

Item 1 – Cover Page

Kayne Anderson Capital Advisors, LP

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March 30, 2012

This brochure on Form ADV (the “Brochure”) provides information about the qualifications and business practices of Kayne Anderson Capital Advisors, LP (“KACALP” or “we”). If you have any questions about the contents of the Brochure, please contact Michael O’Neil, Chief Compliance Officer, at (310) 282-7905 and/or moneil@kaynecapital.com. The information in the Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

KACALP is a registered investment adviser. Registration of an investment adviser does not imply any level of skill or training.

Additional information about KACALP is available on the SEC’s website at www.adviserinfo.sec.gov.

Item 2 – Material Changes

On July 28, 2010, the United States Securities and Exchange Commission (“SEC”) published “Amendments to Form ADV”, which have the effect of requiring changes to the disclosure document that we provide to clients as required by SEC Rules.

Since the last annual update of the Brochure, dated March 15, 2011, the following material changes have occurred in the categories identified:

Advisory Business – We are marketing two new lock-up funds: Kayne Anderson Energy Fund VI, L.P., a private equity fund focused on small to medium oil and gas exploration and production companies, and Kayne Senior Credit Fund, L.P., a private equity fund focused on private senior loan investments in middle market companies.

Other Financial Industry Activities and Affiliations – Our sharing arrangement with Kayne Anderson Rudnick Management, LLC (“KAR”) ended in October 2011 as we separated our physical locations in Los Angeles. KACALP’s principal office address is 1800 Avenue of the Stars, Third Floor, Los Angeles, CA 90067.

Our Code of Ethics has been reviewed and revised.

Our Insider Trading Policy has been reviewed and revised.

Our Security Valuation Policy has been reviewed and revised.

At the end of 2011, Judy Ridder, who served as our Chief Compliance Officer (CCO) and in the same role (on a shared basis) for KAR (a former affiliate), became a full-time employee of KAR when we separated our physical locations. Our new CCO, Michael O’Neil joined KACALP on March 19, 2012.

In the past, we have offered or delivered information about our qualifications and business practices to clients on no less than an annual basis. Pursuant to new SEC Rules, you will receive a summary of any materials changes to the Brochure, and any subsequent versions of the Brochure within 120 days of the close of our fiscal year, which is December 31. We may further provide other ongoing disclosure information in the event of changes that are material to our clients.

Currently, you may request the Brochure free of charge by contacting Michael O’Neil, Chief Compliance Officer, at (310) 282-7905 or moneil@kaynecapital.com. The Brochure is also available on our web site, www.kaynecapital.com, also free of charge.

Additional information about KACALP is available via the SEC’s web site, www.adviserinfo.sec.gov. The SEC’s web site also provides information about any persons affiliated with KACALP who are registered, or are required to be registered, as investment adviser representatives of KACALP.

Item 3 -Table of Contents

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

Item 4 – Advisory Business

KACALP has engaged in the investment advisory business for over 25 years, during all of which time it has been registered as an investment adviser with the SEC (since 1984). KACALP is owned by its employees (other than an interest owned by the estate of John Anderson). Richard Kayne, our Founder and Chairman, through his majority ownership of Kayne Anderson Investment Management, Inc., is the majority owner of KACALP.

KACALP engages in alternative investing through investment partnerships, offshore funds, and to a limited extent, through separate accounts. A subsidiary of KACALP, KA Fund Advisors, LLC (“KAFA”), separately registered with the SEC as an investment adviser, also manages publicly traded closed-end funds. KACALP focuses on generating returns across a variety of strategies, which include (1) public investing in master limited partnerships and other specialized marketable securities sectors, (2) private investing in midstream and upstream oil and gas companies, and (3) private investing in growth equity, specialized real estate assets, and mezzanine and senior credit securities.

Privately Offered Pooled Investment Vehicles

KACALP serves as investment adviser to privately offered pooled investment vehicles formed as limited partnerships or limited liability companies (where KACALP or a subsidiary is the general partner or manager), or offshore corporations. KACALP’s pooled investment vehicles are available only to persons who are “accredited investors” under the Securities Act of 1933, as amended (the “1933 Act”), and “qualified clients” under the Investment Advisers Act of 1940, as amended. In most cases, investors must also be “qualified purchasers” under the Investment Company Act of 1940, as amended. These pooled investment vehicles are not made available to the general public and are not registered investment companies. KACALP’s pooled investment vehicles are managed by KACALP (or a controlled subsidiary) in its sole discretion.

KACALP’s pooled investment vehicles include: (i) redeemable funds, where capital contributions and withdrawals are permitted at stated intervals (generally, monthly or quarterly) at then current net asset values, and (ii) lock-up funds, where each limited partner makes an up-front commitment to contribute a stated amount of capital as it is called by KACALP (or a controlled subsidiary) for investment, and generally may not withdraw capital prior to the end of the stated multi-year term of the fund.

Redeemable Funds. Our redeemable funds engage in a range of alternative investment strategies. These include principally investing in the marketable securities of master limited partnerships, high-yield and convertible bonds, closed-end trusts, marine transportation companies and convertible and other arbitrage strategies. A small number of KACALP’s redeemable funds may invest directly or indirectly in minority or controlling equity interests in smaller, niche businesses. We seek to create portfolios designed to generate attractive absolute returns with lower volatility than, and low correlation to, broad equity indexes such as the S&P 500.

At March 15, 2012, our active Redeemable Funds include:

- Kayne Anderson Non-Traditional Investments, L.P. (“KANTI”)
- Kayne Anderson Capital Income Partners (QP), L.P. (“KACIP”)

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- Kayne Anderson Income Partners, L.P. (“KAIP”)
- Kayne Anderson MLP Fund, L.P. (“KAMLP”)
- Kayne Anderson Real Asset Fund, L.P. (“KARAF”)
- Kayne Anderson Midstream Energy Fund, Ltd (“KAMEF”)
- Kayne Anderson Midstream Institutional Fund, L.P. (“KAMIF”)
- Energy Infrastructure Fund, L.P. (“EIF”)
- Kayne Anderson Infrastructure Income Fund, L.P. (“KAIIF”)
- Kayne Midstream Specialty Fund, L.P. (“KAMS”)
- Kayne Energy Credit Opportunities, L.P. (“KECO”)

Participants in KACALP’s redeemable funds may invest or withdraw (entirely or partially) on either a monthly or quarterly basis, depending on the fund, subject in some cases to an early withdrawal charge or minimum investment period. Withdrawing partners must provide KACALP with proper advance written notice, which may be anywhere from 10 to 90 days depending on the fund and, in some cases, the timing of the participant’s entry into the Fund.

Lock-up Funds. KACALP’s lock-up funds are single-strategy funds engaged in making private investments in (1) private and public oil and gas companies; (2) private equity and related debt investments in smaller growth businesses; (3) mezzanine debt investments in middle-market companies; and (4) student housing and other specialized real estate assets. KACALP has also organized an investment team to make private investments in senior loan securities. These funds are designed to provide capital to enable portfolio companies to fund strategic opportunities for internal or external growth and thereby build value for fund holdings, or in the case of real estate investments, to acquire and improve such assets.

At March 15, 2012, our active Lock-up Funds include:

- Kayne Anderson Energy Fund III (QP), L.P. (“KAEF III QP”)
- Kayne Anderson Energy Fund III, L.P. (“KAEF III”)
- Kayne Anderson Energy Fund IV (QP), L.P. (“KAEF IV QP”)
- Kayne Anderson Energy Fund IV, L.P. (“KAEF IV”)
- Kayne Anderson Energy Fund V (QP), L.P. (“KAEF V QP”)
- Kayne Anderson Energy Fund V, L.P. (“KAEF V”)
- Kayne Anderson Private Investors, L.P. (“KAPI”)
- Kayne Anderson Private Investors II (QP), L.P. (“KAPI II QP”)
- Kayne Anderson Private Investors II, L.P. (“KAPI II”)
- Kayne Partners Fund, L.P. (“KAPF”)
- KAPI Mezzanine, L.P. (“KAPI Mezzanine”)
- Kayne Anderson Private Investors-RE, L.P. (“KAPI RE”)
- Kayne Anderson Real Estate Partners I, L.P. (“KAREP”)
- Kayne Anderson Real Estate Partners II (QP), L.P. (“KAREP II QP”)
- Kayne Anderson Real Estate Partners II, L.P. (“KAREP II”)
- Kayne Anderson Mezzanine Partners (QP), L.P. (“KAMP QP”)
- Kayne Anderson Mezzanine Partners, L.P. (“KAMP”)

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- Kayne Anderson Mezzanine Partners Offshore, L.P. (“KAMPO”)

Investments in the lock-up funds are permitted only at scheduled fund closings. As portfolio holdings are sold in a lock-up fund, the proceeds realized (as well as interest and cash dividends received) are generally distributed to limited partners. However, limited partners in these funds generally may not otherwise reduce or withdraw their investments until the fund’s maturity without the consent of KACALP (or a controlled subsidiary) in its capacity as general partner. Such consent, if given, may require that the withdrawing partner be penalized for such early withdrawal.

In addition to the funds listed above, we are currently engaged in the marketing of two new funds: Kayne Anderson Energy Fund VI, L.P. and Kayne Senior Credit Fund, L.P.

Internal Fund-to-Fund Investments. KACALP’s redeemable funds may invest in KACALP’s lock-up funds where such investment is consistent with the investment strategy of the investing redeemable funds. In cases where the redeemable funds pay the normal fees and profits interest charged by the lock-up-funds, the redeemable funds do not also charge the same fees on the amounts so invested.

At March 15, 2012, KANTI has investments in KAPI, KAPI II, KAPI Mezzanine, KAREP, KAREP II QP, KAMP, KAEF V, KAFU Holdings, L.P. (“KAFU”) (a special purpose fund invested in one company), Arbco-KAPI, LLC, Arbco-KAFU, LLC, KAPD-CA, LLC, KAIIF, and KECO. Finally, several of KACALP’s funds (in addition to Arbco-KAFU, LP) own an investment in KAFU. Internal fund-to-fund investments are structured to avoid fee “double-dipping.”

In addition, our multi-strategy funds may invest in other redeemable funds dedicated in each case to a specific asset class. Again, in such cases, fees are charged by one fund or the other to avoid “double dipping.”

From time to time, KACALP forms special purpose funds for its principals to invest in private funds managed by other, unaffiliated persons or to make a direct investment in an operating business. These external investments may be offered to clients. KACALP generally does not charge management fees to its clients with respect to such investments, but may charge performance fees and may receive a commitment fee from the third-party fund or operating company.

Separate Accounts

In addition to managing the investment vehicles described above, KACALP serves as investment adviser to a small number of separate accounts for institutional and ultra high-net worth clients. KACALP may act in such a capacity under an investment advisory agreement or as the manager of a joint venture limited liability company or limited partnership. These accounts invest in the same strategies generally employed by one or more of KACALP’s pooled investment vehicles, but generally have modified investment guidelines that are tailored to the individual objectives of the client.

Assets under Management

As of December 31, 2011, the total assets under management amounted to \$7 billion (which amount does not include \$7.2 billion managed by KAFA).

Item 5 – Fees and Compensation

Privately Offered Pooled Investment Vehicles

Redeemable Funds. KACALP's redeemable funds are charged annual management fees of 0.75% to 1.5% of portfolio assets, calculated and payable quarterly or monthly either in advance based on the fair market value of the account portfolio at the beginning of the period or in arrears based on such fair market value at the end of the period. KACALP also receives, in its redeemable funds, an incentive allocation (or fee for our offshore funds) based on the performance of the portfolio, calculated on the basis of both realized and unrealized gains and losses. Performance allocations range up to 20% of such realized and unrealized gains, but may or may not be calculated after a stated "hurdle" rate of return to the limited partners. Performance allocations are calculated and accrued monthly but are payable annually after year-end or at the time a partner withdraws if before year-end. All performance-based allocations are calculated cumulatively or are subject to a high watermark (on an individual investment basis) to prevent such fees from being generated on recouped gains.

Participants in KACALP's redeemable funds may withdraw, entirely or partially, on either a monthly or quarterly basis, depending on the fund, subject in some cases to an early withdrawal charge or minimum investment period. Withdrawing participants must provide KACALP with proper advance written notice, which may be anywhere from 10 to 90 days depending on the fund and, in some cases, the timing of the participant's entry into the fund. To enable periodic investments in and withdrawals from the redeemable funds (and to calculate management fees and performance allocations), KACALP determines net asset values for such accounts monthly as a general rule. The fair market values of investments which do not trade on an exchange or in other active markets are valued by KACALP based on its judgment exercised in good faith taking into consideration all factors it believes to be relevant. Such fair market valuations may be based on, or provided by, third-party pricing services or other independent estimates of such value.

Lock-up Funds. KACALP's lock-up funds are charged annual management fees of 1.5% to 2.0% of capital commitments (which are expected to significantly exceed portfolio assets early on in the life of the funds), calculated and payable quarterly or semi-annually. After the investment or commitment period, the management fee is based on the lower of net asset value or net invested capital. KACALP also receives a "carried interest" in its capacity as general partner generally entitling it to 20% of realized profits after a preferred return to limited partners. This carried interest is based on realized gains and received income only, and is payable as portfolio holdings are liquidated or otherwise monetized, subject, in some cases, to a reserve or claw-back arrangement to account for possible or actual losses incurred on holdings subsequently sold.

As portfolio holdings are sold in a lock-up fund, the proceeds received (as well as interest and cash dividends received) are generally distributed to limited partners. However, limited partners in these funds generally may not otherwise reduce or withdraw their investments until the fund's maturity without the consent of KACALP in its capacity as general partner. Such consent, if given, may require that the withdrawing partner be penalized for such early withdrawal.

Separate Accounts

The separate accounts managed by KACALP are generally charged management fees and in some cases performance fees similar to those applicable to its redeemable funds. A separate account client may terminate its investment advisory contract with KACALP on not less than 30 days' notice.

KACALP believes that its fees, both for its pooled investment vehicles and its separate accounts, are competitive with those charged generally by other investment advisers for comparable services. However, other sources may provide comparable services for lower or different fee structures. Performance-based allocations/fees are only charged consistent with applicable rules and regulations, including Rule 205-3 under the Investment Advisers Act of 1940.

Fee Arrangements and Payments

KACALP generally does not negotiate different fee arrangements with clients in its pooled investment vehicles, but may do so for very large accounts. KACALP may waive all or a portion of fees with respect to investments made by employees (and dependents) in its pooled investment vehicles. Separate account fee structures are determined through negotiation.

Investments in our redeemable funds can only be initiated and terminated at the beginning and end of the month or quarter, as applicable, which means that fee pro ration is not relevant. Fees are prorated with respect to partial proceeds in our lock up funds and separate accounts. If such accounts are terminated during a fee period, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable.

KACALP's fees are charged separately net of any of brokerage commissions, transaction fees, fund fees, or other fund or separate account related costs and expenses (which are incurred by the fund or separate account client, including legal and accounting costs).

Item 12 further describes brokerage commissions.

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

As described in Item 5, KACALP generally receives a performance-based or incentive fee or allocation in its pooled vehicles and separate accounts. All such arrangements conform to Section 205(a)(1) of the Investment Advisers Act of 1940. In measuring clients' assets for the calculation of performance-based fees, in our redeemable funds, we include realized and unrealized capital gains and losses. Performance fees in our lock-up funds are determined based on proceeds distributed to investors. Our redeemable fund fee arrangements may create an incentive to favor higher potential fee paying accounts over other accounts in the allocation of investment opportunities. Similarly, KACALP or its affiliates or employees may have a significant proprietary investment in a fund or account, and KACALP may have an incentive to favor such fund or account to the detriment of other funds or accounts. KACALP's procedures are designed to ensure that all investment decisions are made without consideration of KACALP's (or its affiliates' or employees') pecuniary interest but, instead, in accordance with KACALP's fiduciary duties to its clients.

Item 7 – Types of Clients

KACALP provides investment supervisory services through privately offered (i.e., unregistered) pooled investment vehicles, and to a limited extent, through separate accounts. KACALP's investors consist of endowments, foundations, financial institutions, operating companies, and other institutional clients, family offices, fund of funds, and high net worth individuals.

Each of KACALP's pooled investment vehicles has a stated minimum investment requirement. These range from \$250,000 to \$5 million. KACALP may, and in many cases has, accepted initial investments in its pooled investment vehicles below the stated minimums. These situations are evaluated on a case-by-case basis and include a consideration of whether the investor has an existing investment in any other of KACALP's pooled investment vehicles or has an expectation of fulfilling the stated minimum requirement over a relatively short period of time. Additionally, KACALP manages separate accounts, where there is no stated minimum investment, although all of such accounts exceed the minimum requirements of comparable pooled investment vehicles.

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

Investment Strategies & Risks

KACALP relies primarily on internally generated research when making investment decisions. KACALP's principal sources of information include the public filings of issuers with governmental authorities; issuers' annual reports to stockholders; industry data; interactions with management via the telephone or the web; and where appropriate and feasible, company visits and conversations with suppliers and competitors. In addition, trade publications, charts and other statistical material are furnished by outside vendors. KACALP also considers research furnished by broker-dealers and other industry members.

KACALP engages in various alternative investment strategies. The methods of analysis and sources of information used in determining portfolio decisions vary among strategies, but in each case they are based on considerable fundamental research (and in some cases, technical analysis as well) to determine the expected values, risks and timing associated with each anticipated strategy. Options, where appropriate, are employed to take advantage of premium deviations from "normal" value relationships. For some pooled investment vehicles and separate accounts, strategies involving short selling and leverage (i.e., utilization of margin) are employed.

Redeemable Funds. There can be no assurance that the funds will successfully implement and execute their investment strategies. The availability of investment opportunities and our ability to identify and invest in such opportunities may be limited by market conditions, investment minimums, investor qualification requirements, research capacity limitations and available cash.

Although each of the funds invests in a strategy which is designed to mitigate the risk of loss through the decision-making or “underwriting” process, the structuring of positions, and/or hedging techniques, each such strategy will nonetheless involve significant levels of risk as a result of market and issuer-specific factors affecting securities generally. A portfolio’s performance depends on the performance of individual securities in which the portfolio invests. Changes to the financial condition or credit rating of an issuer of those securities may cause the value of the securities to decline or even become worthless.

Because the funds may make only a limited number of investments and since many of these investments involve significant degrees of risk, poor performance by a few of the investments could severely affect the total returns to investors. Concentrating investments in a particular industry, asset class, market or region means that performance will be more susceptible to loss due to adverse occurrences affecting that industry, asset class, market or region. For example, a portfolio concentrating in a single industry is subject to greater risk of adverse economic conditions and regulatory changes than a fund with broader industry diversification.

Although the funds employ, at most, modest levels of leverage, the funds’ investments are expected to often include businesses or assets with significant leverage. A leveraged capital structure of a portfolio company or a leveraged asset will increase the exposure of that company or asset to adverse economic factors such as rising interest rates, downturns in the economy or deterioration in the condition of the company or its industry. Additional information on investment risk is discussed in each fund’s individual Private Placement Memorandum.

The redeemable funds may also engage in short selling or derivatives transactions which entail special risks. If a portfolio makes short sales in securities that increase in value, the portfolio will lose value. Any loss on short positions may or may not be offset by investing short-sale proceeds in other investments. Investments in derivatives, such as options or swaps, which can be used to hedge a portfolio’s investments or to seek to enhance returns, entail specific risk relating to liquidity, leverage and credit that may reduce returns and/or increase volatility.

Lock-up Funds. Investment in these funds requires a long-term commitment, with no certainty of return. The funds may invest in companies that subsequently experience financial difficulties, which difficulties may never be overcome. Investments made by these funds are expected to be illiquid, and there can be no assurance that the funds will be able to realize on such investments in a timely manner. Liquidity risk exists when particular investments are difficult to purchase or sell. This can reduce a portfolio’s returns because the portfolio may be unable to transact at advantageous times or prices.

Additionally, the funds may acquire securities that cannot be sold except pursuant to a registration statement filed under the 1933 Act or in accordance with Rule 144 of the 1933 Act or another exemption under the 1933 Act. There may be little or no near-term cash flow available to the investors. Although the funds do not employ investment leverage, the funds’ portfolio investments are expected to include businesses or assets with significant leverage. Leverage may involve the use of various financial instruments or borrowed capital in an attempt to increase the return of an investment. The use of leverage involves risk, including the potential for higher volatility and greater declines of a portfolio’s value, and fluctuations of dividend or other distribution payments.

Because the funds may make only a limited number of investments and since many of the funds' investments may involve a high degree of risk, poor performance by a few of the investments could severely affect the total returns to Limited Partners. Further, concentrating investments in a particular industry, asset class, market or region means that performance will be more susceptible to loss due to adverse occurrences affecting that industry, asset class, market or region. For example, a portfolio concentrating in a single industry is subject to greater risk of adverse economic conditions and regulatory changes than a fund with broader industry diversification.

There is no guarantee of a minimum rate of return or of a limit on losses. A portfolio's performance depends on the performance of individual securities in which the portfolio invests. Changes to the financial condition or credit rating of an issuer of those securities may cause the value of the securities to decline or even become worthless. Additional information on investment risk is discussed in the individual Private Placement Memorandum of each fund.

Please remember that Item 8 contains a discussion of some of the risks associated with investments in our funds. However, it is not possible to identify all of the risks associated with investing and the particular risks applicable to a client account will depend on the nature of the account, its investment strategy or strategies and the types of securities held. Clients should be aware that while KACALP does not limit its advice to particular types of investments, mandates may be limited to certain types of securities and may not be diversified. The accounts managed by KACALP are generally not intended to provide a complete investment program for a client or investor. Clients are responsible for appropriately diversifying their assets to guard against the risk of loss.

Item 9 – Disciplinary Information

Allen Scott Keys was one of two persons named as a defendant in a civil action brought by the SEC on February 11, 2011. The complaint alleged that Mr. Keys committed securities law violations in connection with public disclosures made by his employer while he served in the role of Chief Financial Officer of Indymac Bank. The complaint does not involve accounting issues, nor does it relate in any way to investment management services of KACALP (or any affiliate). The matter is ongoing.

Item 10 – Other Financial Industry Activities and Affiliations

KACALP is affiliated with KA Associates, Inc. ("KAA"), a FINRA-registered broker-dealer. KAA shares office space and certain overhead expenses with KACALP. In addition, certain officers of KACALP are registered representatives of KAA. KACALP's policy is to not utilize KAA to execute trades or obtain any other service for KACALP.

KACALP is also affiliated with KA Fund Advisors, LLC, a registered investment adviser. KACALP is the sole managing member of this adviser.

Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

Code of Conduct and Ethics

As a fiduciary, KACALP owes its clients undivided loyalty – our clients trust us to act on their behalf, and we hold ourselves to the highest standards of fairness in all such matters. This is predicated on the principle that KACALP owes a fiduciary duty to its clients. As a fiduciary, KACALP must serve in its clients' best interests. In other words, employees may not benefit at the expense of advisory clients and must avoid activities, interests and relationships that run contrary (or appear to run contrary) to the best interests of clients.

We expect all employees to:

- act with integrity, competence, dignity, and in an ethical manner when dealing with the public, clients, prospects, their employer, and their fellow employees.
- adhere to the highest standards with respect to any potential conflicts of interest with client accounts – simply stated, no officer or employee should ever enjoy an actual or apparent benefit over the account of any client.
- preserve the confidentiality of information that they may obtain in the course of our business and to use such information properly and not in any way adverse to our clients' interests, subject to the legality of such information.
- conduct their personal financial affairs in a prudent manner, avoiding any action that could compromise in any way their ability to deal objectively with our clients.

Violations of this Code of Conduct may warrant sanctions which may include suspension or dismissal, at the discretion of management.

Personal Trading

KACALP participates in (purchases) private placements of equity and debt securities on behalf of its clients. KACALP, its partners, officers and employees may participate alongside KACALP's clients in such placements. Moreover, because issuers may, over time, engage in a series of private placements, it is possible that KACALP, its partners, officers and employees may participate in one or more of such placements in which its clients do not also participate for various reasons. Such participation could cause conflicts of interest affecting clients. For example, there may be a conflict as to which offerings should be purchased for clients. There may also be situations where KACALP or its partners, officers and employees have already acquired securities at a lower cost in an earlier private placement and would therefore benefit from a subsequent client investment. KACALP's investment decisions in such situations are made in good faith in the client's interest and without regard to the impact on KACALP or its partners, officers or employees.

KACALP and its partners, officers and employees may participate alongside KACALP's clients in the purchase and/or sale of registered securities, but only if such participation, in KACALP's good faith determination, would not adversely impact the pricing and availability of the transaction for clients or otherwise operate to the detriment of clients. In addition, employees may sell such holdings only after client accounts and/or funds have sold their positions.

Generally, KACALP's employees are not permitted to purchase and sell for their own accounts marketable securities in the industry sectors in which KACALP's pooled investment vehicles primarily invest. Policies and procedures have been designed to ensure that any employee personal securities transactions do not disadvantage KACALP's clients. These procedures require pre-clearance of all personal trades by employees in securities (other than open-end mutual funds, U.S. government securities, exchange trade funds, and various money market instruments) and require employees to represent an intent to hold the securities for at least 90 days. Neither KACALP nor its employees may enter trades on behalf of their own account or any account over which they have control or in which they have a beneficial interest if, in KACALP's judgment, such trade would cause them or any such account to benefit from any trade entered into or being contemplated on behalf of any client of KACALP or cause the accounts of any such clients to be harmed.

Clients may request a copy of KACALP's Code of Conduct and Code of Ethics by contacting Michael O'Neil, Chief Compliance Officer, at 310-282-7905 or David Shladovsky, General Counsel, at 310-284-6438.

Political Contributions

It is the policy of KACALP to not make, and to prohibit its employees from making, any political or charitable contributions for the purpose of influencing a KACALP client, a public official or his or her agency. However, employees may make personal or charitable contributions in accordance with the requirements and restrictions of applicable law and KACALP's policies. To help ensure compliance with SEC rules and the many state and local and local pay-to-play rules, all KACALP employees must obtain prior approval from the Chief Compliance Officer or General Counsel before they (or their spouse or dependents) make contributions to a political candidate, government official, political party or political action committee in accordance with KACALP's policies and procedures.

Potential Conflicts Relating to Advisory Clients

The results of the investment activities of a KACALP client may differ significantly from the results achieved by KACALP for other current or future clients. KACALP will manage the assets of a client in accordance with the investment mandate of the applicable fund or, if a separate account, as selected by such client. However, because of differing guidelines, risk profiles, timing issues and other possible considerations, KACALP may give advice, and take action, with respect to a client account (including its own account), that may differ from the advice KACALP may give to, or an investment action KACALP may take on behalf of, another client account. In particular, KACALP or one or more clients may buy or sell positions while another KACALP client is undertaking the same or a differing, including potentially opposite, strategy. The purchase, holding and sale, as well as voting of investments by KACALP clients may enhance the profitability or increase or decrease the value of a KACALP or KACALP clients' own investments in such companies. This gives rise to certain potential conflicts of interest.

Under certain circumstances, a KACALP client (or group of clients) may invest in a transaction in which one or more other KACALP clients are expected to participate, or already have made or will seek to make, an investment. Such clients may have conflicting interests and objectives in connection with such investments, including with respect to views on the operations or activities of the portfolio companies involved, the targeted returns from the investment, the timeframe for, and method of exiting the investment. Conflicts will also arise in cases where different clients (or group of clients) invest in different parts of an issuer's capital structure, including

circumstances in which one or more clients may own private securities or obligations of an issuer and other clients may own public securities of the same issuer.

Principal Transactions with Clients

KACALP's practice (and that of its principals) is to avoid engaging in securities transactions with its managed accounts. However, KACALP believes that there may be circumstances from time to time where it is beneficial to its clients for KACALP (or its principals) to engage in a securities transaction with such clients. This would most likely involve the sale by an investor to KACALP of such investor's limited partnership interest in a lock-up fund. It may also involve the sale of thinly traded portfolio holdings by a liquidating redeemable fund. Under such circumstances, provided informed prior written consent is given by the affected client(s), KACALP may engage in a principal transaction.

Cross Trades

KACALP may cause a security to be traded between two clients (other than an ERISA client) where it believes such trade to be in the interest of each client. KACALP generally has such authority under the general grant of investment discretion given to it by its clients. KACALP's practice is to engage in such "cross trades" in limited circumstances where the purchase and sale of the same security at the same time by different clients helps to achieve on favorable terms to each client through separate transactions not involving a cross trade. These circumstances can arise when a client wishes to sell a security to generate cash or to realign such client's asset allocation at a time when KACALP would like to purchase the security for other clients. In some cases, KACALP may determine to reallocate assets (which may involve generating cash to fund withdrawals or investing new capital) within its managed partnerships and thereby create a need to sell the security from one partnership account and a need to purchase the same security in another partnership account. The lower the liquidity for a given security, the more likely there will be a benefit to effecting a cross transaction. For this reason, cross transactions are more likely in stocks of smaller companies than stocks of larger companies.

KACALP's duty to be unbiased and fair to clients on both sides of a cross transaction may pose an inherent conflict of interests. To ensure that it fulfills its duty to each client that is party to a cross transaction, KACALP seeks to ensure the appropriateness of the transaction for each client and that it is fair to both sides of the transaction. It does so by (i) confirming that the security is under-represented in the purchasing client's portfolio based on KACALP's model portfolio weightings at the time, (ii) confirming that the security is over-represented in the selling client's portfolio based on model portfolio weighting or that client does not have been options for generating needed cash or reallocating assets as desired, (iii) determining current market prices based on current market quotes, and (iv) for less liquid securities, contacting market participants to determine if the security could be purchased or sold at a better price notwithstanding market quotes. Cross trades between clients are normally priced at the mid-point between the best bid and offer prices known to be available at the relevant size order.

In causing cross trades to be effected between clients, KACALP will generally utilize an unaffiliated broker-dealer at normal commission rates. However, it may utilize KAA to effect the trade, and in such case, KACALP will obtain the written informed consent of the participating client prior to trade settlement or it will cancel the trade at no cost to the client(s).

Material Non-Public Information/Insider Trading

From time to time, KACALP personnel may obtain, either voluntarily or involuntarily, material non-public information (that is not available to other investors) or other confidential information which, if disclosed, would likely affect an investor's decision to buy, sell or hold a security. Accordingly, should KACALP personnel obtain such information with respect to an issuer, it may be prohibited from communicating such information to, or using such information for the benefit of, KACALP clients, which could limit the ability of KACALP clients to buy, sell, or hold investments. KACALP has adopted an Insider Trading Policy, which establishes procedures reasonably designed to prevent the misuse of material non-public information by KACALP and its personnel. Under the Insider Trading Policy, KACALP is generally not permitted to use material non-public information obtained by any department or related person in the course of its business activities or otherwise, in effecting purchases and sales in securities transactions for KACALP clients. To further mitigate the risks associated with insider trading, when KACALP personnel become aware of non-public information, but no transaction is likely to occur, the issuer will be placed on a Gray List and trading will be monitored accordingly.

Related Financial Interests

Senior personnel of the KACALP serve as directors of some of the publicly and privately held companies whose securities are purchased for KACALP's clients. In such capacities, these individuals, each of whom may make investment decisions on behalf of KACALP, may learn material, non-public information concerning a company's operations or securities. KACALP has established so-called "Chinese wall" procedures to guard against the use of non-public information by it to benefit client accounts. KACALP's clients may be disadvantaged because KACALP may not be able to effect transactions in the securities of these companies when officers of its general partner possess material, non-public information.

Pricing and Valuation of Securities and Other Investments

In many cases, KACALP's fees are based on the value and performance of assets held in the client account. KACALP generally does not price securities or other assets for purposes of determining fees. However, to the extent permitted by applicable laws, including ERISA, KACALP or an affiliate may be charged with the responsibility of, or have a role in, determining asset values with respect to KACALP products or accounts from time to time and KACALP, or such an affiliate, may be required to price a portfolio holding when a market price is not readily available or when KACALP has reason to believe that the market price is unreliable. To the extent that KACALP's fees are based on the value or performance of client accounts, KACALP would benefit by receiving a fee based on the impact, if any, of the increased value of assets in an account. When pricing a security, KACALP attempts, in good faith and in accordance with applicable laws, to determine the fair value of the security or other assets in question. KACALP generally relies on prices provided by a custodian, a broker-dealer or another third-party pricing service for valuation purposes. When market quotations are not readily available or are believed by KACALP to be unreliable, the security or other assets are valued by KACALP in accordance with KACALP's valuation procedures.

Item 12 – Brokerage Practices**Investment Discretion**

KACALP has full discretion with respect to securities transactions effected for its pooled investment vehicles. In addition, with limited exception, KACALP also has full discretion under its separate accounts investment advisory contracts to buy and sell securities without prior client approval. KACALP exercises its investment discretion consistent with the applicable investment strategy, as well as any separate account investment guidelines or restrictions imposed by the client and accepted by KACALP. KACALP does not advise clients concerning holdings outside their respective accounts with KACALP.

Brokerage Discretion

KACALP has full authority to determine broker-dealers to be utilized and commissions to be paid with respect to securities transactions effected for its pooled investment vehicles. Similarly, unless a separate account client directs the use of a particular broker-dealer, KACALP has the authority to select broker-dealers to be used to effect trades and the commission rates to be paid. KACALP's policy is to not effect trades through its affiliated broker-dealer, KAA.

The overriding consideration in allocating client orders for execution is the maximization of client profits (or minimization of losses) through a combination of controlling transaction costs and seeking the most effective uses of a broker's capabilities. When KACALP has the authority to select brokers or dealers to execute transactions for its clients, it seeks the best execution reasonably available under the circumstances (which may or may not result in paying the lowest available brokerage commissions or spread). In doing so, KACALP considers all factors it deems relevant. Such factors may include, but are not limited to: (i) the nature and character of the security or instrument being traded and the markets on which it is purchased or sold; (ii) the desired timing of the transaction; (iii) KACALP's knowledge of negotiated commission rates and spreads currently available; (iv) the activity existing and expected in the market for the particular security or interest; (v) the full range of brokerage services provided; (vi) the broker's or dealer's capital strength and stability, as well as its execution, clearance, and settlement capabilities; (vii) if applicable, the quality of the research and services provided (See "Soft Dollars" below); (viii) the reasonableness of the commission or its equivalent for the specific transaction; and (ix) KACALP's knowledge of any actual or apparent operational problems of a broker or dealer.

KACALP endeavors to be aware of current charges assessed by relevant broker-dealers and to minimize the expense incurred for effecting portfolio transactions, to the extent consistent with the interests and policies of the client account. However, KACALP will not select broker-dealers solely on the basis of "posted" commission rates nor always seek in advance competitive bidding for the most favorable commission rate applicable to any particular transaction. Although KACALP generally seeks competitive commission rates, it will not necessarily pay the lowest commission or commission equivalent as transactions that involve specialized services on the part of a broker-dealer generally result in higher commission rates or equivalents than would be the case with more routine transactions. KACALP may pay higher commission rates to those broker-brokers whose execution capabilities, brokerage or research services or other legitimate and appropriate services are particularly helpful in seeking good investment results.

The reasonableness of the commissions is based on KACALP's view of the broker's ability to provide professional services, competitive commission rates, research and other services which will help KACALP in providing investment advisory services to its clients, viewed in terms of either the particular transaction or KACALP's overall responsibility to its clients, as the extent to which the commission rate or net price associated with a particular transaction reflects the value of services provided often cannot readily be determined. In making these determinations, KACALP recognizes that some firms are better at executing some types of orders than others, and it may be in the clients' best interests to use a broker-dealer whose commission rates are not the lowest but whose executions and other services KACALP believes may result in lower overall transaction costs or more favorable or more certain results.

Research and Other Soft Dollar Benefits

Research services include economic forecasts, investment strategy advice, fundamental and technical advice, market analysis, statistical services and analyses of particular securities and investment situations. Some of these services would be considered "soft dollars". Where these services are provided by the executing broker-dealer, KACALP may pay a brokerage commission in excess of that which another broker might have charged for effecting the same transaction if KACALP determines in good faith that the amount of commission is reasonable in relation to the value of the brokerage and research services provided by the broker-dealer, viewed in terms of either the particular transaction or KACALP's overall responsibilities with respect to the account over which it exercises investment discretion. KACALP does not have any third-party soft dollar arrangements.

It is possible that accounts which may not directly benefit from the ancillary service provided by a particular broker-dealer will enter occasional transactions through such broker-dealer, but KACALP believes that the overall effect of such occasional transactions on all accounts, when the ancillary services furnished to all accounts are considered in totality, will be beneficial to all accounts considered in totality.

KACALP is aware of its fiduciary obligation to seek the "best execution" on securities transactions. Best execution entails the efficient placement of orders, clearance settlement and overall execution quality as well as the price obtained in the transaction. As part of its efforts to obtain best execution, KACALP may aggregate orders or "block trade" for several clients. Each client that participates in a block trade will receive the average share price and a pro rata portion of the transaction cost on a trade. Because clients have different brokerage relationships, some clients' accounts may not be eligible to participate in block trades.

Directed Brokerage

A separate account client may direct KACALP to use a specified broker-dealer. In such cases, (1) a higher commission rate may be paid by such client, in part because of additional services which may be available from such broker-dealer, as well as KACALP's inability to negotiate the commission rate and/or obtain a volume discount when the client's transaction is combined with those of other clients in a block trade; (2) such client's trades may be regularly executed at times different from those at which trades are executed for clients who do not direct KACALP to use a specific broker-dealer; and (3) execution of all trades for the client by the designated broker-dealer could result in failure to receive the best execution in some transactions. A client who directs KACALP to use a particular broker-dealer, including a client who directs use of a broker-dealer that will also serve as a custodian (whether or not recommended by KACALP), should consider whether commissions expenses,

execution, clearance and settlement charges, and custodial fees, if applicable, will be comparable to those otherwise obtainable by KACALP.

Item 13 – Review of Accounts

All accounts are reviewed on a continuous basis to determine their conformity with investment objectives and guidelines. Each Portfolio Manager receives daily updates of portfolio positions and transactions for which such Portfolio Manager is responsible. The Chief Investment Officer and Portfolio Managers regularly review and discuss portfolio status, potential investments and related issues.

Participants in KACALP's private pooled accounts (i.e., investment partnerships and offshore funds) receive quarterly statements indicating their capital balances and the accounts balance sheet and income statement. These materials are provided with a letter highlighting the developments for the period. Separate account clients receive quarterly (weekly, if requested) reports showing open positions, dividend and interest income, realized gains and losses, and performance for the period.

Item 14 – Client Referrals and Other Compensation

KACALP maintains a small number of contractual agreements with unaffiliated parties (including KAR) who may refer clients to KACALP. We compensate certain past solicitors for past solicitation activities who are no longer soliciting advisory clients on our behalf. Such referral sources may be registered or licensed as investment advisers. All referral agreements are made in writing pursuant to Rule 206(4)-3 of the Investment Advisers Act of 1940. While the specific terms of each agreement may differ, the referral source may or may not receive a percentage of the management fees received by KACALP from accounts referred by the referral source. Any compensation payable to a referral source is not a factor in determining the fee KACALP will charge for its investment management services. Generally, KACALP has been phasing out these relationships and not entering into new such relationships.

Item 15 – Custody

Investment and cash are held by third-party custodians. Nonetheless, by virtue of its ability to deduct fees from its accounts, KACALP is deemed under applicable rules to have custody of client accounts. Investors in pooled investment vehicles receive quarterly statements from KACALP. Investors receive audited financials within 120 days following the end of the pooled investment vehicle's fiscal year. Audited financial statements are prepared by an independent accounting firm, which is registered and subject to the inspection by the Public Company Accounting Oversight Board.

Item 16 – Investment Discretion

KACALP has full discretion with respect to securities transactions effected for its pooled investment vehicles. In addition, with some exception, KACALP also has full discretion in its separate accounts to buy and sell securities without prior client approval. KACALP exercises its investment discretion consistent with the applicable investment strategy, as well as any separate account investment guidelines or restrictions imposed by the client and accepted by KACALP. KACALP does not advise clients concerning holdings outside their respective accounts with KACALP.

Item 17 – Voting Client Securities

KACALP acknowledges its fiduciary responsibility to vote proxies consistent with its fiduciary obligations, in the best interests of the clients and to prevent conflicts of interest from influencing proxy voting decisions made on behalf of clients. The principles for voting proxies are as follows:

1. The firm votes all proxies to, in its opinion, maximize shareholder value, which is defined as long-term value through price appreciation. The firm tends to vote non-shareholder-value issues in alignment with management's recommendations if there is no conflict with shareholder value. For example, "poison pills" and other anti-takeover measures are not supported, even if recommended by management.
2. Reasonable efforts are made to inform the relevant portfolio manager and research analyst of the proxy material. If a portfolio manager, in consultation with supporting research analysts, as applicable, believes that it is in the best interest of the client or beneficiaries to vote in a manner contrary to the established Proxy Voting Guidelines, the portfolio manager will so instruct the individual responsible for communicating votes.
3. Absent any special circumstance, the Proxy Voting Policy are followed when voting proxies.
4. KACALP may occasionally be subject to conflicts of interest in the voting of proxies because of business or personal relationships it maintains with persons having an interest in the outcome of specific votes. The firm and its employees may also occasionally have business or personal relationships with other proponents of proxy proposals, participants in proxy contests, corporate directors, or candidates for directorships. If at any time, the responsible voting parties become aware of any type of potential conflict of interest relating to a particular proxy proposal, they will promptly report such conflict to the director of Compliance. Conflicts of interest are handled in various ways depending on the nature of the conflict and its perceived materiality.

The Proxy Voting Policy is posted on the firm's Web site, <http://www.kaynecapital.com>. For inquiries regarding how a specific proxy proposal was voted, please contact Michael O'Neil at 310-282-7905.

Item 18 – Financial Information

KACALP has no financial commitment that impairs its ability to meet its contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.

Item 19 – Privacy Policy**WHAT DOES KAYNE ANDERSON CAPITAL ADVISORS, LP DO WITH YOUR PERSONAL INFORMATION?**

WHY?	Financial companies choose how they share your personal information. Federal law gives consumers the right to limit some but not all sharing. Federal law also requires us to tell you how we collect, share and protect your personal information. Please read this notice carefully to understand what we do.
WHAT?	<p>The types of personal information we collect and share depend on the product or service you have with us. This information can include:</p> <ul style="list-style-type: none">• Social Security Number and Investment Experience• Account Balances and Assets• Wire Transfer Instructions and Transaction History <p>When you are <i>no longer</i> our customer, we continue to share your information as described in this notice.</p>
HOW?	All financial companies need to share customer’s personal information to run their everyday business. In the section below, we list the reasons financial companies can share their customer’s personal information; the reasons Kayne Anderson Capital Advisors, LP (“KACALP”) chooses to share; and whether you can limit this sharing.

Reasons we can share your personal information	Does KACALP Share?	Can you limit this sharing?
For our everyday business purposes – such as to process your transactions, maintain your account(s), respond to court orders and legal investigations, or report to credit bureaus	Yes	No

For our marketing purposes –	No	We don’t share
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Kayne Anderson

Capital Advisors, L.P.

to offer our products and services to you		
For joint marketing with other financial companies	No	We don't share
For our affiliates' everyday business purposes – information about your transactions and experiences	Yes	No
For our affiliates' everyday business purposes – information about your creditworthiness	No	We don't share
For nonaffiliates to market to you	No	We don't share
Questions?	Call (310) 712-2909 or go to www.kaynecapital.com	
Who we are		
Who is providing this notice?	Kayne Anderson Capital Advisors, LP	
What we do		
How does KACALP protect my personal information	To protect your personal information from unauthorized access and use, we use security measures that comply with federal law. These measures include computer safeguards and secured files and buildings.	
How does KACALP collect my personal information?	We collect your personal information, for example, when you <ul style="list-style-type: none">• Open an account;• Give us income information;• Make a wire transfer;• Give us your employment information;• Give us your contact information.	
Why can't I limit all sharing?	Federal law gives you the right to limit only <ul style="list-style-type: none">• Sharing for affiliates' everyday business purposes- information about your creditworthiness• Affiliates from using your information to market to you	

Kayne Anderson

Capital Advisors, L.P.

	<ul style="list-style-type: none">• Sharing for nonaffiliates to market to you
Definitions	
Affiliates	<p>Companies related by common ownership or control they can be financial and nonfinancial companies.</p> <ul style="list-style-type: none">• <i>Our affiliates include financial companies such as KA Fund Advisors, LLC and KA Associates, Inc.</i>
Nonaffiliates	<p>KACALP does not share with nonaffiliates so they can market to you.</p>
Joint Marketing	<p>KACALP does not jointly market</p>