



Kenmar Preferred Investments, LLC

Form ADV Part 2A

As of March 31, 2020

This Brochure provides information about the qualifications and business practices of Kenmar Preferred Investments, LLC (formerly Kenmar Preferred Investments, L.P.) ("**Kenmar Preferred**"). If you have any questions about the contents of this Brochure, please contact us at (212) 596-3480. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Kenmar Preferred is a registered investment adviser. **Registration of an investment adviser does not imply any level of skill or training.** Additional information about Kenmar Preferred also is available on the SEC's website at www.adviserinfo.sec.gov

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None

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Item 4: Advisory Business

Kenmar Preferred Investment Solutions Corp. was established in December 1995 and was converted to Kenmar Preferred Investments, L.P. in July 2012. In March 2014, it was converted to Kenmar Preferred Investments, LLC ("**Kenmar Preferred**"). Upon such conversion to a limited liability company, Kenmar Preferred became the wholly owned subsidiary of Kenmar Olympia, LLC, a Delaware limited liability company directly owned by C-Gaia, Inc. and Bustan Trust.

On March 20, 2014, Kenmar Olympia, LLC purchased the outstanding limited partnership interests of Kenmar Preferred Investment L.P. from Kenmar Group Inc. and Kenmar Olympia Group, L.P. On, December 31, 2017, C-GAIA abandoned its membership interest in Kenmar Olympia, LLC with the Bustan Trust becoming the 100% owner.

Kenmar Preferred provides discretionary and non-discretionary investment management and advisory services to certain private investment funds, pools/entities (collectively, "Private Funds") that in turn, invest (directly or indirectly) in other private investment funds or strategies ("Portfolio Funds") advised and/or managed by alternative investment managers that are related to Kenmar Preferred or unrelated third parties (each, a "Manager"). Kenmar also provides investment management and advisory services to corporations that invest in pooled real estate investments.

The Portfolio Funds may invest, at the discretion of the applicable Manager, in a wide and substantially unrestricted variety of securities and other financial instruments including:

- (a) any and all securities, whether listed, unlisted, publicly traded or privately-offered, including but not limited to
 - (i) equity securities (such as common stock, preferred stock, and convertible securities),
 - (ii) debt securities (such as corporate bonds, government or government agency debt obligations, debentures and any other evidence of indebtedness such as money market obligations and certificates of deposit),
 - (iii) groups of securities, exchange-traded funds and indices,
 - (iv) warrants, rights, options or privileges on any of the foregoing;
- (b) interests of other entities engaged in trading the items enumerated in (a) above; and
- (c) any other investment or transaction that a Manager deems to be consistent with the objectives of such Manager's trading methods, regardless of whether such interest is traded on an exchange, market or otherwise and regardless of where in the world such interest is traded or located (collectively, "**Investment Interests**"). The Investment Interests in which each Private Fund may invest (through Portfolio Funds) are found in each Private Fund's offering memorandum and related documents (collectively, "**Offering Documents**").

Please see Item 8 below for a brief discussion of Kenmar Preferred's current investment strategies (collectively, the "**Strategies**"). Important information regarding an investment in a Private Fund, including information about the Managers responsible for making the trading and investment decisions for the Portfolio Funds, including the specific investment strategies and policies, fees and expenses, risk factors and other material terms, are set forth in each respective Private Fund's Offering Documents.

Kenmar Preferred considers the operating documents of funds or entities in deciding how to tailor individual advice.

As of March 31, 2020, Kenmar Preferred serves as investment advisor for three Private Funds with \$10,404,821 in discretionary and \$55,991,811 in non-discretionary assets under management.

Item 5: Fees and Compensation

Kenmar Preferred does not have a standardized fee schedule. Kenmar Preferred generally receives a management fee ranging from 0% to 2% per annum of assets under management for the Private Funds (a) based on beginning of period or end of period assets, (b) generally charged monthly and (c) payable either in advance or in arrears.

Kenmar Preferred may be entitled to receive incentive (or performance-based) fees.

Management fees charged in arrears will be prorated, and management fees charged in advance will be refunded for any partial period. Management fees may be negotiable depending upon a variety of factors including, among others, the investment strategy employed by Kenmar Preferred, the amount of the investor's assets under management, or the overall relationship with the investor.

Fees paid to Kenmar Preferred are generally deducted from the Private Fund assets as more fully set forth in the respective Offering Documents. Private Funds also pay certain other fees and expenses such as brokerage, custody, clearing, transaction and give-up fees, withholding taxes, legal, administrative, registration and regulatory costs, operational due diligence costs, regulatory reporting, offering costs, and audit & tax preparation fees. All such fees and expenses and other important information regarding an investment in a Private Fund, such as risk factors, are more fully set forth in each Private Fund's Offering Documents.

Each of the Private Funds invests, either directly or indirectly, in a Portfolio Fund and, as such, the Private Funds will bear their pro rata share of the Portfolio Fund's fees and expenses, including but not limited to management fees and incentive fees paid to the Manager, brokerage and other transaction fees, legal, audit, administrative, offering and operating fees and expenses.

Certain supervised persons of Kenmar Preferred may receive a bonus based in part on the assets managed by Kenmar Preferred ("Kenmar").

This practice may present a conflict of interest as it gives Kenmar Preferred and/or its supervised persons an incentive to recommend the investment advisory services of Kenmar taking into account the fact that compensation may be received based upon an increase in Kenmar's assets. We do not believe this conflict to be material because, among other things, such supervised persons are not incentivized to sell one investment product over another and thus will generally consult with each prospective investor to select the investment product(s) most appropriate for their specific investment objectives and requirements. Further, the relationship between Kenmar Preferred and its affiliates is disclosed to Clients and investors.

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

Kenmar Preferred does not receive performance-based fees.

We do not believe this conflict to be material because, among other things, such supervised persons are not incentivized to sell one investment product over another and thus will generally consult with each prospective investor to select the investment product(s) most appropriate for their specific investment objectives and requirements. Further, the relationship between Kenmar Preferred and its affiliates is disclosed to Clients and investors.

Item 7: Types of Clients

Kenmar Preferred provides discretionary investment management services to Private Funds that in turn, invest in Portfolio Funds or strategies advised and/or managed by a Manager.

Each Private Fund has a minimum investment requirement for investors as set forth in such Private Fund's respective Offering Documents. Investors also are required to meet certain eligibility standards as set forth in each Private Fund's offering memorandum and related documents.

In its discretion, Kenmar Preferred has entered into (and may in the future enter into) side letter arrangements with certain investors in Private Funds managed by Kenmar Preferred ("**Side Letter Investors**") whereby Kenmar Preferred and a Side Letter Investor have agreed (or may agree in the future) to vary the Side Letter Investor's investment terms from those made available to other investors in Private Funds, including but not limited to (1) the greater availability to the Side Letter Investor of certain information, disclosures and/or reports (including personnel or other changes to Kenmar Preferred or the Private Fund, or portfolio holdings and other information concerning the Private Fund's investments or the Side Letter Investor's investment), (2) the timing of the delivery to the Side Letter Investor of such information or other Private Fund information, disclosures and/or reports, and (3) certain other investment terms, including but not limited to reduced fees to be charged to a Side Letter Investor (management and/or incentive), shorter notice periods for redemption, more frequent dates for redemptions, timing of redemption payouts, and/or timing for subscriptions. As a result, certain Side Letter Investors may be able to act (i.e., request redemptions) on such additional information that other investors do not receive. Granting more favorable liquidity terms to certain investors may have a material adverse effect on investors not receiving such terms. A Private Fund also may issue additional classes that are subject to such different terms and conditions which are similar or the same as a side letter arrangement.

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

A. Methods of Analysis

In evaluating Managers, Preferred (either directly or through its affiliates) performs manager due diligence, applying a “bottom up” approach. Preferred conducts quantitative and qualitative analysis, including an evaluation of the risks assumed by each manager and strategy, in order to fully understand the strengths and weaknesses of the individual investment strategies and performance of each manager. Preferred also performs operational due diligence on each Manager’s infrastructure, middle-office and back-office and review of all relevant documents and confirmation that specific trade and operating procedures are documented and followed in practice. The process is designed to ensure that Preferred has accumulated, and comprehended the relevant information about the manager.

In evaluating model investment instruments, Preferred will check for trading volume, market capitalization, fees, expense ratios, premiums/discounts to NAV, counterparty, legal structure, currency and tracking error.

Kenmar Preferred generally selects Managers that seek to exploit a broad array of investment opportunities worldwide. Kenmar Preferred seeks Managers that, in the opinion of Kenmar Preferred, offer the potential for risk-adjusted returns within the context of the current market environment. Real Estate Investments are generally in the multifamily, condominium and commercial space where cash flows from rental income and unit sales drive investment returns.

B. Investment Strategies

The current investment strategies (“Strategies”) employed by the Private Funds is described briefly below:

Model Based Strategy: Proprietary model based strategies in fixed income and diversified assets. The systematic, rule based system identifies trends, instruments, and themes for investment purposes. Instruments include stocks, bonds, mutual funds, ETFs, and options. The strategies have an absolute return investment objective while controlling risk and volatility.

Real Estate Strategy: purchase interests in individual or several properties as a member of limited liability company that owns the asset. Maximize returns with re-positioning properties, improving rents, amenities and occupancy rates and eventual sale of assets.

C. Risk of Loss

Investing in securities involves the risk of loss that clients should be prepared to bear.

An investment in the Strategies involves a high degree of risk and may not be suitable for all investors. They are speculative and investors may lose all or a substantial portion of their investment. Investors must have the financial ability, sophistication/experience and willingness to bear the risks of such an investment. An investment in the Strategies should be discretionary capital set aside strictly for speculative purposes.

Private Funds, Portfolio Funds and Real Estate entities are unregistered private investment funds or pools that may invest and trade in many different markets, strategies and Investment Interests (including securities, commodity interests and derivatives) and are NOT subject to the same regulatory requirements as mutual funds, including mutual fund requirements to provide certain periodic and standardized pricing and valuation information to investors. They are not guaranteed by the FDIC or by any bank and they may lose value.

Private Funds and Portfolio Funds are illiquid investments and may be subject to significant

restrictions regarding transfers. There is no secondary market for an investment in a Private Fund and/or Portfolio Fund and none is expected to develop.

Offering Documents are not reviewed or approved by federal or state regulators.

Private Funds, Portfolio Funds and Real Estate entities may have substantial fees and expenses, which may offset the trading profits of the Private Funds, Portfolio Funds and/or Real Estate

Private Funds, Portfolio Funds and Real Estate Entities may use leverage, execute a substantial portion of trades on foreign exchanges and trade commodity interests. The risk of loss from such activities is substantial and may increase the volatility of performance.

There is no guarantee that any of the Strategies will achieve its goals, objectives, or targeted returns.

Kenmar Preferred and its principals, officers and supervised persons will devote such time as they deem necessary for the management of Private Fund assets. However, Kenmar Preferred and its principals, officers and supervised persons will be involved, from time to time, with other related investment management activities and consequently will not devote all of their time specifically to any one Private Fund. However, this may be mitigated by the fact that Kenmar Preferred employs investment and administrative professionals who will devote time and attention to the business and affairs of Kenmar Preferred and its Private Funds as they, in their discretion, deem reasonably necessary.

A Strategy may at certain times hold a few, relatively large positions (in relation to their assets), with the result that a loss in any position could have a material adverse impact on the Private Fund's assets.

To achieve a Strategy's investment objective, its Manager will trade Investment Interests. Investment Interests are speculative and may involve substantial risk of loss. The prices of Investment Interests are highly volatile and market movements are difficult to predict. Supply and demand for Investment Interests change rapidly and are affected by a variety of factors, including interest rates, rates of inflation and general trends in the overall economy or particular industrial or other economic sectors. Government actions, especially those of the Federal Reserve Board and other Central Banks, have a profound effect on interest rates that, in turn, affect the price of Investment Interests. In addition, a variety of other factors that are inherently difficult to predict, such as domestic and international political developments, governmental trade and fiscal policies, monetary and exchange control programs, currency devaluations and revaluations, emotions of the marketplace, patterns of trade and war, a pandemic or other military conflict. None of these factors can be controlled by a Manager.

The Managers may also manage other accounts (including other funds, related and unrelated, as well as accounts in which the Managers may have an interest) which may employ different or similar trading strategies, and which together with accounts already being managed could increase the level of competition for the same trades, including the priorities of order entry. These factors could make it costly or impossible to take or liquidate a position in a particular Investment Interest of the Portfolio Fund.

Trading decisions made by each Manager may be based on the judgment of one or a limited number of key individuals (each, a "**Key-Man**"). If any Key-Man were to die or become incapacitated or otherwise terminate his relationship with a Manager, such event could have a material adverse effect on the applicable Private Fund and its performance.

General economic and business conditions may affect a Manager's activities. Unexpected volatility or illiquidity in the markets in which a Portfolio Fund, directly or indirectly, holds positions could impair the Portfolio Fund's ability to carry out its business or cause it to incur losses. Moreover, although there can be no assurance that they will, certain Managers trade profitably during periods when major price movements occur. Such movements generally occur in any given market only infrequently, and during periods of static or "whipsaw" markets it is unlikely that those Managers will achieve profits for Portfolio Funds.

Managers may employ various risk reduction strategies designed to minimize the risk of their trading positions. A substantial risk remains, nonetheless, that such strategies will not always be

possible to implement and even when possible will not always be effective in limiting losses. If a Manager analyzes market conditions incorrectly, or employs a risk reduction strategy that does not correlate well with a Manager's investments, such risk reduction techniques could result in a loss, regardless of whether the intent was to reduce risk or increase return. These risk reduction techniques may also increase the volatility of a Portfolio Fund and/or result in a loss if the counterparty to the transaction does not perform as promised.

Item 9: Disciplinary Information

Kenmar Preferred does not have any material legal or disciplinary events to disclose with respect to itself or its employees.

Item 10: Other Financial Industry Activities and Affiliations

Kenmar Preferred's affiliates are described below:

Kenmar Securities, LLC ("**KSEC**"), an affiliate of Preferred, is a broker-dealer registered with the SEC, and is a member of the Financial Industry Regulatory Authority ("FINRA"). KSEC may solicit potential investors for Private Funds managed by Preferred and receive compensation for such services. Such arrangement could create certain conflicts of interest because KSEC and its employees are not neutral third parties and may be compensated based on their ability to sell interests in the Private Funds.

Kenmar Preferred does not believe that any of these relationships create a conflict of interest, but if they did, the firm's code of ethics addresses this issue.

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

Kenmar Preferred strives to adhere to the highest industry standards of conduct based on principles of professionalism, integrity, honesty and trust. As such, Kenmar Preferred has adopted a Code of Professional Conduct ("**Code**") which describes Kenmar Preferred's high standard of business conduct, and fiduciary duty to its clients. The Code of Professional Conduct includes provisions relating to the confidentiality of client information, a prohibition on insider trading, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All employees must acknowledge the terms of the Code annually, or as amended.

Kenmar Preferred's principals, officers, supervised persons and related accounts ("**Employees**") are permitted to maintain personal trading accounts provided that such accounts are disclosed to Kenmar Preferred and are held at designated brokerage firms.

Any personal trading by Employees must be consistent with applicable law and with the Code. Subject to compliance with applicable laws, rules and regulations and the Code, Employees may buy, sell or hold for their own personal trading accounts securities, including Portfolio Funds that Kenmar Preferred also may buy, sell or hold for its clients. Employee investments in Portfolio Funds are permissible subject to compliance with the Code, pre-approval, and a determination that no conflict of interest exists.

The Code contains policies and procedures that, among other things:

- prohibit Employees from taking personal advantage of opportunities belonging to clients;
- prohibit trading on the basis of material nonpublic information;
- require pre-clearance of any private placements (including investments in hedge funds, fund-of-funds, private equity funds, venture capital funds and other unregistered pooled investment vehicles) and "new issues";
- require initial and annual reports of securities holdings by Employees, as well as copies of monthly and/or quarterly account statements and trade confirmations; and
- prohibit trading by employees of securities of any issuers on Kenmar Preferred's restricted issuer list.

Subject to satisfying this policy and applicable laws, Employees of Kenmar Preferred and its affiliates may trade for their own accounts in securities which are recommended to and/or purchased for Kenmar Preferred's clients. The Code is designed to assure that the personal securities transactions, activities and interests of the Employees of Kenmar Preferred will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Under the Code certain classes of securities have been designated as exempt transactions, based upon a determination that these would materially not interfere with the best interest of Kenmar Preferred's clients. Employee trading and identified brokerage accounts are continually monitored under the Code via Compliance¹¹, an internet-based compliance monitoring application, and to reasonably prevent conflicts of interest between Kenmar Preferred and its clients.

Kenmar Preferred's Code also addresses misappropriation of material nonpublic or proprietary information (e.g., insider trading) and outside business activities. Kenmar Preferred's insider trading prohibitions (i) apply to all Employees, (ii) extend to activities within and outside their duties as Employees of Kenmar Preferred, and (iii) apply to Investment Interest-related information that is internal to Kenmar Preferred. Employees are permitted to engage in limited outside business activities provided these activities do not create an actual or potential conflict of interest due to the amount of time spent on such activities and the investment-related nature of certain activities. Investors or prospective investors of a Private Fund may request a copy of the Code by contacting Kenmar Preferred's Investor Services at (212) 596-3480.

Item 12: Brokerage Practices

As more fully described above, Kenmar Preferred provides discretionary investment management and advisory services to Private Funds that in turn, invest in Portfolio Funds advised and/or managed by a Manager. As such, Kenmar Preferred does not select clearing or executing brokers. Limitations on Kenmar Preferred's authority are guided by, among other things, (i) its responsibility to act as a fiduciary when handling clients' accounts, (ii) the investment strategies and objectives of its clients, and (iii) with respect to a Private Fund, the Private Fund's Offering Documents.

The clearing brokers and executing brokers (together, "**Brokers**") for the Portfolio Funds managed by Managers are selected by the Managers themselves. In selecting Brokers, the Managers need not solicit competitive bids and do not have an obligation to seek the lowest available commission cost. Also, they are not obligated to (and may not) negotiate "execution only" commission rates. As such, Portfolio Funds may be deemed to be paying for other products and services provided by the Broker which are included in the commission rate. In selecting Brokers, it is expected that Managers may take into account the Broker's reliability, reputation, financial strength and responsibility, stability, ability to execute trades, block trading and block positioning capabilities, nature and frequency of sales coverage, net price, depth of available services, co-location services, operations, market making, the availability of stocks to borrow for short trades, willingness to execute related or unrelated difficult transactions in the future, order of call, back office, processing and special execution capabilities, efficiency of execution, error resolution and execution or commission rate.

In selecting securities Brokers, the Managers also take into account the value of certain products and/or services (whether or not for research purposes, in whole or in part), either provided by a Broker, or paid for by a Broker (either by direct or reimbursement payments (in whatever form) or by commissions, mark-ups or credits or by any other means) to be provided by others (collectively, "**Products and Services**"). Products or Services may be in any form (e.g., written, oral or on-line) and may include research products or services and other products and services. A Manager's use of Products and Services may or may not meet the "safe harbor" of Section 28(e) of the Securities Exchange Act of 1934, as amended.

Research may include, among other things, proprietary research from Brokers, which may be written or oral. Research Products and Services may include, among other things, research concerning market, economic and financial data, a particular aspect of economics or on the economy in general, statistical information, data on pricing and availability of securities, non-mass-marketed financial publications, electronic market quotations, performance measurement services, analyses concerning market, economic and financial data, a particular aspect of economics or on the economy in general, statistical information, data on pricing and availability of securities, analyses concerning specific securities, companies, industries or sectors and market, economic and financial studies and forecasts.

In some instances, a Manager seeking to rely on the safe harbor of Section 28(e) may receive a research product or service that may be used for both research and non-research purposes. In such instances, it is expected that the Manager will make a good faith effort to determine the relative proportion of the research used to assist the Manager in carrying out its investment decision-making responsibilities and the relative proportion used for administrative or other non-research purposes. The proportion of the research attributable to assisting the Manager in carrying out its investment decision-making responsibilities is expected to be paid through brokerage commissions generated by client transactions; the proportion attributable to administrative or other non-research purposes is expected to be paid for by the Manager from its own resources. The receipt of "mixed-use" research products and services and the determination of the appropriate allocation creates a potential conflict of interest between the Manager and its clients, including the Portfolio Funds and Managed Accounts, regarding the Brokers it selects.

Generally, Managers will not adhere to any rigid formulas in making their selection of Brokers, but will weigh a combination of the criteria set forth above. In recognition of the value of overall brokerage services provided by a Broker, Managers may select a Broker that charges brokerage commissions in excess of that which another Broker might have charged for effecting the same transaction. In connection therewith, Managers will make a good faith determination that the amount of commission is

reasonable in relation to the value of the brokerage services received, viewed in terms of either the specific transaction or Portfolio Fund transactions overall. In exchange for the direction of commission dollars to certain Brokers, credits may be generated which may be used by the Managers to pay for the Products and Services provided by, or paid by, such Brokers.

Each respective Private Fund's Offering Documents detail more fully the applicable brokerage placement practices.

Item 13: Review of Accounts

Kenmar Preferred's Investment Committee ("IC") meets periodically. The IC's responsibilities include: (1) preparing all due diligence on its prospective managers and approving or recommending the Managers; (2) reviewing each Private Fund, Portfolio Fund and Manager on an ongoing basis with respect to policies, guidelines, strategies and operations; (3) performing ongoing due diligence of the Managers; and, (4) where appropriate, terminating or recommend terminating a Manager.

Investors in certain Private Funds are provided with monthly statements prepared by such Private Funds' independent fund administrator. Audited fiscal year-end financial statements are prepared by the Private Funds' independent accounting firm and also provided to Investors. In addition, Investors in a Private Fund may also receive other periodic reports concerning such investment as Kenmar Preferred determines to be appropriate.

Item 14: Client Referrals and Other Compensation

The Private Funds may compensate third parties for referring investors, at no additional cost to the Private Funds. Referral fees are generally a percentage of the management fees earned by Kenmar Preferred. If interests are acquired through a placement agent retained by Preferred, you should not view such recommendation of such placement agent as being disinterested, as the placement agent will generally be paid out of the fees Preferred receives from the respective Preferred Fund/Strategy in which you become an investor.

As applicable, such referral arrangements will conform to Rule 206(4)-3 under the Advisers Act.

Item 15: Custody

Kenmar Preferred does not have custody of any client assets.

Item 16: Investment Discretion

For Discretionary assets, Kenmar Preferred has the authority to determine, without obtaining specific client consent, the securities to be bought or sold; the amount of securities to be bought or sold; the broker or dealer to be used; and the commission rates paid. Such authority is generally established through the Offering Documents and through investment management and other agreements. Nonetheless, Kenmar Preferred generally delegates the aforementioned authorities to the selected Managers. Limitations on Kenmar Preferred's authority are guided by, among other things, (i) its responsibility to act as a fiduciary when handling clients' accounts, (ii) the investment strategies and objectives of the Kenmar Preferred Funds, and (iii) with respect to the Kenmar Preferred Funds, the Offering Documents. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular Private Fund.

For Non-Discretionary assets, Kenmar Preferred provides investment advice and recommendations, due diligence, accounting and trade oversight while the ultimate investment decision is managed by a third party

Item 17: Voting Client Securities

For Discretionary assets, Kenmar Preferred has adopted Proxy Voting Policies and Procedures whereby it exercises discretion to vote proxies for client securities, including investments in Portfolio Funds, addresses situations where conflicts of interest are identified.

Each proxy proposal is reviewed on a case-by-case basis by Kenmar Preferred's IC. Kenmar Preferred will generally support proposals aimed at effectuating standard and necessary aspects of business operations, which will not typically have a significant effect on the value of the investment, such as name changes, elections of directors, etc. Kenmar Preferred's IC will communicate in writing its decision(s) relative to each proxy to Kenmar Preferred's Officer's, who will effectuate the actual proxy vote.

A copy of Kenmar Preferred's proxy voting procedures, as well as a record of all proxy decisions and any documentation maintained with respect to proxy votes, is available by contacting Kenmar Preferred's Investor Services at (212) 596-3480.

Item 18: Financial Information

Kenmar Preferred has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has never been the subject of a bankruptcy proceeding.