eventual return of the principal at the end of the term. The value of fixed-income securities changes in response to interest rate fluctuations and market perception of the issuer's ability to pay off its obligations. Fixed-income securities are subject to the risk that their issuer may be unable to make interest or principal payments on its obligations.

*Small to Medium Capitalization Companies.* We may invest a portion of the Funds' assets in the stocks of companies with small to medium-sized market capitalizations. While we believe these investments often provide significant potential for appreciation, these stocks, particularly smaller-capitalization stocks, involve higher risks in some respects than do investments in stocks of larger companies. For example, prices of such stocks are often more volatile than prices of large-capitalization stocks. In addition, due to thin trading in certain smaller-capitalization stocks, an investment in these stocks may be more illiquid than that of larger capitalization stocks.

*Non-U.S. Securities.* Investments in non-U.S. securities involve certain factors not typically associated with investing in U.S. securities, such as risks relating to (i) currency exchange matters, including fluctuations in the rate of exchange between the U.S. dollar (the currency in which the books of the Funds are maintained) and the various foreign currencies in which

the Funds' portfolio securities will be denominated, and costs associated with conversion of investment principal and income from one currency into another; (ii) differences between the U.S. and non-U.S. securities markets, including the absence of uniform accounting, auditing and financial reporting standards and practices and disclosure requirements, and less government supervision and regulation; (iii) political, social or economic instability; (iv) imposition of non-U.S. income, withholding or other taxes; and (v) the extension of credit, especially in the case of sovereign debt.

*Currency Risk.* We may invest the Funds' capital in, among other things, securities denominated in currencies other than the U.S. dollar and in other financial instruments the prices of which are determined with reference to currencies other than the U.S. dollar. The Funds value their securities and other capital in U.S. dollars and may hedge their currency exposure. However, to the extent that currency risk is unhedged, the value of the Funds' capital will fluctuate with the U.S. dollar exchange rate, as well as with price changes of the Funds' investments in various local markets and currencies. Thus, an increase in the value of the U.S. dollar compared to the other currencies in which the Funds make investments will reduce the effect of increases and magnify the U.S. dollar equivalent of the effect of decreases in the prices of the Funds' securities in their local markets. Conversely, a decrease in the value of the U.S. dollar will have the opposite effect of magnifying the effect of increases and reducing the effect of decreases in the prices of the Funds' non-U.S. dollar securities. The Funds also may utilize forward currency contracts and options to hedge against currency fluctuations, but there can be no assurance that such hedging transactions will be effective.

*Credit Default Swaps.* A credit default swap ("**CDS**") is a swap contract in which the buyer of the CDS makes a series of payments to the seller and, in exchange, receives a payoff if the underlying credit instrument (typically a bond or loan) experiences a negative credit event, for example, a default, restructuring, or bankruptcy. Generally an investor would buy a CDS if it expects the underlying credit to deteriorate and would sell a CDS if it expects the underlying credit to improve.

CDS contracts have been compared with insurance, because the buyer pays a premium and, in return, receives a sum of money if one of the events specified in the contract occurs. However, there are a number of differences between CDS and insurance, for example:

- the buyer of a CDS does not need to own the underlying security or other form of credit exposure; in fact the buyer does not even have to suffer a loss from the negative credit event. In contrast, a buyer of traditional insurance must have an insurable interest such as owning a debt obligation;
- the seller of a CDS need not be a regulated entity;
- the seller of a CDS is not required to maintain any reserves to pay off buyers, although major CDS dealers are subject to bank capital requirements;
- in the United States, CDS contracts are generally subject to mark to market accounting and to collateral calls.

*Investments in Undervalued Assets.* We may invest in undervalued assets. The identification of investment opportunities in undervalued assets is a difficult task, and there is no assurance that such opportunities will be successfully recognized or acquired. While investments in undervalued assets offer the opportunity for above-average capital appreciation, these investments involve a high degree of financial risk and can result in substantial losses. Returns generated from the Client's investments may not adequately compensate Investors for the business and financial risks assumed.

The Funds may be forced to sell, at a substantial loss, assets that are not, in fact, undervalued. In addition, the Funds 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 Funds' assets would be committed to the investments purchased, possibly preventing the Funds from investing in other opportunities. In addition, the Funds may finance such purchases with borrowed funds and thus will have to pay interest on such funds during such waiting period.

*Put and Call Options on Specific Investments.* We may purchase exchange-listed and over-the-counter put and call options on specific investments on behalf of the Funds. In addition, the Funds may write and sell covered or uncovered call and put option contracts. A call option gives the purchaser of the option the right to buy, and obligates the writer to sell, the underlying investment at a stated exercise price at any time prior to the expiration of the option. Similarly, a put option gives the purchaser of the option the right to sell, and obligates the writer to buy, the underlying investment at a stated exercise price at any time prior to the expiration of the option. Options written by the Funds may be wholly or partially covered (meaning that the Funds hold an offsetting position) or uncovered. Options on specific investments may be used by the Funds to seek enhanced profits with respect to a particular investment. Alternatively, they may be used for various defensive or hedging purposes. For example, they may be used to protect against a future adverse change in the market price of particular portfolio investments held by the Funds without requiring a sale of the investments.

Use of put and call options may result in losses to the Funds, force the sale or purchase of portfolio investments at inopportune times or for prices higher than (in the case of put options) or lower than (in the case of call options) current market values, limit the amount of appreciation the Funds can realize on their investments or cause the Funds to hold an investment they might otherwise sell. For example, a decline in the market price of a particular investment could result in a complete loss of the amount expended by the Funds to purchase a call option (equal to the premium paid for the option and any associated transaction charges). An adverse price movement may result in unanticipated losses with respect to covered options sold by the Funds. The use of uncovered option writing techniques may entail greater risks of potential loss to the Funds than other forms of options transactions. For example, a rise in the market price of the underlying investment will result in the Funds realizing a loss on the calls written, which would not be offset by the increase in the value of the underlying investments to the extent that the call option position was uncovered.

*Illiquidity of Investments.* An investment in the Funds may require a long-term commitment, with no certainty of return. There most likely will be little or no near-term cash flow available to Investors. Some of the Funds' investments may be highly illiquid, and there can be no assurance that the Funds will be able to realize on such investments in a timely manner. Consequently, dispositions of such investments could require a lengthy time period or could result in distributions in kind to Investors. Additionally, the Funds may acquire securities that cannot be sold except pursuant to a registration statement filed under the Securities Act or in a private placement or other transaction exempt from registration under the Securities Act and that complies with any applicable state and non-U.S. securities laws.

*Difficulty in Valuing Funds' Investments.* Certain private investments in the Funds may be difficult to value due to various factors, including absence of readily ascertainable market values and limited sources of useful valuation information. In addition, the appraised value of an asset may not always be consistent with, and therefore may be higher or lower than the price at which the asset could ultimately be sold.

## **Item 9 - Disciplinary Information**

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Neither we nor any of the Firm's management personnel are subject to, or have in the past been subject to, any criminal or civil action in any domestic or foreign court, and neither we

nor any of our management personnel have been subject to any administrative proceedings before the SEC or any other state, federal or foreign financial regulatory authority.

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**Item 10 - Other Financial Industry Activities and Affiliations**

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Neither we nor any of the Firm's management personnel have any relationships or arrangements that pose material conflicts of interest to the business of Kavi.

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**Item 11 - Code of Ethics, Participation/Interest in Client Transactions, Personal Trading**

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***Code of Ethics Pursuant to Rule 204A-1 of Advisers Act***

Pursuant to Rule 204A-1 of the Advisers Act, Kavi has adopted a Code of Ethics for the purpose of instructing employees about their fiduciary obligations to Clients and to provide rules for their personal securities transactions. The Code of Ethics is available to any Client or prospective client upon request.

***Personal Trading***

In general, employees (and members of their immediate households) are not permitted to invest in single name equity securities, options on equities, bonds, futures or commodities and must obtain written pre-approval from the CCO prior to executing a sell order in any such holdings that they may have owned prior to joining the Firm. The spirit of the Code of Ethics is to discourage frequent trading in employee personal accounts. In addition, employees may not acquire securities for their own account in a private placement without pre-approval from the CCO. Employees must also obtain pre-approval from the CCO before engaging in any outside business activities. In addition, where the activities of the CCO require pre-approval, that approval will be provided by Brennan McCaw, Kavi's CFO.

All employees must provide duplicate copies of brokerage statements to the CCO. These records are used to monitor compliance with the foregoing policies.

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**Item 12 - Brokerage Practices**

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We have full discretionary authority to manage the Funds, including the authority to make decisions with respect to which securities are bought and sold, the amount and price of those securities, the brokers or dealers to be used for a particular transaction, and the commissions paid.

In selecting a broker-dealer to execute transactions, we seek to obtain "best execution." By this we mean, the execution of a securities transaction for a Client will generally be conducted in such a manner that a Client's total costs or proceeds in the transaction are most favorable under the circumstances. Accordingly, in seeking best execution, we take into consideration the price of a security offered by the broker-dealer, as well as a broker-dealer's full range and quality of their services including, among other things, the timeliness of execution, the value of research provided, the responsiveness of the broker-dealer to the Firm and the broker-dealer's financial resources.

***Soft Dollars***

Kavi may enter into soft dollar arrangements with brokers. Soft dollar arrangements arise when an investment adviser obtains products and services, other than securities execution, from a broker in return for directing client securities transactions to the broker. Soft dollar

arrangements may pose a conflict of interest for Kavi in that such arrangements could allow Kavi to pay for expenses with Client commissions that would otherwise be borne by Kavi. For example, Kavi may use Client brokerage commissions (or markups or markdowns) to obtain research or other products or services. Kavi may have an incentive to select a broker based on Kavi's interest in receiving research or other products or services offered by such broker, rather than seeking the most favorable execution on behalf of its Clients.

To the extent that Kavi engages in soft dollar transactions, we comply with the safe harbor requirements of Section 28(e) of the Securities Exchange Act of 1934, as amended. Under this provision, in exercising its discretionary authority to select or arrange for the selection of brokers for execution of transactions for Clients, and, subject to its duty to obtain best execution, the Firm may consider the value of research and brokerage products and services (collectively, "**Research**") provided by such brokers. Research may include, among other things, proprietary research from brokers, which may be written or oral, databases and quotation services, research concerning market, economic and financial data, a particular aspect of economics or on the economy in general, statistical information, pricing data and availability of securities, financial publications, electronic market quotations, performance measurement services, analyses concerning specific securities, companies, industries or sectors, market, economic and financial studies and forecasts, appraisal services, and invitations to attend conferences or meetings with management or industry consultants. Accordingly, if we determine in good faith that the amount of commissions charged by a broker is reasonable in relation to the value of the brokerage and products or services provided by such broker, a Client may pay commissions to such broker in an amount greater than the amount another broker might charge.

### **Aggregation**

Aggregation opportunities generally arise when more than one Client is capable of purchasing or selling a particular security based on investment objectives, available cash and other factors. For executing transactions in the same security in the Hedge Fund and the SMAs, our policy is to generally aggregate orders for the same security unless aggregation is not consistent with our duty to seek best execution and the terms of the investment guidelines and restrictions of each Client for which trades are being aggregated. When aggregating trades, no Client is favored over any other Client and each Client that participates in an aggregated order participates at the average price for all of Kavi's transactions in that security on a given business day, with transaction costs shared pro rata based on each Client's participation in the transaction. The SPV Fund is invested in a single private holding and is therefore not subject to common transactions with the other Clients.

## **Item 13 - Review of Accounts**

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### **Review of Accounts**

The portfolios of the Clients are reviewed on a continual basis by the Portfolio Manager to assure conformity with investment objectives and guidelines. We engage in active management for the Funds and accordingly review our transactions, positions and cash balances on a daily basis.

### **Reporting**

We have engaged an independent administrator to send unaudited reports reviewing the Hedge Fund and the SPV Fund's performance to Investors on a monthly and quarterly basis, respectively. Additionally, Investors receive independently audited financial statements of the Funds on an annual basis.

For the SMAs, an independent administrator also sends an unaudited report reviewing performance to the SMA clients on a monthly basis. The SMA clients also receive independently audited financial statements on an annual basis.

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

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We do not currently utilize any third party marketers or solicitors.

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**Item 15 - Custody**

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We will comply with the requirements of Rule 206(4)-2 of the Advisers Act (the “**Custody Rule**”) with regards to Kavi’s custody of the Funds’ assets by meeting the conditions of the pooled vehicle annual audit provision.

We currently use Goldman Sachs & Co. and Morgan Stanley & Co. LLC as our prime brokers and custodians. Through this arrangement, these entities provide among other things, clearing, custodial and record keeping services.

Annually, upon completion of each Fund’s annual audit, the CCO shall ensure that the audited financials are delivered to all Investors within 120 days of the fiscal year end. The audited financial statements will be prepared by an independent accounting firm that is registered with and subject to review by the Public Company Accounting Oversight Board, in accordance with U.S. Generally Accepted Accounting Principles. Investors should carefully review the audited financial statements of the Funds.

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**Item 16 - Investment Discretion**

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We generally have discretionary authority to determine, without obtaining specific consent, securities to be bought or sold, the amount of securities to be bought or sold, the broker-dealers to be used and the commission rates to be paid. Any limitations on authority are included in the Fund Documents of each Client.

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**Item 17 - Voting Client Securities**

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The Firm has established proxy voting policies and procedures designed to ensure that proxies are voted in the best interest of the Clients. When voting proxies, Kavi must identify and address material conflicts that may arise between the Firm’s interests and those of the Funds. Specifically, Kavi monitors the potential for conflicts of interest that might arise from personal relationships that the Firm or its employees may have with parties involved in the vote, significant Investor relationships with those parties, and other special circumstances.

If we determine that a conflict of interest exists as to a particular issuer, the CCO will determine whether the conflict is material to the vote. If it is determined not to be material, we will vote without further procedures. If it is determined to be material, we will resolve the conflict in one of several possible ways, such as by engaging a third party to recommend a vote.

Investors may request a copy of our proxy voting policies, as well as relevant proxy voting records, by contacting the CCO.

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**Item 18 - Financial Information**

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Kavi has no financial commitment that impairs the Firm's ability to meet contractual and fiduciary commitments to Clients, and has not been the subject of a bankruptcy proceeding.