

Part 2A DISCLOSURE BROCHURE

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This brochure provides information about the qualifications and business practices of Kitano Capital, LLC. If you have any questions about the contents of this brochure, please contact us at 214-515-3400. 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 Kitano Capital, LLC is available on the SEC's website at www.adviserinfo.sec.gov.

Kitano Capital, LLC may refer to itself as a "registered investment adviser." You should be aware that registration with the SEC or a state securities authority does not imply a certain level of skill or training.

Item 2 – Material Changes

The last update to Kitano Capital, LLC's Form ADV Part 2A (this "Brochure") was in March, 2012. A summary of material changes since the last annual update of this Brochure is as follows:

There have been no material changes since the last annual update of this Brochure.

Future Disclosure Brochure filings will address "material changes" since the date of this filing concerning Kitano Capital, LLC, which will either be delivered, or offered for delivery, to clients. A copy may also be downloaded from the SEC's website, www.adviserinfo.sec.gov.

IMPORTANT NOTE ABOUT THIS DISCLOSURE BROCHURE

This Disclosure Brochure is not:

- *an offer or agreement to provide advisory services to any person*
- *an offer to sell interests (or a solicitation of an offer to purchase interests) in any Issuer*
- *a complete discussion of the features, risks or conflicts associated with any Issuer*

As required by the Investment Advisers Act of 1940, as amended ("Advisers Act"), Kitano Capital, LLC (the "Adviser") provides this Brochure to current and prospective clients and may also, in its discretion, provide this Brochure to current or prospective investors in an Issuer, together with other relevant governing documents, such as the Issuer's offering circular, prior to, or in connection with, such persons' investment in the Issuer.

Although this publicly available Brochure describes investment advisory services and products of the Adviser, persons who receive this Brochure (whether or not from the Adviser) should be aware that it is designed solely to provide information about the Adviser as necessary to respond to certain disclosure obligations under the Advisers Act. As such, the information in this Brochure may differ from information provided in relevant governing documents. More complete information about each Issuer is included in relevant governing documents. To the extent that there is any conflict between discussions herein and similar or related discussions in any governing documents, the relevant governing documents shall govern and control.

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Item 4 – Advisory Business

A. Principal Owners and Background

Kitano Capital, LLC (the “Adviser”), was founded in 2007 by Ellis Short, IV and William R. Work (the “Owners”) as a private wealth management company. Kitano will actively seek and underwrite new investment opportunities as well as managing existing assets. Kitano also offers services within cash management, accounting, tax planning, tax preparation and corporate compliance services. Mr. Short and Mr. Work are each fifty percent (50%) owners of the Adviser.

In addition to several operating entities, the Adviser manages six separate private entity portfolios (the “Funds”) of which the Owners and affiliated entities are the sole beneficial owners. The Adviser also manages separate accounts for the wife of each respective Owner (the “Managed Accounts”).

Our investment decisions are made by Per-Magnus Andersson and Scott D. Martin (the “Portfolio Managers”). Mr. Andersson is the Adviser’s President, while Mr. Martin serves as Senior Analyst. For more information on our Portfolio Managers, please refer to our Part 2B Disclosure Supplement, which is available upon request.

B. Types of Advisory Services

We currently provide advisory services to the Funds and the two Managed Accounts. The Adviser may advise additional investment partnerships in the future.

C. Tailoring of Advisory Services

We tailor our investment advice in accordance with the investment objective and strategy of the applicable client account. Clients may impose restrictions on investing in certain securities or types of securities.

D. Wrap Fee Programs

We do not participate in wrap fee programs.

E. Assets Under Management

As of December 31, 2012, we had approximately \$659,815,951 of regulatory assets under management, all of which is managed on a discretionary basis.

Item 5 – Fees and Compensation

A. Our Compensation

We charge an hourly rate for our services that is agreed to by each client.

B. How we collect fees

Our fees are payable monthly in arrears and are deducted from our client's accounts.

C. Other fees or expenses

In addition to our advisory fees, our clients may also incur or bear other actual third party charges and expenses. Such charges may include brokerage commissions or ticket charges, custodial fees, and accounting, audit and legal expenses.

D. Advance Payment

We do not require advance payment of our fees.

E. Compensation for sales of Securities

Neither we nor any of our supervised persons accepts compensation for the sale of securities or other investment products.

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

We do not charge or receive any performance-based compensation or carried interest.

Item 7 – Types of Clients

We provide portfolio management services for the Funds and the two Managed Accounts.

Because we are not seeking new investors or clients, we have no minimum investment amount.

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

A. Analysis and Strategies

The investment objective of the Funds and Managed Accounts is to achieve a superior risk-adjusted rate of return, primarily through investments in U.S. and non-U.S. public equities, hedge funds and private equity funds. Certain Funds or Managed Accounts are also able to invest in various debt instruments, derivatives, commodities and options. We seek both undervalued and overvalued securities, based principally on fundamental bottom-up research of individual companies. We believe that over the long term, securities that are under-followed by traditional Wall Street coverage offer superior risk-adjusted returns due to relatively inefficient pricing.

B. Material Risks

Risk of Loss. Investing in securities involves the risk of loss. While our ultimate goal is to provide attractive returns over a long period of time, there can be no assurance we will achieve this goal. Investments that we make on behalf of the Funds and separate accounts may involve a high degree of business and financial risk that can result in substantial losses.

Illiquid Long-Term Investment. An investment in any of the Funds is a long-term commitment, and there can be no assurance of any distribution to the investors prior to liquidation of the Fund.

Market Conditions. The Funds may be materially affected by conditions in the financial markets and economic conditions, including interest rates, availability and terms of credit, inflation rates, economic uncertainty, changes in law, commodity prices and political circumstances, and such conditions may adversely affect performance. As a result of such factors, we may not be capable of, or successful at, preserving the value of fund assets, generating positive investment returns or effectively managing risks.

Competition for Investments. We expect that we will encounter competition from entities having similar investment objectives, some of which may possess competitive advantages over us in bidding for investments on behalf of the Funds and/or separate accounts, including greater financial, technical, marketing and other resources, higher risk tolerances, different risk assessments, lower return thresholds, lower cost of capital and access to funding sources unavailable to us, as well as an ability to achieve synergistic cost savings in respect of an investment.

Reliance on Individuals. The Funds will be particularly dependent on our Portfolio Managers. The loss either of Per-Magnus Andersson or Scott D. Martin could have a materially adverse effect on the Funds and separate accounts.

Uncertainty Regarding Investments. Although we make every effort to conduct appropriate due diligence prior to making an investment, the due diligence process may be subjective at times, may be required to be undertaken on an expedited basis in order to take advantage of available investment opportunities and may require the Adviser to rely on limited resources available to it. As a result, the due diligence investigation may not reveal or highlight all relevant facts that may be necessary or helpful in evaluating such investment opportunity.

Concentration of Investments. Certain Funds' respective portfolios, and the portfolio of the separate accounts, may become concentrated in a limited number of investments, increasing the vulnerability of the portfolio in a downturn in such market or industry.

Risk of Leverage. On behalf of certain Funds, the Adviser may use leverage to enhance returns. Leverage increases exposure to adverse economic factors such as rising interest rates, downturns in the economy, or deteriorations in the condition of portfolio companies or their industries. This can increase investment risk.

Conflicts of Interest. Certain inherent conflicts of interest are likely to arise as a result of the Adviser and its affiliated persons carrying on similar investment activities both for themselves and for their clients. The Adviser and such persons will not be required to refrain from any other activity or to disgorge any

profits from any such activity, and will not be required to devote all of their time and efforts to their clients.

Item 9 – Disciplinary Information

We have no legal or disciplinary events that are material to your evaluation of this advisory business or the integrity of our management to disclose.

Item 10 – Other Financial Industry Activities and Affiliations

A. Broker-Dealer Registration

The Adviser is not registered as a broker-dealer or registered representative of a broker-dealer, nor does it have any pending application to register.

B. Futures and Commodities Registration

The Adviser is not registered as a futures commission merchant, commodity pool operator, commodity trading Adviser, or associated party of any of those, nor does it have any pending application to register as such.

C. Related Persons

The Adviser has no relationships that are material to its Advisory business or to its clients with any related person listed below:

1. broker-dealer, municipal securities dealer, or government securities dealer or broker;
2. investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or “hedge fund,” and offshore fund);
3. other investment adviser or financial planner;
4. futures commission merchant, commodity pool operator, or commodity trading Adviser;
5. banking or thrift institution;
6. accountant or accounting firm;
7. lawyer or law firm;
8. insurance company or agency;
9. pension consultant;
10. real estate broker or dealer; or
11. sponsor or syndicator of limited partnerships.

D. Conflicts of Interest

We are not compensated for recommending or selecting other investment advisers for our clients. We also have no other business relationships with other advisers that create any material conflict of interest.

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

We have a fiduciary responsibility to treat clients fairly and avoid actual or potential conflicts of interest. Our employees have an obligation to act solely in the best interests of clients, and to make full and fair disclosure of all material facts, particularly where the clients' interests may conflict with the interests of the Adviser or its employees.

A. Code of Ethics

We have adopted, and require all employees to understand, acknowledge and follow, our Code of Ethics. The fiduciary principles that govern personal investment activities of employees are, at a minimum, the following: (1) the duty at all times to place the interests of clients first; (2) the requirement that all personal securities transactions be conducted in a manner that is consistent with Rule 204A-1 of the Advisers Act and in such a manner so as to avoid any actual or potential conflict of interest, or any abuse of an individual's position of trust and responsibility; and (3) the fundamental standard that personnel providing services to clients should not take inappropriate advantage of their positions. Our policy is that the interest and privacy of clients always comes first and all employees will conduct themselves in accordance with the highest standards of integrity, honesty and fair dealing. Our Code of Ethics is available to clients upon request.

B. Participation or Interest in Client Transactions

We do not recommend to the Funds, or buy or sell for Fund accounts, securities in which the Adviser or any of its employees has a material financial interest.

C. Personal Securities Investing

Subject to various restrictions set forth in our code of ethics, our portfolio managers and our employees may purchase for themselves securities purchased for, or recommended to, clients. Allowing principals and employees to purchase these securities may motivate those employees and/or affiliates to engage in “scalping,” which is the practice of attempting to benefit from the increase in price resulting from recommendations to clients. To prevent this practice, we closely monitor the investments made by our principals and employees.

D. Personal Securities Trading

We have adopted personal trading policies and procedures to prevent conflicts of interest with our clients. We maintain a restricted list of securities that we and our employees may not trade in order to avoid the misuse of material non-public information or confidential client information. Investments in private placements and IPOs by our employees must be pre-approved by our Chief Compliance Officer.

Item 12 – Brokerage Practices

A. In General

In general, we have authority to select the brokers and other counterparties to be used for client transactions and negotiate commission rates and other payments by clients. We select broker-dealers on the basis of obtaining the best overall terms available, which we evaluate based on a variety of factors, including, among other things: (i) financial stability of the broker; (ii) the broker's “commission” rates or

spread; (iii) the broker's inventory and availability of the security in question; (iv) research (including economic forecasts, investment strategy advice, fundamental and technical advice on individual securities, valuation advice and market analysis), custodial and other services provided by such brokers and/or dealers that are expected to enhance our general portfolio management capabilities; (v) websites and other related services; (vi) the size and type of the transaction; (vii) quality of execution; (viii) confidentiality; (ix) the operational facilities of the brokers and/or dealers involved (including back office efficiency); and (x) the ability to handle a block order for securities and distribution capabilities. Because commission rates in the United States as well as other jurisdictions are negotiable, selecting brokers on the basis of considerations which are not limited to applicable commission rates may at times result in higher transaction costs than would otherwise be obtainable.

A.1. Best Execution

In placing orders for the purchase and sale of securities, we seek best net execution, which includes both commissions and execution prices. Orders are placed with brokers or dealers which we believe to be responsible and provide effective execution of client orders under conditions most favorable to client accounts.

B. Research and Soft Dollar Benefits

We do not use soft dollars generated by client accounts.

Item 13 – Review of Accounts

Our Portfolio Managers generally conduct reviews of our accounts on a weekly basis. We generally provide periodic performance reports to our clients. We furnish portfolio valuation reports annually to investors in the Funds.

In addition, we will engage an independent accounting firm to perform a verification audit at least once a year as required by Rule 206(4)-2 of the Advisers Act.

Item 14 – Client Referrals and Other Compensation

We are not seeking new clients, so we do not pay inside or outside parties for referring new clients to the Adviser.

Item 15 – Custody

We may be deemed to have custody of the Funds' assets. Assets for which we have custody are held only at qualified custodians and in accordance with applicable regulations. These regulations require us to maintain Fund assets with a qualified custodian in a separate account for each Fund under that Fund's name. Clients will receive quarterly account statements directly from the qualified custodian. You are urged to carefully compare these statements with any reports provided by the Adviser.

Item 16 – Investment Discretion

We have investment discretion to manage the Funds' and Managed Accounts' assets. We exercise our discretion in a manner consistent with their investment goals and objectives.

Item 17 – Voting Client Securities

We generally have the authority to vote proxies of securities owned by the Funds and the Managed Accounts. We have adopted proxy voting policies and procedures in our compliance manual. In general, our policy is to vote proxy proposals, amendments, consents or resolutions in a manner that serves the best interests of our Clients, as determined in our discretion, and our proxy voting policy. Clients generally may not direct or otherwise influence our vote with respect to any particular proxy solicitation. Clients may obtain copies of our proxy voting policy, together with information regarding how we have voted in the past by contacting us.

Item 18 – Financial Information

There is no financial condition that is reasonably likely to impair the Adviser's ability to continue to meet its contractual commitments and provide services to its clients.