

Karani Asset Management LLC

Part 2A of Form ADV The Brochure

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This brochure provides information about the qualifications and business practices of Karani Asset Management LLC (“Karani” or the “Adviser”). If you have any questions about the contents of this brochure, please contact Karani’s Chief Compliance Officer, Patrick A. Keenan, at (609) 353-8755.

Karani is registered as an investment adviser with the United States Securities and Exchange Commission (the “SEC”) under the Investment Advisers Act of 1940, as amended (the “Advisers Act”). Registration as an investment adviser with the SEC does not imply a certain level of skill or training. The information in this brochure has not been approved or verified by the SEC or by any state securities authority.

Additional information about Karani is also available on the SEC’s website at: www.adviserinfo.sec.gov.

Item 2 - Material Changes

This item is not applicable at this time. In the future, this item will include a summary of material changes that occurred since Karani last annual update of Form ADV Part 2A.

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Item 4 - Advisory Business

Karani Asset Management LLC is a Delaware Limited Liability Company formed on May 7, 2018. Karani commenced operations [TBD]. Karani's principal owner is Richard L. Bayles. Karani's main operations are located in New York, NY.

Karani provides investment advisory services to high net worth individuals, trusts, estates, individual retirement accounts ("IRAs"), and institutional clients, including foundations, through separately managed accounts. Karani seeks long-term growth of capital by principally investing in publicly-traded equity securities of companies around the world. Clients may impose reasonable restrictions on Karani's management of their accounts.

As of [TBD], Karani did not have any regulatory assets under management on a discretionary basis or no non-discretionary basis.

Item 5 - Fees and Compensation

Karani charges most of its clients an annual management fee based on the following schedule:

Portion of Account Size	Percent Per Annum
Amounts up to and including \$100,000,000	1.00%
Amounts greater than \$100,000,000	0.75%

Karani charges fees and requests payment quarterly in advance based on the account value at the beginning of each calendar quarter. Karani will require express consent of each client or the client's authorized custodian, to receive its fees from custody accounts.

Accounts initiated or terminated during a calendar quarter will be charged a pro-rated fee. Upon termination of an account, any prepaid, unearned fees are promptly refunded or applied to amounts owed by the client to Karani pursuant to the terms of the managed account agreement. The management fee is adjusted for any withdrawals made during the quarter.

In addition to Karani's management fees, clients bear custodial fees, transaction costs and brokerage expenses as discussed below in the Brokerage Practices section.

Karani has adopted valuation policies and procedures to govern the valuation of securities held in client accounts. Karani primarily relies on asset prices obtained from brokers and/or custodians. However, Karani has a fair value pricing policy that it follows in situations where custodians may be unable to price certain investments, or where custodians may assign prices that do not reflect Karani's reasonable view of current market conditions.

Item 6 – Performance-Based Fees and Side-by-Side Management

Karani does not currently charge any performance-based fees (fees based on a share of capital gains on, or capital appreciation of, the assets of a client). Therefore, Karani avoids any potential conflicts of interest that may be experienced by investment managers who, in connection with side-by-side management of accounts, offer different performance fee structures.

Item 7 - Types of Clients

Karani provides investment advisory services to high net worth individuals, trusts, estates, IRAs, and institutional clients including foundations, endowments and other charitable organizations. Karani's minimum account size is generally \$1,000,000.

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

Investing in any security or investment strategy involves the risk of loss and each client should be prepared to bear that loss. There can be no assurance that the investment objective of a client will be achieved or that the strategies implemented on the client's behalf will be successful. Clients must be prepared to lose all or substantially all of their investment.

Methods of Analysis and Investment Strategies

Karani seeks long-term growth of capital by principally investing in publicly-traded equity securities of companies around the world. Karani employs a high-conviction, long-term-oriented, fundamentals-driven strategy that focuses on investing in companies with multiyear growth opportunities. Karani applies this strategy on a global basis without limitation on industry sectors or market capitalization size. The number of holdings per client account are typically in the range of approximately twenty (20) to forty (40) and most portfolio companies are based in developed economies.

Karani only takes long positions when investing in securities. Karani does not sell securities short. Karani does not employ leverage.

To implement its investment strategy, Karani generally trades securities, including, without limitation, common and preferred stock, depository receipts, warrants, rights, convertible debt securities, and convertible preferred stock, and related instruments and investments (collectively, "Securities"), in each case of every kind and character, including Securities that are traded on United States and non-United States markets (including over-the-counter markets). On occasion, Karani will manage small ancillary accounts that are related to or affiliated with a primary client account. For these small ancillary accounts with substantially less capital available for investment, Karani employs an investment sub-strategy that seeks to generate a comparable rate of return primarily through equity investments in entities that generally offer exposure to multiple investment sectors by means of their underlying Securities.

Generally, Karani creates a proprietary financial model for each company to determine the earnings potential and underlying intrinsic value. Furthermore, the investment process is iterative, relying on the experience of the entire team.

Investment Risks

Risk management is at the core of Karani's investment process. Every investment decision is evaluated pre-trade with consideration of how the idea will impact portfolio risk.

Karani conducts ongoing analysis of the portfolio investments in each client's account. Each position is not only evaluated on its own merits, but with regard to other portfolio positions. On an ongoing basis, Karani manages market exposures, position levels, industry level concentrations and the liquidity profile of each portfolio.

Below is a non-exhaustive summary of risks relevant to Karani's investment strategies.

Equity Investments. Karani invests in equity Securities. Such Securities may be subject to various types of risks, including market risk, liquidity risk, currency risk, counterparty credit risk, country risk, legal risk and operations risk. In addition, certain equity-related instruments can involve significant economic leverage and may, in some cases, involve significant risk of loss.

Non-U.S. Securities. Investing in Securities of non-U.S. companies and governments that are generally denominated in non-U.S. currencies involves certain considerations comprising both risk and opportunities not typically associated with investing in Securities of the United States government or United States companies. These considerations could include changes in exchange rates and exchange control regulations, political and social instability, expropriation, imposition of foreign taxes, less liquid markets and less available information than is generally the case in the United States, higher transaction costs, foreign government restrictions, less government supervision of exchanges, brokers and issuers, greater risks associated with counterparties and settlement, difficulty in enforcing contractual obligations, lack of uniform accounting and auditing standards and greater price volatility.

Debt and Other Income Securities. Karani may invest in U.S. Treasury securities and money market funds in place of bank money market deposits.

Reliance on Key Management Personnel. The success of Karani's investment strategy will depend, in large part, upon the skill and expertise of the management team. In the event of the death, disability or departure of key members of Karani, the business and the performance of its clients may be adversely affected.

Item 9 - Disciplinary Information

To Karani's knowledge, neither Karani nor its principals or employees have been involved in any legal or disciplinary events in the past 10 years that would be material to a client's or prospective client's evaluation of Karani or its personnel.

Item 10 - Other Financial Industry Activities and Affiliations

To Karani's knowledge, neither Karani nor its principals or employees have any other relationships or arrangements, pending or otherwise, with other financial services companies that pose material conflicts of interest.

Item 11 - Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

Pursuant to Rule 204A-1 under the Advisers Act, Karani has adopted a written Code of Ethics (the "Code") that requires Karani to put the interests of its clients before its own interests and to use reasonable care and exercise independent professional judgment when conducting investment analysis, making investment recommendations, trading, and engaging in other professional activities, among other things. The Code requires that Karani, its principals, and its employees comply with the spirit and the letter of the federal securities laws, and rules that govern capital markets, at all times. Clients and prospective clients may obtain a copy of the Code by contacting Karani at the address or telephone number listed on the first page of this brochure.

Karani's Code requires employees to: (i) pre-clear certain personal securities transactions; (ii) report personal securities transactions on at least a quarterly basis; and (iii) provide Karani with a detailed summary of certain holdings, both initially upon commencement of employment and at least annually thereafter, over which such employees have control and beneficial interest. Karani's reporting requirements and restrictions on personal securities trading apply to all employees, as well as an employee's immediate family members living in the same household.

While Karani does not generally prohibit personnel from trading in securities that are being considered for its clients, as well as securities already held by clients, any proposed personal transaction by its personnel involving such securities requires preclearance from Karani's Chief Compliance Officer. The Chief Compliance Officer does not grant preclearance where it would appear that the personnel's trading could disadvantage Karani's clients. Karani and its personnel do not, however, purchase or sell any securities on terms more favorable than those received by Karani's clients.

Item 12 - Brokerage Practices

Broker Selection and Best Execution

Karani is authorized to determine the broker-dealer to be used for each security's transaction with the exception of directed brokerage (see Directed Brokerage section below). Before Karani begins trading with a broker-dealer Karani will review, as applicable, the broker-dealer's operational, financial, and regulatory status. Karani will also perform periodic reviews of broker-dealers, which will vary in frequency and intensity based on the perceived counterparty exposure of Karani and its clients. In addition, Karani will, as part of its normal functions, consider the execution quality of each trade to identify any unexpected deviations in price, commission rate, market impact, execution speed, or other aspects of execution quality. Further, in seeking "best

execution,” Karani considers the broker’s trading costs, efficiency of execution and error resolution, financial strength and stability, capability, positioning, distribution capabilities, information in regard to the availability of securities, trading patterns, statistical or factual information, opinions pertaining to trading, and prior performance in serving Karani.

Although Karani will seek competitive commission rates, Karani may not necessarily obtain the lowest possible commission rates for each security transaction. Instead, Karani will make a good faith determination that the amount of commissions paid is reasonable in light of the products or services provided by a broker, which may cause the commission rate to include research, brokerage or other services provided by the broker as discussed below in Research and other Soft Dollar Benefits.

Furthermore, since it is not Karani’s practice to negotiate “execution only” commission, selecting broker-dealers on the basis of considerations that are not limited to the applicable commission rates may result in higher transaction costs than would otherwise be obtainable.

Research and other Soft Dollars Benefits

Karani executes securities transactions and generates “soft dollar credits” through soft dollar brokers to pay for both research and mixed use products and/or services. Soft dollar arrangements represent potential conflicts of interest since clients’ commissions are used to obtain research services that Karani would otherwise have to obtain with its own funds.

Karani limits the use of “soft dollars” to obtain research and brokerage services to services which constitute research and brokerage within the meaning of Section 28(e) of the Securities Exchange Act of 1934. Research services may include research reports such as market research, certain financial newsletters and trade journals, software providing analysis of securities portfolios, corporate governance research and rating services, attendance at certain seminars and conferences, discussions with research analysts, meetings with corporate executives, consultants’ advice on portfolio strategy, data services, including services providing market data, company financial data and economic data, and advice from brokers on order execution.

Such research generally shall be used to service all of Karani’s clients (including accounts that may not generate commissions used to pay for investment research) and brokerage commissions paid by a client may be used to pay for research that is not used in managing such client’s account. A client may pay to a broker-dealer a commission greater than another qualified broker-dealer might charge to effect the same transaction, where Karani determines in good faith that that the amount of trading costs charged by a broker-dealer is reasonable in relation to the value of the brokerage and research or investment management-related services provided by such broker-dealer, and, in such instances, a client may pay trading costs to such broker-dealer in an amount greater than the amount another broker-dealer might charge.

Brokerage services include services related to the execution, clearing and settlement of securities transactions and functions incidental thereto (i.e., connectivity services), trading software operated by a broker-dealer to route orders, software that provides trade analytics and trading strategies, software used to transmit orders, clearance and settlement in connection with a trade, routing

settlement instructions, post trade matching of trade information, and services required by the SEC or a self-regulatory organization such as comparison services, electronic confirms or trade affirmations. In some instances, Karani may receive a product or service that may be used only partially for functions within Section 28(e) (e.g., an order management system or trade analytical software). In such instances, Karani will make a good faith effort to determine the relative proportion of the product or service used to assist Karani in carrying out its investment decision-making responsibilities and the relative proportion used for administrative or other purposes outside Section 28(e). The proportion of the product or service attributable to assisting Karani in carrying out its investment decision-making responsibilities will be paid through brokerage commissions generated by transactions in client accounts, and the proportion attributable to administrative or other purposes outside Section 28(e) will be paid for by Karani from its own resources.

Many brokers or dealers provide Karani with access to proprietary research reports (such as standard investment research) which are used to manage client accounts. To the best of Karani's knowledge, these reports are generally made available to all institutional investors doing business with such broker-dealers and without regard to the rates of commissions charged or paid by Karani or the volume of business Karani directs to such broker-dealers. Since the reports are merely made available by broker-dealers as part of a bundled business package, to those who may or may not use them, Karani understands that such broker-dealers do not set discrete prices for the reports.

Soft dollar credits are assets of Karani's clients that must be treated with appropriate care. All new soft dollar products and services must be reviewed and approved by compliance personnel. Karani's Chief Compliance Officer, or his designee, reviews soft dollar accrual and expenditure reports sent by brokers or dealers on a regular basis. If Karani develops large credit balances, the Chief Compliance Officer will consider whether its clients are paying unnecessarily high commissions. Conversely, if Karani develops large deficits, the Chief Compliance Officer will evaluate whether Karani should curtail its soft dollar spending or take other actions in order to avoid the appearance that Karani must trade excessively in order to reduce its soft dollar deficits. Karani will evaluate soft dollar arrangements as part of periodic best execution reviews.

Investment and trading personnel are responsible for identifying those broker-dealers who have provided research and execution services that Karani considers useful to its investment decision-making process on a periodic basis. Karani utilizes this information to develop a commission budget which is based on the amount, quality, and usefulness of the research provided by broker-dealers. The commission budget is considered when determining where to direct client transactions.

Brokerage for Client Referrals

Karani does not consider client referrals from broker-dealers when making brokerage allocation decisions.

Directed Brokerage

“Directed brokerage” refers to instances in which a client retains the discretion to choose brokers and instructs an adviser to direct portfolio transactions to a particular broker. In certain circumstances, Karani may permit a client to direct Karani to choose a particular broker and instruct Karani to direct portfolio transactions for such client’s account to such broker. In any such circumstances, such clients may be unable to achieve more favorable execution for such transactions than if Karani had been permitted to execute such transactions with another broker. For example, Karani may not be able to aggregate such client’s orders with orders for other clients, which may, in turn, reduce transaction costs, or result in more favorable prices. Clients choosing to engage in directed brokerage may pay more in brokerage-related transaction fees than clients choosing not to engage in directed brokerage.

Aggregation and Allocation of Orders

Orders for client accounts generally will be aggregated when Karani purchases or sells the same securities for multiple clients at approximately the same time. Such orders would be affected independently if aggregation is restricted by client direction, type of account or other restrictions (such as limited availability of investment opportunities or the ability to divide purchases among clients). In executing orders, Karani will use the average price for the same security for all participating clients and will allocate the same securities among Karani’s clients in proportion to the purchase and sale orders placed for each client account on any given day. Excessive trading commissions will be avoided or mitigated where possible. Karani will not, to the extent applicable, receive any additional compensation or remuneration as a result of the aggregation.

Cross Trading Among Our Clients

Subject to applicable law, Karani maintains the ability to cross investments and/or cash between client accounts when such a transaction is advantageous for each participant. However, no account subject to ERISA, with less than \$100 million in assets, would be included in any cross trade.

Trade Errors

Karani has established trade processes and procedures designed to reduce the likelihood of trade errors and, in its sole discretion, will determine what constitutes a trade error.

Generally, Karani’s policy is to identify and correct any trade errors promptly and in a way that mitigates losses. The cost of trade errors are borne by Karani.

Item 13 - Review of Accounts

Accounts under Karani’s management are monitored on an ongoing basis by the investment team. The investment team reviews each account in detail on at least an annual basis. Reviews of client accounts will also be triggered if a client changes its investment objectives or if the market, political, or economic environment changes.

Clients receive account statements directly from their chosen custodian on at least a quarterly basis. Karani may supplement these custodial statements with ad hoc reports as needed.

Item 14 - Client Referrals and Other Compensation

Karani may compensate third parties for client referrals in the future, and if so these arrangements will be structured and disclosed to clients in accordance with Rule 206(4)-3 under the Advisers Act.

Karani does not receive any economic benefits from non-clients in connection with the provision of investment advice to clients.

Item 15 - Custody

Client accounts are held in custody by qualified custodians (generally a broker-dealer or bank). Account custodians send statements directly to the account owners on at least a quarterly basis. Clients should carefully review these statements and should compare these statements to any account information provided by Karani. Our statements may vary from custodial statements based on accounting procedures, reporting dates or valuation methodologies of certain securities.

Item 16 - Investment Discretion

Karani always receives discretionary authority from a client at the outset of an advisory relationship to select the identity and amount of securities to be bought and sold. In all cases, discretionary authority will be established through the execution of a managed account agreement or investment management agreement, as applicable, which typically includes the stated investment objectives for the particular client account. When selecting securities and determining amounts, Karani observes the investment guidelines, limitations and restrictions of the clients for which it advises. In addition, from time to time, Karani will attempt to accommodate a client's request to effectuate certain account activity, in each case in accordance with the client's managed account agreement, including, without limitation, to generate cash.

The only limitations on the investment authority will be those limitations imposed in writing by the client.

Item 17 - Voting Client Securities

In accordance with its fiduciary duty to clients and Rule 206(4)-6 of the Investment Advisers Act, Karani has adopted and implemented written policies and procedures governing the voting of client securities. All proxies that Karani receives will be treated in accordance with these policies and procedures.

In general, Karani will vote in favor of routine corporate housekeeping proposals, including election of directors, selection of auditors, and increases in or reclassification of common stock.

Karani will generally vote against proposals that make it more difficult to replace members of the issuer's board of directors. In general, Karani will also abstain from voting a proxy if it determines that the value of an issuer's economic interest in the proxy issue or the value of the portfolio holding is insignificant. Karani will not vote proxies received for securities which are no longer held by a client. For other proposals, Karani shall determine whether a proposal is in the best interests of the client that owns the applicable securities and may take into account the following factors, among others, (i) whether the proposal was recommended by management and Karani's opinion of management; (ii) whether the proposal acts to entrench existing management; and (iii) whether the proposal fairly compensates management for past and future performance.

Another consideration is whether Karani is subject to any material conflict of interest in connection with each proxy vote. Karani's employees are required to report any material conflict of interest associated with a proxy vote of which they are aware to the Chief Compliance Officer for resolution.

A copy of Karani's proxy voting policies and procedures, as well as information about how Karani votes with respect to a client's securities, is available upon request by contacting Karani's Chief Compliance Officer at the telephone number or address found on the initial page of this brochure.

Item 18 - Financial Information

Karani does not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance. Therefore, a balance sheet is not required to be attached. There is no known financial condition that is reasonably likely to impair Karani's ability to meet contractual commitments to clients, and Karani has not been the subject of a bankruptcy proceeding.