

**DISCLOSURE BROCHURE FORM ADV PART 2A**

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**This Brochure provides information about the qualifications and business practices of Czech Asset Management, L.P. (“Czech Asset Management”). If you have questions about the contents of this Brochure, please contact Tracy M. Urquiaga, Chief Compliance Officer, at (203) 769-8404. 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. This brochure is strictly a disclosure document and is not an offer to sell securities.**

**Additional information about Czech Asset Management also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**March 26, 2021**

## **Material Changes – Item 2**

This brochure dated March 26, 2021, serves as update to our brochure dated March 27, 2020. The Material Changes section of this brochure will be updated when material changes occur since the previous release of the brochure. Because this Item 2 discusses only those material changes to this brochure that have been made since the prior brochure, this document should be reviewed in its entirety.

### **Table of Contents – Item 3**

Cover Page – Item 1 .....	1
Material Changes – Item 2 .....	2
Table of Contents – Item 3.....	3
Advisory Business – Item 4 .....	4
Fees and Compensation – Item 5 .....	5
Performance-Based Fees and Side-By-Side Management – Item 6 .....	7
Types of Clients – Item 7.....	7
Methods of Analysis, Investment Strategies and Risk of Loss – Item 8 .....	8
Disciplinary Information – Item 9 .....	18
Other Financial Industry Activities and Affiliations – Item 10 .....	19
Code of Ethics, Participation or Interest in Client Transaction and Personal Trading – Item 11 .....	20
Brokerage Practices – Item 12 .....	22
Review of Accounts – Item 13.....	23
Client Referrals and Other Compensation – Item 14.....	24
Custody – Item 15.....	24
Investment Discretion – Item 16.....	25
Voting Client Securities – Item 17.....	25
Financial Information – Item 18 .....	26

## **Advisory Business – Item 4**

Throughout this brochure, we disclose a number of risks and potential conflicts of interest. We encourage clients and potential clients to review them and inquire directly with us should you have any questions. In addition, specific risks and potential conflicts of interest are identified in the offering materials of Funds that we manage. Current investors are encouraged to request a copy of the relevant fund's most current offering materials for a description of other conflicts and risks that might exist.

### *Description of Registrant – Item 4.A*

Czech Asset Management, L.P. (“Czech Asset Management” or the “Adviser”), founded in 2011, is an independent investment management firm dedicated to originating and investing in asset-based and cash flow first and second lien loans as well as revolving loans for middle market borrowers and issuers located throughout North America and Europe. Stephen J. Czech is the principal owner of Czech Asset Management through his ownership interests in Czech Holdings, LLC.

### *Advisory Services Offered – Item 4.B*

Czech Asset Management renders discretionary investment management services to privately offered funds (each, a “Fund,” and collectively, the “Funds”) that are open for investment by financially sophisticated institutional and high net worth investors. The Funds generally focus on investment in loan opportunities that Czech Asset Management believes do not typically attract the attention of conventional bank, commercial finance company, collateralized loan obligations, hedge fund or mezzanine investors. Such Funds may be organized as limited partnerships, and affiliates of Czech Asset Management will serve as general partner to the Funds (each, a “General Partner,” and collectively, the “General Partners”). Although not contemplated currently, in the future Czech Asset Management may offer advisory services directly to institutional investors through separately managed investment accounts, as opposed to through Funds.

### *Tailored Services – Item 4.C*

The services rendered by Czech Asset Management to each Fund are dependent on the investment objectives of the respective Fund and are set forth in the private offering memorandum, limited partnership agreement, investment advisory agreement and other governing documents of the relevant Fund (collectively, the “Governing Documents”). Czech Asset Management's investment advice and investment authority is tailored and limited to that which is permitted under each Fund's Governing Documents.

### *Wrap Fee Programs – Item 4.D*

Czech Asset Management does not participate in wrap fee programs.

#### *Client Assets Registrant Manages – Item 4.E*

As of December 31, 2020, the regulatory assets under management (“RAUM”) for Czech Asset Management was approximately \$2,205,073,280, managed solely on a discretionary basis.

#### **Fees and Compensation – Item 5**

##### *Registrant’s Fees and Compensation – Item 5.A*

Czech Asset Management provides advisory services based on a fixed fee, typically based on a percentage of the Fund’s invested capital or assets under management (the “Management Fee”).

The investments made by Czech Asset Management, or a General Partner, on behalf of its Funds typically are subject to a sharing of profits known as a carried interest or an incentive allocation, which is a percentage of the Fund’s investment income and net realized gains, subject to various conditions (in either case, “Carried Interest”). This Carried Interest arrangement creates a potential conflict of interest. The performance-based allocation may be an incentive for the Adviser to make investments that are riskier or more speculative than would be the case absent such arrangement.

The Funds also may pay to Czech Asset Management an administrative fee for certain bookkeeping, fund accounting, legal and other services performed for the Funds by Czech Asset Management, equal to a percentage of the net asset value of the Funds.

The terms of the specific fees paid to Czech Asset Management by each Fund are described in detail in the Fund’s Governing Documents.

Generally, the foregoing fees and allocations are not individually negotiated with investors in the Funds. However, in certain cases, the Funds have waived or reduced Management Fees and/or Carried Interest for certain investors, including employees or affiliates of Czech Asset Management.

##### *Deductions – Item 5.B*

All fees paid by the Funds will be deducted automatically. Fees will be deducted quarterly in arrears or as otherwise set forth in each Fund’s Governing Documents.

##### *Expenses – Item 5.C*

In addition to those fees described above, Fund expenses may include, without limitation, the following expenses incurred by, or allocable to, any Fund: (i) the Fund’s share of organizational and offering expenses (as described in the applicable Fund’s Governing Documents); (ii) all expenses incurred by the Fund, its General Partner, Czech Asset Management or any of their respective affiliates in connection with evaluating, purchasing, holding or disposing of investments and prospective investments of the Fund (whether or not consummated) and other assets of the Fund, including brokerage commissions, deal finders fees and custodial, trustee, record-keeping and other administrative fees and expenses; (iii) research costs and expenses, including costs and

expenses with respect to market data and statistical services, conference attendance fees, due diligence fees, research-related travel (including business-class travel), lodging and meal expenses, entertainment expenses and fees and expenses of independent consultants; (iv) broken deal expenses (including expenses that would have been allocable to co-investors had such deals been consummated) and co-investment expenses; (v) all costs and expenses incurred in connection with the ongoing operation and administration of the Fund, including fees and expenses relating to accounting, audit and tax preparation and compliance and costs and expenses incurred in connection with the maintenance of the Fund's books and records, the preparation and delivery to the limited partners of financial reports, tax reports, K-1s, notices and other information and the holding of any meetings of the Fund or its limited partners; (vi) the Fund's Management Fee; (vii) fees and expenses of the Fund's administrator; (viii) administrative fees payable to Czech Asset Management for certain bookkeeping, fund accounting, operational and other services performed by Czech Asset Management and its affiliates; (ix) fees payable to the Fund's independent valuation agent; (x) finder's fees payable to certain "Industry Advisors," as defined in the Fund's Governing Documents; (xi) fees and expenses incurred in connection with obtaining legal, tax and/or accounting advice and the advice of other consultants and experts, including valuation and pricing services or experts (including the Fund's independent valuation agent); (xii) interest, fees and other expenses attributable to any borrowings by the Fund; (xiii) expenses relating to obtaining and maintaining insurance to benefit the Fund, its General Partner, Czech Asset Management and/or their respective officers, principals, affiliates and partners; (xiv) litigation and indemnification expenses; (xv) regulatory expenses of the Fund's General Partner and Czech Asset Management (including expenses relating to filings with the SEC and/or other regulators, such as Form PF, Form D and blue sky filings (but excluding expenses related to preparation of this Form ADV or amendments hereto and other compliance expenses associated with Czech Asset Management's status as a registered investment adviser), and expenses related to legal inquiries, including regulatory "sweeps"); (xvi) any expenses relating to the bankruptcy, dissolution or reorganization of any portfolio company, including chief restructuring officer fees, directors' fees and fees and expenses of valuation and other advisory firms; (xvii) any expenses incurred in connection with the obtaining of consents or waivers or effecting amendments to the Fund's Governing Documents and fees and expenses relating to meetings of the Advisory Committee (as defined in the Fund's Governing Documents); (xviii) any costs incurred in connection with the dissolution or liquidation of the Fund; (xix) any taxes imposed on the Fund, including any taxes imposed on the Fund in the capacity of withholding agent with respect to a limited partner, and any interest, penalties or expenses relating to any such taxes; (xx) extraordinary expenses; and (xxi) other ongoing operational expenses, including those set forth in the Fund's Governing Documents. For more information regarding the specific categories of expenses incurred by a Fund, please see the Fund's Governing Documents.

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

Funds do not pay any fees in advance, except as may otherwise be disclosed in a Fund's Governing Documents.

#### *Sales Compensation – Item 5.E*

Czech Asset Management does not accept compensation for the sale of securities or other

investment products, including sales of interests or units of a Fund to investors.

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

Investments made by Czech Asset Management on behalf of its Funds may be subject to Carried Interest, as described above. Specific information with respect to the calculation of Carried Interest is included in each Fund's Governing Documents. Carried Interest generally gives Czech Asset Management an incentive to seek higher returns and take more risk than might otherwise be the case absent such arrangements. Therefore, Carried Interest may present Czech Asset Management with a potential conflict of interest. However, Czech Asset Management will select investments that it believes are in the best interest of the Funds and consistent with the Funds' investment objectives and strategies.

As a result, Czech Asset Management has implemented policies and procedures governing and monitoring of conflicts of interest. Czech Asset Management's Managing Partner as well as certain senior Compliance and Operations personnel review investments for the purpose of identifying potential conflicts. From time to time, Czech Asset Management may be presented with the opportunity to make a follow-on investment in an existing portfolio company. Instead of allocating the opportunity to the fund that made the initial investment, Czech Asset Management may opt to allocate it to another Fund or third party, if permitted under the applicable Fund's Governing Documents.

### **Types of Clients – Item 7**

Czech Asset Management advises pooled investment vehicles (*i.e.*, the Funds), which are Czech Asset Management's clients. Investors in the Funds generally will be required to satisfy certain securities laws and other suitability requirements and to make a capital commitment or investment of no less than a required minimum amount. At the discretion of Czech Asset Management, any minimum initial investment requirements may be waived. In addition, the General Partners to certain Funds have entered into letter agreements or other similar arrangements (collectively, "Side Letters") with certain investors without the approval of any other Fund investor that have the effect of establishing rights under, or altering or supplementing the terms of, the governing documents of the Fund as they apply to a particular Fund investor. As a result of such Side Letters, certain investors receive additional benefits that other investors will not receive, including, without limitation, better economic terms such as a reduced or otherwise more favorable management fee and/or carried interest, certain co-investment rights, information rights, excuse rights and transfer rights. The other investors will have no recourse against the Funds, Czech Asset Management, or any of its affiliates in the event that certain investors receive additional or different rights or terms as a result of such Side Letters. The various requirements for investing in a Fund are set forth in the respective Fund's Governing Documents. Although not contemplated currently, in the future clients also may include financially sophisticated investors who may invest with Czech Asset Management via separately managed investment accounts. Any such clients will be required to meet specific criteria and will be approved on a case by case basis.

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

The methods of analysis, investment strategies and material risks applicable to Czech Asset Management’s advisory services are set forth in detail in the offering documents provided to each investor in the Funds. A summary is provided below.

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

Czech Asset Management seeks to generate superior risk-adjusted returns by originating, structuring, investing, monitoring and harvesting senior secured first lien revolving and term loans, senior secured second lien term loans, secured mezzanine securities and other types of hybrid debt instruments. Czech Asset Management invests primarily in listed or non-listed, non-rated, non-investment grade, illiquid, privately-placed loans and securities issues by both privately-owned and, to a lesser degree, publicly-traded companies. Czech Asset Management focuses its analysis on fundamental industry, business, financial, legal, accounting, documentation and structural risk factors rather than attempting to create value through opportunistic trading or speculation in broadly-syndicated leveraged loan, high yield and/or other credit markets.

There can be no assurance that the Funds will meet their investment objectives or otherwise be able to successfully carry out their investment program, and therefore, an investment with Czech Asset Management should be undertaken only by investors whose financial resources are sufficient to enable them to bear the loss of all or part of their investment. See “Risk of Loss – Item 8.B” and “Specific Risks of Loss – Item 8.C,” below.

For more information regarding Czech Asset Management’s investment strategies, please see the respective Fund’s Governing Documents.

### *Risk of Loss – Item 8.B*

An investment with Czech Asset Management involves substantial risks. There can be no assurance that there will be any return of capital, and investment results may vary substantially on a monthly, quarterly, or annual basis. Descriptions of the risks associated with an investment are described in detail in the respective Fund’s Governing Documents. Such risks with respect to an investment in a Fund include, but are not limited to, the following:

- *Investment Related Risks.* The securities and investment business is speculative, prices are volatile, and market movements are difficult to predict.
- *High Risk Investments.* The Funds invest in debt and equity securities, loans, private claims and other financial instruments and obligations in middle-market companies that may result in significant returns to the Funds, but that involve a substantial degree of risk, including risks arising from the volatility of the global equity, currency, and fixed income markets, the risks of leverage, the potential illiquidity of portfolio investments and the risk of loss from counterparty defaults. Any losses in a Fund will be borne solely by the limited partners of that Fund, and not by the Fund’s General Partner, Czech Asset Management or any of their respective affiliates (except to the extent such entity is a limited partner, and then only to the



extent of its investment pro rata with the other limited partners). No guarantee is made that any Fund's investment program or overall portfolio, or various investment strategies used or investments made, will have low correlation with each other or that the Fund's returns will exhibit low long-term correlation with an investor's traditional securities portfolio. All investments made by a Fund risk the loss of capital, and investment results may vary substantially over time; specifically, investments in middle-market companies may not show any returns for a considerable period of time.

- *Failure to Syndicate.* A Fund may originate loans with the intention of selling a portion of the Fund's interest in such loan to another Fund, co-investors and/or third parties. In the event that the originating Fund is unable to sell a portion of a loan as intended, the Fund would be forced to retain larger amounts of such loan than originally intended. In such event, the Fund's investment portfolio could become significantly concentrated in a particular loan or loans.
- *Ramp-up Period; Failure to Achieve Target Capital Commitments.* During the initial "ramp-up" period of a Fund (*i.e.*, prior to the end of the investment period), the Fund's investment portfolio may be significantly concentrated, may not be in compliance with the investment guidelines and limitations described in the Fund's Governing Documents and may not be diversified among geographic areas, industries, sectors or types of securities or other investments. If the Fund does not achieve its target aggregate capital commitments, its investment portfolio may be limited to a small number of investments and investors in the Fund may be exposed to severe losses on invested capital in the event of the impairment of one or more of such investments.
- *Competition for Investment Opportunities.* The Funds operate in a highly competitive market for investment opportunities. The Funds will compete for investments with various other investors, such as other public and private funds, commercial and investment banks, and commercial finance companies. The Funds may be unable to find a sufficient number of attractive opportunities to meet its investment objectives or invest its capital fully. There can be no assurance that Adviser will be able to identify or successfully pursue attractive investment opportunities in all market environments.
- *Concentration of Fund Investments.* A Fund may concentrate its investments in a specific issuer, sector, market, or region, subject to limitations that may be imposed by each Fund set forth in each Fund's Governing Documents. Such concentrations of risk may expose the Fund to losses disproportionate to those incurred by the market in general if the areas in which the Fund's investments are concentrated are disproportionately adversely affected by price movements.
- *Valuation of Investments.* A Fund's assets may be invested in securities or other investments that are illiquid or very thinly traded. These investments may be extremely difficult to value accurately. Valuations assigned to securities and other investments are not necessarily equivalent to the value that can be realized by the Funds on the sale of those securities and other investments.
- *Limited Liquidity of Limited Partner Interests.* An investment in a Fund provides extremely

limited liquidity since the limited partner interests are not freely transferable and generally limited partners may not voluntarily withdraw capital in any amount from a Fund. There is no public market for the limited partner interests, and no such market is expected to develop in the future.

- *Absence of Regulatory Oversight.* The Funds are not and will not be registered as an investment company under the Investment Company Act, in reliance upon an exemption available to privately offered investment companies and, accordingly, the provisions of the Investment Company Act are not applicable.
- *Future Regulatory Developments.* Legal, tax and regulatory developments that would adversely affect the Funds could occur. The regulatory environment for private funds is evolving, and changes in the regulation of private investment funds and their investment and trading activities may adversely affect the ability of the Funds to pursue their investment strategy, their ability to obtain leverage and financing and determine the value of its investments. Czech Asset Management is unable to predict what laws, rules or regulations may be passed in the future that could impact the Funds.
- *Privacy and Data Protection Laws.* Czech Asset Management, a General Partner and/or the Funds may be directly or indirectly subject to the requirements of the General Data Protection Regulation (Regulation (EU) 2016/679) (“GDPR”), which created a range of new compliance obligations regarding the handling of personal data, and increases financial penalties for noncompliance significantly. Czech Asset Management and the General Partners intend to comply with any obligations arising out of the GDPR, but may not be able to accurately anticipate the way in which regulators and courts will apply or interpret the GDPR, including its applicability to Czech Asset Management, the General Partners and/or Funds. If the GDPR is interpreted or applied in a manner inconsistent with Czech Asset Management’s policies and practices that are designed to ensure any required GDPR compliance, Czech Asset Management or the General Partners may be fined or ordered to change their business practices in a manner that adversely impacts the Funds. Czech Asset Management, the General Partners and/or Funds are also subject to data protection laws passed by many states and by localities that require enhanced levels of cybersecurity and notification to users and/or regulators when there is a security breach for personal data. Compliance with these regulations, including the obligation to timely notify stakeholders in the event of a cybersecurity incident, may divert Czech Asset Management’s time and effort and entail substantial expense. Any failure by Czech Asset Management or the General Partners to comply with these laws and regulations could result in negative publicity and may subject Funds to significant costs associated with litigation, settlements, regulatory action, judgments, liabilities, and other penalties, for which Czech Asset Management and Funds may not have insurance coverage.
- *Conflicts of Interest.* Czech Asset Management and its affiliates are subject to various conflicts of interest. These conflicts of interest are set forth in each Fund’s Governing Documents.
- *Side Letters.* A Fund’s General Partner is permitted, from time to time, to enter into Side Letters or other similar arrangements with one or more investors without the consent of any other Fund investor which have the effect of establishing rights under, or altering or supplementing the

terms of, the governing documents of the Fund as they apply to a particular Fund investor. As a result of such Side Letters, certain investors receive additional benefits (such as reduced or otherwise more favorable expense provisions, information rights, waivers of certain carried interest or management fees, certain co-investment rights, excuse rights or transfer rights, confidentiality obligations or rights or terms necessary in light of the particular legal, regulatory or public policy characteristics of a Fund investor) that other investors will not receive. The other investors will have no recourse against the Funds, Czech Asset Management, or any of its affiliates in the event that certain investors receive additional or different rights or terms as a result of such Side Letters.

- *Borrowing and Leverage.* A Fund may, from time to time, utilize leverage in pursuit of its investment objective or for other purposes, in the circumstances set out under its Governing Documents. The use of leverage exposes the Fund to a high degree of additional risks, including: greater losses from investments if the Fund had not used leverage to make the investments; collateral requirements that may force premature liquidations of investment positions; and losses on investments where the investment fails to earn a return equal to or exceeding the Fund's related cost of leverage. In the event of a sudden, precipitous drop in value of the Fund's assets, the Fund might not be able to liquidate assets quickly enough to repay its borrowings, further magnifying the losses it incurs. Investing on leverage will also result in interest charges or costs, which could be substantial. There can be no guarantee that leverage will be obtained on favorable terms (or at all), in which case a Fund's returns may be lower than they would have been had such leverage been obtained and utilized, and the Fund's ability to achieve its investment objectives may be impaired. Additionally, the lender or counterparty is expected to have a security interest in the Fund's assets, and to be secured by liens (and charges) granted by the Fund on its assets to one or more security agents.
- *Currencies.* Although most of the Funds' investments are expected to be U.S.-dollar denominated, investments denominated in a foreign currency will be subject to the risk that the value of a particular currency will change in relation to one or more other currencies. Among the factors that may affect currency values are trade balances, the level of short-term interest rates, differences in relative values of similar assets in different currencies, long-term opportunities for investment and capital appreciation and political developments. A Fund's General Partner will have discretion to determine whether to hedge these risks, but is under no obligation to do so.
- *Non-U.S. Obligations.* A Fund may invest in obligations of non-U.S. governments and companies, which involve certain considerations not typically associated with investing in obligations of U.S. issuers, including changes in exchange rates and exchange control regulations, political and social instability, expropriation, imposition of foreign taxes, less liquid markets and less available information than in the United States, higher transaction costs, less government supervision of exchanges, brokers and issuers, difficulty in enforcing contractual obligations, difficulty in obtaining and enforcing legal judgments, delays in clearance and settlement of transactions, lack of uniform accounting and auditing standards and greater price volatility. Such investments may also involve additional costs, including higher foreign brokerage commissions, currency exchange expenses and increased custodian costs associated with the maintenance of assets in foreign jurisdictions.

- *Systemic Risk.* Credit risk may also arise through a default by one of several large institutions that are dependent on one another to meet their liquidity or operational needs, so that a default by one institution causes a series of defaults by the other institutions. This is sometimes referred to as a “systemic risk” and may adversely affect financial intermediaries, such as clearing agencies, clearing houses, banks, securities firms, and exchanges, with which a Fund interacts on a daily basis.
- *Custodial Risk.* There are risks involved in dealing with the custodians who hold Fund assets, particularly with respect to non-U.S. investments. It is expected that all cash and other non-loan assets deposited with custodians will be clearly identified as being assets of a Fund and hence the Fund should not be exposed to a credit risk with respect to such parties. However, it may not always be possible to achieve this segregation and there may be practical or timing problems associated with enforcing the Fund’s rights to its assets in the event of the insolvency of any such custodian.
- *Reliance on General Partner and Czech Asset Management.* Investors will generally have no right or power to participate in the management or control of the Funds and thus must depend solely upon the ability of the applicable Fund’s General Partner and Czech Asset Management with respect thereto and with respect to making investments.
- *Projections.* A Fund may rely upon projections developed by its General Partner, Czech Asset Management or a portfolio company concerning such portfolio company’s future performance and cash flow. Projections are inherently subject to uncertainty and factors beyond the control of the General Partner, Czech Asset Management and such portfolio company. The inaccuracy of certain assumptions, the failure to satisfy certain financial requirements, and the occurrence of other unforeseen events could impair the ability of a company to realize projected values and cash flow.
- *Risk Control Framework.* Each Fund’s General Partner will implement a risk control process to help the Fund manage its risk exposure. No risk control system is fail-safe, and no assurance can be given that the General Partner’s risk control framework will achieve its objectives. Any target exposures developed by the General Partner of the applicable Fund will be based upon historical trading patterns for the instruments in which the Fund invests and will rely upon pricing models for the behavior of the instruments in response to various changes in market conditions. No assurance can be given that the historical trading patterns will accurately predict future trading patterns or that the pricing models will necessarily accurately predict the manner in which the instruments are priced in financial markets in the future.
- *Operational Risk.* Each Fund will depend on its General Partner and on Czech Asset Management to develop the appropriate systems and procedures to control operational risks. Operational risks arising from transactions not being properly booked, evaluated or accounted for or other similar disruption in the General Partner’s or Czech Asset Management’s operations may cause the Fund to suffer financial loss, liability to clients or third parties and regulatory intervention or reputational damage. Each Fund will also rely on the General Partner’s, Czech Asset Management’s, its administrator’s and other service providers’

financial, accounting and other data processing systems, and a failure by any one or more of them could result in losses to the Fund.

- *Business, Terrorism and Catastrophe Risks.* Each Fund will be subject to the risk of loss arising from exposure that it may incur, indirectly, due to the occurrence of various events, including hurricanes, earthquakes, and other natural disasters, terrorism and other catastrophic events such as a pandemic. These catastrophic risks of loss can be substantial and could have a material adverse effect on Czech Asset Management's business and Fund portfolios including investments made by Czech Asset Management.
- *Systems/Cybersecurity Risks.* Each Fund will depend on its General Partner and on Czech Asset Management to develop and implement appropriate systems for the Fund's activities. Such General Partner and Czech Asset Management will rely extensively on outside parties as well as computer programs and systems to settle securities transactions, to evaluate certain securities based on real-time trading information, to monitor their portfolios and net capital and to generate risk management and other reports that are critical to the oversight of the Fund's activities. Certain of such General Partner's and Czech Asset Management's operations interface with or depend on systems operated by third parties, including market counterparties and their sub-custodians and other service providers, and Czech Asset Management may not be in a position to verify the risks or reliability of such third-party systems. These programs or systems may be subject to certain defects, failures or interruptions, including, but not limited to, those caused by computer "worms," viruses, infiltration by unauthorized persons, security breaches and power failures (which, for example, could cause inaccurate reports, which may affect the Fund's ability to monitor its investment portfolio and its risks). The occurrence of any of the foregoing could materially and adversely impact a Fund and cause the applicable Fund to incur financial loss and expense, as well as face exposure to regulatory penalties, reputational damage and additional compliance costs associated with corrective measures.
- *Employee Misconduct.* Czech Asset Management's and each Fund's General Partner's reputations are critical to maintaining and developing relationships with existing and prospective investors, as well as with the numerous third parties with which the Czech Asset Management, such General Partner and the Fund do business. In recent years, there have been a number of highly publicized cases involving fraud, conflicts of interest or other misconduct by individuals in the financial services industry, and there is a risk that an employee of or contractor to Czech Asset Management, such General Partner or any of their affiliates could engage in misconduct that adversely affects the investment strategies implemented by Czech Asset Management or the General Partner of the applicable Fund. Precautions Czech Asset Management or such General Partner takes to detect and prevent such misconduct may not be effective in all cases, and misconduct by an employee of or contractor to such General Partner or Czech Asset Management or any of their affiliates, or even unsubstantiated allegations of such misconduct, could result in both direct financial and reputational harm to Czech Asset Management, such General Partner and the Fund.
- *Litigation.* Litigation can and does occur in the ordinary course of the management of an investment fund or vehicle with an investment strategy similar to those of the Funds. The Funds may be engaged in litigation both as a plaintiff and as a defendant. This risk is somewhat

greater where the Fund or its manager exercises control or significant influence over a company's direction (e.g., as a result of board participation or being active on a creditors' committee). Such litigation can arise as a result of issuer defaults, issuer bankruptcies or other reasons. In certain cases, such issuers may bring claims or counterclaims against the Funds, Czech Asset Management and/or their respective principals and affiliates alleging violations of securities laws and other typical issuer claims and counterclaims seeking significant damages. Czech Asset Management and others are indemnified by the Funds in connection with such litigation, subject to certain conditions. The expense of defending against third-party claims made against the Funds or persons indemnified by the Funds and paying any amounts pursuant to settlements or judgments generally would be borne by the Funds and reduce net assets to the extent that the Funds have not been able to protect themselves through indemnification or other rights against the relevant portfolio company.

#### *Specific Risks of Loss – Item 8.C*

Czech Asset Management's investment strategy carries with it certain unique risks. Descriptions of the unique risks associated with each investment are described in detail in the respective Fund's Governing Documents. Such unique risks with respect to an investment in a Fund include, but are not limited to, the following:

- *Private Credit Transactions.* The Funds may invest in bank loans, make loans directly to creditors and engage in other types of private debt investments. Such investments are not traded on regulated exchanges, are not registered with U.S. or other governmental authorities and are not subject to the rules of any self-regulatory organization.

There are varying sources of statistical default rate data for term bank loans and numerous methods for measuring default rates. The historical performance of the term loan market is not necessarily indicative of its future performance. Should increases in default rates occur with respect to private loans in which the Funds invest, the Funds will suffer greater losses or reduced profits. Such information may be limited or unavailable with respect to other debt investments made by the Funds.

- *Risk of Borrower Default.* If there is a default by a borrower under any of a Fund's loans, the Fund will under most normal circumstances have contractual remedies pursuant to the loan agreements, including possibly the sale of collateral. However, exercising such contractual rights may involve delays or costs and any available collateral may prove to be unsaleable or saleable only at a price less than the loan amount. Furthermore, a default by a borrower under any of a Fund's loans may result in a Fund being unable to liquidate such loans prior to the termination of the Fund, such loans may end up being restructured on terms that might result in the Fund being unable to liquidate such loans prior to the termination of the Fund.
- *Illiquidity of Fund Investments.* A Fund's investments are expected to consist principally or entirely of loans to non-public and unrated middle-market companies. Little or no secondary market may exist for such loans, particularly in periods of market stress.
- *Bonds and Other Fixed Income Securities.* A Fund may invest in U.S. and non-U.S. bonds and

other fixed income securities (including, among other securities: bonds, notes and debentures issued by U.S. and non-U.S. corporations; U.S. government securities or debt securities issued or guaranteed by a non-U.S. government; municipal securities; and mortgage-backed and asset-backed securities), particularly when they offer opportunities for capital appreciation, and potentially also for temporary defensive purposes and to maintain liquidity. These securities may pay fixed, variable or floating rates of interest, and may include zero coupon obligations. Fixed income securities are subject to the risk of the issuer's inability to meet principal and interest payments on its obligations (*i.e.*, credit risk) and to price volatility resulting from, among other things, interest rate sensitivity, market perception of the creditworthiness of the issuer and general market liquidity (*i.e.*, market risk). A Fund may invest in both investment grade debt securities and non-investment grade debt securities (commonly referred to as junk bonds). Non-investment grade debt securities may involve a substantial risk of default or may be in default, and adverse changes in economic conditions or developments regarding the individual issuer are more likely to cause price volatility and weaken the issuer's ability to make principal and interest payments than would be the case with an issuer of higher-grade debt securities. An economic downturn affecting an issuer of non-investment grade debt securities may result in an increased incidence of default. In addition, the market for lower-grade debt securities may be less liquid and less active than for higher grade debt securities.

- *High Yield Securities.* A Fund may invest in “high yield” bonds and preferred securities which are rated in the lower rating categories by the various credit rating agencies (or in comparable non-rated securities). Securities in the lower rating categories are subject to greater risk of loss of principal and interest than higher-rated securities and are generally considered to be predominantly speculative with respect to the issuer's capacity to pay interest and repay principal.
- *Loan Participations.* A Fund may invest in corporate secured loans acquired through assignment or participations, which are subject to unique risks, including: the possible invalidation of an investment transaction as a fraudulent conveyance under relevant creditors' rights laws; so-called lender-liability claims by the issuer of the obligations; and environmental liabilities that may arise with respect to collateral securing the obligations. In addition, in purchasing participations, the Fund may only have a contractual relationship with the selling institution, and not the borrower, and thus will generally have no right directly to enforce compliance by the borrower with the loan agreement, no set-off rights against the borrower and no right to object to certain changes to the loan agreement agreed to by the selling institution. In addition, in the event of the insolvency of the selling institution, under U.S. federal and state laws, the Fund may be treated as a general creditor of such selling institution, and may not have any exclusive or senior claim with respect to the selling institution's interest in, or the collateral with respect to, the secured loan, and so may be subject to the credit risk of the selling institution as well as of the borrower. Certain of the secured loans or loan participations may be governed by the law of a non-U.S. jurisdiction, which may present additional risks with respect to the characterization under such laws of such participation in the event of the selling institution's or borrower's insolvency.
- *Investments in Equity Securities Generally.* A Fund may invest in or otherwise hold equity

securities or derivatives thereon issued by, or written with respect to, companies (or their affiliates) in whose loans the Fund has invested. Such equity securities and derivatives may take various forms, including, but not limited to, common stock, preferred stock, warrants, convertible securities, equity options and other equity or hybrid equity securities. Equity securities generally represent the most junior position in an issuer's capital structure and thus generally entitle holders to an interest in the assets of the issuer, if any, remaining after all more senior claims to such assets have been satisfied. Holders of common stock generally are entitled to dividends only if and to the extent declared by the issuer's directors, out of the issuer's income or other assets available, if any, after making interest, dividend and any other required payments on the issuer's more senior securities. Convertible securities generally offer lower interest or dividend yields than non-convertible securities of similar quality, and in the event of a liquidation of the issuer, holders thereof would be paid after the issuer's creditors but before its common stockholders. Options, warrants, stock purchase rights and other similar instruments are generally securities or instruments granting the right to or otherwise permitting, but not obligating, their holders to subscribe for equity securities, and do not represent any rights in the assets of the issuer; as a result, they may be considered more speculative than other types of equity investments.

- *Repurchase Agreements.* A Fund may enter into repurchase agreements, which may be viewed as a type of secured lending by the Fund, and which typically involve the acquisition by a financial institution, such as a bank, savings and loan association or broker-dealer of debt securities from the selling Fund, with the Fund undertaking to repurchase the security at a specified resale price (which generally exceeds the purchase price by an amount which reflects an agreed-upon market interest rate for the term of the repurchase agreement) on an agreed future date (ordinarily a week or less). These transactions possess many of the risks involved when the Fund borrows or obtains leverage.
- *Market and Credit Risks of Debt Securities.* Investments in debt securities are subject to credit and interest rate risks. "Credit risk" refers to the likelihood that an issuer will default in the payment of principal and/or interest on an instrument, and is primarily influenced by an issuer's financial strength and solvency, as well as a debt instrument's lack or inadequacy of collateral or credit enhancement. Credit risk may change over the life of an instrument, and securities that are rated by rating agencies are often reviewed and may be subject to downgrade, which generally results in a decline in the market value of such security. "Interest rate risk" refers to the risks associated with market changes in interest rates. In general, rising interest rates will negatively impact the price of a fixed-rate debt instrument and falling interest rates will have a positive effect on price. Adjustable-rate instruments also react to interest rate changes in a similar manner although generally to a lesser degree (depending, however, on the characteristics of the reset terms, including the index chosen, frequency of reset and reset caps or floors, among other factors). Interest rate sensitivity is generally more pronounced and less predictable in instruments with uncertain payment or prepayment schedules. No assurance can be given that the debt and fixed-income obligations in which a Fund invests will continue to earn yields comparable to those earned historically, or that the issuers of such securities will make payment on such obligations as they become due.
- *Nature of Mezzanine Investments.* Mezzanine investments are generally unsecured and may be



subordinate to other obligations of the obligor, all or a significant portion of which may be secured. Such investments often reflect a greater possibility that adverse changes in the obligor's financial condition or in general economic conditions (including, for example, a substantial period of rising interest rates or declining earnings) or both may impair the obligor's ability to make principal and interest payments.

- *Money Market Instruments.* A Fund may invest, for defensive purposes or otherwise, some or all of its assets in high quality, fixed income securities, money market instruments and money market mutual funds, or hold cash or cash equivalents in such amounts as its General Partner deems appropriate under the circumstances.
- *Risks in Effecting Operating Improvements.* In some cases, the success of a Fund's investment strategy will depend, in part, on improvements in the structure and operations of a company. Identifying and implementing potential operating improvements at a company entail a high degree of uncertainty, and certain features of the company's business environment (e.g., the company's reluctance or inability to effect layoffs or close or divest unprofitable business lines) may impede or prevent the implementation of necessary restructuring steps.
- *Control Positions.* To the extent a Fund owns a controlling stake in, has representatives on a board of directors or creditors committee of or is deemed an affiliate of, a particular company, it may be subject to certain additional bankruptcy or securities laws restrictions that could affect both the liquidity of the Fund's interest and the Fund's ability to liquidate its interest without adversely impacting the company's stock price, including insider trading restrictions, the affiliate sale restrictions of Rule 144 of the U.S. Securities Act of 1933, as amended, and the disclosure requirements of Sections 13 and 16 of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act"). To the extent that affiliates of the Fund or its General Partner are subject to such restrictions, the Fund, by virtue of its affiliation with such entities, may be similarly restricted, regardless of whether the Fund stands to benefit from such affiliate's stock ownership. If the Fund, alone or as part of a group acting together for certain purposes, becomes the beneficial owner of more than 10% of certain classes of securities of a U.S. public company or places a representative as a director on the board of directors of such a company, the Fund may be subject to certain additional reporting requirements and may be required to disgorge certain short-swing profits arising from purchases and sales of such securities under Section 16 of the Exchange Act. The Fund may also be subject to similar reporting requirements in non-U.S. jurisdictions where it holds significant positions in the securities of public companies in such jurisdictions.
- *Environmental Hazards.* Under environmental laws enacted by the United States and the various states, owners of property may be liable for the clean-up and removal of hazardous substances even where the owner was not responsible for placing the hazardous substances on the property or where the property was contaminated prior to the time the owner took title. If a Fund is deemed the owner of any property through its investment activity or otherwise, and such property subsequently were found to have an environmental problem, the Fund could incur substantial costs and suffer a complete loss of its investment in such property as well as of other assets.

- *Small Capitalization Companies.* A Fund may invest a portion of its assets in small and/or unseasoned companies. While smaller companies generally have potential for rapid growth, they often involve higher risks because they may lack the management experience, financial resources, product diversification and competitive strength of larger companies.
- *Special Situations.* A Fund may have investments in companies involved in (or the target of) acquisition attempts or tender offers or companies involved in work-outs, liquidations, spin-offs, reorganizations, bankruptcies and similar transactions. In any investment opportunity involving any such type of business enterprise, there exists the risk that the transaction in which such business enterprise is involved either will be unsuccessful, will take considerable time or will result in a distribution of cash or a new security the value of which will be less than the purchase price of the security or other financial instrument. Similarly, if an anticipated transaction does not in fact occur, the Fund may be required to sell its investment at a loss or write off an investment entirely.
- *Investment in Reorganizations and Restructurings; Nature of Bankruptcy Proceedings.* A Fund may make investments in restructurings that involve companies that are experiencing or are expected to experience severe financial difficulties. These severe financial difficulties may never be overcome and may cause such companies to become subject to bankruptcy proceedings. In such situations, a Fund's investment is subject to the risk that a bankruptcy filing may adversely and permanently impact the value of a company and that high administrative costs may impair the value of the company. Additionally, there are a number of significant risks inherent in the bankruptcy process, including, without limitation, the deleterious effects of litigation between the creditors and the debtor, the duration of the bankruptcy proceeding and the tangible and other intangible costs to the debtor, including the potential adverse effects on personnel, business relationships and operations, and there can be no assurance that these factors can be successfully overcome.
- *Fraudulent Conveyance Considerations.* Various federal and state laws enacted for the protection of creditors may apply to a Fund's investments by virtue of the Fund's role as a creditor with respect to the issuers of such investments. In certain circumstances, a court in a lawsuit brought by an unpaid creditor or representative of creditors of a portfolio company could invalidate, in whole or in part, indebtedness evidenced by an investment and any security interests or other lien securing such indebtedness as fraudulent conveyances, could subordinate such indebtedness to existing or future creditors of the portfolio company or could recover amounts previously paid by the portfolio company (including to the Fund). In addition, upon any insolvency of a portfolio company, payments made on the investment could in certain circumstances be subject to avoidance as a "preference" if made within a certain period of time (which may be as long as one year) before insolvency.

### **Disciplinary Information – Item 9**

There have been no criminal or civil actions or administrative or self-regulatory organization proceedings involving Czech Asset Management or its management persons within the last ten years that are material to a client's, prospective client's or investor's evaluation of Czech Asset

Management’s advisory business or the integrity of its management, and that are required to be reported pursuant to the rules of the SEC.

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

### *Relationships or Arrangements with Related Persons – 10.C*

Czech Asset Management has no relationships or arrangements that are material to its advisory business or to its clients with related persons except as described below.

### *Investment Company or Other Pooled Investment Vehicle*

Czech Asset Management acts as an investment manager to the Funds. Such Funds may be organized as limited partnerships whose General Partners are affiliates of Czech Asset Management. Such affiliated General Partners generally will receive Carried Interest from the Funds. The terms of such arrangements are set forth in each Fund’s Governing Documents. Those General Partner entities are identified below:

<b>Name of Entity</b>	<b>Serves as General Partner to:</b>
SJC DIRECT LENDING FUND II GP, L.P.	SJC ONSHORE DIRECT LENDING FUND II, L.P.
SJC DIRECT LENDING FUND III GP, L.P.	SJC ONSHORE DIRECT LENDING FUND III, L.P.
SJC DIRECT LENDING REVOLVER FUND III GP, L.P.	SJC DIRECT LENDING REVOLVER FUND III, L.P.
SJC DIRECT LENDING FUND IV GP, L.P.	SJC ONSHORE DIRECT LENDING FUND IV-SMRS, L.P.
SJC DIRECT LENDING FUND IV G.P., L.P.	SJC ONSHORE DIRECT LENDING FUND IV – 5 YEAR, L.P.
SJC DIRECT LENDING FUND IV GP, L.P.	SJC ONSHORE DIRECT LENDING FUND IV – 10 YEAR, L.P.
SJC CAPITAL FINANCE FUND II GP, LLC	SJC OFFSHORE CAPITAL FINANCE FUND II, L.P.
SJC CAPITAL FINANCE FUND II GP, LLC	SJC OFFSHORE MASTER FUND II, L.P.
SJC CAPITAL FINANCE FUND III GP, LLC	SJC OFFSHORE CAPITAL FINANCE FUND III, L.P.
SJC CAPITAL FINANCE FUND III GP, LLC	SJC OFFSHORE MASTER FUND III, L.P.
SJC CAPITAL FINANCE FUND IV GP, LLC	SJC OFFSHORE CAPITAL FINANCE FUND IV – 5 YEAR, L.P.
SJC CAPITAL FINANCE FUND IV GP, LLC	SJC OFFSHORE MASTER FUND IV – 5 YEAR, L.P.

Czech Asset Management currently manages twelve private closed-ended Funds; however, as of the date of this Brochure, SJC Onshore Direct Lending Fund II, L.P., SJC Offshore Capital Finance Fund II, L.P., and SJC Offshore Master Fund II, L.P. are in liquidation. Also, SJC Offshore Capital Finance Fund IV – 5 Year, L.P. was recently organized on March 4, 2021 and, as of the date of this Brochure, has no gross asset value, investors, or confirmed capital commitments. While recently established, it has been included in this filing. It is expected that this Fund will have committed capital, assets, and investors in the coming months. Additional Funds (whether closed-ended or open-ended, and whether registered or exempt under the securities laws) may be organized, offered, and managed from time to time. For more information regarding any of these Funds, please contact Czech Asset Management. *See also* “Performance-Based Fees and Side-by-Side Management – Item 6,” above, and “Investments in Same Securities – Item 11.C,” below, for a discussion of associated conflicts of interest.

### *Sponsor or Syndicator of Limited Partnerships*

*See* “Investment Company or Other Pooled Investment Vehicles,” above.

#### *Recommended or Selected Investment Advisers – Item 10.D*

Czech Asset Management does not recommend or select other investment advisers for its clients.

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

##### *Description of Code of Ethics – Item 11.A*

Czech Asset Management has adopted a Code of Ethics (the “Code”), pursuant to the rules under the Investment Advisers Act of 1940, as amended (the “Advisers Act”). The Code is based on the fundamental principle that Czech Asset Management and its personnel (“Czech Asset Management Personnel”) must put the interests of its clients first. The Code confirms Czech Asset Management’s fiduciary responsibilities to its clients. The Code states that Czech Asset Management Personnel must conduct their personal securities transactions in a manner that does not interfere or appear to interfere with any client transactions or otherwise take unfair advantage of their relationship with Czech Asset Management. The Code contains provisions placing restrictions of Czech Asset Management Personnel’s ability to engage in personal securities transactions and requires reporting by Czech Asset Management Personnel of their personal securities holdings and transactions to Czech Asset Management’s Chief Compliance Officer. There are also restrictions on the acquisition by persons subject to Czech Asset Management’s Code of Ethics in private placements, which acquisitions require the prior approval of Czech Asset Management’s Chief Compliance Officer and the satisfaction of certain conditions.

The Code also addresses the fiduciary duties expected of the persons subject to the Code, including confidentiality obligations, gift and entertainment policies, and restrictions on outside business activities.

Czech Asset Management makes available its Code, including its Personal Trading policy, to any existing or prospective client or investor upon request.

##### *Material Financial Interest in Transactions – Item 11.B*

In Czech Asset Management’s discretion, Czech Asset Management may cause a Fund to invest in loans or other investments in which other Funds have invested or may invest, either concurrently as part of the same financing plan or subsequent to the investment by the first Fund. In addition, Czech Asset Management may cause a Fund to buy or sell loans or other investments from or to another Fund (*i.e.*, a “cross-trade”), with or without the services of a broker-dealer, as the investments typically will not include publicly trading securities. Czech Asset Management may have a material financial interest in a Fund (and, indirectly, in the Fund’s investments), in that its affiliated General Partner may receive Carried Interest from a Fund.

Moreover, Czech Asset Management advises Funds whose investment objectives, strategies and guidelines are similar to those of other Funds. As a result of Czech Asset Management’s allocation of investment opportunities among the various Funds it advises, any one Fund may ultimately invest a smaller portion of its aggregate commitments in certain types of investments than would

otherwise be the case. In such circumstances, Czech Asset Management, taking into account each Fund's investment objectives and other relevant factors, determines the appropriate allocation which, in Czech Asset Management's reasoned judgment, will serve the best interests of each Fund, and be fair and equitable to all Funds involved, subject in each case to Czech Asset Management's allocation policies and procedures.

An affiliate of Czech Asset Management serves as the General Partner for each of the SJC onshore direct lending funds (the "Onshore Funds") and each of the SJC offshore master funds (the "Offshore Master Funds"). Each Onshore Fund has an investment objective that is the same or similar to that of its relevant Offshore Master Fund, except that the Onshore Fund will primarily be engaged in originating, structuring, and holding asset-based and secured loans and hybrid debt instruments (collectively, "Loans"), while the Offshore Master Fund will not engage in any originating or structuring activities and will not derive any commitment or other fees attributable to such activities.

An Onshore Fund may (but is not required to) offer to sell a portion of any Loan originated by the Onshore Fund, or any interest in any such Loan, to its Offshore Master Fund. An Onshore Fund may decide to hold 100% of all Loans it originates. In determining whether to cause the Onshore Fund to offer to sell any Loan to its Offshore Master Fund or any other third party, the General Partner of the Onshore Fund and Czech Asset Management will consider solely the interests of the respective Onshore Fund and the investors in that Onshore Fund.

An Offshore Master Fund may, but will be under no obligation to, consummate the purchase of any Loan that is offered to it by the Onshore Fund. An Offshore Master Fund may also acquire Loans from sources other than the Onshore Fund. The General Partner of the Offshore Master Fund will establish a committee responsible for making decisions on whether the Offshore Master Fund should accept any offer of a Loan, or an interest in a Loan, that is made by the Onshore Fund (such committee, the "Loan Acquisition Committee"), which will consist of one or more qualified individuals. The Loan Acquisition Committee will review any proposed transaction between the Offshore Master Fund, on the one hand, and the Onshore Fund or any affiliated entity of the Onshore Fund, on the other, and confirm that, in the judgment of the Loan Acquisition Committee, the terms of such proposed transaction are fair to the Offshore Master Fund and effected on an arm's-length basis consistent with terms that would reasonably be expected in a comparable transaction between unrelated parties, and that such transaction is made in accordance with the operating agreement of the Offshore Master Fund.

#### *Investments in Same Securities – Item 11.C*

Czech Asset Management and its principals and affiliates, in the sole discretion of Czech Asset Management, may be permitted to co-invest in investments with the Funds. Czech Asset Management intends to allocate investment opportunities between the Funds and such co-investors on a fair and equitable basis as determined by Czech Asset Management. Co-investment opportunities may be offered on terms that are different from, and more favorable than, the terms on which the Funds invest, including, without limitation, the fees and Carried Interest applicable to such co-investment. Co-investments may out-perform or under-perform the performance of the Funds.

These arrangements may present Czech Asset Management with a conflict of interest. In such circumstances, Czech Asset Management's investment decisions will be governed by its Code, as well as other applicable policies and procedures of Czech Asset Management.

#### *Timing of Investments – Item 11.D*

See “Material Financial Interest in Transactions – Item 11.B” and “Investments in Same Securities – Item 11.C,” above, for a discussion of timing of investments and associated conflicts of interest.

For more information regarding conflicts of interest generally, please see the respective Fund's Governing Documents.

### **Brokerage Practices – Item 12**

#### *Factors Considered in Selecting or Recommending Broker-Dealers for Client Transactions – Item 12.A*

As the investment manager to its Funds, Czech Asset Management is responsible for choosing the broker-dealers used for the Funds' securities transactions. To the extent that the Funds utilize broker-dealers, purchase and sale transactions for the Funds are generally allocated to broker-dealers on the basis of best execution, including the ability to achieve prompt and reliable executions and competitive pricing and the operational efficiency with which transactions are affected and the financial stability and reputation of the particular broker-dealer.

In the selection of broker-dealers to execute portfolio transactions for the Funds, Czech Asset Management may, subject to best execution, consider other services provided by broker-dealers to Czech Asset Management of the Funds, including capital introductions and the referral of prospective investors. Broker-dealers who provide such services to Czech Asset Management or the Funds may not provide the lowest cost brokerage for the Funds, and any broker-dealer who introduces prospective investors to Czech Asset Management may have an incentive to make introductions in order to obtain brokerage transactions from Czech Asset Management.

Notwithstanding the foregoing, given the Funds' investment strategy, Czech Asset Management anticipates very infrequent use of broker-dealers.

- *Research and Other Soft Dollar Benefits.* As the investment manager to its Funds, to the extent that the Funds utilize broker-dealers, Czech Asset Management may pay a broker-dealer commissions for effecting client transactions in excess of that which another broker-dealer might have charged for effecting the transaction in recognition of the value of the brokerage and research services provided by the broker-dealer. Czech Asset Management will make a good faith determination that the amount of commissions paid is fair and reasonable in relation to the value of execution and the goods and services provided.

To the extent that Czech Asset Management uses client brokerage commissions to obtain

research or other products or services, Czech Asset Management will receive a benefit because it does not have to produce or pay for such products or services. Czech Asset Management may have an incentive to select or recommend a broker-dealer based on Czech Asset Management's interest in receiving research or other products or services, rather than on the Funds' interest in receiving most favorable execution. A broker-dealer is not excluded from receiving business because it has not been identified as providing research products or services.

Notwithstanding the foregoing, given the Funds' investment strategy, Czech Asset Management anticipates very infrequent use of broker-dealers, and specifically expects infrequent receipt and utilization of any soft dollar benefits.

- *Brokerage for Client Referrals.* In selecting or recommending broker-dealers, to the extent that the Funds utilize broker-dealers, Czech Asset Management currently does not, but reserves the right in the future, to consider as a factor whether or not Czech Asset Management will receive client referrals from a broker-dealer or third party. See "Factors to Consider in Selecting or Recommending Broker-Dealers for Client Transactions – Item 12.A," above. If it decides to consider as a factor whether or not it will receive client referrals from a broker-dealer, Czech Asset Management may have an incentive to select or recommend a broker-dealer based on Czech Asset Management's interest in receiving client referrals, rather than on its client's interest in receiving most favorable execution.
- *Directed Brokerage.* Given the nature of its advisory services, Czech Asset Management does not contemplate utilizing directed brokerage arrangements on behalf of its clients.

#### *Aggregation of Trades – Item 12.B*

Given the nature of Czech Asset Management's advisory services, Czech Asset Management generally does not aggregate orders for securities or other investments. However, to the extent that multiple Funds purchase or sell securities or other investments at the same time, Czech Asset Management may determine to enter a bunched order for such transaction with a single broker-dealer where practicable, and in circumstances where such a bunched order would reduce transaction costs and otherwise be fair and equitable to the Funds participating in the transaction.

#### *Trade Errors – Item 12.C*

Client account transactions may be affected on occasion in a manner that differs from what was intended for the account. Czech Asset Management reviews any trade errors that it discovers, on a case-by-case basis, and decides what corrective steps to take if any, after reviewing the error with the Managing Partner. To the fullest extent permitted by law, none of the General Partner, Czech Asset Management or any other Indemnified Person will be liable for trade errors that may result from ordinary negligence, such as errors in the investment decision-making process or in the trade process. Investors should refer to their respective Fund's offering documents for more information regarding the handling of trade errors.

### **Review of Accounts – Item 13**

#### *Periodic Review – Item 13.A*

Czech Asset Management performs periodic reviews of each Fund's portfolio. Such reviews are conducted by the portfolio manager, members of the investment team and relevant staff responsible for each Fund. In addition, certain Compliance or Operations personnel may conduct reviews of each Fund's portfolio on a periodic basis.

#### *Triggered Review – Item 13.B*

A review of a Fund's portfolio may be triggered by any unusual activity or special circumstances in Czech Asset Management's absolute discretion.

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

Czech Asset Management conducts quarterly portfolio reviews for each individual Fund via conference call with investors of such Fund. With respect to the Funds, each investor generally should expect to receive annual audited financial statements of the applicable Fund. In addition, investors in the Funds generally will receive unaudited quarterly account statements and annual tax information necessary for the completion of U.S. federal, state and local income tax returns. The details of the specific reports applicable to a Fund are set forth in the Fund's Governing Documents. Available reports may vary by Fund and, in certain instances, by agreement with Fund investors.

### **Client Referrals and Other Compensation – Item 14**

#### *Other Compensation – Item 14.A*

Czech Asset Management receives no compensation from entities or persons that are not clients.

#### *Client Referrals – Item 14.B*

As of the date of this brochure, neither Czech Asset Management nor a related person directly or indirectly compensates any person for client referrals. However, Czech Asset Management may engage selling agents to market and sell Fund interests to investors. Such selling agents may be compensated by Czech Asset Management out of its fees, by the Fund, or by the referred investor directly. For more information regarding specific compensation arrangements, please see the respective Fund's Governing Documents.

### **Custody – Item 15**

Czech Asset Management is deemed to have custody of the assets and securities of the Fund clients that are organized as limited partnerships, indirectly through its affiliates, who are the General Partners of the Funds, and is therefore subject to Rule 206(4)-2 under the Advisers Act (the



“Custody Rule”). However, Czech Asset Management complies with the “pooled vehicle annual audit exception” of the Custody Rule by delivering to the investors in the Funds audited financial statements of the Funds, prepared by an independent accounting firm in accordance with generally accepted accounting principles, within 120 days of each Fund’s fiscal year-end pursuant to the terms of each Fund’s Governing Documents.

Currently, the qualified custodians utilized by Czech Asset Management for the Funds’ cash and securities comprising the assets of the Funds are the Bank of New York Mellon, U.S. Bank National Association, and JP Morgan Chase Bank, except as otherwise disclosed in the disclosure documents for a particular Fund. On occasion, some assets or certificates will not be accepted by the qualified custodians and such assets or certificates will be custodied by Czech Asset Management.

Fund investors should review carefully any account statements received from the Fund’s qualified custodians and any audited financial statements of the Fund. Czech Asset Management’s use of qualified custodians is reviewed periodically and may change without notice to investors.

### **Investment Discretion – Item 16**

Czech Asset Management manages Fund assets on a discretionary basis, pursuant to the authority granted to Czech Asset Management in the investment advisory agreement or other Governing Documents of each Fund. Accordingly, Czech Asset Management has the authority to determine, without obtaining specific consent, the securities, and other investments to be bought and sold, the amount of securities or other investments to be bought and sold, the broker- dealer to be used and the commission rates to be paid (if applicable). Czech Asset Management’s discretionary authority to manage securities and other investments on behalf of its Funds is subject to the investment objectives, guidelines, and restrictions set forth in each Fund’s Governing Documents, including Side Letters with particular Fund investors.

Prospective investors in the Funds are provided with offering documents prior to their investment and are encouraged to carefully review the offering documents, and to be sure that the proposed investment is consistent with their investment goals and tolerance for risk.

### **Voting Client Securities – Item 17**

#### *Authority to Vote Client Securities – Item 17.A*

Czech Asset Management maintains written proxy voting policies and procedures as required by the rules under the Advisers Act. In voting proxies (if any) on behalf of its Funds, Czech Asset Management is guided by general fiduciary principles. Czech Asset Management will consider factors that could affect the value of the investment and will vote proxies in the manner that it believes maximize investor value for the Fund. In addition, Czech Asset Management’s procedures are designed to identify, assess, and disclose any material conflicts that may arise between Czech Asset Management’s interest and those of its Funds.

Existing and prospective clients and investors may obtain a copy of Czech Asset Management's proxy voting policies and procedures and information regarding how Czech Asset Management voted securities (if any), upon request.

Notwithstanding the foregoing, given the investment strategy of the Funds, it is not expected that the Funds will hold voting securities.

### **Financial Information – Item 18**

Under the rules of the SEC, no balance sheet or other financial information of Czech Asset Management is required to be included in this brochure. Czech Asset Management has no financial commitments that impair its ability to meet contractual or fiduciary obligations to its clients and has not been the subject of any insolvency proceedings.