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**Investment Adviser Firm Brochure  
(ADV Part 2A of Form ADV)**

**December 31<sup>th</sup> 2019**

**This Brochure provides information about the qualifications and business practices of GKB Partners LLC. If you have any questions about the contents of this Brochure please contact us at 203-856-6852 or [jbatcha@gkbpartnersllc.com](mailto:jbatcha@gkbpartnersllc.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.**

**The designation "registered investment adviser" does not imply a certain level of skill or training.**

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

## **Item 2: Material Changes**

This is GKB Partners LLC's amended ADV Part 2A Brochure, prepared as part of its registration. We will provide you with a new Brochure as necessary based on material changes, without charge.

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#### **Item 4: Advisory Business**

##### **A. Description of the Advisory Firm**

GKB Partners LLC (“GKB,” the “Adviser,” “we,” or “our”) is a Connecticut limited liability company formed in May 2012, by Joseph Batcha, who is the sole proprietor. GKB filed for registration as an investment adviser with the SEC in December, 2018.

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

GKB is a specialized investment adviser that presently focuses on providing investment management and advisory services on a non-discretionary basis to high net worth individuals.

We provide advice to our clients on a broad range of opportunities, including venture capital and late-stage private equity investments, private funds, public and private debt and equity instruments, and options strategies.

##### **C. Client Tailored Services & Client Imposed Restrictions**

The specific investment management services that we provide to an individual client is set forth in the investment management agreement entered into between GKB and that client.

Clients may update us over the course of the relationship regarding specific preferences, such as a preference for, or restriction against, investing in companies in particular industries and specific geographic areas. We will work closely with clients to accommodate such specific restrictions. However, clients have the discretion to choose whether or not to invest in any particular opportunity we present to them.

##### **D. Wrap Fee Programs**

GKB does not sponsor or participate in wrap fee programs.

##### **E. Assets Under Management**

As of December 31<sup>st</sup> 2019, GKB had \$481,777,560 in non-discretionary regulatory assets under management.

#### **Item 5: Fees & Compensation**

##### **A. Non-Discretionary Investment Advisory Services**

Presently, GKB provides only non-discretionary investment management services. Our fees for such services are fully negotiable with each individual client and are set forth in the client’s investment management agreement.

GKB's fees may include: (1) a fee based on a percentage of the value of the assets under management; (2) a fixed fee; (3) a co-investment share of a client's investment, (4) performance fees based upon an agreed percentage of the capital appreciation of a client's portfolio payable to GKB (carried interest), and/or (5) an annual success fee based on criteria agreed with the relevant client.

## **B. Payment of Fees**

All fees payable by clients are paid directly to GKB based upon the terms and conditions of the relevant investment management agreement.

GKB is never authorized to deduct fees from a client account, and has no access to any client accounts or assets. If a company owned by a client becomes public, the client may elect to have such company's public securities held by a custodian selected by the client. In such instances, GKB's fees will continue to be paid directly by the client.

The Investment Management Agreement between GKB and a client will continue in effect until terminated according to the termination provisions of the agreement, which will also include the terms and conditions related to fees payable or returnable upon termination.

## **C. Additional Client Fees**

In addition to our investment management fees, clients may reimburse GKB for expenses, such as travel expenses to visit a company for due diligence or other expenses incurred at the client's request. The exact expenses reimbursed by any client are set forth in our investment management agreement with that client.

Clients may incur third-party fees if and when a broker-dealer/custodian is used to acquire or sell a client's investment assets or introduces a company in which a client invests. Clients may also incur additional fees if they elect to retain the services of third-parties to perform due diligence on prospective investments to supplement the due diligence we conduct prior to making an investment recommendation.

## **D. Outside Compensation**

GKB or its personnel does not currently accept compensation for the sale of securities or other investment products. However, we or any of our personnel may do so in future, provided (i) any such compensation is disclosed to involved clients prior to their investment decision regarding the relevant transaction, and (ii) that such compensation is paid in accordance with relevant laws and regulations.

### **Item 6: Performance-Based Fees & Side-By-Side Management**

When permitted by law, GKB and an individual client may enter into an advisory agreement under which GKB receives performance-based fees as part of its compensation. A

performance fee arrangement is a method of compensation where the adviser receives a percentage of the appreciation of the assets under management.

We believe that our receipt of performance-based fees creates a strong and direct alignment of interest with our client because both GKB and our client will directly benefit from enhanced and superior performance in the client's capital portfolio. Also, as such fees are generally only paid upon a "liquidation event" and given we primarily provide advice regarding private investments, which traditionally have long holding periods before gains are realized, it is not uncommon for several years to elapse before a client would pay GKB a performance-based fee related to a particular investment. Performance fees related to trading in public securities will also generally be tied to defined "liquidation events".

However, some individuals may perceive that our receipt of performance-based fees provides us with an incentive to maximize a client's investment returns by making investment recommendations that may be subject to greater risk and client exposure than would otherwise be the case. This risk is mitigated by the fact that GKB does not have discretion to invest client assets. Each client will review information regarding a potential investment before making a decision to invest.

Additionally, GKB may be perceived to have an incentive to favor clients who pay performance-based fees by recommending more potentially profitable investments to such clients or devoting more time and resources to such clients.

#### **Item 7: Types of Clients**

GKB provides investment advisory services to high net worth individuals. GKB does not prospect or maintain client relationships with "retail" clients.

Our investment management services are individually negotiated with each client, both in regard to the scope of the services we provide and our fees for such services. We reserve the right to accept or reject any prospective client.

#### **Item 8: Methods of Analysis, Investment Strategies & Risk of Loss**

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

We do not develop a complete investment program for our clients, rather, we analyze individual investments. These may be opportunities sourced by us or deals we analyze at the request of a client. When we source an investment we present the information to those clients who have previously expressed interest in that type of investment. If a client asks us to review an opportunity, we will not offer it to other clients without consent of the client that presented the opportunity.



The particular services we provide may include:

- Sourcing potential investments;
- Conducting due diligence in the evaluation of prospective investments;
- Making investment recommendations to the client;
- Structuring potential investments and coordinating the closing of each investment;
- Monitoring the investment including taking a Board or observer seat that the client may obtain in connection with completing the investment;
- Providing updates on investments as information warrants;
- Advising the client on how to respond to proxy or consent requests;
- Assisting with the exit and disposition of investments; and
- Holding board of director or company advisory roles.

We do not have discretion or authority over the final investment decision, but rather will present our analysis and the client will make the final determination regarding whether they would like to move forward with a prospective investment.

We work with each client to provide timely updates on the status of the portfolio investments that we are monitoring on their behalf, which may include preparing reports on the performance of the client's investments, providing significant updates on individual portfolio companies, such as a portfolio company's financing needs and capitalization. Updates to be provided may be dependent on information received from the underlying companies.

## **B. Material Risks Involved**

**While presenting the opportunity for capital gains, private investments, and especially venture capital investments, involve a high degree of risk and are suitable only for investors who have no immediate need for liquidity of the amount invested and can withstand a complete loss of their entire investment.**

### **(1) No Assurance of Profit, Appreciation or Liquidity**

Private equity investing carries a high degree of risk. Early stage venture capital investment, is the segment with the highest degree of investment risk. Portfolio companies often have no operating history, unproven technology, untested management and unknown future capital requirements. These companies often face intense competition, often from established and more experienced companies with much greater financial and technical resources, more marketing and service capabilities, and a greater number of qualified personnel.

The inherent nature of such investing dictates a significant length of time between the initial investment and realization of gains, if any. These investments, if successful, typically take up to five years or more from date of investment to reach a state of maturity where disposition is possible. Investments in early stage companies can take even longer to reach liquidity or may

not ever become liquid. Investments in privately-held companies typically involve unregistered securities and thus are subject to restrictions on resale.

Therefore, there can be no assurance that the investments will realize net profits or achieve returns commensurate with the risks associated with these investments, or that the investments will not experience losses, which may be substantial in the case of each client.

It is currently expected that our clients will invest primarily in the equity securities of private companies. As a result, there generally will be limited or no marketability of the investments and such investments may decline in value. Furthermore, our clients may find it necessary to sell investments at a discount or to sell over extended periods of time when disposing of portfolio securities. Therefore, it is expected that the investments generally will not be sold for a number of years and will remain relatively illiquid and difficult to value. The marketability and value of any such investments will depend upon many factors beyond our control.

## **(2) Difficulty of Identifying Attractive Investments and Competition for Investments**

There can be no assurance that our clients will have the opportunity to participate in investments that meets our clients' specific investment goals.

There is also likely to be increasing competition among venture capital investors for investments in the sectors and the regions currently targeted by our clients. Therefore, there can be no assurance that our clients will be able to make a sufficient number of attractive investments.

## **(3) Availability of Investment Capital**

Early stage companies often require several rounds of venture capital infusions before they reach maturity. If a venture capital investor does not have sufficient funds available to participate in subsequent rounds of financing, that shortfall may have a significant negative impact on both the portfolio company and the value of the venture investor's original investment. Although it is recommended that clients maintain sufficient funds to allow the clients to participate in follow-on rounds of financings, the clients may decide not to provide follow-on financing to all or any of its portfolio companies. Accordingly, portfolio companies may need to obtain third party sources of financing. There is no assurance that such additional sources of financing will be available or, if available, will be on terms beneficial to the client's interest.

## **(4) Private-fund Investing**

Investments in private funds carry a number of additional risks. Success of such investments depends on the underlying management team, and investors have no control over the management and valuation decisions by fund management. These investments are not registered and may not be transferrable. In addition, they charge their own fees, which

investors will bear in addition to GKB's fees. Funds that invest in assets that are not traded in an active market (such as litigation financing, fine art, etc.) may be difficult to accurately value.

#### **Item 9: Disciplinary Information**

Neither GKB, nor any of its Representatives, has any legal and/or disciplinary events to disclose.

#### **Item 10: Other Financial Industry Activities & Affiliations**

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

Neither GKB nor its personnel is registered as a broker dealer or as a representative of a broker dealer.

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

Neither GKB nor its personnel is registered as a Futures Commission Merchant, a Commodity Pool Operator, or a Commodity Trading Advisor.

##### **C. Relationships Material to Our Advisory Business and Possible Conflicts of Interests**

GKB personnel plan to dedicate substantially all of their professional efforts to GKB's business, and currently have no significant outside business interests.

From time-to-time, Mr. Batcha may serve as a board member in connection with underlying investments, and may receive fees for such services. Any such positions and compensation will be disclosed to clients involved in that particular investment.

##### **D. Selection of Other Advisors or Managers & How We Are Compensated for Those Selections**

GKB does not utilize nor select other advisers or third-party managers.

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

##### **A. Code of Ethics**

We have implemented a Code of Ethics (the "Code"), which is available to existing and prospective clients upon request.

Our Code is based on the principle that GKB and its personnel have a fiduciary duty to place the client's interests ahead of their own or GKB's. The Code applies to all "Access Persons," which currently includes all of our personnel. Access Persons must avoid activities,

interests and relationships that might interfere with making decisions in the best interests of our clients.

We place great emphasis on complying with all applicable laws and regulations governing our practices as a registered investment adviser. All personnel are expected to adhere strictly to the guidelines outlined in the Code. Additionally, we maintain and enforce written policies reasonably designed to prevent the misuse or dissemination of any material non-public information about our clients or their account holdings by us and our personnel, unless such use or dissemination is permitted by the client.

Clients or prospective clients or investors may obtain a copy of our Code of Ethics by contacting GKB at the address or telephone number listed on the first page of this Brochure.

## **B. Recommendations Involving Material Financial Interest**

If we recommend that a client buy or sell any security in which a related person of GKB or GKB already has a material financial interest we will disclose such interest to the client. (See also: Item 11. C.)

## **C. Interest in Client Transactions and Personal Trading**

**Co-Investment.** GKB may receive, as part of its compensation from a client, a co-investment interest in investments made by that client. This means a portion of the investment profits from such investment will be paid to GKB.

If permitted by a client in accordance with the terms and conditions of our investment management agreement with such client, either GKB and/or its principal, who is an Access Person, may elect to make co-investments in companies that are recommended to and invested in by our client. All co-investments would be fully disclosed to, and consented by, our client prior to any co-investment being consummated.

## **D. Securities Recommendations and Purchases/Sales**

GKB or its principal may buy or sell securities recommended to clients at or about the same time that one or more clients are buying or selling those securities only as described under Item 11.C., above.

# **Item 12: Brokerage Practices**

## **A. Factors Used to Select Custodians and/or Broker Dealers**

We do not recommend the use of any particular custodians or broker-dealers by our clients. Our client's usage or our contact with a broker-dealer in connection with making a client investment would be solely based upon the broker-dealer assisting in facilitating, making

or disposing of an investment. For example, a portfolio company may have retained a broker-dealer or investment banking firm to either raise capital or to advise on a sale of the company.

## **B. Conflict of Interest Disclosure**

We do not believe GKB has any conflicts of interests in connection with usage of any custodian or broker-dealer by a client. GKB does not receive any compensation or favorable treatment from any broker-dealer or custodian.

## **C. Best Execution**

GKB does not execute trades on behalf of clients, nor select or recommend brokers to clients. We will not recommend any transactions to a client, unless we believe the terms and conditions of the investment are favorable to our clients, and we will negotiate private transactions on our clients' behalf. However, our responsibility in execution of transactions in public securities is limited to transmitting an order to a client's broker if we are requested to do so by the client.

## **Item 13: Review of Accounts**

### **A. Frequency & Nature of Periodic Reviews**

We monitor the investments we have sourced and those we have been requested to monitor by a client. The frequency of reviews of any particular investment is dependent on the activity of the investment our information rights with respect to the particular investment. There is not set frequency of reviews for investments in general.

We conduct a formal review of a client's investment portfolio only when and as specifically agreed with that client.

### **B. Factors That Trigger a Non-Periodic Review of Client Accounts**

In addition, under certain circumstances we may conduct additional or broader reviews of one or more investments. Such factors that could cause us to conduct more frequent reviews include, but are not limited to, a change in the venture capital investment environment, a change in a particular industry that an investment is tied to, newly identified investment areas and opportunities, and changes in a client's investment interests.

Although we have on-going and frequent contact with our clients, it is each client's responsibility to inform us of any change in their investment objectives and/or their financial position, which could impact a client's ability to make investments.

## **C. Reports to Clients**

GKB provides its clients with reports about the status of their investments in accordance with each client's investment management agreement. GKB may also provide more frequent reports on new investment opportunities and the associated due diligence process.

### **Item 14: Client Referrals & Other Compensation**

#### **A. Economic Benefits Provided by Third Parties**

We do not receive any economic benefit, directly or indirectly from any third party for advice rendered to our clients.

#### **B. Compensation to Non-Advisory Personnel for Client Solicitation or Referrals**

GKB has no agreements to compensate any third party for referring or soliciting clients.

### **Item 15: Custody**

GKB does not maintain custody of client funds or securities. Additionally, our fees are paid directly to us by our clients in accordance with the terms of each client's investment management agreement. If a client has a custodian, our fees are never deducted from the client's account at our direction.

With regard to private equity, venture capital investments and private fund investments, which involve our clients making investments directly in private companies, our clients do not generally require a custodian in connection with the securities on which we provide advice. Generally, our client's evidence of ownership will be the contract and subscription agreement for investment in the companies in which they have invested or physical stock certificates issued by such companies. The client will hold such documents, although GKB may have copies of them.

In the later stages of an investment, the securities of a portfolio company may become publicly traded. In such instances, as well as for any public securities we provide advice on, our client may retain a custodian to hold the public company's securities. The custodian chosen will be solely the responsibility of our client. We will only have contact with any such custodian at the client's request. We do not undertake to authorize any third-party payments or otherwise direct assets in a client's account other than with respect to investment transactions the client has decided to undertake.

### **Item 16: Investment Discretion**

We currently do not exercise investment discretion in connection with the management of our client's venture capital investments. When a client retains us to provide investment

management services on a non-discretionary basis that client reserves the right to approve or disapprove specific investment recommendations that we make.

Whenever we make an investment recommendation, our recommendation will be based upon the specified investment objectives, guidelines and/or conditions that a client has communicated to us.

#### **Item 17: Voting Client Securities (Proxy Voting)**

We do not vote client proxies. As a result, each client will maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned each client are to be voted, (2) determining whether to give consent to any action that must be approved by a particular investments equity holders, and (3) making all decision regarding mergers, acquisitions, tender offers, bankruptcy proceedings or other events related to each client's investment assets. However, as our client's adviser, we will consult with each client and provide our recommendation regarding any proxy or any private investment corporate vote or consent, at the client's request. If we are a co-investor we will disclose to each client how we will vote our interests.

#### **Item 18: Financial Information**

##### **A. Balance Sheet**

GKB is not required to attach a balance sheet for our most recent fiscal year because we do not require the prepayment of more than \$1,200 in fees per client, six months or more in advance.

##### **B. Financial Condition**

GKB is not aware of any financial condition that would impair our ability to meet our contractual commitments to our clients.

##### **C. Bankruptcy Petitions in Previous Ten Years**

GKB has not been subject of a bankruptcy petition in the last ten years.