

**PART 2A OF FORM ADV – FIRM BROCHURE**

**Item 1 – Cover Page**

**Von Kohorn Research and Advisory, Inc.**

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**This brochure provides information about the qualifications and business practices of Von Kohorn Research and Advisory, Inc. (“VKRA”). If you have any questions about the contents of this brochure, please contact us at 203-454-3200 and or [ken@vkra.com](mailto:ken@vkra.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.**

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

**REGISTRATION WITH THE SEC AS AN INVESTMENT ADVISER DOES NOT IMPLY THAT VKRA OR ANY PRINCIPALS OR EMPLOYEES OF VKRA POSSESS A PARTICULAR LEVEL OF SKILL OR TRAINING IN THE INVESTMENT ADVISORY OR ANY OTHER BUSINESS.**

## **Item 2 - Material Changes**

On July 28, 2010, the United State Securities and Exchange Commission published "Amendments to Form ADV" which amends the disclosure document that we provide to clients as required by SEC Rules. This Brochure dated March 15, 2012 is a relatively new document prepared according to the SEC's new requirements and rules. As such, this Document is materially different in structure and requires certain new information that our previous brochure did not require.

In the future, this Item will discuss only specific material changes that are made to the Brochure and provide clients with a summary of such changes. The date of our last brochure was March 15, 2011.

A client or prospective client, not less than 48 hours prior to entering into any written or oral investment advisory contract will receive from VKRA a copy of its brochure.

In the past we have offered or delivered information about our qualifications and business practices to clients on at least an annual basis. Pursuant to new SEC Rules, we will ensure that you receive a summary of any materials changes to this and subsequent Brochures within 120 days of the close of our business' fiscal year which is December 31. We may further provide other ongoing disclosure information about material changes as necessary.

We will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

Currently, our Brochure may be requested by contacting Mr. Kenneth Von Kohorn, President at 203-454-3200 or ken@VKRA.com. Our Brochure is available free of charge.

### **Item 3 - Table of Contents**

ITEM 4 - ADVISORY BUSINESS .....	4
ITEM 5 - FEES AND COMPENSATION .....	5
ITEM 6 - PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT .....	6
ITEM 7 - TYPES OF CLIENTS .....	7
ITEM 8 - METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS .....	8
ITEM 9 - DISCIPLINARY INFORMATION .....	14
ITEM 10 - OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS .....	15
ITEM 11 - CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING .....	16
ITEM 12 - BROKERAGE PRACTICES .....	18
ITEM 13 - REVIEW OF ACCOUNTS .....	19
ITEM 14 - CLIENT REFERRALS AND OTHER COMPENSATION .....	20
ITEM 15 - CUSTODY .....	21
ITEM 16 - INVESTMENT DISCRETION .....	22
ITEM 17 - VOTING CLIENT SECURITIES .....	22
ITEM 18 - FINANCIAL INFORMATION .....	22
ITEM 19 - REQUIREMENTS FOR STATE-REGISTERED ADVISERS .....	22

BROCHURE SUPPLEMENT – Information Included in Item 19

#### **Item 4 - Advisory Business**

VKRA is a Corporation formed in Connecticut. The founder and principal owner of VKRA is Mr. Kenneth Von Kohorn. Von Kohorn Partnership Management, Inc., an affiliate of VKRA, serves as the general partner of the Funds (“VKPM”) and will receive any incentive allocations paid by the Funds. VKRA and VKPM share office space and personnel.

VKRA primarily provides advice to private investment funds (the “VKRA Funds”) and a few separately managed accounts using proprietary strategies and other investment models. All investment and trading decisions on behalf of the Funds will be made by VKRA. Each VKRA Fund relies on the exclusion to the definition of “Investment Company” provided by Section 3(c) (1) of the Investment Company Act of 1940 (the “Investment Company Act”). A related person of VKRA generally acts as general partner or managing member or investment adviser of each VKRA Fund and VKRA generally acts as investment manager of each VKRA Fund. VKRA commenced operations in 1976.

VKRA tailors its advisory services to the specific investment objectives and restrictions of each client or VKRA Fund. VKRA may agree in the investment management agreement with each client to investment restrictions or guidelines with respect to the types or amounts of securities or other financial instruments that may be purchased or sold for the client’s account. VKRA may pursue different investment strategies for different clients or funds.

VKRA is generally granted broad investment authority with respect to the management of the accounts of its clients and funds. VKRA generally seeks to maximize total return through investments primarily in U.S. publicly and privately-traded debt and equity securities, loans, credit default swaps and other derivatives.

VKRA may trade in a broad range of listed and unlisted instruments, whether publically or privately offered, including but not limited to U.S. and international mortgage-backed securities, asset-backed securities, government and corporate bonds, futures, options, currencies, convertible securities, equities and loans.

There are no material limitation on the markets or instruments in which the VKRA Funds may trade, the market sectors of the issuers of securities in which the VKRA Funds may trade or the trading strategies that the VKRA Funds may apply.

Investors and prospective investors in each VKRA Fund should refer to the confidential private placement memorandum, limited partnership agreement and other governing documents for each VKRA Fund (the “Governing Documents”) for complete information on the investment objectives and investment restrictions with respect to a particular VKRA Fund. There is no assurance that any of the VKRA Funds’ investment objectives will be achieved.

VKRA may enter into “side letters” or similar agreements with certain investors in the VKRA Funds granting the investor certain specific rights, benefits, or privileges that are not made available to investors generally.

VKRA manages all assets on a discretionary basis. As of December 31, 2011, the amount of assets VKRA manages on a discretionary basis is \$30,980,356.00. As of December 31, 2011, VKRA provides discretionary investment advisory services to three private investment funds VK Fund Investors LP, VK Equity LP and VK Commodity Investors LP. As of January 1, 2012 Apt Capital will replace VK Partnership Management, Inc. (“VKPM”) as the General Partner and investment manager of VK Commodity Investors L.P. VKRA may provide advisory services, either on a discretionary or non-discretionary basis, to other managed accounts on behalf of clients.

## **Item 5 - Fees and Compensation**

### *Compensation and Fee Schedules of the Funds*

Generally, investors must invest a minimum dollar amount of \$300,000 to invest in each VKRA Fund. The general partner of the VKRA Funds may waive the minimum investment amount.

*Management Fee.* Each fund pays VKRA a management fee based on the net asset value of each capital account or each series of each class of the Fund, as pertinent, prior to any accrual for or payment of any management fee or incentive allocation, paid monthly in arrears. The management fee is 1/12 of 1% per month (approximately 1% per year). VKRA may waive or rebate all or a portion of the management fee from an investor in a Fund.

Within 60 days after the end of each calendar month, commencing with the year ended December 31, 2012, VKRA will pay Apt Capital 40% of all management fees or performance allocations received by VKRA or VKPM from certain designated accounts. These payments are not being made in consideration of the solicitation of such investors but represent, in recognition of their Agreement of Separation as of December 31, 2011, an equitable sharing agreed by the parties of certain benefits of the past joint efforts of the parties.

*Incentive Fee.* Each fund also pays or allocates to the capital account of VKPM, as pertinent, as annual incentive fee or allocation based on the increase in net asset value (if any) of each investor’s interest in the Fund, subject to the “high watermark” provision discussed below. Incentive fees are 20% of the increase in net asset value (before the deduction of the incentive fee, if any); in some instances after the attainment of a “hurdle” based on the one-year U.S. treasury rate (see below).

The incentive fee is generally calculated so as to achieve a “high watermark” effect. With respect to each Fund, if in any fiscal year “Net New Income” in respect of a capital account of an investor as of a particular date does not exceed “Cumulative Net Income” in respect of such capital account, then no incentive fee will be paid to VKPM.

In addition to the new high watermark provision, one of the Funds has an annual hurdle, before any incentive fees are paid, equal to the rate of interest on the one-year U.S. treasury as of the start of the fiscal year. Another Fund has a similar provision, but only with respect to Charter Investors as defined by that Fund's Agreement of Limited Partnership.

All performance-based compensation received by VKRA or VKPM will comply with Rule 205-3 under the Investment Advisers Act of 1940 (the "Advisers Act").

*Other Expenses.* Each Fund bears all other expenses of its operations, including a portion of the rent of the office rent and salaries of certain employees of VKRA and VKPM.

*Termination.* VKRA and the Funds have the right to terminate investment management contracts upon written notice a specified period, typically 60-90 days.

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

### *Performance-Based Fees*

VKRA, or an affiliate of VKRA, ordinarily receives a performance-based fee or a special allocation of profits from each of its clients (including the VKRA Funds) as described above under "Fees and Compensation." Different client accounts may be subject to different performance-based compensation arrangements.

The performance-based allocation arrangements discussed above comply with Rule 205-3 under the Investment Advisers Act of 1940 (the "Advisers Act"). Fees paid to the general partners of the VKRA Funds are separate and distinct from the advisory fees charged by VKRA for advisory services.

Performance-based allocation arrangements received by related persons of VKRA may create an incentive for VKRA to recommend investments that may be riskier or more speculative than those that would be recommended under a different fee arrangement. Please refer to the Governing Documents of each VKRA Fund for more complete information on the "performance-based fee" arrangements of each VKRA Fund.

### *Side-by-Side Management*

If VKRA is entitled to receive a higher percentage of the net profits of the account of one client than the percentage that VKRA receives from another client, then VKRA may have an incentive to favor, or to allocate certain riskier or more speculative investments to, the client that is subject to the higher percentage. However, VKRA anticipates that at least initially all accounts will generally be invested on a parallel basis, except as otherwise discussed with or agreed to by a particular client.

VKRA will, as a policy, allocate all investment opportunities among its clients in a manner that it considers fair and equitable to all clients, considering all factors potentially

applicable to each client. Among the factors that may be considered by VKRA in allocating trades among client accounts are: investment policies, guidelines or restrictions applicable to each specific client; tax considerations; cash availability; liquidity requirements for payment of redemptions or other purposes; risk tolerances; restrictions under ERISA or other applicable laws or regulations; available credit lines; counterparty arrangements; account size; benchmark sector weightings; industry and security weightings; and hedging objectives and activity.

VKRA may provide concurrent advisory services to clients that are not charged a performance-based fee or allocation by VKRA's related persons and clients that are charged a performance-based fee or allocation by a related person of VKRA. As a result, the potential for VKRA's related persons to receive greater fees or allocations from performance-based accounts creates a conflict of interest with respect to the allocation of investment opportunities, as VKRA may have an incentive to direct the best investment ideas to, or to allocate investments in favor of, the account that pays a performance fee or allocation. To alleviate potential conflicts of interest, the allocation of commitments and investment decisions with respect to each VKRA Fund are made by VKRA with respect to all VKRA Funds in accordance with VKRA's investment allocation policy, which takes into account multiple criteria, including: specific objectives of each VKRA Fund, the size and capital available for investment by each VKRA Fund, diversification needs, the size of the investment opportunity, current and anticipated market conditions, specific investment restrictions or guidelines applicable to each VKRA Fund, and relevant tax or regulatory considerations. In the event investment opportunities are suitable for more than one VKRA Fund, VKRA will allocate such investment opportunities in a manner that is fair and equitable to each VKRA Fund relative to the other VKRA Funds over time, taking into account all relevant facts and circumstances.

### **Item 7 - Types of Clients**

#### *Types of Clients*

VKRA provides advice to pooled investment vehicles, including the VKRA Funds. The limited partners of the VKRA Funds may include corporations, endowments, foundations, trusts, estates, individuals and pension and profit sharing plans. The VKRA Funds are offered exclusively to investors who are both accredited and qualified, pursuant to Section 3(c)(1) of the Investment Company Act of 1940, as amended (the "Investment Company Act"), and are therefore not required to register as investment companies under the Investment Company Act in reliance upon certain exemptions available to VKRA Funds whose securities are not publicly offered.

VKRA may also provide investment management and supervisory services to separate account clients. Certain of VKRA's separate account clients may invest in existing or future VKRA Funds.

### *Minimum Investment Requirements*

VKRA and its related persons require that each limited partner in each of the VKRA Funds be an “accredited investor” as defined in Regulation D under the Securities Act of 1933, as amended (the “Securities Act”), and a “qualified purchaser” as defined in Section 2(a)(51) of the Investment Company Act.

Generally, investors must invest a minimum dollar amount of \$300,000 to invest in each VKRA Fund. The general partner of each VKRA Fund may waive the minimum investment amount.

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

#### *Methods of Analysis*

Investing in securities involves risk of loss that clients should be prepared to bear. Financial products carry significant risks, including the possible loss of the entire principal amount invested.

Our method of analysis includes utilizing charting strategies, fundamental and technical analysis as well as using cyclical theories. The main source of information we glean from financial newspapers and magazines, research material from a variety of sources, corporate rating services and annual reports, prospectuses, filings with the Securities and Exchange Commission.

#### *Material Risks*

Although investments in the Funds and managed accounts may result in significant returns to the clients of VKRA, they also involve a substantial degree of risk. VKRA generally accepts only clients that are able to bear the financial risk of the investment strategy for an indefinite period of time and are able to sustain the loss of all or a significant part of their investment.

The investment strategy employed by VKRA on behalf of its clients involves significant risks. Prospective clients and investors in the VKRA Funds should carefully review the risks described in the Governing Documents for the relevant VKRA Fund, and should evaluate the merits and risks of an investment in the context of their overall financial circumstances. The risk factors below are not intended to be exhaustive and should be considered carefully by prospective investors together with the full text of the applicable Governing Document or client agreement.

#### ***Investment and Trading Risks in General***

All investments risk the loss of the amount invested. No guarantee or representation is made that any investment program will be successful, and investment results may vary substantially over time. The value of a client’s portfolio and the income (if any) derived from it, can go down as well as up.



### ***Concentration of Investments***

A portfolio may at times hold relatively few investments. The result of such concentration of investments is that a loss in any such position could materially reduce the value of the client portfolio.

### ***Leverage***

Certain investment practices or trading strategies such as investment in financial and commodity futures and in derivative instruments may involve significant leverage. Leverage can be employed in a variety of ways including direct borrowing, margining, short selling and the use of futures, warrants, options and other derivative products. Generally, leverage is used to increase the overall level of investment in a portfolio. Higher investment levels may offer the potential for higher returns. This may expose an investor to increased risk as leverage can increase an account's market exposure and volatility. The risk of leverage in futures contracts, options warrants and other derivatives is that small movements in the price of the underlying asset or index can result in large losses or profits. Many derivatives are not traded on any exchange, and no assurance can be given that a liquid market will exist for any particular futures contract or other derivative at any particular time. If assumptions made by managers are wrong or if the instruments do not work as anticipated, the relevant portfolio could lose more than if the portfolio had not used such investment techniques.

### ***Illiquid Assets***

Certain investment positions may be or become illiquid. A portfolio may invest in "restricted" or non-publicly traded securities or thinly traded securities. It may not be easy to dispose of such non-publicly or thinly traded securities, and in some cases, there may be contractual restrictions preventing the disposal of securities for a specified period of time. An exchange or regulatory authority may suspend trading in a particular security or contract, order immediate liquidation and settlement of a particular contract, or order that trading in a particular contract be conducted for liquidation only. Such investments may require a significant amount of time from the date of initial investment before disposition.

The ability of an investor to redeem or withdraw its investment or for an investment fund to pay redemption or withdrawal proceeds in respect of redemptions may be adversely affected by illiquidity of the underlying assets. If redemptions exceed the amount of cash or other liquid assets immediately available to fund such redemptions, a fund may need to liquidate additional assets, which may in turn limit or otherwise affect investment positions and strategies within a portfolio.

### ***Currency Exposure***

Certain assets may be invested in securities and other investments that are denominated in currencies other than the US Dollar and in other financial instruments, the price of which is determined with reference to currencies other than the US Dollar. Accordingly, the value of such assets may be affected favorably or unfavorably by fluctuations in

currency rates. VKRA may (but is not obliged to) seek to hedge the exposure of client portfolios to currencies other than US Dollars. In addition, clients whose assets and liabilities are predominantly in other currencies should take into account the potential risk of loss arising from fluctuations in value between US Dollars and such other currencies.

Many developing markets have inflationary economies where the risks associated with holding currency are significantly greater than in other, less inflationary markets. Currency exchange rates are highly volatile and subject to severe event risks, as the political situation with regard to the relevant foreign government may itself be volatile. Moreover, if the cash flow from investments is contingent or uncertain, it may be difficult to quantify the attendant cross-currency risk, compounding the risk of changes in underlying currencies by the other risks in the portfolio. Correlations between these risks are difficult to quantify and, therefore, difficult to hedge. An inaccurate estimation of the correlation may lead to a faulty hedge, and a consequent loss in a client's portfolio. In highly volatile markets, predictions of correlation based on historical data can diverge dramatically from observed market moves.

### ***Hedging***

Some investment strategies may employ hedging techniques, directed primarily toward general market risks. If employed, hedging against a decline in the value of a portfolio position does not eliminate fluctuations in the values of portfolio positions or prevent losses if the values of such positions decline, but establishes other positions designed to gain from those same developments. For a variety of reasons, it may not be possible to establish a sufficiently accurate correlation between hedging instruments and the portfolio holdings being hedged. Such imperfect correlation may prevent an investor from achieving the intended hedge or expose the investor to risk of loss. In addition to possible losses on the position sought to be hedged notwithstanding the attempted hedge, an investor could incur losses on the hedging position itself.

All hedging strategies necessarily involve costs, which could be significant, whether or not the hedge sought is successful. Some strategies may invest in markets or instruments as to which hedging strategies are limited or unavailable. Hedging instruments may involve costs or risks that are considered prohibitive in the context of the relevant strategy.

### ***Equity Securities***

Investments in long and short positions in equity securities may fluctuate in value often based on factors unrelated to the value of the issuer of the securities. The market price of equity securities may be affected by general economic and market conditions, such as a broad decline in stock market prices, or by conditions affecting specific issuers, such as changes in earnings forecasts.

### ***Short Selling***

Short selling involves trading on margin and accordingly can involve greater risk than investments based on a long position. A short sale of a security involves the risk of a

theoretically unlimited increase in the market price of the security, which could result in an inability to cover the short position and a theoretically unlimited loss. There can be no guarantee that securities or other instruments necessary to cover a short position will be available for purchase.

Due to regulatory or legislative action taken by regulators around the world as a result of recent volatility in the global financial markets, taking short positions on certain securities has been restricted. The levels of restriction vary across different jurisdictions and are subject to change in the short to medium term. These restrictions may make it difficult and in some cases impossible for market participants either to continue to implement their investment strategies or to control the risk of their open positions.

### ***Derivatives***

VKRA may utilize exchange-traded and over-the-counter futures, swaps, “synthetic” or derivative instruments, certain types of options and other customized financial instruments issued by banks, brokerage firms or other financial institutions. A swap is an agreement between an investor and a financial intermediary whereby cash payments periodically are exchanged between the parties based upon changes in the price of an underlying asset (such as an equity security, an index of securities, or another asset or group of assets with a readily determinable value). For example, an interest rate swap involves one party agreeing to make periodic fixed payments to the other party in return for the other party agreeing to make periodic payments to the first party that vary with the prime rate or another variable interest rate indicator. Swaps and other derivatives are subject to the risk of non-performance by the counterparty, including risks relating to the financial soundness and creditworthiness of the counterparty. Swaps and other forms of derivative instruments are not guaranteed by an exchange or clearing house or regulated by any U.S. or foreign governmental authority. It may not be possible to dispose of or close out a swap or other derivative position without the consent of the counterparty, and the account may not be able to enter into an offsetting contract in order to be able to cover its risk. New rules recently adopted in several major jurisdictions may require that certain swaps be traded on exchanges, and may limit the availability of certain types of swaps.

### ***Debt Securities***

Some strategies may invest in bonds and other fixed income securities that are subject to credit, liquidity and interest rate risks. Debt securities may be unrated by a recognized credit-rating agency or rated below investment grade, and subject to greater risk of loss of principal and interest than higher-rated debt securities. Debt securities may also rank junior to other outstanding securities and obligations of the issuer that may be secured by substantially all of that issuer's assets. Investments in some debt securities may not be protected by financial covenants or limitations on additional indebtedness. Investments in distressed debt securities may be subject to a significant risk of the issuer's inability to meet principal and interest payments on the obligations (credit risk) and may also be subject to price volatility due to such factors as interest rate sensitivity, market perception of the creditworthiness of the issuer and general market liquidity risk (market risk).

Evaluating credit risk for debt securities involves uncertainty because credit rating agencies throughout the world have different standards, making comparison across countries difficult. Also, the market for credit spreads is often inefficient and illiquid, which can make it difficult to accurately calculate discounting spreads for valuing financial instruments.

### ***Counterparty Risks***

Investments may be subject to the risk of the inability of any counterparty (including any prime broker or custodian) to perform with respect to transactions, whether due to insolvency, bankruptcy or other causes.

VKRA may maintain trading relationships with counterparties that may include various non-U.S. broker-dealers and financial institutions. In general VKRA will seek to diversify its client portfolios' counterparty risk and maintain relationships with highly rated counterparties. However, these relationships could result in concentration of credit risk. A client portfolio in particular could be exposed to credit risk if counterparties fail to fulfill their obligations or the value of any collateral provided by a counterparty becomes inadequate. When options or other derivative contracts are purchased over-the-counter, an account bears the risk if the counterparty to that derivative contract that wrote the option will be unable or unwilling to perform its obligations under the option contract. Such derivative contracts may also be illiquid and, in such cases, an account may have difficulty closing out its position.

### ***Developing Markets***

Certain strategies may invest in developing market debt securities, foreign exchange instruments and equities that may lead to additional risks being encountered when compared with investments in developed markets. These risks including currency exchange rate fluctuations, political and economic instability, foreign taxes and different regulatory, auditing and reporting standards. The political, regulatory and economic risks inherent in investments in developing markets are significant and may differ in kind and degree from the risks presented by investments in the world's major securities markets. These may include greater price volatility, substantially less liquidity and controls on foreign investment and limitations on repatriation of invested capital. Costs relating to investment will also tend to be higher.

### ***Forward Foreign Exchange Contracts***

Certain strategies may invest in forward currency contracts with banks, financial institutions or dealers acting as principal. Forward currency contracts may not be liquid in all circumstances, so that in volatile markets, it may not be possible for an investor to close out a position by taking another position equal and opposite to such position on a timely basis or without incurring a sizeable loss. Closing transactions with respect to forward currency contracts usually are effected with the currency trader who is a party to the original forward contract and generally require the consent of such trader.

There are no limitations on daily price moves in forward contracts. Banks and other financial institutions may require a client to deposit margin with respect to such trading. Banks are not required to continue to make markets in forward contracts. There have been periods during which certain banks have refused to quote prices for such forward contracts or have quoted prices with an unusually wide spread between the price at which the bank is prepared to buy and that at which it is prepared to sell. Trading of forward contracts through banks is not regulated by any U.S. governmental agency. An account will be subject to the risk of bank failure and the inability of, or refusal by, a bank to perform with respect to such contracts.

### ***Transaction Costs***

Certain investment strategies may involve a high level of trading and turnover of the client portfolio's investments, which may be higher than the average for other more traditional portfolios and accordingly the level of commissions paid and other transaction costs borne by the client are likely to be higher than average.

### ***Recent Changes in Regulation***

Legal, tax and regulatory developments could occur. Securities and futures markets are subject to comprehensive statutes, regulations and margin requirements enforced by the SEC, other U.S. and non-U.S. regulators and self regulatory organizations and exchanges authorized to take extraordinary actions in the event of market emergencies. The regulation of derivatives transactions and funds that engage in such transactions is an evolving area of law and is subject to modification by government and judicial actions. The regulatory environment for private funds is evolving, and changes in the regulation of hedge funds and their trading activities may adversely affect the ability of investors to pursue certain investment strategies, the ability to obtain leverage and financing, and the value of certain investments. The U.S. Congress recently enacted sweeping financial legislation (the "Dodd-Frank Act") regarding the operation of banks, private fund managers and other financial institutions, which includes provisions regarding the regulation of derivatives. Many provisions of the Dodd-Frank Act will be implemented through regulatory rulemakings and similar processes over a period of time. The impact of the Dodd-Frank Act, and of follow-on regulation, on certain trading strategies and operations is impossible to predict, and may be adverse.

### ***General Economic and Market Conditions***

The success of investment activities will be affected by general economic and market conditions, such as interest rates, availability of credit, credit defaults, inflation rates, economic uncertainty, changes in laws (including laws relating to taxation of a portfolio's investments), trade barriers, currency exchange controls, and national and international political circumstances (including wars, terrorist acts or security operations). These factors may affect the level and volatility of the prices and the liquidity of a portfolio's investments.

In addition, market disruptions caused by unexpected political, military and terrorist events may from time to time cause dramatic losses for a client portfolio and such events can result in otherwise historically low-risk strategies performing with unprecedented volatility and risk. A financial exchange may from time to time suspend or limit trading. Such a suspension could render it difficult or impossible to liquidate affected positions of its client accounts and thereby expose them to losses. There is also no assurance that off-exchange markets will remain liquid enough to permit the close out positions.

### ***Prime Broker and Custodian Insolvency***

A client portfolio may be at risk of a prime broker or custodian entering into an insolvency procedure. During such a proceeding (which may last many years), the use of assets held by or on behalf of the prime broker and custodian may be restricted. During such a proceeding, especially outside the United States, a client portfolio may be an unsecured creditor in relation to certain assets, and accordingly may be unable to recover such assets from the insolvent estate of the relevant prime broker or custodian in full or at all.

### ***Realization of Profits and Valuation of Investments***

Certain assets that are not regularly traded on recognized markets may be difficult to value. Changes in circumstances or market conditions may lead to revaluation of certain assets, which may result in material increases or decreases in the value of a client's portfolio.

### **Item 9 - Disciplinary Information**

On or about 4/1/06 the Connecticut Department of Banking and Connecticut State Superior Court sought civil and administrative penalties/fines for the violation of consent orders in 1998 and 1996, failure to register as an investment adviser in Connecticut and failure to file notices of exemption from registration for the offering of limited partnership interests in Connecticut. On 10/15/07 the matter was resolved with a Stipulation and Consent Order. The sanction was for VKRA to hire a compliance officer for five years, maintain records for six years and pay a fine in excess of \$2500.

On or about 11/1/97 the Connecticut Department of Banking sought civil and administrative penalties/fines for compensation paid by VKRA to non-registered individuals for client referrals. On 5/13/98 the matter was resolved with a Consent Order. The sanction was for VKRA to pay a monetary fine in excess of \$2500.

On or about 9/1/95 the Connecticut Department of Banking sought civil and administrative penalties/fines for undisclosed fees charged to investors. On 3/14/96 the matter was resolved with a Consent Order. The sanction was for VKRA to pay a monetary fine in excess of \$2500, for VKRA to hire an independent compliance consultant, ordered to report all securities related complaints for two years, and have its principal pass the Series 65 exam. VKRA also received a three month bar from advising new clients.

On or about 8/1/94 the SEC sought civil and administrative penalties/fines for failure to disclose fees charged to investors by related underlying funds, failure to disclose and update information required on Form ADV in violation of exemption under section 3(c)(1) of the Investment Company Act. On 2/22/95 the matter was resolved with a Consent Order. The sanction was for VKRA to pay a monetary fine in excess of \$2500 and receive a one year bar from registration as an investment adviser or broker-dealer.

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

### *Registered Broker-Dealers*

VKRA and VKPM are not registered as a broker-dealer. Mr. Kenneth Von Kohorn, Founder and President is not registered with a broker-dealer. Ms. Pamela Rockley, Chief Compliance Officer is registered with broker-dealers. In addition, VKRA and VKPM its management persons are not affiliated with any bank.

### *Registered Futures Commission Merchants, Commodity Pool Operators and Commodity Trading Advisors*

VKRA and VKPM are not registered as a registered futures commission merchant, commodity pool operator or commodity trading advisor. Mr. Kenneth Von Kohorn, Founder and President is not registered as a futures commission merchant, commodity pool operator or commodity trading advisor. Ms. Pamela Rockley, Chief Compliance Officer is registered as a commodity trading advisor and holds a Series 3 registration; she is not presently registered with an introducing futures broker.

### *Relationships with Related Persons*

The clients of VKRA at resent are the VKRA Funds each of which is a pooled investment vehicle exempt from registration under the Investment Company Act and a few individually managed accounts.

As discussed in the section titled "Participation or Interest in Client Transactions; Personal Trading," VKRA and its related persons are, directly or indirectly, the general partner, limited partners and/or managing members/general partners of the general partner of each of the VKRA Funds. VKRA and its related persons may spend substantially all of their business time on one or more of the VKRA Funds as required pursuant to the terms of each VKRA Fund's Governing Document. Investors are requested to refer to the Governing Documents of each VKRA Fund for more complete information on the requisite time commitments of VKRA and its related persons to the VKRA Funds.

Employees of VKRA and its affiliates may serve as officers, advisors, directors or in comparable management functions for portfolio companies in which the VKRA Funds invest, or provide other services to portfolio companies, and may receive compensation in connection therewith. Employees of VKRA may also from time to time serve on the

board of directors or a creditors committee of a portfolio company, or be given access to confidential information relating to companies in which the VKRA Funds invest. As a result, the VKRA Funds may, under certain circumstances, be prohibited for a period of time from engaging in transactions with respect to the debt or securities of such a portfolio company, which prohibition may have an adverse effect on the VKRA Funds.

The registrants in VKRA may spend a substantial portion of their time with these related activities.

#### *Selection or Recommendation of Other Advisers*

VKRA does not recommend or select other investment advisers for its clients and receive compensation from such advisers in a manner that would create a material conflict of interest. VKRA does not have other business relationships with other advisers that create a material conflict of interest.

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

#### *Code of Ethics*

VKRA's Code of Ethics sets the tone for the conduct and professionalism of the Firm. The Code's principles and policies are designed to emphasize the fiduciary duty required for all employees. In addition, these same principles and policies detail the requisite processes for compliance with applicable Federal securities laws, including the prohibition against insider trading. The goals of the Code of Ethics are to protect the Firm's clients and the Firm's reputation by educating employees about their fiduciary duty and the laws governing their conduct. The Firm's employees must take their positions of trust seriously and must act professionally and with complete propriety at all times.

VKRA has adopted a Code of Ethics under Rule 204A-1 of the Advisers Act expressing VKRA's commitment to ethical conduct. VKRA's Code of Ethics describes its fiduciary duties and responsibilities to its clients, and sets forth VKRA's (i) policies on receipt of gifts by employees and campaign contributions and (ii) practice of monitoring the personal securities transactions of supervised persons with access to client investment recommendations. Under VKRA's Code of Ethics, all supervised personnel have a duty to act only in the best interests of the VKRA Funds and all potential conflicts and violations of the Code of Ethics must be promptly reported to VKRA's Chief Compliance Officer ("CCO"). All supervised personnel must acknowledge the terms of the Code of Ethics annually, or as amended. It is the expressed policy of VKRA that no person employed by VKRA shall prefer his or her own interest to that of an advisory client or make personal investment decisions based on the investment decisions of advisory clients.



The Code of Ethics contains policies and procedures with respect to personal securities transactions by employees and related accounts that are designed to prevent front-running, scalping, the misuse of inside information and other improper activities. Employees must obtain the prior approval of the CCO for certain personal securities transactions, and must report all personal transactions to the CCO (or a designee) on at least a quarterly basis. The CCO (or a designee) monitors all transactions by employees in order to identify any pattern of conduct that may evidence conflicts or potential conflicts with the principles and objectives of the Code of Ethics, or other inappropriate behavior.

VKRA requires that all individuals act in accordance with all applicable federal and state regulations governing investment advisory practices. VKRA's Code of Ethics also includes the firm's policy prohibiting the use of material non-public information. Any individual not in observance of the above may be subject to discipline or termination.

VKRA will provide a complete copy of its Code of Ethics to any person upon request at no charge.

#### *Participation or Interest in Client Transactions; Personal Trading*

VKRA and its employees may buy and sell securities for themselves that VKRA also recommends to its clients. However, VKRA and its employees will not purchase or sell any securities in a preferential manner over its clients. Some of the Funds managed by VKRA may buy and sell securities from other accounts managed by VKRA at current market prices.

VKRA has adopted a Personal Trading Policy to govern the personal securities trades of "access persons" (as defined below) of VKRA. This Personal Trading Policy is based on the principle that access persons of VKRA owe a fiduciary duty to its clients.

Under securities laws, VKRA's "access person" include its members, employees or consultants who: (i) determine which securities are purchased or sold for any client or VKRA account or in any other way make any securities recommendations; (ii) participate in determining which securities are purchased or sold for any client or VKRA account or which securities recommendations shall be made; or (iii) obtain, in connection with their duties, information concerning which securities are purchased or sold for any client or VKRA account or which securities are to be recommended, prior to such purchase, sale or other recommendation actually being made.

Given VKRA's size and the nature of its business, every member and employee of VKRA is deemed to be an access person to whom the Personal Trading Policy applies. The Personal Trading Policy requires that VKRA's Chief Compliance Officer review all personal securities transaction by all access persons, and requires that all access persons obtain prior approval for all initial public offers or private placements.

## **Item 12 - Brokerage Practices**

All investment and trading decisions on behalf of the funds, including (as pertinent) the selection of broker-dealers and the determination of commission rates, will be made by VKRA.

Selection of broker-dealers is made based on VKRA's perception of the broker-dealers ability to achieve the best trade execution and will take into account such relevant factors as the broker-dealer's ability to effect the transaction; the broker-dealer's facilities, capabilities, reliability, and financial responsibility; and the provision or payment by the broker-dealer of the costs of research and brokerage services that are of benefit to the Funds and VKRA. Research services provided to Registrant by brokers may include reports on individual companies, industries or markets, as well as pricing and statistical services, data bases and other information and research services utilized by Registrant in the investment management process. VKRA is not required to obtain the lowest negotiated brokerage commission rates, Subject to seeking best execution; VKRA may also consider referrals of potential investors in the Fund as a factor in the selection of brokers. VKRA periodically reviews its relationships with broker-dealers and the effectiveness of its efforts to obtain best execution.

*Trading Errors.* Neither VKRA nor any of its affiliates will be liable to any client or investor in a Fund for any loss or damage occasioned by any act or omission in the performance of its services, unless such loss or damage is due to the gross negligence, recklessness or willful misconduct of VKRA or such affiliate, or as otherwise required by law. As a result, any negative or positive results of trading errors generally will be borne by the client, rather than by VKRA, so long as VKRA adheres to the foregoing standard of care. This provision will not be construed so as to provide for the exculpation of VKRA or any affiliate for an liability (including liability under Federal securities laws which, under certain circumstance, impose liability even on person that act in good faith), to the extent (but only to the extent) that such liability may not be waived, modified or limited under applicable law, but will be construed so as to effectuate the foregoing provisions to the fullest extent permitted by law.

Subject to the investment objectives, policies and restrictions of each VKRA Fund as set forth in such VKRA Fund's Governing Documents, VKRA has discretionary authority to determine the type, amount, and price of securities and investments to be bought and sold on behalf of each VKRA Fund or other client, including the selection of, and commissions paid to, brokers.

In selecting broker-dealers to effect securities transactions, VKRA seeks to obtain best execution by considering factors including, but not limited to, execution quality, price, the level of service offered, reliability, experience in liquidating distributions from private equity funds and such other factors as VKRA considers relevant and beneficial to the VKRA Funds. VKRA may consider referrals of VKRA Fund investors in determining its selection of brokers.

### *Research and Other Soft Dollar Benefits*

VKRA does not receive soft dollar benefits.

### *Brokerage for Client Referrals*

VKRA has not directed brokerage in exchange for client referrals. If in the future it decides to do so this section will be revised together with any other material changes in its business policies in Item 2.

### *Directed Brokerage*

Certain investors and/or advisory clients may have a pre-established relationship with a broker or dealer. In such cases, VKRA may permit clients to instruct VKRA to execute all securities transactions through that broker or dealer (“directed brokerage”).

### *Trade Aggregation*

VKRA has established allocation and aggregation procedures for the allocation of portfolio investment transactions among the VKRA Funds. The allocation and aggregation procedures are designed to ensure that each VKRA Fund is treated fairly and that transactions are allocated in a manner that is fair and equitable to each VKRA Fund relative to the other VKRA Funds, taking into account all relevant facts and circumstances. VKRA will always take into account each VKRA Fund’s investment objectives and investment allocation policy in the allocation process. In general, if orders for an investment cannot be completely filled, the orders are allocated either (a) *pro rata* among the VKRA Funds participating in an aggregated transaction or (b) on a basis other than *pro rata* if such other method of allocation is reasonable and does not result in an improper disadvantage/advantage to one participating VKRA Fund as compared to another VKRA Fund, taking into account multiple criteria, including specific VKRA Fund objectives, VKRA Fund size and capital available for investment, VKRA Fund diversification needs, the size of the opportunity, and current and anticipated market conditions. To the limited extent permitted by the Governing Documents of each VKRA Fund, certain VKRA Funds may conduct a significant portion of their investment activities in parallel with any other VKRA Fund, subject to any applicable tax, regulatory and other considerations.

## **Item 13 - Review of Accounts**

### *Review of Client Accounts*

VKRA regularly monitors the performance of all accounts with respect to exposures (gross, net, long/short ration, industry, sector and region). If the capital allocation exceeds the relevant risk management parameters, VKRA takes the appropriate actions to reduce asset risks. The reviews are performed by Mr. Kenneth Von Kohorn, a portfolio manager and President of the firm.

VKRA will periodically monitor portfolio investments on behalf of each VKRA Fund. Investments are reviewed in the context of each VKRA Fund's (i) adherence to the investment objectives and guidelines as set forth in the Governing Documents of each VKRA Fund; (ii) the VKRA Fund's investment performance.

VKRA will provide quarterly Net Asset Value reports and written quarterly investor letters to limited partners in each Fund. In addition, an annual report containing audited financial statements will be prepared and distributed to limited partners in each Fund as soon as practicable after the close of the Fund's fiscal year.

Each review is conducted by one or more of the following supervised persons:

<b>Supervised Person</b>	<b>Title</b>
Kenneth Von Kohorn	Founder and President
Pamela Rockley	Chief Compliance Officer

#### *Reports to Clients*

Each VKRA Fund distributes quarterly and annually written reports to their respective investors. Annual reports generally contain an individual capital account statement as of the end of such fiscal year, a listing of investments held by the VKRA Fund and the audited financial statements of the VKRA Fund. The quarterly reports generally contain unaudited performance results for the fiscal quarter.

Investors are requested to refer to the Governing Documents of each VKRA Fund for further information on the reports provided by a particular VKRA Fund to its investors.

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

##### *Economic Benefits Received from Third Parties*

In connection with investments made by certain of the VKRA Funds, VKRA or its related persons may receive commitment, structuring, monitoring and/or other transaction fees from portfolio investments in which one or more of the VKRA Funds may invest or propose to invest. The potential for VKRA and its related persons to receive such economic benefits creates a conflict of interest as VKRA and its related persons may have an economic incentive to invest in portfolio investments that provide such benefits. Nevertheless, to alleviate potential conflicts, a percentage of any such benefits received by VKRA or its related persons in connection with its advisory services for a particular VKRA Fund will be used to offset the advisory fees payable by such VKRA Fund.

##### *Third Party Compensation for Client Referrals*

VKRA may retain third parties to solicit clients. The third party would receive a fee for services rendered. All such arrangements will be conducted according to applicable law, including Rule 206(4)-3 under the Advisers Act. Among other agreements, any payments

to a third party for solicitation must be made pursuant to a written agreement and the solicitor must disclose the nature of its relationship with VKRA to prospective clients at the time of solicitation.

VKRA or its affiliates may enter into arrangements with third parties whereby VKRA or its affiliates will pay to third parties who introduce clients to VKRA or its affiliates a portion of the advisory fee received by VKRA or its affiliate from such clients. Such arrangements will be disclosed to VKRA's clients in accordance with, and otherwise comply with, Rule 206(4)-3 under the Advisers Act. Such third parties may include affiliates of VKRA.

VKRA and its affiliates may enter into cash compensation arrangements with unaffiliated placement agents or third parties for introducing investors to a VKRA Fund. Any sales charge associated therewith will ultimately be payable by VKRA or its related persons, either directly or through an offset of the management fee payable by the relevant VKRA Fund to VKRA. An investor will not be charged any additional amount or bear any additional charges as a result of an introduction through a placement agent or other unaffiliated third party. Moreover, as described above, VKRA may consider referrals of investors to the VKRA Funds in determining its selection of broker-dealers for securities transactions.

VKRA endeavors at all times to put the interests of the VKRA Funds first as part of VKRA's fiduciary duty. Nevertheless, the receipt of compensation by the placement agents and the potential receipt of brokerage commissions by broker-dealers creates a potential conflict of interest, and may affect the judgment of placement agents and broker-dealers when making referrals to VKRA and the VKRA Funds. Moreover, a potential conflict of interest may arise between the interests of the VKRA Fund investors in obtaining best price and execution and VKRA's interest in receiving future referrals to the VKRA Funds. VKRA will address this conflict of interest by seeking to obtain best execution by considering factors including, but not limited to, execution quality, price, the level of service offered, reliability, experience in liquidating privately placed securities and such other factors as VKRA deems relevant and beneficial to the VKRA Funds.

#### **Item 15 - Custody**

VKRA will not have physical custody of any client assets. VKRA may be deemed to have custody of the assets of the VKRA Funds as a result of its authority over the VKRA Funds.

It is VKRA's policy to cause each VKRA Fund with assets over which VKRA is deemed to have "custody" to be audited annually and distribute audited financial statements, prepared in accordance with U.S. generally accepted accounting principles ("GAAP"), to investors no later than 120 days after the end of each fiscal year. In addition, upon the final liquidation of any such VKRA Fund, VKRA will obtain a final audit and distribute audited financial statements prepared in accordance with GAAP with respect to such VKRA Fund to all investors promptly after completion of the audit.

### **Item 16 - Investment Discretion**

Subject to the investment objectives, policies and restrictions of each VKRA Fund as set forth in the Governing Documents of such VKRA Fund, VKRA has discretionary authority to determine the type, amount and price of securities and investments to be bought and sold on behalf of each VKRA Fund and client account, including the selection of, and commissions paid to, broker-dealers.

VKRA may also manage investment accounts for which it does not have ongoing discretionary authority to execute transactions without the consent of the client. Securities transactions for such clients are typically entered on a stand-alone basis and not bundled with the shares sold for clients that have given VKRA full discretion to effect securities transactions. Accordingly, such “non-discretionary” clients should be aware that VKRA may place non-discretionary client trades prior to or subsequent to discretionary client trades, and therefore a disparity may exist in the share price at which securities are sold for discretionary and non-discretionary accounts. In addition, a disparity may exist between the commissions charged to non-discretionary clients and the commissions charged to clients that have given VKRA full discretion. Therefore, non-discretionary clients should be aware that VKRA may not be able to maximize the transaction price and/or obtain volume discounts for non-discretionary clients.

### **Item 17 - Voting Client Securities**

VKRA’s current policy is to not vote any proxies for client accounts. Clients will receive their proxies and/or other solicitations directly from their custodian or transfer agent. Any client with any questions about a particular solicitation may contact VKRA at any time.

### **Item 18 - Financial Information**

VKRA does not require or solicit prepayment of more than \$1200 in fees per client, six months or more in advance.

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about VKRA’s financial condition. VKRA has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.

### **Item 19 - Requirements for State-Registered Advisers**

#### **Educational Background and Business Experience**

Name:	Kenneth Von Kohorn
Year of Birth:	1946
Education:	Yale University, B.S. Electrical Engineering 1968

Stanford University Graduate School of Business,  
M.B.A. 1972

**Business Background:** Upon obtaining his M.B.A. Mr. K. Von Kohorn joined the investment counseling firm of Bailard, Biehl & Kaiser, Inc. (BB&K). In 1976 Mr. Von Kohorn formed VK Partnership Management, Inc. in 1989. Mr. Von Kohorn is currently the Founder, President and Portfolio Manager for Von Kohorn Research and Advisory, Inc.

**Professional Designations:** Securities Licensed with the Series 65

**PART 2B OF FORM ADV – BROCHURE SUPPLEMENT**

This information has been included in Item 19.