



**kawa**

**KAWA CAPITAL MANAGEMENT, INC.**

**21500 Biscayne Boulevard, Suite 700  
Aventura, Florida 33180**

**(305) 560-5200**

**[www.kawa.com](http://www.kawa.com)**

**December 1, 2020**

---

**This Brochure provides information about the qualifications and business practices of Kawa Capital Management, Inc. If you have any questions about the contents of this Brochure, please contact us at (305) 560-5200 or email [Compliance@Kawa.com](mailto:Compliance@Kawa.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority. Kawa Capital Management, Inc. is a U.S. Securities and Exchange Commission-registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. This Brochure is not an offering or solicitation of interest in the funds or other vehicles managed by Kawa Capital Management, Inc., or its affiliates. Additional information about Kawa Capital Management, Inc. is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**PURSUANT TO AN EXEMPTION FROM THE COMMODITY FUTURES TRADING COMMISSION (“CFTC”) IN CONNECTION WITH ACCOUNTS OF QUALIFIED ELIGIBLE PERSONS, THIS BROCHURE OR ACCOUNT DOCUMENT IS NOT REQUIRED TO BE, AND HAS NOT BEEN, FILED WITH THE CFTC. THE CFTC DOES NOT PASS UPON THE MERITS OF PARTICIPATING IN ANY INVESTMENT VEHICLE OR UPON THE ADEQUACY OR ACCURACY OF COMMODITY POOL OPERATOR DISCLOSURE. CONSEQUENTLY, THE CFTC HAS NOT REVIEWED OR APPROVED THIS BROCHURE.**

## Item 2 – Material Changes

This Disclosure Brochure, dated March 30, 2020, is an update to the March 28, 2019 version previously circulated. Below is the list of changes Kawa has made to this Brochure since its last annual update, or other amendment. Because this section of the Brochure addresses only those changes that have been incorporated since its last annual update, and because other amendments were made to this Brochure that are not discussed in this summary, please read the Brochure in its entirety.

Kawa routinely reviews and amends its ADV brochure in an effort to improve and clarify the descriptions of its and its affiliates' business practices and compliance policies and procedures, and to respond to evolving industry and firm practices. In this version of the Brochure, among other changes: in Items 8.B., 10.A., 10.C. and 11.B., we have provided information about our use of an affiliated broker as placement agent for the Funds.

### Item 3 – Table of Contents

Item 2 – Material Changes .....	i
Item 3 – Table of Contents.....	ii
Item 4 – Advisory Business .....	1
Item 5 – Fees and Compensation .....	3
Item 6 – Performance-Based Fees and Side-By-Side Management .....	9
Item 7 – Types of Clients.....	10
Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss .....	11
Item 9 – Disciplinary Information .....	20
Item 10 – Other Financial Industry Activities and Affiliations .....	21
Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading .....	23
Item 12 – Brokerage Practices .....	26
Item 13 – Review of Accounts.....	30
Item 14 – Client Referrals and Other Compensation.....	31
Item 15 – Custody .....	33
Item 16 – Investment Discretion.....	34
Item 17 – Voting Client Securities.....	35
Item 18 – Financial Information .....	36

## Item 4 – Advisory Business

### *Advisory Services*

#### **4.A. Advisory Firm Description**

For purposes of this brochure, “Kawa”, “Adviser” or “we” means Kawa Capital Management, Inc., together (where the context permits) with certain of its affiliates that provide investment advisory services as described herein. Kawa is an independent asset manager founded in 2007 by Daniel Ades and Alexandre Saverin, both of whom are the principal owners of the firm. In October 2011, we became registered with the SEC as an investment adviser. We have been registered with the CFTC as a “commodity pool operator” since September 2012. The registration of Kawa with the SEC or CFTC must not be taken as an indication that either agency has recommended or approved either Kawa or its advisory services.

#### **4.B. Types of Advisory Services**

Kawa provides investment advisory and asset management services as an investment adviser to private investment funds, consisting of: (i) an open-ended master-feeder fund structured as a British Virgin Islands limited company with an onshore feeder and an offshore feeder (collectively, “The Kawa Fund”); (ii) other private investment funds (either open-end or closed-end) focused on a particular sector and/or strategy described further in such fund’s offering documents (the “Strategic Funds”); and (iii) other closed-end private investment funds that were each created for a specific and limited investment (“SPE Funds” and, together with The Kawa Fund and the Strategic Funds, the “Private Funds” and each a “Private Fund”). The Private Funds’ organization structures typically include both domestic and foreign companies. In addition, Kawa provides investment advice and asset management to a small number of individual and institutional investors, through separately managed accounts (“SMAs”, and individually, “SMA”). Private Funds and SMAs are referred to herein collectively as “Clients.”

#### **4.C. Client Investment Objectives/Restrictions**

Kawa manages each Client’s assets in accordance with the Client’s specified investment objective, strategies, and restrictions. However, as a general matter, Kawa’s primary focus is to provide less-correlated idiosyncratic returns to its Clients through unique transactions that are not always accessible to larger and more mainstream market participants. Across its various asset management mandates, Kawa typically employs diverse, event-driven approaches covering multiple asset classes including real estate, lending, renewable energy, sovereign debt, currencies, and the equity and debt of public and private companies across a wide variety of sectors.

Investments for Private Funds are managed in accordance with the applicable Private Fund’s investment objective, strategies, and restrictions. Kawa adheres to the investment strategy set forth in each Private Fund’s offering document and does not modify its securities recommendations to the Private Funds based on the particular interests of the Private Funds’ underlying investors. Therefore, such investors should consider prior to investing whether the applicable Private Fund meets their investment objectives and risk tolerance. Information about each Private Fund can be found in its respective offering documents, including its private placement memorandum, which

will be available to current and prospective investors only through Kawa or another authorized party (e.g., the Fund's administrator).

Investments for SMAs are managed in accordance with each SMA Client's stated investment objectives, strategies, restrictions, and guidelines.

Although Kawa generally exercises investment discretion for each SMA account (with certain exceptions), the portfolio composition within the same or similar investment objective may, at a given time, differ as to composition as between two or more different SMA accounts. As a result, the performance of an account within a particular investment objective typically differs from other accounts within that same or a similar investment objective. SMA Clients should not expect the performance of their portfolios to be identical to any Private Fund even if they share certain similarities as to investment strategy, or hold certain assets in common. These differences in portfolio composition are attributable to a variety of factors, including, but not limited to, the type of account (e.g., manner of trade execution), different Clients' strategic and tactical preferences, restrictions and guidelines, relative account sizes, tax considerations, cash availability, and significant account activity (e.g., significant number of contributions and/or withdrawals). Furthermore, each SMA or other Client account, whether managed by Kawa on a discretionary or non-discretionary basis, should not expect Kawa to be obligated to recommend or effect a transaction in any security or obligation for which a transaction has been or may be recommended or effected for any other Client, for Kawa, and/or for any affiliates, officers, partners, members or employees, or any family member thereof.

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

Kawa does not participate in, nor is it a sponsor of, any wrap fee programs.

#### **4.E. Client Assets Managed as of January 31, 2020:**

Discretionary basis: \$1,353,830,700

Non-discretionary basis: \$76,905,225

**Total: \$1,430,735,925**

These numbers, which are as of January 31, 2020, are based on estimated and unaudited information and are therefore subject to change.

Please note the amount of Client assets managed set out above differs from Kawa's regulatory assets under management, which is set forth in Item 5.F of our Form ADV, Part 1. The primary difference is that certain of Kawa's private lending transactions included in the total assets figure presented here are not included in our regulatory assets figure set forth in Item 5.F.

## Item 5 – Fees and Compensation

### *Advisory Contracts and Fees*

#### **5.A. Adviser Compensation**

Kawa (or one of its affiliates) typically receives two types of compensation from its Private Funds Clients: management compensation and/or, for qualified clients, performance-based compensation. Kawa reserves the right, in its sole discretion, to negotiate and to charge lower management compensation and/or performance-based compensation for certain accounts based on the Client's particular needs as well as overall financial condition, goals, risk tolerance, and other factors unique to the Client's particular circumstances. In addition, Kawa reserves the right, in its sole discretion, to waive or rebate all or any portion of the management and/or performance-based compensation with respect to any Client, or to any investor in a Private Fund.

#### **Separately Managed Accounts**

Kawa's fees for SMAs vary by investment strategy and each individual SMA Client, are negotiated on a case-by-case basis and are reflected in the agreement specifically governing the SMA account. Such fees typically consist of management compensation based on the value of the assets Kawa manages for such SMA Client, which generally range up to 2% per annum. SMAs for qualified clients may also be charged performance-based compensation for Kawa's investment advisory services, which generally range up to 20% of the profits of an SMA (Item 6 provides more information about performance-based compensation). Kawa reserves the right, in its sole discretion, to waive or rebate all or any portion of the management and/or performance-based compensation with respect to any SMA Client.

#### **Private Funds**

Detailed descriptions of Private Fund fees are available in each Private Fund's offering documents. A summary description is below, but investors should carefully read the offering documents for the applicable Private Fund, and the Fund's documents shall govern in the event there are any differences between the summary presented here and the Fund's documents.

***The Kawa Fund.*** The management compensation for The Kawa Fund is calculated at a rate of 2% per annum of the net assets attributable to each series of units in The Kawa Fund, in the form of either a management fee (for offshore investors), or a priority profit share (for U.S. investors). This asset-based management compensation is generally calculated monthly and deducted from The Kawa Fund's accounts either on a quarterly basis, or as sufficient profits are earned by the Fund, depending on the type of management compensation.

Kawa is also entitled to receive, annually, performance-based compensation with respect to each series of units outstanding during the prior calendar year. The performance-based compensation is based upon an aggregate amount equal to 20% of the appreciation, if any, in the net asset value of each series of units in excess of the high water mark (as described below) for such calendar year for the relevant series, before giving effect to the performance-based compensation.

The performance-based compensation is subject to what is commonly referred to as a “high water mark” pursuant to which such performance fee is only payable on new appreciation in the net asset value of each series of units and only after all prior net losses attributable to a series (excluding performance-based compensation from the calculation of such net losses) have been recouped.

Once payable, performance-based compensation will not be reduced by losses incurred in later periods. Units of a series that are either purchased or redeemed during a financial year shall be subject to the payment of such performance-based compensation only for a portion of the financial year during which such units of that series were outstanding. Appropriate adjustments may be made to account for subscriptions and redemptions.

Kawa is permitted to elect to defer payment of all or any part of the management compensation and/or performance-based compensation pursuant to an agreement between Kawa and The Kawa Fund. If it does, Kawa will be paid at the end of the deferral period the deferred amount plus (or minus) an amount equal to the return that could be earned on the deferred amount, if it were invested in specified investments (which could include the return of The Kawa Fund).

Kawa reserves the right, in its sole discretion, to waive or rebate all or any portion of the management and/or performance-based compensation with respect to any investor in The Kawa Fund.

***Strategic Funds.*** Kawa (or one of its affiliates) serves as investment manager for each of the Strategic Funds. In the event a Strategic Fund has one or more entities that is a limited partnership in its organizational structure, an affiliate of Kawa will serve in the capacity of a General Partner for such limited partnership entities of the Strategic Fund, and when this occurs, Kawa (or one of its affiliates) will also serve as investment manager to the Strategic Fund.

Generally, the management compensation received by Kawa (or one of its affiliates) as the investment manager for the Strategic Funds is either a management fee or a priority profit share, and ranges from 1% to 2% per annum of the net assets of the Fund (although for certain Strategic Funds, the management compensation is calculated based on gross assets) and the performance-based compensation ranges from 10% to 20% of each investor’s share of the profits of the Strategic Funds. Depending on the structure of the specific Strategic Fund, the performance-based compensation typically either takes the form of carried interest or a performance fee. Kawa (or its applicable affiliate) reserves the right, in its sole discretion, to waive or rebate all or any portion of the management and/or performance-based compensation with respect to any investor in a Strategic Fund. Before investing, potential investors in these Strategic Funds should read the respective offering documents to understand the compensation associated with each Strategic Fund.

***SPE Funds.*** Kawa also manages SPE Funds. In the event a SPE Fund has one or more entities that is a limited partnership in its structure, an affiliate of Kawa will serve in the capacity of a General Partner for such limited partnership entities of the SPE Fund, and when this occurs, Kawa (or one of its affiliates) will also serve as investment manager to the SPE Fund.

Each SPE Fund has its own unique fee structure that is determined on a case-by-case basis and based upon the individual investment and its characteristics. In the event management

compensation is charged for an SPE Fund, the management compensation received by Kawa (or one of its affiliates) as the investment manager for the SPE Fund generally ranges from 1% to 2% per annum of either the amount of an investor's total capital contribution to the SPE Fund or the amount of the investor's unreturned capital contribution to the SPE Fund, or it is the investor's pro rata share of a disclosed fixed annual amount that is determined based on the complexity of the asset. The performance-based compensation received by Kawa (or one of its affiliates) as the investment manager for the SPE Fund may be up to 50% of each investor's share of the profits of the SPE Funds. Depending on the structure of the specific SPE Fund, the performance-based compensation typically either takes the form of carried interest or a performance fee. Furthermore, Kawa typically also charges investors a one-time up-front diligence fee at the inception of an SPE Fund. Kawa (or its applicable affiliate) may, in its sole discretion, waive or rebate all or any portion of any component of such compensation with respect to any investor in the SPE Funds. Because each SPE Fund's fees, compensation and other important terms vary for each vehicle, it is important that, before investing, potential investors in an SPE Fund read the respective offering documents to understand the compensation and other important features of the Fund.

### **5.B. Direct Billing of Fees**

Typically, Kawa deducts compensation directly from Client assets, but in certain circumstances (in particular for SMA investors) may also bill Clients for compensation incurred.

### **5.C. Other Fees and Expenses**

Below is a general description of the range of fees and expenses that Client's of Kawa have been and may be charged, where applicable to that Client. Before Investing, investors should review all fees charged by Kawa and the expenses charged to the relevant Private Fund(s) and SMA(s) to fully understand the types of fees and expenses to be paid by that particular Client. As a general matter, higher fees and expenses charged to a Private Fund reduce the fund's investment returns, while lower fees and expenses increase those returns.

In addition to and/or in clarification of the Adviser Compensation paid to Kawa and described above in Item. 5.A., each Client will bear directly or indirectly other fees and expenses incurred by the Client's respective Private Fund or Separately Managed Account (in this Item 5.C., references to fees and expenses to be borne by Client include, without limitation, those incurred by or on behalf of any Client-subsiary, and those in relation to any portfolio asset or investment of the Client) including, but not limited to, the following, as applicable:

- (i) direct and indirect expenses and costs (such as, but not limited to, brokerage commissions and other transaction-execution costs; transfer fees and expenses, dealer spreads, give-up fees; National Futures Association fees; exchange-related fees, externally incurred costs of establishing and utilizing electronic trading, computer, software and systems connections directly or indirectly with brokers and counterparties or with third parties to facilitate electronic trading with brokers and counterparties; clearing fees; operating expenses (e.g., trade clearance and settlement; corporate action processing; trade confirmation and reconciliation); valuation and portfolio pricing; interest charges; custodial and transfer fees, charges and financing charges; and applicable withholding and other taxes);



- (ii) all fees, costs, expenses, liabilities, and obligations attributable to Client investments, including those related to research (e.g., database access), purchase, sale, transmittal or custody of trading assets, and all costs and expenses for a Client's operations technology (e.g., order, execution, and portfolio management applications and hardware, and any consultants or other service providers related to the maintenance and operation of same);
- (iii) costs and expenses associated with or deriving from obtaining and maintaining exchange memberships and credit ratings;
- (iv) any taxes and duties payable in any jurisdiction in connection with the particular Client's operations;
- (v) compliance costs of regulatory and governmental inquiries, subpoenas and proceedings (in each case, to the extent involving the particular Client or us in our capacity as investment adviser to the Client);
- (vi) costs associated with finding (e.g., finder's fees), brokering, real estate commissions, structuring, restructuring, organizing, reorganizing, pricing and valuing, appraisal, due diligence, including background investigations on third parties, titling and title transfer, acquiring, developing, financing, refinancing, obtaining credit ratings, engineering and environmental costs and expenses, managing (e.g., property and asset management fees), operating, holding, taking public or private, winding up, liquidating, dissolving or disposing of a Client or a Client's investments; including without limitation, interest on borrowings and commitment fees, and related expenses payable to lenders, brokerage commissions, bank service fees, withholding fees and charges, and other trading-related expenses, fees of independent pricing services, extraordinary expenses such as costs of a litigation or investigation related to the Client or to an Client(s) investment.
- (vii) costs of any litigation or investigation involving Client activities and, to the extent applicable, indemnification costs and expenses, and the cost of any legal judgments and settlements;
- (viii) legal, financial and tax accounting, auditing, bookkeeping, and other professional fees and expenses, including without limitation, consulting, expert, and appraisal fees and expenses pertaining to the Client;
- (ix) Costs and expenses associated with the preparation and distribution of financial statements, tax returns, tax estimates, FATCA filings and Schedule K-1s or any other administrative, regulatory, or other government-related reporting or filing; and any jurisdiction-specific investor reporting, or other supplemental reporting such as risk reports including, without limitation, OPERA reports;
- (x) external administrative costs (including the fees and out-of-pocket expenses of any third-party administrator);

- (xi) establishing computer and systems connectivity with the administrator and other third-party service providers;
- (xii) any paying agency, transfer agency, accounting verification (if any) and/or investor registrar services;
- (xiii) due diligence expenses, including due diligence relating to anti-money laundering, know your customer and other inquiries;
- (xiv) costs of maintaining a Client's registered office in any applicable jurisdiction;
- (xv) costs associated with the offering and sale of beneficial interests in a Private Fund (including, without limitation, all ongoing offering expenses of the Private Fund; professional fees and expenses in connection with the update of the offering documents, constitutional documents and other relevant documents; communication expenses with respect to investor services and all expenses relating to investor meetings, if any; and costs of preparing, printing, mailing, and distributing financial and other reports, forms, proxies and similar documents); reasonable promotional expenses related to marketing efforts by the Private Fund's investment manager, or a placement agent (third-party or affiliated with the manager) (other than any placement fees);
- (xvi) legal, compliance, tax, bookkeeping, accounting and audit costs, fees and expenses relating to the Client's regulatory and self-regulatory filings, registrations, memberships and reporting (including, but not limited to, expenses incurred in connection with complying with applicable U.S. and non-U.S. reporting obligations, such as those required by the SEC, the CFTC, the NFA, and their counterparts in other jurisdictions, as applicable, as well as out-of-pocket costs of preparing regulatory filings related to the Client or us with respect to the Client, including but not limited to Form PF and Form CPO-PQR, or any other administrative, regulatory or other government related report or filing);
- (xvii) the costs and fees attributable to any third-party proxy voting or class actions service or consultant;
- (xviii) travel and related expenses of Kawa personnel incurred in connection with the Client's business, including its investments (e.g., related to investment research, due diligence, and execution), operating (e.g., investor, and counterparty meetings and events) and capital raising activities (including first class, business class airfare and/or private charter) lodging, ground transportation, and meals;
- (xix) Directors' fees and expenses; and any Client's Advisory Committee-related fees and expenses, including for meetings and operations; all out of pocket fees, costs and expenses incurred by the Client, or any other person in connection with and if applicable, any meetings of investors or committees related to the Client's investments;
- (xx) the Client's insurance costs, including without limitation, for liability, errors and omissions insurance (including insurance for the members, partners, officers, employees and agents of any of them), and directors and officers' insurance, if any;

- (xxi) organizational costs, and costs of maintaining a Client's corporate existence, and registration or securities exchange-listing expenses and fees; and
- (xxii) costs and expenses of a Client that are classifiable under GAAP as extraordinary expenses.

Unless otherwise specified in the Private Fund or SMA's operative documents, the Kawa-affiliated-Manager otherwise bears its own overhead and other expenses. A Client's expenses may be paid directly by the Client, including through reimbursement of Kawa for any such expenses which Kawa has paid in the first instance.

If more than one Client holds an investment giving rise to fees and expenses detailed above, then such fees and expenses will be allocated *pro rata* among such Clients based on amounts invested or to be invested in such investment; *provided* that such fees and expenses may be allocated among such Clients on any other basis if a determination is made in good faith that such other basis is more equitable, or is immaterial. Under certain circumstances, certain expenses borne by a Client will have the effect of benefiting one or more investors or group of investors in such Client vehicle, without benefiting all investors in such vehicle. Please also refer to the terms of the governing documents for each investment product for a more detailed description of the expenses to be borne by a particular investment product. Kawa or its affiliates, as applicable, are entitled to reimbursement from a Client to the extent Kawa or its affiliates pays or incurs a fee, cost or expense on behalf of that Client vehicle that should otherwise be borne by such Client.

Item 12, below, further describes the factors that Kawa considers in selecting or recommending broker-dealers for Client transactions and determining the reasonableness of their compensation (e.g., commissions).

#### **5.D. Advance Payment of Fees**

In general, subject to agreement otherwise, management compensation is paid to Kawa in advance for the relevant fiscal period (which may be monthly, quarterly, semi-annually or annually). Such compensation will be prorated for any period that is less than the applicable full fiscal period. If our investment services end prior to the last day of the relevant fiscal period (such as due to a redemption by an investor or the end of the term of a Fund), any prepaid amount in excess of the prorated compensation shall be returned to the investor.

#### **5.E. No Compensation for Sale of Securities or Other Investment Products**

Kawa's supervised persons do not receive compensation based on the sale of securities or other investment products, including without limitation, asset-based sales charges or service fees from the sale of mutual funds.

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

Kawa has special fee arrangements with some of our Clients, including the use of performance-based compensation. Any performance-based compensation charged by Kawa will be in compliance with Rule 205-3 under the Investment Advisers Act of 1940, as amended (“Advisers Act”), unless that rule is inapplicable by reason of Advisers Act Section 205(b) or interpretive positions of the staff of the U.S. Securities and Exchange Commission (“SEC”).

Not all Kawa Clients are charged performance-based compensation. Moreover, the performance-based compensation charged to each Client may differ. Therefore, the performance-based compensation arrangements create conflicts of interest because Kawa can potentially receive higher fees from Clients with performance-based compensation or performance-based compensation set higher than others. As a result, Kawa has an incentive to direct the best investment ideas to, or to allocate or sequence trades in favor of, the Client that pays performance compensation.

In addition, performance-based compensation provides an incentive for Kawa to recommend riskier or more speculative investments than those which would be recommended under a different fee arrangement. Performance-based compensation received by Kawa is typically based primarily on net realized and unrealized gains and losses. As a result, performance-based compensation earned could be based on unrealized gains that Clients never realize. In addition, some Clients are not charged performance-based compensation. When a Client is charged performance-based compensation, it may indicate the investment strategy being provided is somehow different from those for which no performance-based compensation is being charged, and this may or may not account for differences in holdings, leverage or targeted volatility. As a fiduciary, we recognize our duties to act in good faith and with fairness in all of our dealings with all of our investment advisory clients, and it is our policy to allocate securities trades and opportunities across all our Clients in a fair and equitable manner. (See Item 8.B., below, for additional discussion of certain conflicts of interest that exist between, on the one hand, Kawa and its advisory affiliates, and its Clients and investors on the other).

## Item 7 – Types of Clients

Kawa provides investment management services to privately offered pooled investment vehicles and other types of entities, in each case organized as domestic or foreign companies, as well as to high net worth individuals or institutions, including, without limitation, trusts, limited liability companies, corporations, and non-profit organizations.

### **Private Funds**

The Private Funds typically qualify for the exemption from the definition of “investment company” under Section 3(c)(1), Section 3(c)(5) or Section 3(c)(7) of the Investment Company Act of 1940, as amended (“the ’40 Act”) and offer interests to investors pursuant to Regulation D promulgated under the Securities Act of 1933, as amended (“the ’33 Act”) and/or Regulation S under the ’33 Act. The Private Funds have investor suitability criteria which are set forth in their respective offering documents and subscription application materials. Investors will be required to make certain representations when investing in a Private Fund, including but not limited to that: (i) they are acquiring interests for their own accounts; (ii) they received or had access to all information they deem relevant to evaluate the merits and risks of the prospective investment; and (iii) they have the ability to bear the economic risk of an investment in the applicable Private Fund.

### **The Kawa Fund**

Kawa manages The Kawa Fund, which is Kawa’s flagship product. The Kawa Fund is relying on the exemption from the definition of “investment company” under Section 3(c)(7) of the ’40 Act and has a minimum initial investment of \$1,000,000, although Kawa is entitled to accept (and has, in certain circumstances, accepted) a lower amount in its sole discretion, so long as Kawa and The Kawa Fund comply with applicable law.

### **Other Private Funds**

In addition, Kawa also manages several Strategic Funds and SPE Funds (the “Other Private Funds”). Such Other Private Funds rely on an exemption from the definition of “investment company” under either Section 3(c)(1), Section 3(c)(5) or Section 3(c)(7) of the ’40 Act. Investment opportunities in the Other Private Funds are not provided to all current Clients, investors or SMAs, and Kawa is not obligated to provide any such opportunity to existing Clients or investors prior to other prospective investors, or otherwise, in Kawa’s sole discretion. Such Other Private Funds have minimum initial investments determined on a case-by-case basis depending on the particular opportunity resulting in the formation of such Other Private Fund.

### **Separately Managed Accounts**

The minimum account size for an unaffiliated SMA is \$10,000,000. Kawa reserves the right to manage SMAs below our stated minimum account size under certain circumstances.

**This Brochure is designed solely to provide information about Kawa and should not be considered an offer of interests in any Private Fund.**

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

Please refer to each Private Fund's offering documents for a more detailed discussion of our investment strategy and related risks. The investment strategies described below involve a substantial degree of risk and Clients may lose all or a substantial portion of the value of their investments. Material risks relating to the investment strategies are described in more detail in the applicable Private Fund's offering documents, as well as in summary in Item 8.B., below.

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

#### **The Kawa Fund**

The principal investment objective of the Kawa Fund is to deliver substantial returns while limiting downside risk through diversification. Kawa seeks to obtain diversification by having a less correlated set of liquid and illiquid investment themes providing exposure to, or in, selected countries around the globe. Kawa seeks positive absolute returns during an entire market cycle, without necessarily being impacted by equity market returns, by limiting concentration in specific assets and seeking to hedge particular risks to the extent it believes it is advisable and practicable to do so.

The strategy focuses on investments in securities where Kawa believes the market price does not adequately reflect the securities' valuation, i.e., its intrinsic value. Kawa invests in both liquid and less-liquid tradable markets for The Kawa Fund through regulated exchanges and by over-the-counter trades, and divides these investments according to themes or books. Each book will have its own risk parameters, which are subject to change.

Kawa generally bases its investment decisions on internal research and, from time to time, on research obtained from outside sources. Kawa evaluates the downside/upside potential of positions in The Kawa Fund based on what it believes to be the most relevant publicly available material information. Kawa also attempts to minimize loss exposure in certain specific situations by having position size determined by downside potential as well as by using stop-loss techniques.

As a general matter, Kawa pursues an active money management style in The Kawa Fund. Its investment philosophy is value- and event-oriented, specializing in the identification and analysis of securities that Kawa believes can benefit from extraordinary transactions. The Kawa Fund has in the past and may from in the future employ leverage for investment purposes, to fund redemptions or for other purposes. The Fund also has and may engage in short sales.

The Kawa Fund's portfolio managers are responsible for investment decision-making, including asset allocation, security selection, portfolio construction, and portfolio risk management. Kawa generally sells positions of The Kawa Fund when (i) Kawa believes they have reached the estimated fair value; (ii) conditions change whereby Kawa believes the risk/reward at market prices is deemed to be no longer attractive; or (iii) Kawa has determined that reallocation of capital would be beneficial to the portfolio. For any closed-end Private Fund or other special purpose transaction, the expected life cycle of such investment will be disclosed to investors in such Private Fund prior to making the investment.

## **Strategic Funds**

From time to time, Kawa will identify a specific sector or strategy where it is deemed advantageous to have a separate Strategic Fund. Such Strategic Funds will generally have a more specific mandate than The Kawa Fund and therefore be less diversified than The Kawa Fund, however, the strategy generally is to focus on investments in securities where Kawa believes the market price does not adequately reflect the securities' valuation, i.e., its intrinsic value. To the extent a particular investment is suitable for a Strategic Fund, on the one hand, and other Clients, on the other hand, Kawa as a fiduciary will be fair and equitable to its Clients. Being fair and equitable over time to its Clients does not mean that all investors will be offered equal opportunity for investment in all Kawa products, and Kawa is entitled to determine in its sole discretion which Client to allocate such investment opportunity to and is not obligated to provide any such investment opportunity to any particular Client or prospective Client. Such criteria in making this determination by Kawa is summarized in Item 12 below. Each Strategic Fund will differ as to liquidity, trading, strategy, leverage targets and risk parameters. Such information is described in more detail in the offering documents for the applicable Strategic Fund.

## **SPE Funds**

From time to time Kawa will identify a special situation or an opportunity in a certain sector or product where it is deemed advantageous to have a single purpose closed-end fund. The strategy in how to determine this opportunity is generally consistent with Kawa's strategy as it relates to the other Private Funds and SMAs – Kawa believes that the market price does not adequately reflect the assets' valuation, i.e., its intrinsic value.

## **Separately Managed Accounts**

Kawa's management of SMAs follows the investment guidelines for each particular SMA. Kawa's mandate for a particular SMA may be identical to or closely similar to a particular Private Fund. Or, a particular SMA may have a very different mandate, customized for the SMA client's goals and preferences. Certain SMA's may, pursuant to their own specific investment guidelines, restrict Kawa from making certain types of investments on their behalf or implementing certain strategies, such as short sales, certain hedging techniques that are more susceptible to risk, or certain illiquid investments. Therefore, while, as a general matter, the overall investment objective and strategy (investing in assets where Kawa believes the market price does not adequately reflect the assets' valuation) are consistent across certain Private Funds and certain of the SMAs, certain opportunities that come to Kawa's attention, and certain investments and strategies Kawa will employ on behalf of any particular Private Fund or Funds that are not consistent with certain aspects of an SMA's mandate, will not be implemented on behalf of such SMAs. See Item 8.B., below, for more details about Kawa's allocation and side-by-side management practices.

## **8.B. Material Risks of Investment Strategies**

There can be no guarantee of success of the strategies and products offered by Kawa. Investment portfolios may be adversely affected by general economic and market conditions such as interest rates, availability of credit, inflation rates, changes in laws and political circumstances. These factors may affect the level and volatility of security pricing and the liquidity of an investment.

Except for certain highly illiquid assets, The Kawa Fund generally does not employ limitations on particular sectors, industries or securities. Trading in the portfolios of any Client may affect investment performance, particularly through increased brokerage and other transaction costs and taxes.

While the below risks typically are inherent in each of our various strategies and products, investors in Strategic Funds and SPE Funds should also pay particular attention to the risks associated with such Strategic Funds and SPE Funds, as set forth in their respective offering documents. The portfolios of the Strategic Funds and the SPE Funds consist of an investment in a particular strategy or sector or a single investment or single type of investment, and therefore are also subject to other risks specific to that particular strategy, sector, and investment.

**Management Risk.** Our judgments about the attractiveness, value and potential appreciation of a particular asset class or individual security or asset may be incorrect and there is no guarantee that individual securities or assets will perform as anticipated. The value of an individual security or asset can be more volatile than the market as a whole or our intrinsic value approach may fail to produce the intended results. Our estimate of intrinsic value may be wrong or even if our estimate of intrinsic value is correct, it may take a long period of time before the price and intrinsic value converge.

**Overall Investment Risk.** All investments risk the loss of capital. The investment techniques and strategies and the nature of the securities and/or instruments to be purchased and traded by Kawa may increase these risks. While Kawa will devote its best efforts to the management of Client portfolios, there can be no assurance that Clients will not incur substantial losses. Many unforeseeable events may cause sharp market fluctuations which could adversely affect performance. Changes in the macroeconomic environment including, for example, interest rates, inflation rates, industry conditions, energy and commodity availability and prices, competition, technological developments, political events and trends, changes to tax laws, currency exchange rate, regulatory policy, employment and consumer demand and innumerable other factors, could substantially and adversely affect performance. Investments could also be materially adversely affected by natural disasters and terrorist acts. None of these conditions will be within the control of Kawa.

**Short Selling.** Short sales are speculative transactions and involve special risks. In order to initiate a short position, a security must be borrowed. Strategies that execute short sales may incur a loss if the price of the security sold short increases in value between the date of the short sale and the date when we purchase the security to replace the borrowed security. Losses are potentially unlimited in a short sale transaction.

**Use of Leverage.** Leverage is the use of borrowed funds to pay for a portion of the purchase price of an investment. Using leverage will maximize the initial amount of securities able to be purchased and potentially enhance performance. The use of leverage, however, will add to the risk of the investments, as declines in the price of a security could result in a substantial loss of the investment in the security if forced to sell the security as the result of a demand to repay any amounts borrowed. As with any leveraged investment, the use of leverage may result in losses in excess of the amount invested. Utilization of leverage will also increase a Private Fund's expenses



due to the interest charges on the borrowed funds, thus potentially adversely affecting the performance for Clients.

***Hedging Risks.*** A Private Fund may attempt to create “hedged positions” consisting of investments in a number of different instruments. The valuation models and trading techniques which will be used to determine the constituents of the “hedged position” are extremely complex, and the series of transactions required to create the “hedged position” are often difficult to execute. In some instances, during the process of setting up a hedged position, the position may remain temporarily unhedged for a significant period of time. The “hedged positions” will generally not be hedged against all known risks. For example, a “hedged position” consisting of a long foreign convertible bond and a short position in the underlying stock is potentially exposed to changes in interest rates and foreign exchange rates. A Private Fund marks to market the restricted positions held in its portfolio once such positions have been hedged, giving rise to a possible risk to such Private Fund that the relevant investment adviser may be compensated based on such restricted positions.

***Illiquid securities.*** Markets which have traditionally been very liquid may suddenly lose liquidity, and we consequently may be unable to sell its positions or unable to sell at fair value. Additionally, we may acquire investments in securities that are already illiquid and, should there be an urgent need to sell, buyers may not emerge or may not emerge at fair value, causing an adverse effect to performance.

***Trading in Derivatives.*** In order to hedge its investments or to take a directional view on an investment in which no exchange-traded alternative exists, we may invest a portion of its assets in derivatives and related instruments as tools in the management of its assets. A derivative is a security or other instrument which derives its value from the value or performance of other instruments or assets, interest or currency exchange rates, or indexes. Derivative products include futures contracts, options, forward contracts, structured notes and various other over-the-counter instruments.

***Risks of Derivatives.*** The risks posed by derivatives include (1) credit risks (the exposure to the possibility of loss resulting from a counterparty’s failure to meet its financial obligations); (2) market risks (adverse movements in the price of a financial asset or commodity); (3) legal risks (an action by a court or by a regulatory or legislative body that could invalidate a financial contract); (4) operations risks (inadequate controls, deficient procedures, human error, system failure or fraud; (5) documentation risks (exposure to losses resulting from inadequate documentation); (6) liquidity risks (exposure to losses created by the inability to prematurely terminate a derivative); (7) systematic risks (the risk that financial difficulties in one institution or a major market disruption will cause uncontrollable financial harm to the financial system); (8) concentration risks (exposure to losses from concentration of closely-related risks such as exposure to a particular industry or exposure linked to a particular entity); and (9) settlement risks (the risk that the portfolio has when it has performed its obligations under a contract but has not yet received value from its counterparty).

***General Risks of Arbitrage Transactions.*** The success of arbitrage strategies depends often on the ability to execute two or more simultaneous transactions at desired prices. Should such transactions not be executed simultaneously at the desired prices, losses may be incurred on both sides of the

transaction. Additionally, separate costs are incurred on both sides of an arbitrage transaction, and substantial favorable price moves may be required before a profit can be realized. Merger arbitrage transactions are inherently volatile. The short-term performance of portfolio securities may fluctuate significantly. If the proposed transaction is not consummated or delayed, the value of such securities purchased may decline significantly.

***Special Situations.*** Investments in companies involved in (or the target of) acquisition attempts or tender offers or companies involved in work-outs, liquidations, spin-offs, reorganizations, bankruptcies and similar transactions are subject to the risk that the transaction in which such business enterprise is involved 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 of the security or other financial instrument in respect of which such distribution is received. In connection with such transactions (or otherwise), securities may be purchased on a when-issued basis, which means that delivery and payment take place sometime after the date of the commitment to purchase and is often conditioned upon the occurrence of a subsequent event, such as approval and consummation or a merger, reorganization or debt restructuring.

***Strategic Funds and SPE Funds.*** By their nature, investing in a Strategic Fund or SPE Fund is not a diversified investment as Strategic Funds are generally limited to a particular strategy or sector and SPE Funds are generally limited to a single purpose investment. Each Strategic Fund and SPE Fund will have a concentrated investment program and expects to have a relatively concentrated exposure to a particular security, industry and/or market sector. Such a lack of diversification increases the risks to the portfolios of each Strategic Fund and SPE Fund. Furthermore, investors in Strategic Funds and SPE Funds are encouraged to read carefully the risk factors in the offering documents for the relevant Strategic Fund or SPE Fund as they will contain more detailed risk disclosure as to the specific Private Fund.

***Investments in Real Estate.*** Certain of our strategies' investment programs involve investing directly in real estate or non-recourse mortgages. Some of the risks associated with real estate investments include (i) lack of demand for commercial real estate in a locale, (ii) changes in general economic or local conditions, (iii) changes in supply of, or demand for, similar or competing properties in an area, (iv) uncertainty of cash flow to meet loan or other fixed obligations, (v) wars, natural disasters, severe weather patterns, terrorist attacks and similar events, (vi) changes in interest rates, unavailability of mortgage financing which may render the sale or refinancing of property difficult, and (vii) changes in tax, real estate, environmental and zoning laws. Additionally, in connection with the ownership (direct or indirect) of real properties, owners may face potential costs and liabilities related to environmental laws, such as those related to the removal of hazardous and toxic substances.

***Conflicts of Interest.*** Kawa has numerous advisory affiliates and manages a number of different investment strategies on behalf of multiple Clients and numerous investors, which presents a variety of potential and actual conflicts of interest. Please also see Item 12, below, for further discussion of certain conflicts of interest that can arise relating to Kawa's brokerage practices.

***Valuation.*** Kawa's involvement regarding valuation of the assets in a Client's portfolio presents a potential conflict of interest. In Clients where assets are marked to market and such marks will affect the fees Kawa is entitled to, application of a discount to the value of marketable securities

held in the Client's portfolio will tend to reduce or eliminate any performance compensation to which Kawa would otherwise be entitled for the period ending on a valuation date, or increase the amount of loss carryforward to be recovered before a performance allocation would be payable. The Kawa Fund, for example, mitigates this risk by means of a written Valuation Policy that provides for, among other things, obtaining independent pricing for portfolio securities, a Valuation Committee and an annual independent audit. In general, Kawa mitigates valuation conflicts by assessing a fixed fee, using a robust mark-to-model process, or by obtaining independent pricing of more liquid, market-traded assets, and for less liquid, more difficult to price assets (e.g., real estate) by assessing management compensation based on a prescribed, fixed amount rather than on the valuation of the portfolio assets. Before investing, investors should review the particular Kawa strategy's offering documents to determine how that investment vehicle's portfolio assets are valued.

***Pricing Methodology and Allocation.*** From the standpoint of Kawa, simultaneous identical portfolio transactions for more than one Client may tend to decrease the prices received, and increase the prices required to be paid by the Clients for its portfolio sales and purchases. Where less than the maximum desired number of shares of a particular security to be purchased is available at a favorable price, the interests purchased will be allocated among Clients in an equitable manner as determined by Kawa. Further, it may not always be possible or consistent with the investment objectives of the various Clients for the same investment positions to be taken or liquidated at the same time or at the same price. However, all transactions will be made on a "best execution" basis.

***Business Time Allocation.*** In general, with respect to each Client, Kawa and each of its affiliates, principals, respective shareholders, directors, employees and officers (hereinafter referred to as the "Affiliated Parties") has and will continue to use its best efforts in connection with the purposes and objectives of the Client and to devote so much of its time and effort to the affairs of the Client's investment vehicle as may, in its judgment, be necessary to accomplish the purposes of that vehicle. However, the Affiliated Parties act as investment adviser or investment manager, manages funds, separate accounts or capital for others and serve as an officer, director, consultant, partner or stockholder for multiple Kawa-managed and other investment funds and financial ventures. The Affiliated Parties may engage - simultaneously with their investment management activities on behalf of Clients - in other businesses, and may render similar asset management and other services for other individuals, companies, trusts or persons, and shall not by reason of engaging in such other businesses or rendering of services for others be deemed to be acting in conflict with the interests of any particular Client or investor in a Kawa-managed vehicle. As a result of the foregoing, the Affiliated Parties have potential conflicts of interest in allocating their time and activity between Clients and other entities. Kawa will seek to mitigate such conflicts by means of the above-stated contractual terms, as well as by discharging other applicable legal duties.

***Bunched Transactions.*** If Kawa seeks to buy or sell the same security or commodity interest at the same time, for more than one Client, or for its advisory affiliates, Kawa may combine purchase and sale orders on behalf of those Clients, including its own or the personal accounts of its principals or personnel, and to allocate the securities, commodity interests or proceeds arising out of those transactions (and the related transaction expenses) on an average price basis among the various participants in the transactions. While Kawa believes that combining transaction orders in this way is, over time, advantageous to all participants, in particular cases the average price could

be less advantageous to a particular Client than if that Client had been the only account effecting the transaction or had completed its transaction before the other participants. Because of Kawa's interest in one or more particular Private Funds or SMAs involved in such a bunched transaction, (including performance-based compensation), there could be circumstances in which a particular Client's transactions may not, under certain laws and regulations, be combined with those of some of the other Clients' accounts, so that any excluded Client's account may obtain less advantageous execution than such other accounts that may be bunched for a trade.

***Allocation of an Investment or Opportunity.*** Kawa and the Affiliated Parties also have potential conflicts of interest in allocating purchases and sales securities, or other investment opportunities in limited supply among multiple Clients with similar or overlapping investment objectives, programs and strategies. To the extent a particular investment or trade is suitable for more than one Kawa Client account and Kawa is unable to execute orders for the full amount of the desired trade or opportunity, such investments typically are allocated between the eligible Client accounts in a manner that, under the circumstances, Kawa determines is fair and equitable over time, to all eligible Clients, considering, in good faith, one or more of the following factors: (1) the size, nature and type of investment or opportunity relative to the eligible Clients' sizes, (2) the concentration or diversification of each eligible Account with respect to the particular investment or opportunity's: (i) asset class; (ii) asset sub-class; (ii) issuer; (iv) industry or sector; and (v) geographic exposure or risk, in one or more of the eligible Client accounts; (3) the investment guidelines and limitations governing the eligible Client accounts, including differences in their (i) risk management profiles and risk management considerations; (ii) strategic or tactical mandates or asset allocations, and (iii) any specific investment and ramp-up periods; (4) cash availability, including cash that becomes available through leverage, (5) another Client (typically a Private Fund) has an investment strategy focused on the specific type of investment or opportunity; (6) redemption/withdrawal requests received by such Clients, (7) general tax considerations (e.g., FIRPTA, UBTI, ECI); (8) the liquidity, transfer or assignment provisions of the investment or opportunity, (9) proximity of a Client to end of its specified term, if any, (10) the investment focus of the Clients, (11) applicable contractual or legal obligations, including without limitation, investment restrictions in any financing or leverage agreements applicable to one or more eligible Client accounts; (12) regulatory considerations, including banking and foreign laws and regulations; (13) different eligible Client accounts' sensitivity to portfolio turnover; (14) alternative investment opportunities available to each Eligible Client account; (15) any co-investment obligation commitments agreed by Kawa for that type of investment or opportunity; and (16) such other factors as Kawa may reasonably deem relevant.

In such circumstances, Kawa may determine that it is in the best interests of such Clients to allocate a particular investment to separate Client accounts on a basis other than *pro rata*, charge different fees or to otherwise provide different treatment to the different Clients.

Due to the above-stated factors, where there are multiple Clients' accounts with the same or overlapping mandates, Kawa does not necessarily invest each such account in the same securities or assets, and each may and do have substantially different portfolios or investment returns.

Although Kawa is entitled to determine in its sole discretion which Client to allocate investment opportunities to and is not obligated to provide any such investment opportunity to any particular

Client or prospective Client, Kawa relies on certain factors in ensuring that it is fair and equitable over time to all of its Clients given Kawa's role as a fiduciary.

See Item 12.B., Aggregated Trades, below, for additional disclosure about allocation of trades on behalf of multiple eligible Client accounts.

***Investments in Different Levels of the Capital Structure.*** If one or more Clients, and one or more Affiliated Parties invests in the debt or equity securities of a company and another Client, or one or more Affiliated Parties, invests in another part of the capital structure - i.e., the equity or debt, of the same company - the various economic and other terms of the debt and equity securities may raise conflicts of interest between the two Clients, or between a Client and one or more Affiliated Parties. These conflicts could relate to various matters, including the interest rates to be paid on the debt, whether to refinance the debt, whether to enforce payment obligations, the characterization of the securities as preferred stock or subordinated debt, enforcement of covenants, and whether to liquidate the underlying asset or seek bankruptcy protection. Kawa's decisions about what action should be taken in a troubled situation, including whether to enforce claims, whether to advocate or initiate a restructuring or liquidation inside or outside of bankruptcy, and the terms of any workout or restructuring, may result in a decision that favors one Client or an Affiliated Party over another Client(s) or Affiliated Party. For example, if additional capital is necessary as a result of financial or other difficulties, to finance growth, or other opportunities, the respective Client, Affiliated Party or Kawa may or may not elect to provide such additional capital, to the detriment of a Client or Clients. In those circumstances where two Clients, or a Client and one or more Affiliated Parties hold investments in different classes of a company's debt or equity, Kawa may also, to the fullest extent permitted by applicable law, take steps to reduce the potential for adversity between the Clients, or between a Client and one or more Affiliated Parties, including causing a Client or an Affiliated Party to take certain actions that, in the absence of such conflict, it would not take, such as: (A) remaining passive in a restructuring or similar situations (including electing not to vote or voting pro rata with other security holders); (B) divesting investments; or (C) otherwise taking an action designed to reduce adversity. Any such step could have the effect of benefiting one or more Clients, Kawa, or an Affiliated Party or Parties, and therefore may not have been in the best interests of, and may have been adverse to, a Client or Clients. Kawa will resolve all such conflicts using its good faith judgment, but in its sole discretion.

***Proprietary Trading By Kawa and the Affiliated Parties.*** Kawa and/or the Affiliated Parties engage (or may engage) in a wide variety of activities, some of which may be carried out on behalf of Kawa, the Affiliated Parties, or other entities that are in competition with Kawa's Clients. Subject in each case to the limitations set forth in applicable governing and account documents, the Affiliated Parties may and have: (i) exercised investment responsibility, or otherwise engaged, directly or indirectly, in other business, whether or not similar to, or identical with, the business of its clients (which may include purchasing, selling, holding or otherwise dealing with investments), (ii) acted as partners or advisors to other present or future private funds including, without limitation, any such Private Funds and SMAs managed by Kawa or its affiliates, and (iii) made investments, including investments in, and financings, acquisitions and dispositions of, investments for their own accounts (or engaged in personal trading), in each case without any obligation to offer investment opportunities to Kawa's clients, subject to the limitations set forth in the applicable governing and/or account documents. Affiliated Parties may directly or indirectly

purchase, sell, hold or otherwise deal with investments and pursue investment opportunities, even if the investment or the prospective investment is of a character which, if presented to one or more of Kawa's Client accounts could be acquired by those accounts for investment, except to the extent set forth in the applicable governing and/or account documents. In particular, the Affiliated Parties shall not offer to Kawa's other clients, and reserves all rights with respect to, each and every investment that might otherwise be suitable for one or more of Kawa's Clients, so long as the investment(s) entails a binding cash commitment or expenditure by one or more members of the Affiliated Parties in a total amount of \$5 million or less.

In particular, Daniel Ades, individually, on behalf of members of his family, through or on behalf of trusts, partnerships, companies, charitable organizations, and other entities formed for his benefit and the benefit of members of his family ("Principal Entities") expects to continue to make, hold, and dispose of investments outside of, and separate from his interests in Kawa-managed Private Funds and SMAs. Certain of the Principal Entities are Kawa Clients. Investments by the Principal Entities may and have included investments in pooled or other vehicles also managed by Kawa or its affiliates, as well as securities or other investments in which Kawa Clients also have invested, and which Kawa allocates between its other eligible Client accounts.

***Side Letters.*** Kawa has the discretion to, and has in a limited number of instances, waive or modify the application of, or grant special or more favorable rights with respect to, any provision or term of any Private Fund, to the extent permitted by applicable law. To effect such waivers or modifications or the grant of any special or more favorable rights, Kawa may create additional classes of interests for certain investors or enter into side agreements ("Side Letters") with such investors that provide for, among other things, (i) greater transparency into the Fund's portfolio, (ii) different or more favorable withdrawal rights, such as more frequent withdrawals or shorter withdrawal notice periods, (iii) greater information than provided to other investors, (iv) different fee or incentive compensation terms, and (v) more favorable transfer rights.

***Use of Information.*** Subject to the considerations set forth above, in investing for personal accounts other than Clients' accounts, Kawa, its affiliates, employees and principals may make use of public information obtained by them in the course of investing for any Client, and they will have no obligation to compensate the Client, or its investors, in any respect for their receipt of such information or to account to the Client or its investors for any profits earned from their use of such information. Kawa, its affiliates, employees and principals are not obligated to make their investment records available for inspection by any Client or investor.

***Use of an Affiliated Broker as Placement Agent.*** For a discussion of the conflict of interest inherent in Kawa's use of an affiliate as the placement agent for the interests in the Funds, please see Item 11.B.

## Item 9 – Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of them or the integrity of their management. Kawa has no disclosure responsive to this Item.

## Item 10 – Other Financial Industry Activities and Affiliations

### 10.A. Broker Dealer Registrations

Kawa is not registered and has no application pending to register as a broker-dealer. Certain Kawa-affiliated personnel (including certain management persons), are registered as principals or representatives of Kawa Securities LLC (“Kawa Securities”), a registered broker-dealer that is an affiliate of Kawa. Kawa Securities is generally engaged to act as placement agent for interests in the Funds.

### 10.B. No Other Registrations

Kawa is registered as a Commodity Pool Operator with the CFTC. Additionally, several of Kawa’s management persons are Principals or Associated Persons of the Commodity Pool Operator and are therefore registered with the CFTC.

### 10.C. Material Relationships or Arrangements

Kawa Capital Management, Inc. (“KCM”) is the investment adviser to The Kawa Fund and manages the SMAs. KCM is a wholly-owned subsidiary of Kawa Capital Partners LLC (“KCP”), which is a relying adviser based on, among other factors, its 100% ownership of, and shared management with, KCM.

Typically, KCP or a subsidiary thereof acts as the managing member of certain of the SPE Funds and Strategic Funds. In addition, typically, KCP or a subsidiary thereof manages real estate projects and other private investments Kawa offers and in which Clients may elect to participate, although in certain circumstances these are managed by KCM.

Invitations to participate in any transaction structured or managed by KCM or KCP, or their affiliates, are not made to all Clients. See Item 12 for more information.

Under certain circumstances, a Private Fund (“Investor Fund”) is eligible to subscribe to another Private Fund (“Investee Fund”) for which Kawa also charges fees. Therefore, a conflict of interests exists. To avoid the duplication of fees and mitigate any conflicts of interest, management compensation or performance compensation of the Investee Fund are either waived or rebated for such Investor Funds. Clients of the Investor Fund are only subject to the fees applicable to the Investor Fund as more fully described in Items 5 and 6.

Kawa and its affiliates and employees own interests in certain of the Private Funds. We do not believe that this causes a conflict of interest between Kawa and its Clients, as the interests of our affiliates and employees are aligned with our Clients in this respect.

Certain Kawa-affiliated personnel (including certain management persons), are registered as principals or representatives of Kawa Securities LLC (“Kawa Securities”), a registered broker-dealer that is an affiliate of Kawa. Kawa Securities is generally engaged to act as placement agent for interests in the Funds and will receive commissions attributable to interests sold by it. It and its personnel may, therefore, be incentivized to promote the sale of interests, regardless of investment suitability or profitability. Pursuant to an expense sharing agreement, KCM and KCP



provide Kawa Securities with certain services, personnel and expenses, and in exchange, Kawa Securities reimburses KCM and KCP for the costs of same.

### **Other Affiliates**

From June 2012 until January 1, 2018, a subsidiary of Kawa was a partner in a joint venture, Adler Kawa Real Estate Advisors, LLC (“AKREA”) and Adler Kawa Real Estate Services, LLC (“AKRES” and, together with AKREA, the “AK Joint Venture”). The AK Joint Venture acted as an asset and property manager and investor of real estate. Effective as of January 1, 2018, the other majority investor in the AK Joint Venture, Adler Real Estate Partners (“Adler”) purchased the interests of Kawa in the AK Joint Venture.

Although Kawa is no longer a member in the AK Joint Venture, as part of the consideration to be received by Kawa in connection with the sale of its interests to Adler, Kawa is entitled to receive, as deferred compensation, a percentage of management fees and carried interest attributable to those Kawa Clients who invested in the AK Joint Venture-managed vehicles during the time of Kawa’s ownership as well as to the extent they invest in Adler managed vehicles until January 1, 2024.

Kawa may recommend to its Clients, on a non-discretionary basis, investment in real estate projects managed by Adler and/or certain real estate funds sponsored directly or indirectly by Adler. Accordingly, this recommendation involves a conflict of interest as Kawa is entitled to receive compensation from Adler in connection with such recommendation as described above. From time to time, Kawa may engage with affiliated companies that provide services to one or more Clients. The payment of fees by Clients to a service provider owned in whole or in part by Kawa or by other Clients gives rise to potential conflicts of interest to the extent Kawa directed or initiated such transaction. For example, Kawa Capital Partners LLC and Perennial Fee Investors, LLC formed a joint venture PKV Investment Management Company, LLC (“PKV”). PKV is a real estate asset management company that currently has been engaged as asset manager for certain real estate properties owned and/or controlled by Kawa and/or the Strategic Funds or SPEs managed by Kawa. If Kawa believes that this gives rise to a conflict of interest, Kawa will address such conflicts based on the facts and circumstances presented by each situation and attempt to employ measures to ensure that the Clients using PKV’s services are charged arm’s-length prices for the services they receive.

### **10.D. Recommendation of Other Investment Advisers**

Kawa does not recommend or select other investment advisers for Clients, except as stated in the previous paragraph.

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

### 11.A. Code of Ethics Document

Kawa has adopted a Code of Ethics pursuant to Advisers Act Rule 204A-1 for all employees of the firm other than employees who perform solely clerical functions (“Covered Persons”) describing our high standards of business conduct, fiduciary duty to our Clients, and rules surrounding personal securities trading by our Covered Persons. A basic tenet of Kawa’s Code of Ethics is that the interests of Clients are always placed first. The Code of Ethics also requires that all Covered Persons comply with ethical restraints relating to Clients and their accounts, including restrictions on gifts and provisions intended to prevent violations of laws prohibiting insider trading.

All Covered Persons must accept in writing the terms of the Code of Ethics upon employment, quarterly, or as amended.

Kawa Clients or prospective investors may request a copy of the firm’s Code of Ethics by contacting the firm’s Compliance Department, at 305-560-5200 or at [compliance@kawa.com](mailto:compliance@kawa.com).

### 11.B. Recommendations of Securities and Material Financial Interests

In certain circumstances, Kawa may and has engaged in cross trades between Client accounts when it believes such a trade is not disadvantageous to the involved Clients (e.g., for rebalancing of portfolios). A cross trade may permit Kawa to execute trades without impacting the market price of securities, can save brokerage commissions and, in certain cases, related transaction costs like custody expenses and transfer taxes. In the event Kawa engages in a cross trade, the cross trade will be transacted in accordance with Kawa’s policies and procedures. All cross trades must be approved by Kawa’s Chief Compliance Officer, or his or her designee.

Kawa may also have a conflict of interest related to performance-based compensation charged to investors in the Private Funds and/or SMA Clients. Please refer to Item 6 of this document which provides details on the conflict and how Kawa addresses the conflict.

Under certain circumstances, a Private Fund (“Investor Fund”) is eligible to subscribe to another Private Fund (“Investee Fund”), for which Kawa also charges fees. Therefore, conflicts of interests potentially exist. To avoid the duplication of fees and the potential for conflicts of interest, management compensation or performance compensation of the Investee Fund are either waived or rebated for such Investor Funds. Clients of the Investor Fund are only subject to the compensation applicable to the Investor Fund, as more fully described above in Items 5 and 6.

An affiliate of Kawa serves as the placement agent for certain Funds. Kawa Securities LLC (“Kawa Securities”), which is an SEC and FINRA registered broker-dealer, generally is retained by Kawa, on behalf of a Fund, to offer interests in the relevant Fund on a “reasonable best efforts” basis. Kawa will pay Kawa Securities commissions attributable to interests in the Funds Kawa Securities sells, and, therefore, Kawa Securities may be incentivized to promote the sale of interests, due both to its status as an affiliate and its receipt of commissions, regardless of investment suitability or profitability. Because of its receipt of commissions and its status as an affiliate of Kawa, Kawa Securities has an inherent conflict of interest in the performance of its duties under its placement

agency agreement with the Funds. Pursuant to an expense sharing agreement, KCM and KCP provide Kawa Securities with certain services, personnel and expenses, and in exchange, Kawa Securities reimburses KCM and KCP for the costs of same.

### **11.C. and 11.D. Personal Trading and Timing of Personal Trading**

Kawa has adopted a Code of Ethics to ensure that personal investing activities by Kawa's employees are consistent with Kawa's fiduciary duty to its Clients. The Code of Ethics includes standards of business conduct requiring covered persons to comply with the federal securities laws and the fiduciary duties an investment adviser owes to its Clients. For purposes of its Code of Ethics, Kawa has determined that all employees (other than those employees who perform solely clerical functions) are Covered Persons.

In order to avoid potential conflicts that could be created by personal trading by Kawa Covered Persons, Kawa has implemented restrictions on personal securities transactions by its Covered Persons. Kawa does not permit employees to conduct personal securities transactions in their personal accounts unless an employee has received pre-clearance for such transaction from Kawa's Chief Compliance Officer (or his or her designee). Generally, the Chief Compliance Officer (or his or her designee) will consider the following factors when determining whether to approve a proposed personal securities transaction: (i) whether any Client has a pending "buy" or "sell" order in that security or has completed a recent purchase or sale of that security; (ii) whether a security is on an internally maintained restricted securities list, (iii) whether the amount or nature of the personal securities transaction or person effecting the transaction is likely to affect the price of or market for the security; and (iv) whether the personal securities transaction would create the appearance of impropriety, regardless of whether an actual conflict exists. However, if warranted by the nature of the personal securities transaction, the Chief Compliance Officer or his or her designee has the authority to approve or deny a personal securities transaction on any other basis. Employees are permitted to engage in "exempt" transactions without preclearance which include investments in (1) direct obligations of the Government of the United States; (2) bankers' acceptances, bank certificates of deposit, commercial paper and high quality short-term debt instruments; (3) money market funds; (4) open-end mutual funds (directly or through a unit investment trust, which may be an exchange traded fund ("ETF")); (5) securities held in accounts where the Covered Person has no "direct" or "indirect" influence or control; (6) securities that are part of an automatic investment plan; (7) index-based unit investment trusts listed on a national securities exchange; and (8) broad-based exchange traded funds based on an index that reflects the movement of the market.

All Covered Persons are required to submit quarterly personal securities transactions and annual holdings reports to the Chief Compliance Officer (or his or her designee), who will, in turn, review these reports for trading conflicts with Client accounts. Covered Persons are also required to provide copies of all brokerage account statements to Kawa on at least a quarterly basis. The Chief Compliance Officer (or his or her designee) will maintain documentation of personal securities transactions, including any violations that occur and their resulting actions.

The Code of Ethics also requires that all Covered Persons comply with ethical restraints relating to Clients and their accounts including, without limitation, restrictions on giving and receiving

gifts or entertainment, and provisions intended to prevent violations of the laws prohibiting insider trading.

## Item 12 – Brokerage Practices

### 12.A. Selection of Broker/Dealers

Kawa's objective in selecting brokers and dealers and in effecting portfolio transactions is to seek to obtain the best combination of price and execution with respect to its accounts' portfolio transactions. The best net price, giving effect to brokerage commissions, spreads and other costs, is normally an important factor in this decision, but a number of other factors are also considered. In applying these factors, Kawa recognizes that different broker-dealers may have different execution capabilities with respect to different types of securities. The factors include, but are not limited to:

- Kawa's knowledge of negotiated commission rates and spreads currently available;
- the nature of the security being traded;
- the size and type of the transaction;
- the nature and character of the markets for the security to be purchased or sold;
- the desired timing of the trade and speed of execution;
- the activity existing and expected in the market for the particular security;
- the broker-dealer's access to primary markets and quotation sources;
- the ability of the broker dealer to effect transactions when a large block of securities is involved or where liquidity is limited;
- confidentiality;
- the execution, clearance and settlement capabilities and history as well as the reputation and perceived soundness of the broker-dealer selected and others which are considered;
- Kawa's knowledge of actual or apparent operational problems of any broker-dealer;
- the broker-dealer's execution services rendered on a continuing basis and in other transactions;
- the broker-dealer's access to underwriting offerings and secondary markets;
- the broker-dealer's reliability in executing trades, keeping records and accounting for and correcting trade errors;
- the broker-dealer's ability to accommodate Kawa's needs with respect to one or more trades including willingness and ability to maintain quality execution in unusual or volatile market conditions and to commit capital by taking positions in order to complete trades;

- the quality of communication links between Kawa and the broker-dealer; and
- the reasonableness of spreads or commissions.

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

Kawa may receive research from brokers in connection with Client securities transactions. Although Kawa has not entered into any formal soft dollar arrangements that would necessitate the receipt of research on condition of trade flow, this may be viewed as a “soft dollar” relationship. Kawa will limit the use of this benefit to services that constitute research and brokerage within the meaning of Section 28(e) of the Securities Exchange Act of 1934, as amended (“Section 28(e)”). Research services within Section 28(e) include, but are not limited to, research reports (including 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); advice from broker-dealers on order execution; and certain proxy services.

When Kawa participates in this practice to obtain Section 28(e) eligible research and brokerage products and services, Kawa periodically reviews and evaluates its soft dollar practices and to determine in good faith whether, with respect to any research, the commissions used to obtain those products and services were reasonable in relation to the value of the brokerage and research. This determination will generally be viewed in terms of Kawa’s overall responsibilities to its Client accounts. As a practical matter, in some cases Kawa could not, on its own, generate all the research that broker-dealers provide without materially increasing expenses. The management compensation paid by Clients is not reduced as a consequence of Kawa’s receipt of research and brokerage products and services. To the extent the Clients’ portfolio transactions are used to obtain such research and brokerage products and services, the brokerage commissions paid by the Clients might exceed those that might otherwise be paid for execution only. The brokerage and research and services furnished by broker-dealers may be useful and of value to Kawa in servicing any or all of its Clients and may not necessarily be used by Kawa in connection with the accounts that actually paid commissions, nor in proportion to the amount of commissions paid by accounts, to the broker-dealer providing the services.

The use of Client commissions (or markups or markdowns) to obtain research raises conflicts of interest. For example, Kawa will not have to pay for the research or other products and services. This creates an incentive for Kawa to select or recommend a broker-dealer based on Kawa’s interest in receiving those research or other products and services. Kawa attempts to mitigate these potential conflicts through periodic review and oversight of the use of commissions.

### **Brokerage for Client Referrals**

Kawa does not maintain any client referral arrangement with broker/dealers.

## **Directed Brokerage**

While Kawa generally selects broker-dealers for Client accounts over which it has discretion, Kawa may accept, in limited instances, direction from a particular SMA Client as to which broker-dealer is to be used. If the SMA Client directs the use of a particular broker-dealer(s), Kawa asks that the SMA also specify in writing: (i) general types of securities for which a designated firm should be used; and (ii) whether the designated firm should be used for all transactions, even though Kawa might be able to obtain a more favorable net price and execution from another broker-dealer in particular transactions. SMAs, which, in whole or in part, direct Kawa to use a particular broker-dealer(s) to execute transactions for their accounts should be aware that, in so doing, they may adversely affect Kawa's ability to, among other things, obtain volume discounts on bunched orders or to obtain best price and execution by, for example, executing over-the-counter stock transactions with the market makers for such securities. Kawa also cannot guarantee execution of trades that are directed to a certain broker.

Additionally, as noted below, transactions for an SMA that directs brokerage are generally unable to be combined or "bunched" for execution purposes with orders for the same securities for other accounts managed by Kawa. Accordingly, directed transactions may be subject to price movements, particularly in volatile markets, that may result in the SMA that directs brokerage receiving a price that is less favorable than the price obtained for the bunched order. Under these circumstances, the direction by an SMA of a particular broker or dealer to execute transactions may result in higher commissions, greater spreads, or less favorable net prices than might be the case if Kawa could negotiate commission rates or spreads freely, or select brokers or dealers based on best execution. Consequently, best price and execution may not be achieved.

### **12.B. Aggregation of Orders**

Kawa may determine that, in making investment decisions for Client accounts, securities considered for investment by one account also are appropriate for another account managed by Kawa. On occasions when the purchase or sale of a security is deemed to be in the best interest of more than one account, Kawa may, but is not be obligated to, aggregate or "batch" orders for the purchase or sale of securities for all such accounts to the extent consistent with best execution and the terms of the relevant investment advisory agreements. Such combined or "batched" trades may be used to facilitate best execution, including negotiating more favorable prices, obtaining more timely or equitable execution or reducing overall commission charges.

Kawa may combine orders for the purchase and sale of securities on behalf of more than one investment advisory Client, including accounts and collective investment vehicles in which Kawa or its associated persons might have an interest, subject to the following conditions:

- Kawa's aggregation policies are fully disclosed to all the relevant Clients;
- The purchase or sale is suitable for each Client's account;
- Trades are combined only if it is consistent with Kawa's duty to seek best execution and with the terms of the relevant Clients' investment mandates or guidelines; and

- Kawa specifies the accounts participating in the combined trade(s) and allocates between the eligible Client accounts in a manner that, under the circumstances, Kawa determines, in its fiduciary capacity, is fair and equitable over time to all eligible Clients.

Kawa may include proprietary accounts (including certain SMAs or the Private Funds in which Kawa or its affiliates may have significant ownership interest) in such aggregate trades subject to its duty to seek best execution and obligations under its Code of Ethics.

### **Trade Errors**

Kawa endeavors to take the utmost care in making and implementing investment decisions of behalf of Client accounts. However, on those occasions when a transaction error does occur, Kawa will reasonably determine how to correct the error. In general, if the trade error results in losses, such losses will not be reimbursed to the Client unless the trade error was determined to be solely attributable to Kawa's gross negligence. Therefore, a Client's account may be adversely impacted as a result of trade errors.

### **Services for Other Clients**

Kawa may give advice and take action for itself or Clients, which differs from advice given to, or the timing or nature of action taken for, other Clients. Specific asset allocations within Client accounts may differ from those in other accounts managed by Kawa due to various factors, including but not limited, the availability of certain investments, market conditions, or the amount of Client funds available for investment or reinvestment. Kawa is not obligated to initiate any transactions for Clients in any securities or assets that Kawa may purchase or sell for its own accounts or the accounts of any other Client.



## Item 13 – Review of Accounts

### **13.A. Frequency and Nature of Review**

Daniel Ades and Alexandre Saverin, both Principals of Kawa and portfolio managers, are responsible, and have ultimate authority for, all trading and investment decisions made for the Client portfolios for which Kawa has investment discretion. Portfolio managers have real-time access to each account through our trade management system and perform various reviews no less frequently than monthly and quarterly.

In performing its investment management activities, Kawa allocates their respective personnel and their personnel's time among each of the Clients in which they may be involved. Although each will devote such time as deemed necessary to conduct such investment management activities in an appropriate manner, conflicts may arise in the allocation of personnel and their time among such Clients, particularly in connection with Clients that may involve substantially more time and resources than others.

### **13.B. Factors That May Trigger An Account Review Outside of Regular Review**

Generally, Client accounts are reviewed, as needed, depending on factors such as cash flows, changes in Client objectives or restrictions, or changing market conditions.

### **13.C. Content and Frequency of Reports**

Investors in The Kawa Fund and the Strategic Funds, as well as certain of the SPE Funds for which we are deemed to hold custody, receive annual audited financial statements prepared by an independent accounting firm prepared in accordance with United States generally accepted accounting principles. Reports with respect to The Kawa Fund and the Strategic Funds are also issued by the administrators of such funds no less than quarterly. With respect to the SPE Funds, due to the nature of the investments in the SPE Funds, investors may not receive regular statements but will receive statements no less than annually. The frequency of reports is further specified in the offering documents for each Private Fund.

A portfolio manager will meet with Clients when requested, or at other times, as may be mutually agreed upon by Kawa and the Client. Such meetings may be conducted in person or via teleconference. Accordingly, in addition to the information generally provided to investors in a particular investment vehicle or SMA, Kawa may provide certain investors with additional information or more frequent reports that other investors will not receive (e.g., diligence requests, certain co-investments, or other requests from Clients with differing needs for information).

In addition, Kawa Fund investors are provided, on at least a quarterly basis, with newsletters and fact sheets created by Kawa. Due to the nature of the investments in the other Private Funds, investors may not receive regular communications from Kawa, although they are available upon reasonable request.

The information in reports from Kawa may vary from custodians' account statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

## Item 14 – Client Referrals and Other Compensation

### 14.A. Compensation from Non-Clients

Except as described above in Item 12 with respect to “soft dollars,” Kawa does not currently receive any economic benefit for providing investment advice or other advisory services to Kawa’s Clients.

### 14.B. Client Referrals and Other Compensation

Certain of our Clients and prospective investors retain investment consultants or other investment advisers (“Consultants”) to advise them on the selection and review of investment managers. Kawa has certain Clients that were introduced to us through Consultants. These Consultants or their affiliates may, in the ordinary course of their investment consulting or advisory business, recommend Kawa’s investment advisory services or otherwise place Kawa into selection processes for a particular Client.

Kawa has dealings with Consultants, both in the Consultants’ role as adviser for their Clients and through independent business relationships. Specifically, we provide Consultants with information on portfolios we manage for our mutual Clients, pursuant to our Clients’ direction. Kawa also provides information on our investment styles to Consultants, who use that information in connection with searches they conduct for their Clients.

If Kawa management deems it advantageous to the distribution of our services, Kawa will pay third parties cash compensation for Client or investor referrals from Kawa’s own resources sometimes in amounts based upon a portion of the advisory fees earned or assets under management with respect to investors introduced by the third party or on a fixed fee basis. The fact that Kawa will share with third parties a portion of the compensation Kawa receives for Kawa’s investment advisory services, or any fixed fee arrangement, will not result in any Client being charged investment advisory fees at a rate in excess of the rate or level of advisory fee customarily charged by Kawa to its investment advisory Clients for similar services to comparable accounts, nor will Kawa charge any Client any other amount for the purpose of offsetting its cost of obtaining an investor’s subscription through a third-party referral. The cost of these referral fees is paid entirely by Kawa and is not borne by the referred investor.

If Kawa management deems it advantageous to the distribution of our funds, Kawa will engage affiliated or external placement agents for placement of new fund interests. If any placement agent receives compensation for its services, such compensation would be made on a fully disclosed basis as outlined in the applicable fund’s offering documentation. See items 10 and 11, above, for disclosure regarding our affiliate Kawa Securities LLC, which is generally engaged to act as placement agent for interests in the Funds and will receive commissions attributable to interests sold by it.

In general, Kawa relies on each Consultant or third-party agent to make appropriate disclosure to its own clients of any conflict that the Consultant or third-party agent may believe to exist due to its recommendation of an investment in a Kawa Private Fund to the Consultant’s clients.

Any referral fee or other compensation paid by Kawa to any third-party who solicits advisory Clients for Kawa shall be paid in compliance with the provisions of Rule 206(4)-3, promulgated pursuant to the Investment Advisers Act of 1940.

Representatives of Kawa from time to time attend or speak at conferences and programs sponsored by brokers or dealers that are directed at investors interested in investing in alternative investment funds or other products, including Kawa's Private Funds. These conferences and programs may be a means by which Kawa Private Funds can be introduced to prospective investors. In addition, brokers or dealers may refer such Kawa-managed products to, or arrange meetings with, potential investors who are also often accounts of such brokers or dealers. While these conferences, programs, and meetings (collectively, a "Capital Introduction Program") may be arranged by brokers or dealers, there is no guarantee that any potential investor participating in a Capital Introduction Program will invest in a Kawa product. Generally, other than the standard commission rates and customary brokerage fees paid by a Client (which Kawa believes are paid solely for trade execution and brokerage services), the brokers or dealers do not receive any compensation, directly or indirectly, for such participation in a Capital Introduction Program or any subsequent investments which may result from such participation. Further, Kawa's participation in a particular broker's Capital Introduction Program is not a consideration in Kawa's selecting or retaining a broker or in choosing a broker to execute a trade.

## Item 15 – Custody

Kawa is deemed to have custody of certain of the Private Funds, according to Advisers Act Rule 206(4)-2 (“Custody Rule”), because they, or an affiliate, serve in the capacity of managing member or general partner of such Private Funds. However, Client securities managed by Kawa or its affiliates, for SMAs and Private Fund accounts, are held at independent, qualified custodians.

Investors in Private Funds should receive such Private Fund’s annual audited financial statements within 120 days of such Private Fund’s fiscal year-end. Such investors should review these statements carefully. If investors in the Private Funds do not receive audited financial statements in a timely manner, then they should contact Kawa immediately. To the extent any Private Fund for which Kawa holds custody does not deliver annual audited financial statements within 120 days of such Private Fund’s fiscal year end, Kawa shall engage an independent account for a surprise examination in accordance with the Custody Rule.

SMAs generally will receive statements directly from their account custodian at least quarterly. We urge Clients to carefully review those statements and compare them to the account statements we may provide to them, if any. The information in any such SMA reports provided by us may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

Investors in The Kawa Fund will receive statements from the administrator to The Kawa Fund and investors in the Strategic Funds will receive statements from the administrator to the relevant Strategic Fund. Such investors should review these statements carefully. Due to the nature of the investments in the SPE Funds, investors may not receive regular statements from the custodian, but they are available upon request from Kawa. An investment review for the SPE Funds will be provided periodically to investors by Kawa.

## Item 16 – Investment Discretion

Kawa generally is retained to provide investment advice and manage assets on a discretionary basis. As a discretionary adviser, Kawa generally is authorized to make the following determinations in accordance with the Client's specified investment objectives and guidelines without Client consultation or consent before a transaction is effected:

- Which securities to buy or sell.
- The total amount of securities to buy or sell.
- The broker or dealer through whom securities are bought or sold.
- The commission rates at which securities transactions for Client accounts are effected.
- The prices at which securities are to be bought or sold, which may include dealer spreads or mark-ups and transaction costs.

Kawa usually receives and accepts discretionary authority to manage the assets in each Client's account. Kawa adheres to the investment limitations and restrictions that are outlined in each account's investment management agreement, or other investment mandate. Because of the differences in investment objectives and strategies, investment limitations and restrictions so outlined, there are differences among Clients in invested positions and securities held.

## Item 17 – Voting Client Securities

Kawa is responsible for voting Client proxies and has developed a written policy and procedures governing its activities in this area. In general, the policy requires Kawa to vote Client proxies in the interest of maximizing investor/shareholder value. In addition, Kawa maintains a record of proxy votes cast on behalf of Clients.

Circumstances may arise wherein Kawa may have a conflict of interest in voting proxies on behalf of its Clients and Kawa acknowledges its responsibility for identifying material conflicts of interest related to voting proxies. In order to ensure that Kawa is aware of the facts necessary to identify conflicts, senior management of Kawa must disclose to the Chief Compliance Officer (or his or her designee) any personal conflicts, such as officer or director positions held by them, their spouses or close relatives, in any portfolio company. Conflicts based on business relationships with Kawa, or any affiliate of Kawa, will be considered only to the extent that Kawa has actual knowledge of such relationships. If Kawa determines that a conflict exists, which cannot be otherwise addressed by the Portfolio Managers, Kawa may choose one of several options including: (1) voting as recommended by a third party service, if employed by Kawa; (2) “echo” or “mirror” voting the proxies in the same proportion as the votes of other proxy holders that are not Kawa Clients; (3) if possible, erecting information barriers around the person or persons making the voting decision sufficient to insulate the decision from the conflict; or (4) if agreed upon in writing with the Client, forwarding the proxies to affected Clients and allowing them to vote their own proxies.

Kawa shall make its proxy voting policy and records available to its Clients and investors upon request by contacting the Compliance Department at [legal@Kawa.com](mailto:legal@Kawa.com) or calling (305) 560-5200.

## Item 18 – Financial Information

Kawa has no disclosures to make regarding this Item.