

Item 1- Cover Page



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## Disclosure Brochure

March 19, 2020

This Brochure provides information about the qualifications and business practices of KWK Management LLC. If you have any questions about the contents of this Brochure, please contact us at (310) 536-8560 or at [info@kwkmgmt.com](mailto:info@kwkmgmt.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.

KWK Management LLC is a registered investment adviser with the SEC. Registration of an investment adviser does not imply any level of skill or training. The oral and written communications of an adviser provide you with information about which you determine to hire or retain an adviser.

Additional information about KWK Management LLC also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Item 2- Material Changes

There have been no other material changes since our last update of the Brochure on March 21, 2019.

We will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our fiscal year. We will provide other ongoing disclosure information throughout the year if there are any material changes requiring immediate notice, including a new Brochure if necessary, without charge.

To request a copy of our Brochure please contact Carol Weiss, Chief Compliance Officer, at (310) 536-8676 or [carol.weiss@kwkmgmt.com](mailto:carol.weiss@kwkmgmt.com).

Additional information about KWK Management LLC is also available via the SEC's website [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC's website also provides information about any persons affiliated with KWK Management LLC who are registered as investment adviser representatives of KWK Management LLC.

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## Item 4 - Advisory Business

### A. Advisory Firm

KWK Management LLC (“Adviser”) is a private investment management company located in El Segundo, California. The Adviser was founded by Kurtis W. Kupiec in August 1995 as a Delaware limited liability company and has been registered with the SEC since December 2005.

### B. Specialization

Adviser generally provides investment advice on a wide variety of U.S. and foreign investment products, including publicly traded and privately placed securities, but does not hold itself out as specializing in any particular type of investment advisory service.

### C. Advisory Services

Adviser manages private investment funds open to accredited domestic and offshore investors with long term investment objectives. Investors include high net worth individuals, family offices, endowments and foundations.

Adviser serves as the Investment Manager, always in the capacity of discretionary investment adviser, to two private investment funds (each, a “Fund”; collectively, the “Funds”):

- KWK Partners, LP
- KWK Partners Offshore, Ltd. - *an offshore feeder fund, domiciled in the Cayman Islands, to KWK Partners, LP; it invests solely in KWK Partners, LP*

Adviser intends to manage each Fund pursuant to the investment strategy described in the confidential offering memorandum of the Fund (the “Offering Memorandum”). Under the investment management agreement with each Fund, Adviser has wide latitude to act upon any investment strategy to achieve the investment objective of the Fund without obtaining the consent of Fund investors. Prospective investors should carefully read the Fund’s Offering Memorandum and consult with their own counsel and advisers as to all matters concerning an investment in the Fund.

### D. Wrap Fee Program

Not applicable.

## **E. Assets under Management**

As of 12/31/2019:

Discretionary: \$300,190,792

Non-Discretionary: \$0

## **Item 5 - Fees and Compensation**

### **A. Types of Fees**

Adviser charges an annual management fee to each Fund of 1% to 1.5% of each Fund investor's capital account, paid monthly in arrears. Adviser, in its discretion, will waive or reduce the management fee for all or any of the investors in a Fund (including a feeder fund) or agree with an investor to waive or reduce the management fee for that investor.

The General Partner generally receives from each Fund a monthly performance-based fee or allocation ("Performance Allocation") of 10% to 20% of the net capital appreciation (i.e., capital appreciation less capital depreciation and any accumulated net capital depreciation) of each investor's capital account subject to a traditional "high-water mark." Adviser, in its discretion, can waive all or a portion of an investor's Performance Allocation, or can agree to other changes in an investor's Performance Allocation. Investors in a feeder fund will not be charged an additional Performance Allocation.

***NOTE: Investors should refer to each Fund's Offering Memorandum, Subscription Agreement and other offering-related documents for additional/supplementary information regarding the Funds as well as the fees and expenses paid by the Funds. KWK Management LLC reserves the right to negotiate fees and investment minimums.***

### **B. Payment Method**

The management fee will be paid by each Fund by deduction from each investor's account in the Fund on the last business day of the month. The Performance Allocation is made by reallocation from each investor in a Fund on the last business day of the month for each month in which Performance Allocation is earned.

### **C. Costs and Expenses**

The Funds bear all operation expenses, including management fees, expenses incurred in the purchase and sale of investments (including all fees and commissions of brokers and custodians, all fees and expenses relating to the registration and qualification for sale of such securities and all transfer taxes), legal expenses, and accounting fees, as determined by the General Partner. For additional information regarding brokerage and execution fees, see Item 12 below.

## **D. Refunds**

Not applicable.

## **E. Sales Compensation**

Adviser will not receive sales commissions in connection with sales of interests in a Fund.

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

Fees based on performance will only be charged in accordance with the provisions of Rule 205-3 under the Investment Advisers Act of 1940 as amended (the “Investment Advisers Act”). Performance Allocations create an incentive for Adviser to cause a Fund to make investments that are riskier than it would otherwise make. In addition, since Performance Allocation is calculated on a basis which includes unrealized appreciation of the assets held by the Fund, it may be greater than if such compensation were based solely on realized gains.

In the event that some Funds to which Adviser provides investment advisory services are charged Performance Allocations but not others, a conflict could arise where Adviser has an incentive to treat some Funds preferentially as compared to others because those Funds pay Performance Allocations or because Adviser or one of its Portfolio Managers or affiliates has an interest in the Fund. Adviser has adopted a policy to allocate portfolio transactions and investment opportunities across multiple Funds in accordance with their respective investment strategies on a fair and equitable basis over time. All eligible Funds that can participate in a transaction share the same price on a pro rata allocation basis in an attempt to mitigate any conflict of interest. Investment opportunities are allocated among Funds with similar investment strategies to maintain consistency of portfolio strategy, taking into account cash availability, investment restrictions and guidelines, and portfolio composition.

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

Adviser’s clients are private Investment Funds organized by the General Partner. Investors in the Funds include a wide variety of persons and entities such as:

- Qualified individuals
- Pension and profit-sharing plans
- Trusts, estates, foundations/endowments and other charitable organizations
- Corporations and business entities other than those listed

Adviser restricts the number of investors and offers the interests in the Funds only through non-public transactions in order to maintain the Fund’s exclusion from “investment company” status under the Investment Company Act of 1940, as amended.

Subscriptions for Fund interests will generally be accepted only from “accredited investors” (as defined in Regulation D under the Securities Act of 1933, as amended) and “qualified clients” (as defined in Rule 205-3 under the Investment Advisers Act) who are eligible to enter into a performance fee arrangement under the Investment Advisers Act, as applicable. In addition, investors must provide their level of sophistication as investors and ability to bear the risk of loss of their entire investment. The Adviser has the authority to waive all or part of any admission standard within its sole discretion. The minimum subscription varies by fund but is generally at least \$250,000. However, Adviser, in its sole discretion, can waive or increase the minimum subscription requirement for any investor. Qualified prospective investors should carefully read the Fund’s Offering Memorandum and related documents. Prospective investors should consult with their own counsel or advisors to determine if an investment in the Funds is suitable.

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

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

Adviser serves as Investment Manager, always in the capacity of discretionary investment adviser, to each Fund. Each Fund has unique methods of analysis, strategies and risks, which are described in detail in the Fund’s Offering Memorandum.

In general, Adviser’s main sources of information include:

- Regional, national and global news sources,
- Financial news sources,
- Inspections of corporate activities,
- Research materials prepared by others,
- Annual reports, prospectuses and filings with the U.S. Securities and Exchange Commission,
- Company press releases,
- Congressional committee, and subcommittee hearings, and
- Any other publicly released information or private non-insider discussions.

Value is attributed to specific securities based on a wide range of judgments including the estimate of unknowable future outcomes. In general, analysis methods can include:

- Fundamental analysis,
- Technical analysis,
- Cyclical reviews,
- Relative value,
- Reverse engineered value, or
- Discount of possible future cash flows.

There is no limit to investment strategies Adviser can use under the investment management agreements of the Funds. However, each Fund's Offering Memorandum outlines the investment strategy, and any limits thereon, to be used in that Fund.

KWK Partners, LP and KWK Partners Offshore Fund, Ltd. seek a high level of total return, consistent with preservation of capital and prudent investment management, in a wide range of interest rate environments. KWK Partners, LP invests primarily in short to intermediate duration mortgage-backed securities issued by government sponsored enterprises, including mortgage pass-through certificates and collateralized mortgage obligations. KWK Partners Offshore, Ltd. invests exclusively into KWK Partners, LP.

In addition to the investment strategies discussed above, Adviser is allowed to add value by using any of the following additional strategies:

- Long-term purchases (securities held at least a year);
- Short-term purchases (securities sold within a year);
- Trading (securities sold within 30 days);
- Short sales;
- Margin transactions;
- Option writing, including covered options, uncovered options or spreading strategies;
- Futures and options on futures transactions, derivative instruments, swap agreements, foreign securities, foreign currency transactions; and
- Hedging techniques designed to reduce certain risks.

***Note: All investments involve the risk of loss, including (among other things) loss of principal, a reduction in earnings (including interest, dividends and other distributions), and the loss of future earnings. These risks include market risk, interest rate risk, issuer risk, and general economic risk. Although we manage the assets in a manner consistent with risk tolerances, there can be no guarantee that our efforts will be successful. The investor should be prepared to bear the risk of loss.***

## **B. Investment Strategy Risks**

Each Fund's Offering Memorandum describes the risk considerations determined to be of most significance to the Fund. Examples of such risks include:

- *Portfolio Management.* The performance of a client account depends on the skill of Adviser and its Portfolio Manager(s) in making appropriate investment decisions.
- *Concentration.* The Funds may hold a relatively small number of securities. Losses incurred in such securities could have a disproportionate effect on a Fund's overall financial condition.



- *Market Risk.* The prices of investments held by the Funds can be highly volatile. Price movements of forward contracts, futures contracts and other derivative contracts in which a Fund may invest are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies.
- *Interest Rate Risk.* The value of a Fund's fixed securities will fluctuate with changes in interest rates. Generally, fixed income securities decrease in value if interest rates rise and increase in value if interest rates fall, with lower rated securities more volatile than higher rated securities. Generally, the longer a Fund's average portfolio maturity, the greater the value fluctuation.
- *Prepayment Rate Risk.* Many mortgage-backed securities are prepaid prior to maturity. During periods of falling interest rates, prepayments can accelerate, which could lead to a Fund reinvesting the proceeds at a lower interest rate.
- *Liquidity Risk.* Because withdrawal rights in the Fund are subject to limitations and interests in a Fund are not readily tradable, an investment in the Fund is a relatively illiquid investment. An investment in a Fund should be considered only by persons who do not anticipate any short term need for their funds.
- *Credit Risk.* There is a risk that the issuer of a fixed income security held by a Fund will be unable to make interest or principal payments on time.
- *Regulatory Risk.* Governments from time to time intervene, directly and by regulation, in certain markets, particularly those in currencies, financial instruments and interest rate-related futures and options. Such intervention often is intended directly to influence prices and could affect the investments of the Funds.
- *Other Risks Associated with using Leverage.* The use of leverage by buying securities on margin or use of certain derivatives is a speculative technique that involves special risk considerations. Interest costs on borrowings fluctuate with changing market rates of interest and can partially offset or exceed the return earned on borrowed funds. Interest on borrowings will be an expense of a client account and will affect the investment performance of the account. To the extent a Fund is leveraged, the value of its assets will tend to increase more when its portfolio securities increase in value, and to decrease more when its portfolio securities decrease in value, than if its assets were not leveraged.
- *The Effect of Substantial Withdrawals.* Substantial withdrawals by Fund investors within a short period of time could require a Fund to liquidate securities positions more rapidly than would otherwise be desirable, possibly reducing the value of the Fund's assets and disrupting its investment strategy. Reduction in the size of the Fund could make it more difficult to generate a positive return or to recoup losses.

- *Portfolio Turnover.* Buying and selling securities generally involves some expense to the Funds, such as commissions and other transaction costs. Generally, the higher a Fund's portfolio turnover, the greater its brokerage costs and the greater the likelihood that it will realize taxable capital gains. Increased brokerage costs can adversely affect a Fund's performance.
- *Cybersecurity Risk.* Adviser must rely in part on digital and network technologies to conduct business. Such networks are at risk of cyber-attacks that seek unauthorized access to digital systems for purposes such as misappropriating sensitive information, corrupting data, or causing operational disruption. In modern society, given the NSA can't protect vital US Government spy networks from cyber-intrusion and data theft, it is unreasonable to assume Adviser networks cannot be penetrated. A cybersecurity breach could cause Adviser to incur regulatory penalties, reputational damage, additional compliance costs associated with corrective measures, and/or financial loss. Additionally, cybersecurity breaches of third-party service providers (e.g. a custodian) or issuers of securities in which a Fund invests can subject investor accounts to many of the same risks associated with direct cybersecurity breaches. Although Adviser maintains an information technology security policy and certain technical and physical safeguards intended to protect the confidentiality of its internal data, cyber incident could potentially occur, and might in some circumstances result in unauthorized access to sensitive information about Adviser, its Funds, or its investors.

While the investment objective, strategies, and risks of each Fund will be outlined in its Memorandum and related charter documents, there can be no assurance that the investment objective of the Funds as stated in their Offering Memorandum will be achieved. An investment in each Fund is subject to varied and significant risks.

### **C. Portfolio Investment Risks**

Adviser generally provides investment advice on a wide variety of U.S. and foreign investment products, including publicly traded and privately placed securities, but does not invest in any particular type of investment product. Some of the risks specific to the types of investments in which the Funds invests include (but are not limited to):

- *Investment in Portfolio Funds.* Various risks are associated with investing in other investment funds (including other hedge funds) ("Portfolio Funds"), and the investment strategies and tactics that Portfolio Funds use. Portfolio Funds may provide Adviser with very limited information with respect to its operations and performance, thereby severely limiting Adviser's ability to (i) verify any representation made by such fund, (ii) monitor any investment strategy being employed by such fund, or (iii) detect any misconduct or fraud engaged in by such fund. To the extent that Adviser invests Fund assets in a Portfolio Fund that restricts the ability of investors to effect withdrawals, Adviser may not be able to withdraw

Fund assets invested in such Portfolio Fund promptly after it has decided to do so, which could result in a loss to Fund investors. To the extent a Portfolio Fund is permitted to distribute securities in kind to investors making withdrawals, upon withdrawal of all or a portion of Fund assets invested in such fund, the Fund may receive securities that are illiquid or difficult to value.

- *Equity Securities.* By investing in stocks, Adviser exposes the Funds to potential sudden declines in the share price or to an overall decline in the stock market. The value of investments held in a Fund's portfolio will fluctuate daily and cyclically based on changes in the issuer's financial condition and prospects and on overall market and economic conditions.
- *Fixed Income Securities.* The prices of fixed income securities respond to economic developments, particularly interest rate changes, as well as to perceptions of an issuer's creditworthiness. The duration of these securities affects risk as well, with longer term securities generally more volatile than shorter term securities. See "Interest Rate Risk" and "Credit Risk" above.
- *Derivatives.* Derivatives involve the risks separate from the risks of the underlying instrument, including improper valuation and ambiguous documentation and the risk that changes in the value of the derivative may not correlate perfectly with the underlying instrument. Derivatives are also subject to other risks, such as the risk of an illiquid secondary market which can result in significant, rapid, and unpredictable changes in the prices for such derivatives, risks relating to the financial soundness and credit worthiness of the counterparty, and the risk of the failure of any of the exchanges on which a client account's positions trade or of their clearinghouses. The use of a derivative is speculative if Adviser is primarily seeking to enhance returns, rather than offset the risk of other positions. When Adviser invests Fund assets in derivatives for speculative purposes, the Fund will be fully exposed to the risks of loss of that derivative, which are sometimes greater than the cost of the derivative.

## **Item 9 - Disciplinary Information**

Not applicable.

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

### **A. Registration as a Broker-Dealer or Registered Representative**

Not applicable.

## **B. Registration as a Futures Commission Merchant, Commodity Pool Operator, Commodity Pool Trading Adviser or Associated Person**

Adviser is exempt from registration as a Commodity Pool Trading Adviser under CFTC Regulation 4.14(a)(8). The Funds are exempt as Commodity Pool Operators under CFTC Regulation 4.13(a)(3).

## **C. Material Relationships with Affiliates**

1. *broker-dealer, municipal securities dealer, or government securities dealer or broker*

Not applicable.

2. *investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or "hedge fund," and offshore fund)*

See Item 7 above. Investors in a Fund must understand that each Fund was formed as an investment product to be managed by Adviser, and that Adviser does not intend to cause any Fund to terminate its investment management relationship with Adviser absent Adviser's liquidation or bankruptcy. However, investors in each Fund have the right to withdraw from the Fund at any time subject to any notice requirement, lock-up period, or other withdrawal limitations described in the Fund's Memorandum.

In addition, neither Adviser nor its related persons are obligated to allocate any specific amount of time or investment opportunities to a particular Fund. Adviser and its related persons intend to devote as much time as they deem necessary for the conduct of each Fund's operation and portfolio management, and will allocate investment opportunities in accordance with Adviser's trade allocation policy described in Item 6 above.

3. *other investment adviser or financial planner*

Not applicable.

4. *futures commission merchant, commodity pool operator, or commodity trading adviser*

Not applicable.

5. *banking or thrift institution*

Not applicable.

6. *accountant or accounting firm*

Not applicable.

7. *lawyer or law firm*

Not applicable.

8. *insurance company or agency*

Not applicable.

9. *pension consultant*

Not applicable.

10. *real estate broker or dealer*

Not applicable.

11. *Sponsor or syndicator of limited partnerships (or equivalent), excluding pooled investment vehicles*

Not applicable.

12. *Sponsor, general partner, managing member (or equivalent) of pooled investment vehicles*

Adviser's affiliate, LPGP LLC, is the general partner, managing member or management shareholder of the Funds that Adviser manages. See Item 4(C) above.

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

Not applicable.

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

Adviser has adopted a Code of Ethics for all supervised persons of the Adviser describing its high standard of business conduct and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, restrictions on the acceptance and reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All supervised persons at Adviser must acknowledge the terms of the Code of Ethics annually, or as amended.

Adviser recognizes that the personal investment transactions of its members and employees demand the application of a high code of ethics, and Adviser will requires that all such transactions be carried out in a way that does not endanger the interest of any client. At the same time, Adviser believes that if investment goals are similar for clients and for members or employees of Adviser, it is logical and even desirable that there be a common ownership of some securities.

Adviser's Code of Ethics and Compliance Procedures include personal trading and insider trading policies with respect to transactions effected by Adviser's officers, members and employees (hereafter, "Employees") for their "personal accounts." (For purposes of the policy, an Employee's "personal account" generally includes any account (a) in the name of the Employee, his/her spouse, his/her minor children or other dependents residing in the same household, (b) for which the Employee is a trustee or executor, or (c) which the Employee controls, including Adviser's client accounts which the Employee controls and in which the Employee or a member of his/her household has a direct or indirect beneficial interest).

The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of Adviser 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 securities would be designated as restricted securities, based upon a determination that these would materially interfere with the best interest of Adviser's clients. In addition, the Code requires pre-clearance of certain transactions. Nonetheless, because the Code in some circumstances would permit employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity by a client in a security held by an employee. Employee trading is continually monitored under the Code of Ethics to reasonably prevent conflicts of interest between Adviser and its clients.

To request a copy of the Adviser's Code of Ethics, please contact Carol Weiss at (310) 536-8676 or [carol.weiss@kwkmgmt.com](mailto:carol.weiss@kwkmgmt.com).

## **Item 12 - Brokerage Practices**

### **A. Selection of Broker-Dealers**

#### ***Execution Quality***

Adviser will seek best execution considering the circumstances involved in securities transactions. During the last fiscal year, Adviser considered a number of factors in selecting a broker for any securities transactions, including (but not limited to):

- depth and commitment to the market
- market expertise
- operational efficiency

- quality of service
- price

Adviser will not obligate itself to obtain the lowest commission or best net price for an account on any particular transaction.

### ***Research and Other Soft Dollars***

In addition to execution quality, Adviser considers the value of various products and services a broker-dealer provides. Selecting a broker-dealer in recognition of services or products other than simply transaction execution is known as paying for those services and products with “soft dollars.” Because many of those services could be considered to provide some benefit to Adviser and because the “soft dollars” used to acquire them will be assets of Adviser’s clients, Adviser could be considered to have a conflict of interest in allocating client brokerage business. In other words, Adviser could receive valuable benefits by selecting a particular broker or dealer to execute client transactions and the transaction commission charged by that broker or dealer might not be the lowest commission Adviser might otherwise be able to negotiate. In addition, Adviser could also have an incentive to cause clients to engage in more securities transactions than would otherwise be optimal in order to generate brokerage commission with which to acquire products and services.

During the last fiscal year, the “research” products and services provided to Adviser included the following:

- Research reports on or other information about particular companies or industries
- Economic surveys and analyses
- Financial publications
- Financial database software and services
- Computerized news
- Pricing and order-entry services
- Quotation equipment
- Other products or services that enhance Adviser’s investment decision making responsibilities

Currently, Adviser does not pay for any products or services using “soft dollars”. However, if Adviser decides to use “soft dollars” in the future, those decisions involving “soft dollars” will be made in a manner that satisfies the requirements of the safe harbor provided by Section 28(e) of the Securities Exchange Act of 1934. That is, Adviser will generally determine, considering all appropriate factors (including those described here), that the commissions paid are reasonable in relation to the value of all the brokerage and research products and services provided by the broker-dealer. In making that determination, Adviser considers not only the particular transaction or transactions, and not only the value of brokerage and research services and products to a particular client, but also the value of those services in Adviser’s performance of its overall investment responsibilities to all its clients. In some cases, the commissions charged by a particular broker for a

particular transaction or set of transactions may be greater than the amounts another broker who did not provide research services or products might charge. Additionally, in some cases, a client's transaction could be executed by a broker in recognition of services or products that are not used in managing that client's account.

### ***Brokerage for Client Referrals***

Not applicable.

### ***Directed Brokerage***

Not applicable

## **B. Aggregation of Orders**

Transactions for each Fund generally will be made independently from other Funds. However, there will be occasions when more than one Fund will buy or sell the same security. Adviser is allowed (but is not obligated to) combine or "batch" such orders. When combined orders occur, Adviser will allocate the execution in a manner that is deemed equitable to the accounts involved. Generally, transactions will be averaged as to price and transaction costs and thereafter will be allocated among the Funds involved in proportion to the purchase and sale orders placed for each Fund on any given day. If Adviser cannot obtain execution of all the combined orders at prices or for transaction costs that Adviser believes are desirable, Adviser will allocate the securities Adviser has purchased or sold as part of the combined orders by following Adviser's trade allocation procedures.

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

### **A. Periodic Account Review**

Adviser monitors transaction results as orders are executed to evaluate the quality of execution provided by the various brokers and dealers it uses, to determine that compensation rates are competitive and otherwise to evaluate the reasonableness of the compensation paid to those brokers and dealers in light of all the factors described above.

Adviser will ensure investment activity is correctly reflected in the books and records of the client and that such activity is within the limitations established for the client. Accounts are reviewed by the Portfolio Manager on a daily basis and generally discussed on a regular basis with Senior Management regarding various aspects of portfolio management. Administrative reviews and reconciliations are also conducted throughout each month.

### **B. Non-Periodic Account Review**

Not applicable.



## **C. Investor Reports**

Fund investors generally receive the following reports:

- Monthly statements stating the performance of the Fund(s) for the month
- Quarterly letters stating the quarterly performance of the Fund(s) for the quarter and investment outlook
- An annual K-1, if applicable
- A copy of the annual audited financial statements for each Fund in which they are invested or an annual tax summary for taxable accounts

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

### **A. Compensation by Non-Clients**

Not applicable.

### **B. Compensation for Referrals.**

On occasion, placement agents, solicitors, brokers, and representatives of Adviser (“agents”) introduce prospective investors to the Funds managed by Adviser. As compensation for those introductions, an agent is paid a portion of the fees earned by Adviser on assets in the Fund held by investors the agent has introduced to the Fund, including a portion of the Performance Allocation. Such compensation is determined as a percentage of the advisory fees earned by Adviser on a case by case basis. All such compensation is paid by Adviser and not by the Fund or its investors.

In such cases Adviser will comply with the other applicable requirements under Rule 206(4)-3 under the Investment Advisers Act. Adviser will: (1) ensure that associated persons provide clients with a current copy of Adviser’s written disclosure statement and the solicitor’s written disclosure document, and (2) furnish to the SEC a Schedule D of Form ADV and the requisite filing fee for each individual who solicits investment advisory services for Adviser.

## **Item 15 - Custody**

Custody of the assets of the Funds will be maintained with a qualified custodian to be selected by Adviser in its exclusive discretion, which selection may change from time to time without consent of investors in the Funds. While Adviser will not maintain physical possession of the funds or securities of any private investment fund, Adviser has authority to direct the qualified custodian to transfer funds and securities in a Fund’s portfolio and pay out the management fees and Performance Allocations.

The qualified custodian will provide at least quarterly account statements directly to our clients (the Funds). The Funds are audited annually by an independent public accountant

registered with the PCAOB (Public Company Accounting Oversight Board) and, as described in Item 13(C) above, audited financial statements are distributed to investors, or their independent representatives, for each Fund in which they are invested.

#### **Item 16 - Investment Discretion**

Adviser will have discretionary authority to make the following determinations without obtaining the consent of the client before the transactions are effected:

- the securities that are to be bought or sold;
- the total amount of the securities to be bought or sold;
- the brokers through which securities are to be bought or sold; and
- the commission rates on securities transactions for client accounts.

Adviser's discretionary authority is derived from an express grant of authority under an investment management agreement that Adviser enters with each Fund.

#### **Item 17 - Voting Client Securities**

The Adviser votes client securities in the best interest of each Fund. All proxies from the same issuer are voted the same way for each client unless the client places restrictions on the Adviser's voting authority. The Portfolio Managers will review the proxy materials and identify any conflicts of interest. Any material conflicts will be reviewed by Senior Management and addressed by discussing the conflict with the Portfolio Manager and voting in a manner consistent with previous voting policy or obtaining an independent third-party recommendation.

Copies of Adviser's proxy policy and information about how Adviser has voted a client's proxies can be obtained upon written request to Adviser.

#### **Item 18 - Financial Information**

Not applicable.