

Part 2A of Form ADV: Firm Brochure

**STRENTA INVESTMENT MANAGEMENT, INC.**

October 17, 2023

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This brochure provides information about the qualifications and business practices of Strenta Investment Management, Inc. ("SIM"), an investment adviser registered with the United States Securities and Exchange Commission (the "SEC"). If you have any questions about the contents of this brochure, please contact Gennady Bekasov, Chief Compliance Officer at [gennady.bekasov@strenta-im.com](mailto:gennady.bekasov@strenta-im.com) or 954-361-8507 or by mail at 600 Brickell Avenue, Suite 1720, Miami, Florida 33131. This information has not been approved or verified by the SEC or by any state securities authority.

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

Registration with the SEC or with any state securities authority does not imply a certain level of skill or training.

*Strenta Investment Management, Inc.  
600 Brickell Avenue, Suite 1720  
Miami, FL 33131  
Tel: 954-217-4896  
Fax: 954-355-1051*

## **Item 2. Material Changes**

The following material changes occurred since the last filing of SIM's Form ADV Part 2 or "Disclosure Brochure" dated August 19, 2023:

- Gennady Bekasov is the Chief Compliance Officer of SIM, effective September 26, 2023

Other changes have been made to this Disclosure Brochure, some of which enhance existing disclosures, but we do not consider such changes to be material.

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## Item 4. Advisory Business

### Firm Description

SIM is a Delaware corporation. SIM provides investment management services to its clients, which currently consist of a single pooled master-feeder investment vehicle comprised of one feeder fund and one master fund (together, the “Funds”). SIM was formed in October 2013 solely to operate the investment advisory business and to register with the SEC. SIM has been registered with the SEC as a registered investment adviser since January 2014. SIM is owned by Strenta, Inc. Kantan-Easy, LLC, an entity beneficially owned by Carlos Feliciani and Eduardo Noguera and controlled by Eliyahu Weisz, owns Strenta, Inc., and ultimately SIM. SIM’s day to day operations are overseen by its Managing Director, William I. Lee. SIM was engaged by the Funds to make the investment decisions for the Funds’ assets in accordance with the Funds’ confidential explanatory memorandum, articles of association and investment policy statement (the “Governing Documents”). SIM also provides certain administrative services to a limited partnership, (the “Limited Partnership”) that ultimately invests in the Funds.

SIM is affiliated with a variety of entities owned by Strenta, Inc., (together, the “Strenta, Inc. Subsidiaries”), including:

- Strenta Intra-Operational Services, LLC provides operational support to the Strenta, Inc. Subsidiaries, including information technology, human capital management, financial accounting management and office management.
- Strenta Administrative Services, LLC provides administrative services to various trusts and foundations, some of which have underlying entities that invest in the Limited Partnership.
- Strenta Philanthropic Granting Services, LLC provides support for the philanthropic endeavors of charitable trusts.
- Strenta Protector Services, LLC provides protector services to foundations and trusts, some of which have underlying entities that invest in the Limited Partnership.
- Strenta Steward and Advisory Services, LLC provides services to oversee the economic interests of the beneficiaries of foundations and trusts, some of which have entities that invest in the Limited Partnership, including but not limited to, estate planning, tax planning and reporting, and other ad-hoc administrative projects.
- Jutaku Services Limited serves as the controlling member of the foundation council or trustee of various trusts and foundations, some of which have underlying entities that invest in the Limited Partnership.
- OAK Services Limited (“OAK”) is the general partner of the Limited Partnership and is a SIM relying adviser in accordance with SEC guidance<sup>1</sup>.

Personnel associated with the Strenta, Inc. Subsidiaries fall under SIM’s compliance program and Code of Ethics. More details concerning SIM’s affiliations are provided under Item 10, Other Financial Industry Activities and Affiliations.

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<sup>1</sup> See SEC Staff No Action Letter (January 18, 2012) to the American Bar Association Sub Committee.

### **Description of Advisory Services**

SIM provides advisory services to the Funds, its sole clients, on a discretionary basis based on specific investment objectives and strategies outlined in the Governing Documents. SIM seeks to maximize risk-adjusted returns through focus on forward-looking asymmetry between potential upside and downside based on analysis of asset classes and market segments. Investors in the Funds may not impose restrictions on investing in certain securities or certain types of securities.

As of December 2022, SIM has approximately \$751.6 million dollars of regulatory assets under management on a discretionary basis.

### **Wrap fee programs**

SIM does not participate in wrap fee programs.

## **Item 5. Fees and Compensation**

### **How the Adviser is Compensated for Advisory Services**

SIM will not charge the Funds any asset-based management fees or any performance fees. Instead, the Funds bear, or reimburse SIM for all of SIM's ordinary office overhead and expenses for services provided to the Funds. These expenses will include, without limitation, rent, office supplies, software licensing and subscriptions; charges for furniture and fixtures and other capital expenditures; compensation (including annual or other performance bonuses as applicable), taxes and benefits expenses related to SIM's personnel (such amounts collectively, "Manager Overhead"). Expenses for services provided to the Funds may include, without limitation, legal fees and investment due diligence costs related to analysis, purchase or sale of investments whether or not the investment is consummated. All Manager Overhead reimbursements and certain Funds' expenses are subject to an arm's length mark-up percentage applied to the applicable amounts ("Mark-Up"). The Mark-Up percentage is calculated by Strenta Intra-Operational Services, LLC and reviewed by the Funds and SIM on an annual basis.

### **Deduction and Timing of Fees**

As discussed above, the Funds pay and are responsible for Manager Overhead and expenses for services provided to the Funds. Accordingly, the Funds are responsible for Manager Overhead plus the Mark-Up. The Funds pay to SIM an estimated Manager Overhead and Mark-Up amounts quarterly within 30 days after each calendar quarter-end. In the event the aggregate Manager Overhead payment made to SIM during any fiscal year is in excess of the actual Manager Overhead plus the Mark-Up as determined at the end of each fiscal year, SIM shall reimburse the Funds for the excess amount together with any Mark-Up paid on those amounts. Similarly, SIM shall collect from the Funds any shortages between funds collected throughout the year and the actual Manager Overhead plus the Mark-Up as determined at the end of each fiscal year. The expenses of the Funds may be higher or lower than those under an assets-based management fee and a performance fee structure.

### **Fund Expenses**

The Funds pay directly for expenses, including expenses incurred in connection with the organization of the Funds; legal; accounting; auditing; other professional fees and expenses; administration fees and expenses; director fees and expenses; investment expenses such as brokerage commissions, clearing and settlement charges, custodial fees, bank service fees; expenses related to regulatory compliance or filings related to the Funds or their assets; interest on borrowings.

### **Employee Compensation for Sales of Securities**

No employee of SIM accepts or otherwise receives, directly or indirectly, any compensation for the sale of securities or other investment products.

## **Item 6. Performance-Based Fees and Side-by-Side Management**

As discussed above, SIM does not currently have any performance fee arrangements.

## **Item 7. Types of Clients**

SIM's clients consist of the Funds, which are structured as a single pooled master-feeder investment vehicle and the Limited Partnership.

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

### **Methods of Analysis and Investment Strategy**

The Funds' investment objective is to seek attractive returns and capital preservation over a long-term investment horizon. The Funds will seek to achieve their objective primarily by allocating capital to external managers that each specialize in a specific category of investments including fixed income funds, equity funds, hedge funds, private equity funds, private debt funds, real estate funds, and commodities funds, (the "Portfolio Managers"), as well as direct investments in ETFs and mutual funds if deemed appropriate, ("Investments"). The Funds will utilize various investment vehicles including separate accounts, index funds, ETFs, private partnerships, and funds of funds as deemed appropriate by SIM.

SIM will seek to maximize risk-adjusted returns through focus on forward-looking asymmetry between long-term potential upside (returns) and downside (losses). Asymmetry analysis may involve analysis of asset classes, market segments, select individual holdings in Portfolio Managers' funds, secondaries. Asymmetry can be a function of dislocation in valuations, structural features of a deal, and/or skill of a Portfolio Manager. SIM, on behalf of the Funds, will invest and allocate capital across a variety of asset classes, geographies, strategies, and sectors to diversify sources of returns and risk exposures. The Portfolio Managers will pursue investment strategies within the primary asset classes of fixed income, equities, hedge funds, private equity, private debt, real estate, and commodities. SIM will use a combination of (i) a top-down asset allocation process that will evaluate the attractiveness and risks of the asset classes and market segments, and (ii) a bottom-up assessment of return asymmetry of each investment, its portfolio fit, investment style and methodology. One of the drivers of SIM's top-down process is a contrarian approach that is used to identify market dislocations for further analysis.

SIM selects Portfolio Managers based on a number of factors including, but not limited to, portfolio management experience, investment style, organizational stability, and quality of operations, ability to add value above the Portfolio Manager's fees, and fit to the Funds' portfolios. SIM considers allocating assets to Portfolio Managers operating in all global markets.

SIM does not currently intend to effect borrowings to leverage client assets with respect to either Portfolio Managers or direct investments. However, the Portfolio Managers may employ leverage to varying degrees, and may use futures, forward contracts and other derivative instruments that inherently contain leverage.

### **Material Risks (Including Significant, or Unusual Risks) Relating to Investment Strategies and Types of Securities that are Primarily Recommended:**

Investing in the Funds involves risk of loss that you should be prepared to bear.

SIM continuously strives to identify and manage the most appropriate investments, based on the Funds' investment objectives; however, SIM cannot guarantee any level of performance or that any investment will not experience a loss. Investors should carefully review the Funds' Governing Documents before investing in the Funds.

## **General Investment Risks**

- **Achievement of the Funds' Investment Goals and Objectives.** All securities, real asset, commodities and currency investments involve risk and the loss of capital. While SIM believes the investment strategy will moderate this risk to some degree through multiple investments, no guarantee or representation is made that the strategy will be successful. The investment strategy may include the selection of Portfolio Managers who use such investment techniques as short sales, leverage, uncovered option and futures transactions, currency transactions and limited diversification, which practices can, in certain circumstances, increase adverse impacts.
- **Multiple Portfolio Managers.** Because SIM may make Investments with Portfolio Managers who make their trading decisions independently, it is theoretically possible that one or more of such Portfolio Managers may, at any time, take positions that may be opposite of positions taken by other Portfolio Managers. It is also possible that the Portfolio Managers chosen by SIM may on occasion be competing with each other for similar positions at the same time. Also, a particular Portfolio Manager may take positions for its other clients that may be opposite to positions taken for SIM's clients.
- **Economic Conditions.** Changes in economic conditions such as interest rates, inflation rates, industry conditions, competition, technological developments, political and diplomatic events and trends, health epidemic, war, tax laws and innumerable other factors can substantially and adversely affect the business and prospects of portfolio performance. None of these conditions is within the control of SIM. The profitability of investments depends to a great extent on correct assessments of the future course of price movements of securities and other investments. There can be no assurance that SIM will be able to accurately predict these price movements. The securities markets have in recent years been characterized by great volatility and unpredictability.
- **Activities of Portfolio Managers.** SIM will have no control over the day-to-day operations of any of the selected Portfolio Managers. As a result, there can be no assurance that every Portfolio Manager will invest on the basis expected by SIM.
- **Lack of Diversification.** Although SIM intends to allocate the Funds' assets to a diversified pool of Investments, Portfolio Managers may concentrate assets into a relatively small number of securities or in a particular asset category, trading style or financial or economic market. Accordingly, the Funds' portfolio may be subject to more rapid change in value than a less concentrated portfolio would be.
- **Non-Diversification.** SIM intends to manage a diversified portfolio on behalf of clients. However, portfolio and risk could become significantly concentrated in any one issuer, industry, sector, strategy, country or geographic region, and such concentration may increase the losses suffered by clients. In addition, it is possible that Investments could become concentrated in a limited number of one or more types of financial instruments. This concentration could expose clients to losses greater than those experienced by a diversified portfolio.
- **Illiquidity.** Because of the limitation on redemption rights and the fact that there may be Portfolio Managers who do not permit frequent redemptions, some Investments are relatively illiquid investments and involve a high degree of risk. SIM may, on behalf of the Funds, invest assets in investment partnerships or other investment entities which may not allow withdrawals or redemptions for significant periods of time, especially if such investments are in illiquid instruments.
- **Limits on Information.** SIM requests certain information from each Portfolio Manager regarding the Portfolio Manager's historical performance (if any), current holdings in the Portfolio Manager's fund, and investment strategy. However, SIM may not be provided with information regarding all the investments made by the Portfolio Managers because certain of this information may be considered proprietary information by Portfolio Managers.

- General Trading Risks. Substantial risks, including market risks, are involved in trading in U.S. and foreign government securities, corporate securities, commodity and financial futures, options, and the various other financial instruments and investments in which the Portfolio Managers or SIM will trade. Substantial risks are also involved in borrowing and lending against such investments. The prices of these investments are volatile, market movements are difficult to predict, and financing sources and related interest and exchange rates are subject to rapid change. One or more markets in which the Portfolio Managers or SIM will trade may move against the positions held by them, thereby causing substantial losses.
- Turnover. Certain Portfolio Managers may invest on the basis of short-term market considerations. Their turnover rate is expected to be significant, potentially involving substantial brokerage commissions and fees. SIM has no direct control over this turnover. Furthermore, if the Portfolio Manager is terminated by SIM, it is expected that such portfolio would be liquidated, and the cash proceeds would be reinvested with a replacement Portfolio Manager or invested in another Investment. This policy could create substantial turnover rates and corresponding brokerage commissions and fees.
- Custody and Prime Brokerage Risk. There are risks involved in dealing with the custodians or prime brokers who settle trades. Although SIM expects the Portfolio Managers to monitor their respective prime brokers, there is no guarantee that such prime brokers, or any other custodian that a Portfolio Manager may use from time to time, will not become insolvent. While both the U.S. Bankruptcy Code, as amended, and the Securities Investor Protection Act of 1970, as amended, seek to protect customer property in the event of a failure, insolvency or liquidation of a broker-dealer, there is no certainty that, in the event of a failure of a broker-dealer that has custody of client assets, the client would not incur losses due to its assets being unavailable for a period of time, ultimately less than full recovery of its assets, or both. Under certain circumstances, including certain transactions where client assets, through its investments with Portfolio Managers, are pledged as collateral for leverage from a non-broker-dealer custodian or a non-broker-dealer affiliate of the prime broker, or where client assets are held at a non-U.S. prime broker, the securities and other assets deposited with the custodian or broker may not be clearly identified as being assets of clients and hence could be exposed to a credit risk with regard to such parties. In addition, there may be practical or time problems associated with enforcing client rights to assets in the case of an insolvency of any such party.
- Performance-Based Compensation Arrangements with Portfolio Managers. SIM, on behalf of the Funds, typically enters into arrangements with Portfolio Managers which provide that Portfolio Managers be compensated, in whole or in part, based on the appreciation in value (including unrealized appreciation) of the account during specific measuring periods. In certain cases, Portfolio Managers may be paid a fee based on appreciation during the specific measuring period without taking into account losses occurring in prior measuring periods, although SIM anticipates that Portfolio Managers who charge such fees will generally take into account prior losses. Such performance fee arrangements may create an incentive for such Portfolio Managers to make investments that are riskier or more speculative than would be the case in the absence of such performance-based compensation arrangements.
- Other Clients of Portfolio Managers. The Portfolio Managers will have significant responsibility for making trading decisions on behalf of clients. The Portfolio Managers will have various levels of experience. In addition, the Portfolio Managers may also manage other accounts (including other partnerships and accounts in which the Portfolio Managers may have an interest) which, together with accounts already being managed, could increase the level of competition for the same trades including the priorities of order entry. This could make it difficult to take or liquidate a position in a particular security or futures contract at a price indicated by the Portfolio Manager's strategy.
- Secondaries risks. Investing into funds through secondary purchases involves risks of making decisions with limited information, illiquidity, and structural complexity.



- Cyber Security Breaches and Identity Theft. Cybersecurity incidents and cyber-attacks have been occurring globally at a more frequent and severe level and will likely continue to increase in frequency in the future. The information and technology systems of SIM, the Funds and their respective investments may be vulnerable to damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches, usage errors by their respective professionals, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquakes. Although SIM has implemented various measures to manage risks relating to these types of events, if these systems are compromised, become inoperable for extended periods of time or cease to function properly, the Funds and/or their investments may have to make a significant investment to fix or replace them. The failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in SIM's, the Funds' and/or their respective investments' operations and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information relating to investors (and the beneficial owners of investors). Such a failure could harm SIM's reputation, subject SIM or the Funds to legal claims and otherwise affect their business and financial performance.
- Litigation Risk. Some of the activities of SIM may result in litigation. SIM or the Funds could be a party to lawsuits either initiated by it, or by a company in which the Fund invests, other third-parties, or U.S. Federal, state and non-U.S. governmental bodies. There can be no assurance that any such litigation, once begun, would be resolved in favor of SIM or the Fund.

### **Risks Associated with Types of Securities**

- Trading in Securities and Other Investments That May Be Illiquid. Certain investment positions in which clients or the Portfolio Managers have an interest may be illiquid. Portfolio Managers and SIM may invest client assets in restricted or non-publicly traded securities (e.g., private debt, private funds, real estate funds, etc.) and securities on foreign exchanges. These investments could prevent Portfolio Managers or SIM from liquidating unfavorable positions promptly and subject the client to substantial losses. Such investments could also impair the ability to distribute redemption proceeds in a timely manner.
- Special Situations. The Portfolio Managers may invest assets in companies involved in (or the target of) acquisition attempts or tender offers or in companies involved in or undergoing work-outs, liquidations, spin-offs, reorganizations, bankruptcies or other catalytic changes or similar transactions. In any investment opportunity involving any such type of special situation, there exists the risk that the contemplated transaction 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 to the client of the security or other financial instrument in respect of which such distribution is received. Similarly, if an anticipated transaction does not in fact occur, a client may be required to sell its investment at a loss. Because there is substantial uncertainty concerning the outcome of transactions involving financially troubled companies, there is a potential risk of loss in such companies.
- Real Estate Industry and REIT Risks. The Portfolio Managers may invest in companies in the real estate industry and, therefore, may be subject to risks associated with the direct ownership of real estate, such as decreases in real estate values, overbuilding, increased competition and other risks related to local or general economic conditions, increases in operating costs and property taxes, changes in zoning laws, casualty or condemnation losses, possible environmental liabilities, regulatory limitations on rent and fluctuations in rental income. Equity REITs generally experience these risks directly through fee or leasehold interests, whereas mortgage REITs generally experience these risks indirectly through mortgage interests, unless the mortgage REIT forecloses on the underlying real estate.

REITs in which Portfolio Managers invest may be affected by changes in underlying real estate values, which may have an exaggerated effect to the extent that REITs in which the Portfolio Managers invest may concentrate investments in particular geographic regions or property types. Additionally, rising interest rates may cause investors in REITs to demand a higher annual yield from future distributions, which may in turn decrease market prices for equity securities issued by REITs. Rising interest rates also generally increase the costs of obtaining financing, which could cause the value of the Portfolio Managers' investments to decline. During periods of declining interest rates, certain mortgage REITs may hold mortgages that the mortgagors elect to prepay, which prepayment may diminish the yield on securities issued by such mortgage REITs. In addition, mortgage REITs may be affected by the ability of borrowers to repay when due the debt extended by the REIT and equity REITs may be affected by the ability of tenants to pay rent.

Investments in REITs, other real estate related securities and fee simple assets are subject to the risks incident to the ownership and operation of real estate generally. Some of the risks associated with investments in real estate are declines in the value of real estate, risks related to general and local economic conditions, dependency on management skill, heavy cash flow dependency, possible lack of availability of mortgage funds, overbuilding, extended vacancies of properties, increased taxes and operating expenses, changes in zoning laws, losses due to costs resulting from the cleanup of environmental problems, liability to third parties for damages resulting from environmental problems, casualty or condemnation losses, limitations on rents, changes in neighborhood values and the appeal of properties to tenants and changes in interest rates.

- Commodities and Futures Contracts. Futures markets are highly volatile. The low margin or premiums normally required in such trading may provide a large amount of leverage, and a relatively small change in the price of a security or contract can produce a disproportionately larger profit or loss. There is no assurance that a liquid secondary market will exist for futures contracts or options purchased or sold, and the Portfolio Managers may be required to maintain a position until exercise or expiration, which could result in losses. Many futures exchanges limit the amount of fluctuation permitted in contract prices during a single trading day. Once the daily limit has been reached in a particular contract, no trades may be made that day at a price beyond that limit. Contract prices could move to the daily limit for several consecutive trading days permitting little or no trading, thereby preventing prompt liquidation of futures and options positions and potentially subjecting the funds to substantial losses. Investing in futures contracts, options or commodities is a highly specialized investment activity entailing greater than ordinary investment risks.
- Debt Securities. The Portfolio Managers may invest in fixed-income securities and other debt securities. Certain of these securities may be unrated by a recognized credit-rating agency or below investment grade, which are subject to greater risk of loss of principal and interest than higher-rated debt securities. The Portfolio Managers may invest in debt securities which rank junior to other outstanding securities and obligations of the issuer, all or a significant portion of which may be secured on substantially all of that issuer's assets. The Portfolio Managers may invest in debt securities which are not protected by financial covenants or limitations on additional indebtedness. The Portfolio Managers will therefore be subject to credit and liquidity risks. In addition, the market for credit spreads is often inefficient and illiquid, making it difficult to accurately calculate discounting spreads for valuing financial instruments. Investment in a debt instrument will normally involve the assumption of interest rate risk.
- Short Sales; Options. The Portfolio Managers to which client's funds are allocated may engage in the "short selling" of securities and may write or purchase options. While the use of "short sales" can substantially improve the return on invested capital, its use may also increase any adverse impact to which client investments may be subject. Selling securities short, while often used to hedge investments, does run the risk of losing an amount greater than the initial investment in a relatively short period of time. A short sale involves the risk of a theoretically unlimited increase in the market price of the particular investment sold short, which could result in an inability to cover the short position and a theoretically unlimited loss. There can be no assurance that securities necessary to cover a short position will be available for purchase. The writing or purchasing of an

option also runs the risk of losing the entire investment or of causing significant losses in a relatively short period of time.

- Borrowings and Leverage. Although SIM does not currently intend to effect borrowings to leverage client assets that are allocated to the Portfolio Managers, SIM may do so in the future and the Portfolio Managers may utilize a substantial amount of leverage. While the use of borrowed funds can substantially improve the return on invested capital, its use may also increase any adverse impact to which investments may be subject. In addition, money borrowed for leveraging investment returns will be subject to interest costs which may or may not be recovered by the return on securities purchased with borrowed funds. In an unsettled credit environment, a Portfolio Manager and SIM may find it difficult or impossible to obtain leverage for investments. Since leveraging its assets can be a component of the investment strategies of the Portfolio Managers and SIM, in such event a Portfolio Manager and SIM could find it difficult to fully implement its strategy. In addition, any leverage obtained, if terminated on short notice by the lender, could result in a Portfolio Manager or SIM being forced to unwind positions quickly and at prices below what the Portfolio Manager or SIM deems to be fair value for the positions.
- Non-U.S. Securities. SIM and the Portfolio Managers may invest client assets in securities of companies domiciled or operating in one or more countries outside the United States. Investing in these securities involves considerations and possible risks including (i) the risk of nationalization or expropriation of assets or confiscatory taxation; (ii) social, economic and political instability including war; (iii) dependence on exports and the corresponding importance of international trade and commodities prices; (iv) less liquidity of securities markets; (v) currency exchange rate devaluations and fluctuations; (vi) potentially higher rates of inflation (including hyper-inflation); (vii) controls on foreign investment and limitations on repatriation of invested capital and the ability to exchange local currencies for U.S. dollars; (viii) a higher degree of governmental involvement in and control over the economies; (ix) government decisions to discontinue support for economic reform programs and imposition of centrally planned economies; (x) differences in auditing and financial reporting standards which may result in the unavailability of material information about economies and issuers; (xi) less extensive regulatory oversight of securities markets; (xii) longer settlement periods for securities transactions; (xiii) less stringent laws regarding the fiduciary duties of officers and directors and protection of investors; (xiv) certain consequences regarding the maintenance of portfolio securities and cash with sub-custodians and securities depositories in emerging market countries; and (xv) liquidity risk. The application of non-U.S. tax laws (e.g., the imposition of withholding taxes on dividend, interest or other payments) or confiscatory taxation may also affect investment in non-U.S. securities. Higher expenses may result from investment in non-U.S. securities than would from investment in domestic securities because of the costs that must be incurred in connection with conversions between various currencies and non-U.S. brokerage commissions that may be higher than the United States. Non-U.S. securities markets also may be less liquid, more volatile and less subject to governmental supervision than in the United States. Investments in countries outside the United States could be affected by other factors not present in the United States, including lack of uniform accounting, auditing and financial reporting standards and potential difficulties in enforcing contractual obligations.
- Currency Risks. The Investments made by SIM, on behalf of the Funds, and made by the Portfolio Managers that are denominated in a foreign currency are 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. The Portfolio Managers may try to hedge these risks by investing in foreign currencies, foreign currency futures contracts and options thereon, forward foreign currency exchange contracts, or any combination thereof, but there can be no assurance that such strategies will be implemented, or if implemented, will be effective.
- Interest Rate Risk. Certain Investments are subject to interest rate risk. Generally, the value of fixed income securities will change inversely with changes in interest rates. As interest rates rise, the

market value of fixed income securities tends to decrease. Conversely, as interest rates fall, the market value of fixed income securities tends to increase. This risk will be greater for long-term securities than for short-term securities. Value of some equity, real estate, and private equity investments may also decline due to rise in interest rates. SIM and the Portfolio Managers may attempt to minimize the exposure of their portfolios to interest rate changes through the use of interest rate swaps, interest rate futures and/or interest rate options. However, there can be no guarantee that SIM and the Portfolio Managers will do so, nor that they will be successful in fully mitigating the impact of interest rate changes on the portfolios.

- Highly Volatile Markets. The prices of commodities contracts and all derivative instruments, including futures and options prices, are highly volatile. Price movements of forward contracts, futures contracts and other derivative contracts in which an investment vehicle's assets may be invested are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies. In addition, governments from time to time intervene, directly and by regulation, in certain markets, particularly those in currencies and interest rate related futures and options. Such intervention often is intended directly to influence prices and may, together with other factors, cause all of such markets to move rapidly in the same direction because of, among other things, interest rate fluctuations. Portfolio Managers and SIM are also subject to the risk of the failure of any of the exchanges on which their positions trade or of their clearinghouses.
- Emerging Market Investments. The Portfolio Managers and SIM, on behalf of the Funds, may invest assets in securities of companies based in emerging countries or issued by the governments of such countries. Investing in securities of such countries and companies involves certain considerations not usually associated with investing in securities of developed countries or of companies located in developed countries, including political and economic considerations, such as greater risks of expropriation, confiscatory taxation, imposition of withholding or other taxes on dividends, interest, capital gains or other income, limitations on the removal of funds, nationalization and general social, political and economic instability; the small size of the securities markets in such countries and the low volume of trading, resulting in potential lack of liquidity and in price volatility; fluctuations in the rate of exchange between currencies and costs associated with currency conversion; certain government policies that may restrict investment opportunities; and problems that may arise in connection with the clearance and settlement of trades. In addition, accounting and financial reporting standards that prevail in certain of such countries generally are not equivalent to standards in more developed countries and, consequently, less information is available to investors in companies located in these countries than is available to investors in companies located in more developed countries. There is also less regulation, generally, of the securities markets in emerging countries than there is in more developed countries. Placing securities with a custodian in an emerging country may also present considerable risks.
- Derivative Instruments. To the extent the Portfolio Managers and SIM, on behalf of the Funds, invest in swaps, derivative or synthetic instruments, repurchase agreements or other over-the-counter transactions or, in certain circumstances, non-U.S. securities, such Portfolio Managers and SIM may take a credit risk with regard to parties with whom it trades and may also bear the risk of settlement default. These risks may differ materially from those entailed in exchange-traded transactions that generally are backed by clearing organization guarantees, daily marking-to-market and settlement, and segregation and minimum capital requirements applicable to intermediaries. Transactions entered directly between two counterparties generally do not benefit from such protections and expose the parties to the risk of counterparty default.
- Risk of Counterparty Default. The stability and liquidity of repurchase agreements, swap transactions, forwards and other over-the-counter derivative transactions depend in large part on the creditworthiness of the parties to the transactions. It is expected that the Portfolio Managers and SIM will monitor on an ongoing basis the creditworthiness of firms with which it enters into repurchase agreements, interest rate swaps, caps, floors, collars or other over-the-counter derivatives. If there is a default by the counterparty to such a transaction, the Portfolio Manager or SIM will under most

normal circumstances have contractual remedies pursuant to the agreements related to the transaction. However, exercising such contractual rights may involve delays or costs which could result in the net asset value of the investment vehicle being less than if the investment vehicle had not entered into the transaction.

- Small Cap Stocks. At any given time, Portfolio Managers may make significant investments in smaller-to-medium sized companies of a less seasoned nature whose securities are traded in the over-the-counter market. These "secondary" securities often involve significantly greater risks than the securities of larger, better-known companies.
- Hedging Transactions. SIM may utilize, or may select Portfolio Managers that utilize, financial instruments such as forward contracts, currency options and interest rate swaps, caps and floors to seek to hedge against fluctuations in the relative values of their portfolio positions as a result of changes in currency exchange rates and market interest rates. Hedging against a decline in the value of a portfolio position does not eliminate fluctuations in the values of portfolio positions or prevent losses if the values of such positions decline, but establishes other positions designed to gain from those same developments, thus moderating the decline in the portfolio positions' value. Such hedging transactions also limit the opportunity for gain if the value of the portfolio position should increase. Moreover, it may not be possible for the Portfolio Managers or SIM to hedge against an exchange rate, interest rate or security price fluctuation that is so generally anticipated that such Portfolio Managers or SIM are not able to enter into hedging transactions at a price sufficient to protect client assets from the decline in value of the portfolio positions anticipated as a result of such fluctuations.

## **Item 9. Disciplinary Information**

SIM does not have any legal, financial or other "disciplinary" items to report.

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

SIM is not, nor are any of its employees, registered, nor does SIM have an application pending to register, as a broker-dealer, futures commission merchant, commodity pool operator, commodity trading adviser or as an associated person of the foregoing entities. In addition, neither SIM nor any of its employees have any arrangement that is material to SIM's advisory business, except as provided below.

SIM and OAK are currently relying on exemptions from registering as Commodity Pool Operators ("CPOs") with the United States Commodity Futures Trading Commission ("CFTC"). Should the circumstances of this exemption change, SIM and/or Oak will register accordingly.

SIM and OAK together with other affiliated entities described in Item 4 are wholly owned subsidiaries of Strenta, Inc. OAK serves as the general partner of the Funds and receives administrative services fees from the Funds as outlined in the limited partnership agreement of the Limited Partnership. OAK also holds the managing shares of the Funds in which the Limited Partnership is invested and maintains the ultimate responsibility for the management, operations, and investment decisions of the Funds on behalf of the Funds but does not participate in the earnings and losses of the Funds. OAK has delegated management, operations, and investment decisions to SIM.

SIM provides accounting, tax, reporting, and other management services to the Limited Partnership. SIM also provides administrative and board management services to the Board of Directors of the Funds.

One member of Strenta, Inc. management is appointed to the Board of Directors of OAK and the Funds. Furthermore, one member of Strenta, Inc. management holds a management position in OAK. Strenta, Inc. and certain wholly-owned subsidiaries provide certain administrative services to SIM and OAK.



SIM's Managing Director, Mr. William I. Lee, is an equity partner of Workspin, LLC ("Workspin"), a business management consulting company. Mr. Lee does not provide services or dedicates any material amount of time to Workspin, and he does not receive any income as an equity partner of the company.

While conflicts of interest may arise as a result of these relationships, the compliance program adopted by SIM is designed to limit real and potential conflicts and to ensure independent decision-making that serves in the best interest of SIM's clients.

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

### **Code of Ethics**

SIM has adopted a Code of Ethics (the "Code") as well as other policies and procedures that obligates SIM, its employees, as well as employees of OAK and the Strenta, Inc. Subsidiaries (collectively, "Access Persons"), to put the interests of SIM's clients before their own interests and to act honestly and fairly in all respects in their dealings with clients and to comply with applicable federal securities laws. Clients or prospective clients may obtain a copy of the Code by contacting Gennady Bekasov, Chief Compliance Officer at [gennady.bekasov@strenta-im.com](mailto:gennady.bekasov@strenta-im.com) or 954-361-8507.

SIM and its Access Persons, in the course of its investment management and other activities, may come into possession of confidential or material nonpublic information about issuers, including issuers in which SIM or its Access Persons have invested or seek to invest on behalf of clients. SIM and its Access Persons are prohibited from improperly disclosing or using such information for its own benefit or for the benefit of any other person, regardless of whether such other person is a client. SIM maintains and enforces written policies and procedures that prohibit the communication of such information to persons who do not have a legitimate need to know such information and to assure that SIM is meeting its obligations to clients and remains in compliance with applicable law. In certain circumstances, SIM and its Access Persons may possess certain confidential or material, nonpublic information that, if disclosed, might be material to a decision to buy, sell or hold a security, but SIM and its Access Persons will be prohibited from communicating such information to the client or using such information for the client's benefit. In such circumstances, SIM and its Access Persons will have no responsibility or liability to the client for not disclosing such information to the client (or the fact that SIM possesses such information), or not using such information for the client's benefit, as a result of following SIM's policies and procedures designed to provide reasonable assurances that it is complying with applicable law.

In addition, SIM's Code prohibits SIM or its Access Persons from executing personal securities transactions of any kind in any securities on a restricted securities list maintained by the Chief Compliance Officer. All of SIM's Access Persons are required to check the restricted list before making an investment and disclose their securities transactions on a quarterly basis and holdings on an annual basis. Trading in Access Persons' accounts will be reviewed by the Chief Compliance Officer, or her designee, and compared with transactions for the Funds and/or reviewed against the restricted securities list.

## **Item 12. Brokerage Practices**

### **Research & Other Soft Dollar Arrangements**

#### **The Adviser's Trading:**

SIM's investment strategy is to primarily invest client assets in private funds and it does not have any formal or informal soft dollar arrangements at this time. However, SIM has brokerage relationships and may enter into additional relationships to invest the Funds' assets directly in ETFs, mutual funds, stocks, bonds, futures, forwards, or secondaries. SIM expects that direct investments in securities that require the use of

a securities broker to be limited; however, when applicable, SIM will consider a number of factors in selecting a broker-dealer to execute these transactions and determine the reasonableness of the broker-dealer's compensation. Such factors include net price, transaction costs, reputation, financial strength and stability, efficiency of execution and error resolution and offering to SIM on-line access to computerized data regarding investments. In selecting a broker-dealer to execute transactions and determining the reasonableness of the broker-dealer's compensation, SIM need not solicit competitive bids and does not have an obligation to seek the lowest available commission cost. It is not SIM's practice to negotiate "execution only" commission rates. When applicable, SIM will evaluate the broker-dealers used to execute trades using the foregoing factors.

Although not a material consideration when determining to use a particular broker-dealer, SIM may receive from the broker-dealer, without cost and/or at a discount, support services and/or products, certain of which assist SIM to better monitor and service the Funds. Certain support services and/or products that may be received may assist SIM in managing and administering to the Funds. Others do not directly provide such assistance, but rather assist SIM to manage and further develop its business enterprise.

#### Portfolio Managers:

The Funds' underlying Portfolio Managers may consider a number of factors in selecting a broker-dealer to execute transactions (or series of transactions) and determining the reasonableness of the broker-dealer's compensation. Such factors may include net price, reputation, financial strength and stability, efficiency of execution and error resolution and offering to the Portfolio Manager on-line access to computerized data regarding a client's accounts. In selecting a broker-dealer to execute transactions (or series of transactions) and determining the reasonableness of the broker-dealer's compensation, a Portfolio Manager need not solicit competitive bids and does not have an obligation to seek the lowest available commission cost. It may not be a Portfolio Manager's practice to negotiate "execution only" commission rates, thus a client may be deemed to be paying for research, brokerage or other services provided by a broker-dealer which are included in the commission rate.

Portfolio Managers may receive research or other products or services other than execution from a broker-dealer in connection with securities transactions. This is known as a "soft dollar" relationship. It is expected, but cannot be guaranteed, that Portfolio Managers will limit the use of "soft dollars" to obtain research and brokerage services to services that constitute research and brokerage within the meaning of Section 28(e) of the Securities Exchange Act of 1934 ("Section 28(e)"). Research services within Section 28(e) may include, but are not limited to, research reports (including market research); certain financial newsletters and trade journals; software providing analysis of securities portfolios; corporate governance research and rating services; attendance at certain seminars and conferences; discussions with research analysts; meetings with corporate executives; consultants' advice on portfolio strategy; data services (including services providing market data, company financial data and economic data); advice from broker-dealers on order execution; and certain proxy services. Brokerage services within Section 28(e) may include, but are not limited to, services related to the execution, clearing and settlement of securities transactions and functions incidental thereto (i.e., connectivity services between an adviser and a broker-dealer and other relevant parties such as custodians); trading software operated by a broker-dealer to route orders; software that provides trade analytics and trading strategies; software used to transmit orders; clearance and settlement in connection with a trade; electronic communication of allocation instructions; routing settlement instructions; post trade matching of trade information; and services required by the SEC or a self-regulatory organization such as comparison services, electronic confirms or trade affirmations.

The use of client commissions (or markups or markdowns) to obtain research and brokerage products and services raises conflicts of interest. For example, Portfolio Managers will not have to pay for the products and services themselves. This creates an incentive for Portfolio Managers to select or recommend a broker-dealer based on its interest in receiving those products and services.

As previously noted, SIM's investment strategy is to primarily invest client assets in private funds that do not require the use of a broker or the payment of commissions. For its limited amount of direct trading of public securities and when further applicable, SIM has developed and implemented policies and procedures

to comply with its best execution responsibilities. In addition, SIM's due diligence of the underlying Portfolio Managers includes a review of their trading and best execution practices for reasonableness and is one factor utilized in determining the Portfolio Manager for investment by the Funds.

### **Directed Brokerage**

SIM does not have any directed brokerage arrangements.

### **Allocation and Aggregation Procedures**

SIM currently only advises the Funds and therefore does not aggregate orders.

### **Trade Errors**

SIM may on occasion experience errors with respect to trades or transactions on behalf of its clients. Trade errors can result from a variety of situations, including, for example, when the wrong investment is purchased or sold, or the correct investment is purchased or sold but for the wrong quantity and/or amount. Trade errors may result in losses or gains. SIM has implemented a two-tier approval authentication process to mitigate and minimize the potential occurrence of trade errors. SIM endeavors to detect trade errors promptly and correct and/or mitigate them in an expeditious manner. To the extent an error is caused by a third party, such as a broker-dealer or a custodian, SIM will strive to recover any losses associated with such error from such third party. The Fund's current contracted third-party custodians/brokers have a contractual and/or general fiduciary duty to utilize reasonable care in executing trades at the behest of the Funds. Unless SIM determines that a trade error has occurred as a result of gross negligence on its part, any losses will be borne by (and any gains will benefit) the Funds. SIM has established internal compliance policies regarding the manner in which such trade errors are identified, escalated, and resolved.

## **Item 13. Review of Accounts**

### **Portfolio Reviews**

The Funds' portfolio is reviewed on a periodic basis by SIM's investment personnel. Additionally, the Chief Compliance Officer or her designee may also review Funds' accounts to determine whether the portfolio is being managed in a manner that is consistent with the Funds' investment objectives, guidelines, and/or restrictions, as disclosed in the Funds' Governing Documents. Matters reviewed include specific securities held by Portfolio Managers, adherence to the Fund's investment guidelines and the performance of the Funds.

Significant market events affecting the prices of one or more securities in the Funds' account may trigger reviews of Funds' accounts on other than a periodic basis.

Quarterly capital statements by the Funds' administrator are made available to the Funds' investors and their authorized third-parties. SIM may provide reporting to the Funds' investors in addition to those provided by the third-party administrator. Investors and their authorized third-parties are strongly encouraged to compare any reports presented by SIM to those reports presented by the Funds' administrator, which should be considered the official record for account information. Any material differences between the reports should be discussed with both SIM and the Funds' administrator independently until the investors have received adequate reconciliation and explanation of any material differences in the reports.

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

SIM does not receive an economic benefit from a non-client for providing investment advice or other Advisory services to our clients, nor does SIM have any arrangement under which it or its Access Persons compensates or receives compensation for client referrals.



## **Item 15. Custody**

SIM currently does not hold funds or securities of the Funds, however, SIM is “deemed” to have custody as a result of certain directors of SIM’s affiliates that also serve as directors of the Funds, and SIM’s ability to authorize the movements of Funds’ assets. Funds’ assets, including certain assets defined as “privately offered securities” *per Rule 206(4)-2 under the Advisers Act*, are held in custody by “qualified custodians”. In order to comply with the Custody Rule under the Advisers Act, SIM has engaged a Public Company Accounting Oversight Board (“PCAOB”)-registered independent public accountant to perform an annual financial audit of the Funds. The audited financial statements will be distributed to all applicable limited partners or investors within 260 days of the Funds’ fiscal year-end.

## **Item 16. Investment Discretion**

SIM provides investment advisory services on a discretionary basis to the Funds. Please see Item 4 for a description of any limitations clients may place on SIM’s discretionary authority.

SIM has entered into an investment management agreement with the Funds that sets forth the scope of SIM’s discretion.

Unless otherwise instructed, SIM has the authority to determine (i) the securities or private funds or private investments to be purchased and sold for the Funds (subject to restrictions on its activities set forth in the applicable investment management agreement and any written investment guidelines) and (ii) the amount of securities or private funds or private investments to be purchased or sold for the Funds.

## **Item 17. Voting Client Securities**

SIM has adopted procedures governing the voting of proxies that are designed to ensure it will vote proxy proposals, amendments, consents or resolutions (collectively, “proxies”) relating to its clients’ investments in a prudent and diligent manner intended to enhance the economic value of the assets of the Funds.

If a material conflict of interest between SIM and the Funds exists, SIM will determine whether voting in accordance with the guidelines set forth in the proxy voting policies and procedures is in the best interests of the Funds or take some other appropriate action.

Investors may obtain a copy of SIM’s proxy voting policies and procedures and information about how SIM voted the Funds’ proxies by contacting Gennady Bekasov, Chief Compliance Officer at [gennady.bekasov@strenta-im.com](mailto:gennady.bekasov@strenta-im.com) or 954-361-8507.

## **Item 18. Financial Information**

SIM has not filed for bankruptcy and is not aware of any present financial condition likely to impact the advisory relationships with clients, impair SIM’s ability to meet contractual obligations or the fiduciary commitments to its clients.