

**Schedule F of
Form ADV
Continuation Sheet for Form ADV Part II**

Applicant:	SEC File Number:	Date:
Kestrel Investment Management Corporation	801- 43351	March 30, 2009

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules)

1. Full name of applicant exactly as stated in Item I.A of Part I of Form ADV: Kestrel Investment Management Corporation		IRS Empl. Ident. No.: 94-3173193												
Item of Form (identify)	Answer													
Item 1.D.	<p>Kestrel Investment Management Corporation ("Kestrel") provides specialized investment management services to a privately-offered investment limited partnership, Kestrel Investment Fund, L.P. (the "Fund"), and separately managed advisory accounts (each, a "Separate Account"). Kestrel manages only a portion of each Separate Account client's assets and does not provide specific advice on those clients' other assets.</p> <p><u>Fees</u></p> <p>Fees paid by Separate Account clients are based on a percentage of assets under management based on the following schedule:</p> <table border="1"> <thead> <tr> <th></th> <th colspan="2">Annual Fee Rate</th> </tr> <tr> <th><u>Account Value</u></th> <th><u>Institutional</u></th> <th><u>Non-Institutional</u></th> </tr> </thead> <tbody> <tr> <td>First \$3,000,000</td> <td>1.00%</td> <td>1.25%</td> </tr> <tr> <td>On balance of assets</td> <td>1.00%</td> <td>1.00%</td> </tr> </tbody> </table> <p>All such fees are payable quarterly in advance or quarterly in arrears (depending upon the arrangement negotiated with each particular client). Kestrel may change the fee schedule upon thirty (30) days prior written notice to client. In the event the relationship is terminated, any fees paid in advance will be pro rated to the date of termination and the unearned portion will be returned to the client. Lower fees for comparable services may be available from other sources. The foregoing is Kestrel's <u>basic</u> fee schedule; however, fees may be negotiable under limited circumstances, and arrangements with any particular client may vary.</p> <p>Kestrel has negotiated a performance-based fee arrangement with one of its larger institutional clients; the arrangement was proposed by the client and negotiated between the client and Kestrel. Kestrel's fee for this account is equal to a fixed annual percentage of the account's market value plus an annual incremental performance fee based upon the account's performance relative to the performance of a "benchmark."</p> <p>The Fund pays Kestrel a management fee for managing the Fund's investment portfolio and for managing and administering certain of the Fund's operations. The management fee is calculated at a rate of 1% <i>per annum</i> of each limited partner's capital account balance and is paid quarterly in advance based on the value of each limited partner's capital account as of the beginning of the relevant Fund Quarter (as defined below). As to capital contributed on a date other than the first day of a Fund Quarter, Kestrel is paid a prorated management fee. If a limited partner were to be permitted to withdraw capital on a date other than the end of a Fund Quarter, he or she would not receive any refund of any management fee as to the remaining portion of that Fund Quarter. Kestrel may vary the management fee as to particular limited partners by separate agreement.</p> <p>As to any subscription, the subscribing limited partner may be subject to a subscription fee of up to 1% of the gross subscription amount, to cover the Fund's costs of establishing portfolio exposure as to the subscription, which otherwise would be borne by all of the partners. In addition, the Fund may charge the transaction costs incurred in funding a withdrawal to the withdrawing limited partner.</p>			Annual Fee Rate		<u>Account Value</u>	<u>Institutional</u>	<u>Non-Institutional</u>	First \$3,000,000	1.00%	1.25%	On balance of assets	1.00%	1.00%
	Annual Fee Rate													
<u>Account Value</u>	<u>Institutional</u>	<u>Non-Institutional</u>												
First \$3,000,000	1.00%	1.25%												
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Item 1.D. (cont.)	<p>Kestrel believes its fees are competitive with fees charged by other investment advisers for comparable services; however, comparable services may be available from other sources for lower fees than those charged by Kestrel.</p> <p><u>Withdrawal and Termination Rights</u></p> <p>Separate Account clients may terminate their respective Investment Management Agreements with Kestrel, without penalty, within five (5) business days after entering into the Agreement. Thereafter, either party may generally terminate the Agreement, without penalty, with thirty (30) days advance written notice to the other party.</p> <p>A limited partner in the Fund generally may withdraw capital as of the end of each February, May, August and November (each three-month period ending on one of those dates, a "Fund Quarter"). Withdrawals require at least 30 days' prior written notice, and partial withdrawals generally may not reduce a limited partner's capital account balance to less than the lesser of the limited partner's initial capital contribution or the minimum capital contribution applicable to the limited partner at the time of that initial capital contribution.</p> <p><u>Proxy Policy</u></p> <p>Kestrel has adopted policies and procedures that address generally the guidelines Kestrel expects to follow in the exercise of its voting authority over client proxies it receives from time to time on behalf of its clients. A copy of those policies and procedures and information concerning how Kestrel voted proxy issues on behalf of its clients will be provided upon request to any such client or limited partner in the Fund. Such request may be made in writing or by calling (650) 572-9450.</p>	
Item 2.G.	Kestrel currently is the general partner and investment manager of the Fund and investment manager to separately managed advisory accounts. In the future, Kestrel may serve as general partner or investment manager to other investment funds, other pooled investment vehicles and/or other client accounts.	
Item 5.	Generally, an undergraduate degree and prior business experience is required. Graduate work and a specialized business or technical skill are preferred, but not required.	
Item 6.	<p><i>David J. Steirman</i>, President, was born in 1956 in Chicago, Illinois. He graduated magna cum laude from the Wharton School of the University of Pennsylvania in 1976 and received his M.B.A. from the University of Chicago in 1979. He was Director of Investment Systems at American National Bank of Chicago, and was associated with the Harris Bank's Management Sciences area in Chicago. In 1981 David joined Concord Capital Management, where his responsibilities included strategy development, investment research and management of finance, operations, systems and trading. David also serves on the Boards of Directors of several non-profit organizations.</p> <p><i>Abbott J. Keller</i>, Chief Investment Officer, was born in 1951 in New York City. He earned his B.S. in Finance from the University of Oregon, where he received the 1972 Wall Street Journal Finance Award. He received an M.B.A. from the University of California at Berkeley in 1973, graduating in the top 10% of his class. In 1973 he joined American National Bank of Chicago, where he was Senior Investment Strategist for seven years. For twelve years he was strategist, portfolio implementor, and member of the Investment Decision Group at Concord Capital Management. Abbott holds the Chartered Financial Analyst designation.</p>	

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Item 6. (cont.)	<p>Abbott's area of specific expertise includes transportation, media, utilities, and forest products. He has had analytical responsibility for all these sectors for more than twenty-five years. His experience in these areas has given him considerable insight into the dynamics of regulated industries. His experience as a strategist and portfolio manager has allowed him to broaden his knowledge to include numerous other areas.</p> <p><i>Gregg S. Uyekubo</i>, Trading Manager, was born in 1964 in Modesto, California. He received his B.S.M.E in Mechanical Engineering from the University of California, Davis in 1987 and earned his M.B.A. from University of Nevada, Las Vegas in 1996. From 1994 - 1998, Gregg was an Equity Analyst at Crescent Capital Management Company. Gregg joined Kestrel in 1998. Gregg was awarded the Chartered Financial Analyst designation in 2001.</p> <p><i>Lee Kaplan</i>, Equity Analyst, was born in Russia in 1971. Lee received his B.S. in Accounting in 1993 and Master of Business Taxation in 1995 from the University of Southern California. He earned his M.B.A. from the University of Chicago in 2003. Lee had a six year public accounting career in Los Angeles with Price Waterhouse (1996 – 1997) and Altschuler, Melvoin & Glasser (1997 – 2001). During his public accounting career, Lee focused on financial and tax consulting involving the valuation of private and public businesses. He joined Spin-off Advisors in Chicago in June 2002 as a Generalist Equity Analyst. Lee is a CFA Charterholder and certified public accountant (accredited in Business Valuation by the AICPA). Lee joined Kestrel in June 2004. He is a generalist, analyzing securities across all sectors of industry.</p>	
Item 8.D. Item 9.D. Item 9.E.	<p>Kestrel is the Fund's investment manager and general partner and is investment manager to separately managed advisory accounts. Kestrel does not advise Separate Account clients or other persons as to the appropriateness of investing in the Fund. However, because of Kestrel's relationship to the Fund, should someone who is otherwise a Kestrel client invest in the Fund, Kestrel could be considered to have recommended that investment.</p> <p>From time to time, Kestrel may cause a client to buy securities of a company in which one or more of Kestrel's employees has an ownership position, or an employee may buy securities of a company at a time when client accounts also hold the security.</p> <p>Kestrel has adopted a Code of Ethics that describes the standards of business conduct that Kestrel requires of employees and establishes procedures intended to prevent Kestrel, and its personnel and certain of their relatives, from inappropriately benefiting from Kestrel's relationships with clients. The Code provides that (i) Kestrel's clients' interests come before Kestrel's or employees' interests; (ii) employees must avoid any actual or potential conflicts between their or Kestrel's interests and the interests of clients; (iii) employees must avoid any abuse of their positions of trust with and responsibility to Kestrel and its clients; and (iv) Kestrel and its employees must comply with all applicable securities laws. The Code requires employees to report personal securities holdings and (on at least a quarterly basis) transactions and includes procedures for and restrictions on employee trading intended to prevent employees from benefiting from, or appearing to benefit from, any price movement that may be caused by client transactions or Kestrel's recommendations regarding securities. Among other things, these include requirements that employees make a written request for, and receive clearance from, Kestrel's Chief Investment Officer (or, in his absence, the President or Chief Compliance Officer) before they buy or sell any security (other than certain government securities,</p>	

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Item 9.D. Item 9.E. (cont.)	mutual funds, and certain other types of securities that Kestrel does not believe create a potential for conflicts of interest) and prohibitions of transactions in securities that Kestrel is actively considering, or is, buying or selling for client accounts. It also contains restrictions on and procedures to prevent inappropriate trading while in possession of material nonpublic information (including information about Kestrel's trading activity for clients). Kestrel will provide a copy of its Code of Ethics to any client or prospective client upon request.	
Item 10.	Kestrel manages accounts on a fully discretionary basis. The Fund generally requires a minimum initial investment of \$1,000,000 although Kestrel, as the Fund's general partner, may waive this minimum. Kestrel generally requires a minimum of \$3,000,000 to manage a Separate Account, although it may waive this requirement in its discretion. In addition, limited partners in the Fund generally must qualify as "accredited investors" within the meaning of the Securities Act of 1933, as amended. Kestrel requires limited partners to make representations concerning their sophistication as investors and their ability to bear the risk of loss of their entire investment in the Fund.	
Item 11.A.	Kestrel manages both Separate Accounts and a commingled pooled account (the Fund) pursuant to the same investment strategy, and the team of reviewers are the same for both the Separate Accounts and the Fund. They include Kestrel's Chief Investment Officer (CIO), President, Trader, Client Relationship Manager and several Client Service Associates. All members of the team are aware of specific client guidelines and restrictions and monitor each account daily for adherence to those guidelines and restrictions and to Kestrel's internal policies. In connection with securities transactions on behalf of clients, Kestrel's Trader maintains, for relevant clients, a checklist of restricted securities, industry and sector limits and maximum cash levels. At the end of each quarter, the team of reviewers monitor compliance with established client guidelines and internal firm policies and procedures.	
Item 11.B.	<p>Some Separate Account clients have requested that Kestrel send them monthly reports detailing their portfolio holdings, transactions during the month and performance for the month. Separate Account clients generally receive, at the end of each quarter, reports showing their portfolio holdings at that time, transactions throughout the quarter and the clients' portfolio returns compared against the specified benchmarks. Kestrel's President, CIO and Client Relationship Manager meet with clients on a periodic basis or upon a client's request to review the clients' account performance.</p> <p>Limited partners in the Fund are able to access information about their own interests in the Fund online via the Fund administrator's website and may request to receive, on a monthly basis, hardcopy statements via regular mail from the administrator. The information provided in those statements includes limited partners' capital contributions and withdrawal amounts, their capital account balances at the beginning and end of the relevant period and the Fund's rate of return over the periods during which the partners have held their respective interests in the Fund. On a quarterly basis, limited partners may also access a quarterly newsletter online through the Fund administrator's website or may request to be mailed a hardcopy of the newsletter. At the end of each fiscal year, Kestrel delivers annual audited financial statements to limited partners.</p>	
Item 12.A. Item 12.B. Item 13.A. Item 13.B.	<p><i>Investment Discretion</i></p> <p>Generally, Kestrel's clients grant it the authority to select which and how many securities to buy or sell, subject to specified investment objectives and guidelines. Limitations imposed by such objectives and</p>	

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Complete amended pages in full, circle amended items and file with execution page (page 1).

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Item 12.A. Item 12.B. Item 13.A. Item 13.B. (cont.)	<p>guidelines are generally intended to focus Kestrel's management on "value" investing in equity securities and, in some cases, to address clients' internal investment constraints.</p> <p><i>Selection Criteria, Generally</i></p> <p>Kestrel's clients generally rely on Kestrel to select brokers, dealers, banks and other financial intermediaries and counterparties with or through which to execute or enter into portfolio transactions (collectively, "<i>Transacting Parties</i>"). Kestrel generally makes those selections on a transaction-by-transaction basis. In addition to paying commissions to Transacting Parties in connection with transactions effected on any agency basis, Kestrel may buy or sell securities directly from or to Transacting Parties acting as principal (such as market-makers for over-the-counter securities) at prices that include markups or markdowns. Securities may also be bought from underwriters in public offerings at prices that include compensation to the underwriter.</p> <p>In choosing Transacting Parties, Kestrel is not required to consider any particular criteria. Generally, Kestrel's primary objective is to obtain "best execution" of its clients' portfolio transactions. What constitutes "best execution" and determining how to achieve it are inherently uncertain. In evaluating whether a Transacting Party will provide best execution, Kestrel considers a range of factors. These include, among others, historical net prices (after markups, markdowns or other transaction-related compensation) on other transactions; the execution, clearance and settlement and error correction capabilities of the Transacting Party generally and in connection with securities of the type and in the amounts to be bought or sold; the Transacting Party's willingness to commit capital; the Transacting Party's reliability and financial stability; the size of the transaction; the market for the security; and, as discussed more fully below, the nature, quantity and quality of research and other services and products provided by the Transacting Party. Kestrel is not required to select the Transacting Party that charges the lowest transaction cost, even if that Transacting Party can provide execution quality comparable to other Transacting Parties, and at times Kestrel's clients may pay more than the lowest transaction cost available in order to obtain for those portfolios and/or Kestrel services and products other than the execution of securities transactions.</p> <p><i>"Soft Dollars"</i></p> <p>Kestrel may select Transacting Parties in recognition of the value of various services or products, beyond transaction execution, that they provide to Kestrel and its clients. Selecting a Transacting Party in recognition of the provision of services or products other than transaction execution is known as paying for those services or products with "soft dollars." Because many of those services and products could benefit Kestrel, Kestrel may face conflicts of interest in allocating its clients' portfolio transaction business. These may include incentives to cause clients to engage in the following practices to induce Transacting Parties to provide those benefits: (i) pay Transacting Parties higher compensation (including markups and markdowns on principal transactions with market-makers) than the compensation payable to other market participants who do not provide the services or products; (ii) select Transacting Parties that do not provide the best possible price; and (iii) use (and pay) Transacting Parties who do not actually provide execution services (including Transacting Parties who are paid commissions on transactions effected on a principal basis with other Transacting Parties acting as market makers). The extent of the conflict of interest arising out of the use of soft dollars depends in large part on the nature and uses of the services and products acquired with soft dollars.</p>	

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Item 12.A. Item 12.B. Item 13.A. Item 13.B. (cont.)	<p>Kestrel may use client soft dollars to acquire a variety of “research” and “brokerage” services and products for which clients would not otherwise be required to pay. A federal statute, Section 28(e) of the Securities Exchange Act of 1934, recognizes the potential conflict of interest involved in this activity but protects investment managers such as Kestrel from claims that the activity involves a breach of fiduciary duty to advisory clients—even if the brokerage commissions paid are higher than the lowest available—if certain conditions are met. Services or products generally constitute “research” under Section 28(e) if they constitute advice, analyses or reports, any of which express reasoning or knowledge as to the value of or investing in or trading securities or, as to issuers, industries, economic factors and trends, portfolio strategy or performance, but only to the extent Kestrel uses them for lawful and appropriate assistance in making investment decisions for the Fund and Kestrel’s Separate Account clients. “Brokerage” services and products are those used to effect portfolio transactions for Kestrel’s clients (including the Fund) or for functions that are incidental to effecting those transactions (such as clearance, settlement or short-term custody related to effecting, clearing or settling transactions) or required under applicable regulations in connection with transactions. To be protected under Section 28(e), Kestrel must, among other things, determine that commissions paid are reasonable in light of the value of the “brokerage” and “research” services and products acquired. Section 28(e)’s “safe harbor” protects the use of client soft dollars even when Kestrel uses research and brokerage services and products to benefit clients other than the client whose soft dollars were used.</p> <p>Notwithstanding this protection, Kestrel could be considered to have a conflict of interest when it uses soft dollars for research and brokerage services and products. Because Kestrel might otherwise have to pay cash for those services and products, it may have an incentive to use Transacting Parties who provide those products and services more than it otherwise would. The types of “research” Kestrel may receive from Transacting Parties include (but are not limited to): reports on or other information about particular companies or industries; economic surveys and analyses; recommendations as to specific securities; financial and industry publications; portfolio evaluation services; financial database software and services; computerized news, pricing and statistical services; analytical software; proxy analysis services and systems (to the extent used to assist in making investment decisions), quotation services; and other products or services that may enhance Kestrel’s investment decision-making. “Brokerage” services and products (beyond typical execution services) include (but are not limited to): computer systems and facilities (including hardware) used for such things as communicating orders and settlement related information electronically to executing Transacting Parties, post-trade matching of trade information, communicating allocation instructions, and other clearance and settlement functions. Although use of soft dollars outside of Section 28(e)’s “safe harbor” does not necessarily constitute a breach of Kestrel’s fiduciary duty, except as described below under “Client Referrals,” Kestrel generally attempts to limit its activities to those covered by Section 28(e).</p> <p><i>Fund Expenses.</i> The Fund may use soft dollars to pay its accounting and other ongoing expenses and to meet its obligation to reimburse Kestrel for expenses Kestrel has advanced. The Fund could also use brokerage commissions, markups and markdowns, and other transaction-related compensation to pay the Custodian for recordkeeping, custodial and related services provided to the Fund. Under the Fund’s agreement of limited partnership, the Fund, and not Kestrel, would otherwise be obligated to bear all of these expenses. Kestrel therefore does not believe it would have a significant conflict of interest in selecting a Transacting Party in recognition of that party’s payment of them.</p>	

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Item 12.A. Item 12.B. Item 13.A. Item 13.B. (cont.)	<p><i>Other Services and Products.</i> Non-research or non-brokerage services that a Transacting Party may provide could potentially include some of Kestrel's costs of and equipment used in providing services to the Fund or other clients, such as computer and communications equipment Kestrel uses in connection with its investment analysis and decision-making, mass-market periodical subscriptions, out-of-pocket expenses involved in soliciting prospective investors (including finders' fees or placement agent fees) and in evaluating potential investment opportunities (including travel, meals and lodging related to such evaluation), the computer software and equipment used for client reporting and/or other administrative activities, and other costs that Kestrel would otherwise bear. Kestrel will have a conflict of interest to the extent these services are paid for by Transacting Parties, as it will have an incentive to use those Transacting Parties regardless of whether using them would otherwise be in the Fund's best interests</p> <p><i>Procedures.</i> Transacting Parties from which Kestrel obtains soft dollar services or products generally establish "credits" based on past transactional business (including markups and markdowns on principal transactions), which may be used to pay or reimburse Kestrel for specified expenses. In some cases the process is less formal, a Transacting Party simply may suggest a level of future business that would fully compensate the Transacting Party for services or products it provides. Clients' actual transactional business with a Transacting Party may be less than the suggested level but can—and often will—exceed that level, and credits established may exceed the amounts used to acquire services and products. This may be in part because client investment activities generate aggregate commissions in excess of the levels of future business suggested by all Transacting Parties who provide services and products. And it may be in part because those Transacting Parties may also provide superior execution and may therefore be most appropriate for particular transactions. Kestrel may ask a Transacting Party who is executing a transaction for several accounts managed by Kestrel (see the discussion below regarding aggregation of orders) to "step out" of a portion of the transaction in favor of a Transacting Party who has provided or is willing to provide products or services for soft dollars. That is, the executing Transacting Party will allow a portion of the overall commissions or other compensation to be paid to the soft-dollar Transacting Party. This assists Kestrel in acquiring products and services with soft dollars while providing the benefits of aggregated transactions as described below.</p> <p>These procedures are generally consistent with the requirements of Section 28(e) when the products or services acquired constitute research and/or brokerage. However, Section 28(e)'s safe harbor is not available where transactions are effected on a principal basis, as most transactions with market-makers in over-the-counter securities are, with a markup or markdown paid to the Transacting Party. Kestrel may nonetheless use those markups and markdowns as soft dollars with which to acquire services and products of the kinds described above. Kestrel's employees involved in trading monitor the quality of execution provided by the brokers and dealers through whom Kestrel executes transactions on behalf of clients as well as the reasonableness of the compensation paid to those brokers and dealers in light of all the factors described above.</p> <p><i>Aggregation of Orders</i></p> <p>Where Kestrel buys or sells the same security for two or more clients, Kestrel may place concurrent orders with a single broker, to be executed together as a single "block" in order to facilitate orderly and efficient execution. When Kestrel does so, each account on whose behalf an order was placed will receive a proportionate share of the securities purchased or the sales proceeds, based on the size of that account's order, at the average price for the "block" transaction. An account generally will not be included in a block transaction if the number of shares to be allocated to or sold by the account would</p>	

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Item 12.A. Item 12.B. Item 13.A. Item 13.B. (cont.)	<p>be less than 500 (or another amount specified with regard to a particular transaction). This minimum share amount varies as to particular transactions based on such factors as the quantity of shares of a particular security traded on a particular day, the size of the aggregated order, and the relative size of client accounts, and, as to directed brokerage clients as to whom there exist "step out" arrangements (see next paragraph), a specific minimum share amount may be imposed by the broker or dealer stepping in. An account that does not participate in a particular block transaction on a particular day as a result of this procedure may pay brokerage fees that are either lower or higher than the fees it might otherwise pay if it participated in the block transaction. In addition, such an account may experience less (or more) advantageous prices as to a security, as compared with accounts whose trades in the security were made through the aggregated transaction.</p> <p>Generally, clients will bear a proportionate share of all transaction costs in block transactions, although if such a transaction is effected with a broker-dealer with which a particular client has directly negotiated a special commission arrangement, that client's transaction costs may differ from the costs borne by other clients participating in the block. In addition, in connection with a client's directed brokerage arrangement (see below), Kestrel may, for purposes of obtaining more favorable transaction terms or quality on behalf of that client's account than might otherwise be available, include that account in a particular block transaction but arrange for the Transacting Party executing the transaction to "step out" of a portion of the transaction in favor of the broker or dealer specified by the directed brokerage client. In those circumstances, the portion of the block transaction as to which the step out occurred generally will be subject to higher transaction costs as compared with the rest of the transaction, and, accordingly, Kestrel will allocate those higher costs to the relevant directed brokerage client accounts in accordance with the terms of the directed brokerage arrangements.</p> <p><i>Cross Transactions</i></p> <p>Occasionally, Kestrel has both positive and negative cash flows in client accounts at the same time. At these times, Kestrel may be selling a stock out of one account and buying the same stock for another account. Where appropriate and consistent with individual client instructions, Kestrel may "cross" transactions between client accounts. In such transactions, securities are sold and bought directly between accounts rather than doing the sale and purchase on the open market. The price is generally determined by the closing price of the stock on the trade date. This is intended to eliminate market impact on the price of the security and may reduce transaction costs.</p> <p><i>Directed Brokerage</i></p> <p>Some clients may instruct Kestrel to use one or more particular brokers or dealers in managing their accounts. A client may specify that a particular amount of business should be sent to a broker or dealer, that all business should be directed to that broker or dealer, or merely that that broker or dealer should be used when all other considerations are equal. In some cases, the broker-dealer may serve as custodian of the assets in the account and/or consultant to the client. Clients should understand that giving such directions may prevent Kestrel from effectively negotiating brokerage compensation on their behalf or aggregating orders with other clients. These directions may even prevent Kestrel from obtaining the most favorable net price and execution. Thus, in directing brokerage business, those clients may lose possible advantages that other clients may have and they should consider whether the commission expenses, and execution, clearance, and settlement capabilities, they will obtain through their directions are adequately favorable in comparison to those that Kestrel otherwise attains for its clients to justify their direction of their brokerage business.</p> <p style="text-align: right;"><i>Schedule F, Page 8</i></p>	

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Item of Form (identify)	Answer
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**Item 12.A.
Item 12.B.
Item 13.A.
Item 13.B.
(cont.)**

Custody, Clearing and Settling

The Fund's assets are held by State Street Bank & Trust Co. (formerly, Investors Bank & Trust Company) (the "Custodian"). The Custodian is responsible for safekeeping the Fund's securities and cash. The Custodian may cause the Fund's assets to be held through an agent or in a nominee's name and may appoint one or more foreign sub-custodians to hold the Fund's assets to the extent they are invested in, or are engaged in transactions in, foreign securities. If the Fund were to sell securities short or invest in futures contracts or certain other types of derivatives, a portion of the Fund's assets could be held by a broker-dealer, futures commission merchant, contract counterparty or other financial intermediary as margin or collateral for the Fund's obligations under the relevant contracts. Under the Custodian's agreement with the Fund, the Custodian is entitled to compensation in amounts agreed to by Kestrel from time to time.

Client Referrals

Kestrel does not enter into agreements with brokers or dealers under which Kestrel is obligated to compensate them for client referrals. However, for clients other than those covered by ERISA, when Kestrel believes that a broker or dealer who has referred clients to Kestrel is capable of providing the best price and overall execution as to a particular portfolio transaction, considering all the factors described above, Kestrel may select that broker or dealer in recognition of referrals or possible future referrals. Commissions paid to that broker or dealer may be higher than would otherwise be payable to another broker-dealer. A conflict exists between the client's interests in obtaining best execution at the lowest transaction cost and Kestrel's interest in receiving referrals from such brokers or dealers. Although it has not previously done so, Kestrel may employ solicitors to whom it will pay cash or a portion of the advisory fees paid by clients referred to it by those solicitors. In the event it elects to do so in the future, Kestrel will disclose the arrangement in writing to the client and will otherwise comply with all other requirements of Rule 206(4)-3 of the Investment Advisers Act of 1940, as amended.

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**Schedule F of
Form ADV
Continuation Sheet for Form ADV Part II**

Applicant:	SEC File Number:	Date:
Kestrel Investment Management Corporation	801- 43351	March 30, 2009

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules)

1. Full name of applicant exactly as stated in Item I.A of Part I of Form ADV: Kestrel Investment Management Corporation		IRS Empl. Ident. No.: 94-3173193
Item of Form (identify)	Answer	