

Kellner Private Fund Management, LP
April 2014

This brochure provides information about the qualifications and business practices of Kellner Private Fund Management, LP (“Kellner Private”), an investment advisor registered with the United States Securities and Exchange Commission (the “SEC”). If you have any questions about the content of this brochure, please contact us at 212-350-0262 or gfriedman@kellnercap.com. This information has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

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

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

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Item 2. MATERIAL CHANGES

The initial filing of Form ADV Part II was released in May 2013. Since that time, Kellner Private has discontinued its volatility investment strategies and entered into a sub-advisory relationship with a registered, non-affiliated pooled investment vehicle.

This brochure should be reviewed in its entirety.

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Item 4. ADVISORY BUSINESS

Kellner Private Fund Management, LP (“Kellner Private”) is an SEC registered investment advisor that was founded in 2013. Kellner Private is owned by its general partner, Kellner Capital, LLC, a Delaware LLC majority owned and controlled by George A. Kellner, and its limited partner, George A. Kellner.

Kellner Private provides investment management and advisory services on a discretionary basis to its clients who include affiliated pooled investment vehicles as well as to both registered and non-registered, non-affiliated pooled investment vehicles. Each client may impose restrictions on investing in certain securities or types of securities. Kellner Private does not tailor advisory services to the individual needs of investors in the pooled investment vehicles. Investment management and advisory services are provided across several broad investment strategies; event driven investing, investments in distressed companies and securities, capital structure arbitrage opportunities, merger arbitrage, and long/short equity investing.

As of April 1, 2014, Kellner Private had approximately \$99 million of client assets under management, all on a discretionary basis.

Item 5. FEES AND COMPENSATION

Kellner Private charges its affiliated pooled investment vehicles an investment management fee of 1.5% per annum of net assets. Investment management fees are deducted from client accounts on a monthly basis. Additionally, an affiliate of Kellner Private, receives a performance allocation equal to 20% of the profits allocable to investors in the affiliated pooled investment vehicles (subject to a high-water mark provision). The method of calculating the performance allocation complies with Rule 205-3 under the Investment Advisors Act of 1940 (the “Advisers Act”), to the extent possible.

Kellner Private or its affiliate may waive or reduce the investment management fee or performance allocation with respect to certain investors in its affiliated pooled investment vehicles.

In addition to investment management fees and performance based compensation, affiliated pool investment vehicle clients accounts also incur brokerage and other transaction costs. Please refer to Item 12 of this brochure for a discussion of Kellner Private’s brokerage practices. Additionally, clients may also be subject to other expenses including, but not limited to, administrator expenses, custodian fees, filing fees, research expenses, legal fees, compliance fees, taxes, tax preparation and audit fees. In instances where client assets are invested in ETFs, other pooled investment vehicles or registered investment companies, the clients bear their pro rata share of the investment management fees, performance fees and other expenses of the underlying investments.

Kellner Private has arrangements where it may pay fees to internal and third party solicitors who introduce investors to Kellner Private's affiliated pooled investment vehicles. Such fees may be based upon a flat percentage of invested capital and or profits earned on such capital. Investors who are introduced by internal and third party solicitors are not charged any additional fees. Receiving compensation for the sale of Kellner Private's affiliated pooled investment vehicles creates a conflict of interest as it gives the solicitor incentive to recommend investment products based upon compensation received instead of client's needs. Accordingly, Kellner Private will only accept Accredited Investors and Qualified Purchasers who are deemed to be suitable investors as determined based upon investor responses to subscription documents.

Kellner Private receives a performance based fee as a sub-advisor for a sub-account of a non-registered, non-affiliated pooled investment vehicle equal to 45% of the profits allocated to such sub account.

Kellner Private receives a management fee of 1.00% of the average daily net assets as a sub-advisor for a segment of a non-affiliated investment company registered under the Investment Company Act of 1940.

Item 6. PERFORMANCE –BASED FEES AND SIDE-BY-SIDE MANAGEMENT

Kellner Private provides investment management and advisory services to affiliated pooled investment vehicles and to sub accounts of registered and non-registered, non-affiliated pooled investment vehicles. Kellner Private, or an affiliated entity, is entitled to be paid or allocated performance-based compensation by both the affiliated pooled investment vehicles and the sub-account of the non-registered, non-affiliated pooled investment vehicle. It also is entitled to be paid a management fee by the affiliated pooled investment vehicles and the sub-account of the registered, non-affiliated pooled investment vehicle. In addition, Kellner Private's investment personnel are typically compensated on a basis that includes a performance-based component. Because the affiliated pooled investment vehicles and the sub accounts of the non affiliated pooled investment vehicles managed by Kellner Private have a similar investment strategy, Kellner Private and certain of its investment personnel have an incentive to favor the account that pays higher fees.

An entity under common control, Kellner Management, LP provides investment management and advisory services on a discretionary basis to two affiliated registered investment companies. In addition, some of Kellner Private's personnel are also employed by Kellner Management pursuant to an expense sharing agreement. Such personnel are typically compensated on a basis that includes a performance based component. Because the affiliated pooled investment vehicles and the sub accounts of the non-affiliated pooled investment vehicles managed by Kellner Private and the affiliated registered investment company clients of Kellner Management have similar investment strategies, Kellner Private and Kellner Management along with certain of

their investment personnel have an incentive to favor the account that pays the higher fees.

In addition to managing assets of Kellner Private, some of Kellner Private's portfolio managers also manage assets for pooled vehicles that they or their affiliated entities sponsor. These unaffiliated pooled vehicles have similar investment strategies to the affiliated pooled investment vehicles managed for Kellner Private. Kellner Private has no economic interest in any of these unaffiliated pooled and other investment vehicles, however the portfolio manager has an incentive to favor the account that pays higher fees or otherwise more favorably compensates the portfolio manager.

Kellner Private has adopted and implemented policies and procedures intended to address conflicts of interest relating to multiple accounts that share a similar investment strategy and the allocation of investment opportunities. Kellner Private reviews investment decisions for the purpose of ensuring that accounts with a similar investment strategy are treated equitably. The performance of similarly managed accounts is compared at least monthly to determine whether there are any unexplained significant discrepancies. In addition, Kellner Private's procedures relating to the allocation of investment opportunities require that similarly managed accounts participate in investment opportunities on a pro rata basis to the extent that orders are aggregated and that they be done so on an average price basis. Please refer to Item 11 of this brochure for a discussion of Kellner Private's allocation practices. Finally, Kellner Private's procedures also require that objective allocation for limited opportunities to ensure fair and equitable allocation amount accounts.

Item 7. TYPES OF CLIENTS

Kellner Private's clients consist of affiliated pooled investment vehicles and sub accounts of non-affiliated pooled investment vehicles. The underlying investors in the affiliated pooled investment vehicles consist primarily of high net worth individuals, trusts, foundations, and other pooled investment vehicles.

Underlying investors in the affiliated pooled investment vehicles are generally required to be Accredited Investors and Qualified Purchasers. Initial and additional subscription minimums for investors in the affiliated pooled investment vehicles are disclosed in its offering memorandum.

Item 8. METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

Kellner Private provides investment management services to its client across several broad investment strategies, focusing on opportunities that provide the most attractive risk reward profile including; event driven, distressed securities, capital structure arbitrage, merger arbitrage, and long/short equity investing. Each is described in more detail below.

Event Driven

Event driven investing involves the purchase of securities and other obligations that are subject to a corporate activity or other catalyst-driven event where Kellner Private believes the market price does not adequately reflect the effect such activity will have on the securities' valuation. Event driven investing includes spin-offs, recapitalizations and balance sheet restructuring, business turnarounds, and post-reorganization securities. Event driven investments also include, but are not limited to, catalyst-driven pair trading, broken mergers, broken momentum/growth stocks, and shareholder activists/control shareholders situations.

Distressed Securities

Distressed securities investing relates to portfolio activity of securities and other obligations of companies that are experiencing financial or business difficulties. The difficulties of the issuers may have resulted from poor operating results, catastrophic events or excessive leverage. Such companies may be in the process of emerging from such problems through debt restructuring, Chapter 11 reorganization or liquidation. The issuers of these securities may be involved in various stages of bankruptcy. Distressed securities may include interest-bearing securities and other obligations, such as senior secured bank debt and high yielding corporate securities, exchange offers, cash tenders, liquidations and equities.

Debt securities generally are subject to credit risk. Credit risk relates to the ability of the issuer of a debt instrument to make interest and principal payments as they become due. If the issuer fails to pay interest, the portfolio's income might be reduced. If the issuer fails to repay principal, the value of the debt instrument and the portfolio might be reduced. Investments in debt securities that are below investment grade are particularly subject to risks of default. Debt securities below investment grade tend to offer higher yields than investment grade securities to compensate investors for the higher risk of default.

A portion of the distressed portfolio may be invested in securities of companies with small market capitalizations that may not be well known to the general public, have limited trading volumes and may have been in operation for only a short period of time. Such trading and investing may entail more risk because such securities are likely to be more volatile and have less trading liquidity than securities of more established companies.

Capital Structure Arbitrage

Capital structure arbitrage may involve several forms of arbitrage such as balance sheet arbitrage. Balance sheet arbitrage consists of the purchase of securities of an issuer coupled with the sale of other securities of the same issuer to take advantage of attractive price disparities given that issuer's current financial situation. For example, Kellner Private may purchase an issuer's senior debt securities and sell short the issuer's subordinated debt securities and/or equity securities if it determines that the junior securities are significantly overvalued relative to the senior securities.

Merger Arbitrage

Merger arbitrage involves the purchase and selling of public securities which are the subject of an acquisition attempt, exchange offer, tender offer, recapitalization or other corporate reorganization or liquidation. The strategy seeks profits thru the trading of securities (primarily public equities).

When a proposal for a merger or an exchange offer is publicly announced, Kellner Private will evaluate the proposed transaction and form a judgment as to the probability of its consummation. Kellner Private utilizes a rigorous analytical process with investment decisions based on fundamental analysis, valuation, timing and risk/reward considerations.

If Kellner Private determines that it is probable that the transaction will be consummated, it may purchase shares of the target company. In order to hedge against the risk of market fluctuation in the securities to be received, Kellner Private may sell securities of the acquiring company short (transactions in listed stock options are also used to hedge long and short positions).

In this activity, when Kellner Private determines that it is probable that a transaction will be consummated, Kellner Private will purchase securities at prices often only slightly below the anticipated value to be paid or exchanged for such securities in the merger, exchange offer or cash tender offer (and substantially above the prices at which such securities traded immediately prior to the announcement of the merger, exchange offer or cash tender offer). If the proposed merger, exchange offer or cash tender offer appears likely not to be consummated or in fact is not consummated or is delayed, the market price of the security to be tendered or exchanged will usually decline sharply by more than the difference between the purchase price and the anticipated consideration to be paid (the anticipated profit). In addition, where a security to be issued in a merger or exchange offer has been sold short in the expectation that the short position will be covered by delivery of such security when issued, failure of the merger or exchange offer to be consummated may force Kellner Private to cover its short position in the market at a higher price than its short sale, with a resulting loss.

In addition, Kellner Private may determine that the offer price for a security which is the subject of a tender offer is likely to be increased, either by the original bidder or by another party. In those circumstances, Kellner Private may purchase securities above the offer price, thereby exposing the merger portfolio to an even greater degree of risk.

Where Kellner Private determines that it is probable that a transaction will not be consummated, Kellner Private may sell the securities of the target company short, at times significantly below the announced price for the securities in the transaction. If the transaction (or another transaction, such as a “defensive” merger or a “friendly” tender offer) is consummated at the announced price or a higher price, Kellner Private may be forced to cover the short position in the market at a higher price than the short sale price, with a resulting loss.

The consummation of mergers, exchange offers and cash tender offers can be prevented or delayed by a variety of factors. An exchange offer or a cash tender offer by one company for the securities of another will often be opposed by the management or shareholders of the target company on the grounds that the consideration offered is inadequate or for a variety of other reasons. This opposition will often result in litigation in which it may be alleged, among other things, that the offering material supplied by the offeror contains inadequate, false or misleading disclosures, that the offeror has, by its activities in connection with the offer, violated federal and/or state securities or takeover laws, or that the proposed acquisition would violate federal antitrust laws, margin regulations or other statutes or regulations. The same allegations may be made in litigation brought by federal or state regulatory agencies or authorities to prevent or delay the proposed acquisition, including litigation brought by the SEC, the Antitrust Division of the Department of Justice or the Federal Trade Commission. Depending on the industry involved in a particular transaction, the consummation of the transaction may require the approval or non-action of other regulatory bodies, such as the Federal Reserve Board, the Department of Transportation, the Interstate Commerce Commission, the Office of Thrift Supervision or the Federal Communications Commission. In addition, management of a target company may seek a “defensive” merger with, or a “friendly” tender offer by, a company other than the offeror, or propose its own recapitalization plan, although such action would not usually result in a loss to the Partnership.

Offerors in tender or exchange offers customarily reserve the right to cancel such offers in the above and a variety of other circumstances, including an insufficient response from shareholders of the target company. Even if the defensive activities of a target company or the actions of regulatory authorities fail to defeat an acquisition, they may result in significant delays, during which the merger portfolio’s capital will be committed to the transaction and interest charges on funds borrowed to finance its arbitrage activities in connection with the transaction may be incurred.

Where a merger, an exchange offer or a cash tender offer has been agreed upon by the management of the two companies involved, its consummation may be prevented by intervention of a government regulatory agency (as described above), a shareholder’s suit to enjoin the proposed transaction or, in the case of a merger, the failure of the shareholders of the company to be acquired, and, where necessary, the acquiring company, to approve the merger, market conditions resulting in material changes in securities prices, and a variety of other circumstances, including, but not limited to, the failure to meet certain conditions customarily specified in acquisition agreements.

The consummation of a transaction may be delayed for various reasons, including compliance with the Hart-Scott-Rodino Antitrust Improvements Act of 1976 which requires certain waiting periods before the transaction may be completed, waiting periods required under state takeover laws, and, with respect to mergers, exchange offers and recapitalization plans in which securities are to be offered, the need to register the offered securities under the Securities Act.

Cash tender offers by corporations, or their controlling shareholders, management or other affiliates, for the shares of such corporations, made with the intent of “going

private”, are often opposed by minority shareholders alleging that the proposed transaction is financially inadequate or inherently unlawful, and such transactions have on occasion been enjoined. Certain rules of the SEC require especially complicated disclosures relating to such transactions concerning, among other things, the fairness of such transactions to public shareholders. Such rules can be expected to generate grounds for additional litigation by shareholders or the SEC.

An exchange offer or a cash tender offer will often be made for less than all of the outstanding securities of an issuer, with the provision that, if a greater number is tendered, securities will be accepted pro rata. Thus, after the completion of a tender offer, and at a time when the market price of the securities has declined below its cost, Kellner Private may have returned to it, and be forced to sell at a loss, a portion of the securities it tendered.

Kellner Private will attempt to assess all of the foregoing risk factors, and others, in determining the extent of the position it will take in the relevant securities and the price it is willing to pay for such securities. However, many risks, such as the outcome of pending or threatened litigation, cannot be quantified.

Moreover, it is likely that many of the merger arbitrage portfolios’ positions will be in securities the then current market for which consists primarily of other merger arbitrage firms and partnerships. Consequently, it is likely that adverse developments of a kind which may trigger a determination to dispose of a position may require Kellner Private to sell into a limited market which is crowded with other significant sellers.

Short-term fluctuations in the level of interest rates generally will affect the operating results of the merger arbitrage portfolios, not only with respect to its own borrowing costs, but also with respect to their effect on the market value of target company securities and the cost of money to bidders therefore.

Changing market and economic conditions (including fluctuations in the credit markets), and other factors such as changes in U.S. federal or state tax laws, U.S. federal or state securities laws or accounting standards, may make corporate acquisitions less desirable or may make merger arbitrage less profitable or unprofitable. For example, an increase in the prices of equity securities generally might diminish the number of such transactions. In addition, legislation is proposed from time to time which would limit or prohibit certain transactions. Similarly, rule making, adjudicatory or other activities of the SEC, FINRA, or any securities exchange may make the merger arbitrage trading activities less feasible, less profitable or both.

Long/Short Equity

Long/Short equity investing seeks to take advantage of mispriced equities across all market capitalizations. While Kellner Private’s long/short equity strategy will invest primarily in global equity securities, its portfolio may also include non-equity securities, as deemed appropriate. Kellner Private may utilize other securities, options, cash instruments, interest rate swaps, mortgage servicing rights, forward contracts, futures and other derivatives for hedging or other purposes and intends to use leverage and to trade

on margin. Kellner Private will seek to profit from mispricing whether it results in over or under-valuation. To this end, Kellner Private will regularly take short or other positions with the goal of profiting from the decline in the valuation of some securities, or the convergence or distancing in the relative value between various securities.

Kellner Private long/short equity investing primarily employs a bottom-up, fundamentally-driven investment process in selecting investment opportunities. Kellner Private performs in-depth primary research on its investment opportunities in an effort to understand not only the company and its key performance metrics but also industry dynamics regarding competition, pricing trends, strategic positioning and comparable enterprise valuations.

The primary risk of long/short equity investing is associated with securities selection. The price of a company's stock could decline or underperform for many reasons, including, among others, poor management, financial problems or business challenges. If a company declares bankruptcy or becomes insolvent, its stock could become worthless. Kellner Private attempts to minimize this risk through the construction of each portfolio.

Stocks investments fall into three broad market capitalization categories – large, medium and small. Investing primarily in one category carries the risk that, due to current market conditions, that category may be out of favor with investors. If valuations of large capitalization companies appear to be greatly out of proportion to the valuations of mid or small capitalization companies, investors may migrate to the stocks of mid and small sized companies causing an investment in these companies to increase in value more rapidly than an investment in larger, fully valued companies. Investing in mid and small capitalized companies may be subject to special risks associated with narrower product lines, more limited financial resources, smaller management groups, and a more limited trading market for their stock as compared to other larger companies. As a result, stocks of mid and small sized companies may decline significantly in market downturns.

The investment process for event driven, distressed securities, capital structure arbitrage, merger, and long/short equity investing involves the continuous screening of the universe of available opportunities to optimize investment selection, maximize total returns, and manage risk. Kellner Private utilizes a rigorous analytical process with investment decisions based on fundamental analysis, technical analysis, quantitative analysis, qualitative analysis, valuation, timing and risk/reward considerations.

Fundamental analysis attempts to measure the intrinsic value of a security by looking at economic and financial factors (including the overall economy, industry conditions, and the financial condition and management of the company itself) to determine if the company is underpriced (indicating it may be a good time to buy) or overpriced (including it may be time to sell).

Technical analysis attempts to analyze past market movements and apply that analysis to the present to supplement fundamental research and in an attempt to recognize recurring patterns of investor behavior and potentially predict future price movement. Technical analysis does not consider the underlying financial condition of a company. This

presents a risk that a poorly managed or financially unsound company may underperform regardless of market movement. Technical analysis is often used to supplement fundamental analysis and is not typically relied on exclusively.

Quantitative analysis uses mathematical models in an attempt to obtain accurate measurements of a company's quantifiable data such as the value of a share price or earnings per share and to predict changes to that data. A risk of using quantitative analysis is that the models used may be based upon assumptions that may be proved to be incorrect.

Qualitative analysis subjectively evaluates non-quantifiable factors such as the quality of management, labor relations, and strength of research and development factors not readily subject to measurement in an attempt to predict changes to a securities price based on that data. A risk of using qualitative analysis is that Kellner Private subjective judgment may prove to be incorrect.

Portfolios may be constructed of both long securities and securities sold short. Positions may be financed through the use of leverage. Kellner Private may also purchase or sell options on the underlying equity securities or other derivative securities in order to enhance returns or reduce risk. Derivative instruments are subject to a number of risks, including the risk of changes in the market price of the underlying securities, credit risk with respect to the counterparty, risk of loss due to changes in interest rates and liquidity risk. The use of certain derivatives may also have a leveraging effect, which may increase volatility and reduce returns.

Kellner Private may invest in foreign (non-U.S.) securities. Such investments may result in more rapid and extreme changes in value than an investment exclusively in securities of U.S. companies due to smaller markets, differing reporting, accounting and auditing standards, nationalization, expropriation or confiscatory taxation, foreign currency fluctuations, currency blockage, political changes or diplomatic developments.

Investments and trades are made without regard to portfolio turnover considerations, and therefore annual portfolio turnover rate may be high. Such frequent trading affects investment performance through increased brokerage and transaction costs and the realization of taxable gains and losses.

Kellner Private may, from time to time, employ various hedging techniques to reduce the risk of speculative investments in securities. There remains a substantial risk, however, that hedging techniques may not always be effective in limiting losses. If the portfolio manager analyzes market conditions incorrectly or employs a strategy that does not correlate well with the portfolio's investments, the hedging techniques could result in a loss, regardless of whether the intent was to reduce risk or increase return. These hedging techniques may also increase the volatility of results, involve a small investment of cash relative to the magnitude of risk assumed, or result in a loss if the other party to the transaction does not perform as promised.

Certain portfolios are not subject to any significant limitations on the amount of capital which may be committed to any one investment. Kellner Private's objective is to invest its capital in those situations which the portfolio manager believes will offer the greatest risk-adjusted returns. Although Kellner Private will follow a general policy of seeking to spread risk among a number of investments, certain portfolios may, at certain times, hold a few relatively large (in relation to its capital) securities positions, with the result that a loss in any such position could have a material adverse impact on the portfolio's capital.

Since Kellner Private will increase the number and/or size of its investment positions through the use of leverage (i.e., purchasing securities by putting up only a portion of the instrument's value and in effect borrowing the remainder), the possibilities for profit and the risk of loss will be increased. As the result of the use of leverage, fluctuations in the market value of the portfolios may therefore have a disproportionately large effect on the value of its capital. Leveraged investments may result in losses in excess of the amounts invested. In addition, short-term fluctuations in the level of interest rates generally will affect the operating results of the portfolio, with respect to its own borrowing costs and rebates received on short sales.

The securities markets are speculative; prices are volatile; and market movements are difficult to predict. Supply and demand for securities change rapidly and are affected by a variety of factors, including interest rates and general trends in the overall economy or particular industrial or other economic sectors. Government actions, especially those of the Federal Reserve Board, have a profound effect on interest rates, which, in turn, affect the price of securities. In addition, a variety of other factors which are inherently difficult to predict, such as domestic and international political developments, governmental trade and fiscal policies, patterns of trade and war or other military conflict can also have significant effects on such markets. Kellner Private may have only limited ability to vary the investment portfolio in response to changing economic, financial and investment conditions. No assurance can be given as to when or whether adverse events might occur which could cause significant and immediate loss in the value of the portfolio. Even in the absence of such events, investing and trading securities can quickly lead to large losses. Because of the inherently speculative nature of these activities, results may be expected to fluctuate from month to month and from period to period.

Kellner Private may from time to time engage in short selling. Selling securities short runs the risk of losing an amount greater than the amount invested. Short selling is subject to unlimited risk of loss because there is no limit on how much the price of the stock might appreciate before the short position is closed. A short sale may result in a sudden and substantial loss if, for example, an acquisition proposal is made for the subject company at a substantial premium over market price.

At various times, the markets for securities purchased or sold by Kellner Private, although organized and active, may nevertheless be "thin" or illiquid, making the purchase or sale of securities at desired prices or in desired quantities difficult or impossible. For example, many securities exchanges have authority to suspend trading in a particular security without notice. Further, the lack of an established secondary market

may make it more difficult to value illiquid securities, and as a result such valuations may vary materially from the amount realized at time of disposition.

If Kellner Private buys an option (either to sell or purchase a security), it may pay a premium representing the market value of the option. If the option is not exercised and the security underlying the option at expiration is less than the exercise price, the portfolio may lose the entire amount of the premium. Conversely, if Kellner Private sells an option (either to sell or purchase a security), it will be credited with the premium but will have to deposit margin or collateral due to its contingent liability to take or deliver the securities underlying the option in the event the option is exercised. Traders who sell options are subject to the entire loss occurring with respect to the underlying security (less any premium received). The writing or purchasing of an option runs the risk of losing the entire investment or substantially more than the entire investment, thereby causing significant losses in a relatively short period of time. The ability to trade in or exercise options also may be restricted in the event that trading in the underlying security becomes restricted. Options trading may also be illiquid in the event the portfolio manager invests in contracts with extended expirations.

The securities analysis methods used by Kellner Private rely on the assumption that the companies who securities Kellner Private purchases and sells, the rating agencies that review these securities and other publicly available sources of information about these securities are providing accurate and unbiased data. While Kellner Private is alert to indications that data may be incorrect, there is always a risk that Kellner Private's analysis may be compromised by inaccurate or misleading information.

These methods, strategies and investments involve risk of loss to clients and clients and investors in the affiliated and unaffiliated pooled investment vehicles must be prepared to bear the loss of their entire investment.

Item 9. DISCIPLINARY INFORMATION

Registered investment advisers are required to disclose whether there are any legal or disciplinary events that would be material to a client's or prospective client's evaluation of Kellner Private. Neither Kellner Private nor any of its management personnel have been involved in a domestic or foreign criminal or civil action, or in any action in military court. Neither Kellner Private nor any management personnel have been involved in a proceeding with a self-regulatory organization. In 2008, one of Kellner Private's employees settled an administrative proceeding with the Securities and Exchange Commission alleging that, while employed by another firm, he failed to adequately supervise two employees with regard to lavish entertainment of certain members of one of their customer's equity trading desk from 2000 to 2004. The Kellner Private employee was not alleged to have directly violated any rule or regulation regarding entertainment of customers.

Item 10. OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Kellner Private has entered into investment management agreements with its affiliated pooled investment vehicles which offer equity investments to their clients. Kellner Group, LLC, an entity under common control with Kellner Private, is the General Partner and sponsor of these affiliated pooled investment vehicles.

Kellner Private has also entered into a sub-advisory agreements with non-affiliated pooled investment vehicles.

Kellner Private has entered into an expense sharing agreement with Kellner Management LP (“Kellner Management”) a SEC registered Investment Advisor under common control. Pursuant to this agreement, Kellner Private will reimburse Kellner Management for certain shared personnel and facilities.

Item 11. CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

Kellner Private has adopted a Code of Ethics (the “Code”) that obligates it and its supervised persons to put the interest of Kellner Private’s clients before their own interests and to act honestly and fairly in all respects in their dealings with clients. All of Kellner Private’s personnel are also required to comply with applicable federal securities laws. Clients or prospective clients may obtain a copy of the Code by contacting Glen M. Friedman, Chief Financial and Compliance Officer by email at gfriedman@kellnercap.com, or by telephone at 212-350-0262.

Kellner Private requires all personnel to obtain permission of a principal prior to opening a personal trading account with a broker-dealer. Copies of all confirmations and statements of such account must be furnished to Kellner Private directly from the broker-dealer. In addition, all personal trading activity is required to be approved by a principal of Kellner Private before being placed with a broker. No trading in any principal, employee or related person’s account will be permitted if such transaction would adversely affect any of Kellner Private’s client accounts.

To monitor this process, pre-approval requests are compared to broker confirmations. In addition, transaction activity in each principal, employee or related person’s account is reviewed periodically for compliance with Kellner Private’s policy.

Interests in the affiliated pooled investment vehicle sponsored by Kellner Group, LLC are solicited to investors pursuant to private placement transactions exempt from registration under the Securities Act of 1933. All such investors receive a copy of the appropriate private placement memorandum which discloses among other things certain conflicts of interest which may arise.

Pursuant to investment management and advisory agreements, Kellner Private regularly effects securities transactions for client accounts. Trading portfolios of clients with similar investment strategies are generally managed on a pari-passu basis. As a result, conflicts of interest may arise between the trading accounts managed for its clients.

Investment decisions are made for the Kellner Private's clients in a fair and equitable manner in light of the relevant investment considerations. Kellner Private considers participation by clients with similar investment objectives in each transaction unless Kellner Private makes specific determination that the transaction is not suitable for a particular client. In addition legal and structural differences between Kellner Private's clients may result in different trade execution.

In certain instances, simultaneous transactions will occur for Kellner Private clients. Purchases and sales are then allocated between the clients so that no party will be treated less favorably than the other. While in some cases this could have a detrimental effect upon the price or value of a security for one of the parties or upon its ability to complete an entire order, in other cases coordination and the ability to participate in volume transactions will be beneficial to parties. In general, purchases and sales that are deemed appropriate for the clients are allocated pro rata in accordance with relative assets under management or buying power (subject to rounding), after taking into account relative liquidity of each party and the security in question.

Item 12. BROKERAGE PRACTICES

As a general matter in executing portfolio transactions, Kellner Private may deal with such brokers or dealers as may, in Kellner Private's best judgment, provide prompt and reliable execution of the transaction at favorable security prices and reasonable commission rates. In selecting brokers or dealers, Kellner Private will consider all relevant factors, including the price (net of applicable brokerage commissions or dealer spread), size of the order, nature of the market for the security, timing of the transaction, the reputation, experience and financial stability of the broker or dealer, the quality of service, difficulty of execution and operation facilities of the firm involved.

In allocation brokerage, Kellner Private may take into consideration the receipt of research services even though such broker-dealers may charge commissions which exceed those other broker-dealers may have charged for the same transaction, if in Kellner Private's view the commissions are reasonable in relation to the value of the brokerage and/or research services provided by the broker-dealer, viewed in terms of either the particular transaction or Kellner Private's overall responsibilities with respect to the client as to which it exercises investment discretion. Thus, a client may be deemed to be paying for research, brokerage or other services provided by the broker-dealer which are included in the commission rate.

When appropriate under its discretion, Kellner Private may direct transactions for clients to broker dealers who provide Kellner Private with research and brokerage products and

services either directly or thru client commission arrangements. The brokerage commissions used to acquire research and brokerage products and services are known as “soft dollars”. Although Kellner Private will use the research and services in making investment decisions for its clients, it will generally pay more than the lowest available commissions for execution of these transactions. Kellner Private may enter into “soft dollar” arrangements to cover client expenses to the extent such arrangements are permitted by law.

All commissions paid by Kellner Private clients fall within the SEC’s “safe harbor” provisions (section 28(e) of the US Securities Act of 1934, as amended) which allows an investment adviser to pay for research and brokerage services with the “soft dollars” generated by client account transactions. In determining whether a service or product qualifies as research or brokerage, Kellner Private evaluates whether the service or product provides lawful and appropriate assistance to Kellner Private in carrying out its investment decision-making responsibilities. Research and other services provided by brokers may include economic and market information, technical data, recommendations and market data services.

Kellner Private’s authority to use “soft dollar” credits generated by the client’s securities transactions to pay for expenses that might otherwise have been borne by Kellner Private raises conflicts of interest as it may give Kellner Private an incentive to select brokers or dealers for client transactions, or to negotiate commission rates or other execution terms, in a manner that takes into account the soft dollar benefits received by Kellner Private rather than giving exclusive consideration to the interests of the clients.

Kellner Private’s Chief Compliance Officer periodically reviews and evaluates Kellner Private’s soft dollar practices to determine in good faith whether, with respect to any research or other products or services received from a broker-dealer, the commissions used to obtain those products and services were reasonable in relation to the value of the brokerage, research or other products or services provided by the broker-dealer. This determination will be viewed in terms of either the specific transactions or Kellner Private’s overall responsibilities to the portfolios over which Kellner Private exercises investment discretion.

Kellner Private believes that its clients benefit from the services obtained with “soft dollars” generated by trades for the accounts of its clients. However, services received by Kellner Private will not be used for the exclusive benefit of any one client, and may not be distributed on a pro rata basis.

As a result of client brokerage commissions (or markups or markdowns), Kellner Private and/or its related persons received research reports, attended conferences, and held discussions with research analysts, among other things and have directed brokers to pay for third party research including market data such as stock quotes, last sales prices, trading volumes, company financial data and economic data via client commission agreements. In each case the product or service received met the eligibility criteria of the SEC’s “safe harbor” provisions.

When appropriate, Kellner Private aggregates client orders for the purchase or sale of the same security submitted contemporaneously for execution using the same executing broker to achieve more efficient execution or to provide for equitable treatment among client accounts. Clients participating in aggregated trades are allocated securities based on the average price achieved for such trades. Such aggregation may enable Kellner Private to obtain for clients a more favorable price or better commission rate based upon the volume of a particular transaction. However, brokerage commission rates are not necessarily reduced as a result of such aggregation. In some instances, average pricing may result in higher or lower prices than otherwise obtainable by a single client. Kellner Private allocates the securities purchased or proceeds of a sale pro rata among the participant accounts, based on the purchase or sale order.

Item 13. REVIEW OF THE ACCOUNTS

Analysis of market conditions and positions within an account occur continuously by Kellner Private's principals, portfolio managers and investment professionals. Trading strategies and portfolio positions for each account are discussed and reviewed at "morning meetings" which are held before the opening of the U.S. markets and are regularly attended by Kellner Private's principals, portfolio managers and investment professionals.

In addition, Kellner Private's principals, portfolio managers, investment professionals and other relevant personnel attend regularly scheduled weekly and monthly meetings to review account performance, market conditions, specific securities held, account portfolios and the risks inherent in such portfolios.

Investors in its affiliated pooled investment vehicle receive monthly summaries, statements and quarterly reports describing account performance and prevailing market conditions. Annually, they receive tax return information and audited financials. They may also receive supplemental reports, data or other information upon request. The sub account holder of the non-affiliated pooled investment vehicles regularly receives information on trade activity, positions and valuation which enables them to produce performance information.

Item 14. CLIENT REFERRALS AND OTHER COMPENSATION

Kellner Private may allocate brokerage to broker-dealers which provide it with research even though such broker-dealers may charge commissions which exceed those other broker dealers may have charged for the same transaction, if in Kellner Private's view the commissions are reasonable in relation to the value of the brokerage and/or research services provided by the broker-dealer, viewed in terms of either the particular transaction or Kellner Private's overall responsibilities with respect to the account as to which it exercises investment discretion. Please see Item 12 for further information on Kellner Private's brokerage practices.

Kellner Private has arrangements where it may pay fees to internal and third party solicitors who introduce investors to Kellner Private's affiliated pooled investment vehicles. Such fees may be based upon a flat percentage of invested capital and or profits earned on such capital.

Item 15. CUSTODY

This item is not applicable

Item 16. INVESTMENT DISCRETION

Kellner Private provides investment management services on a discretionary basis to its affiliated pooled investment vehicles pursuant to a grant of authority in the investment management agreement and to sub-accounts of non-affiliated pooled investment vehicles pursuant to sub-advisory agreements. Subject to certain limitations, restrictions and objectives set forth in the governing documents of the affiliated pooled investment vehicles and sub accounts of the non-affiliated pooled investment vehicles, Kellner Private has been granted complete discretion in the investment and reinvestment of client assets, is authorized to purchase and/or sell securities and other financial instruments and to determine the broker to be used for each securities transaction, subject to the requirements of best price and execution.

The investment management agreements of the affiliated pooled investment vehicles provide Kellner Private discretionary authority over the pools' investments subject to the limitations, restrictions and objectives set forth in the pool's Confidential Private Offering Memorandum and the Limited Partnership Agreement.

The sub-advisory agreement of the sub account of the non-registered, non-affiliated pooled investment vehicle provides Kellner Private with investment guidelines with regard to acceptable and restricted investments, exposure, allowable drawdown, concentration, liquidity, and leverage of the portfolios of the sub accounts. The sub-advisory agreement of the sub-account of the registered, non-affiliated pooled investment vehicle limits Kellner Private's management activities to those that are in accordance with the vehicle's investment objective, policies and restrictions as stated in its registration statement under the Investment Company Act of 1940.

Item 17. VOTING CLIENT SECURITIES

Kellner Private has adopted a written statement of Proxy Voting Policies, Procedures and Guidelines to assure that client securities over which Kellner Private has voting discretion are voted in the best interests of the client and to resolve any material conflicts that may arise between the clients' interest and the interest of Kellner Private. In general, the applicable portfolio manager will exercise discretion to vote securities held for client accounts in a manner consistent with achieving the investment objectives that have been established for the client's account. Any material conflicts of interest that may arise will

be disclosed to, and direction will be sought from, the client and, in the absence of direction, Kellner Private will abstain from voting the clients securities.

Kellner Private's authority to vote proxies or act with respect to other shareholder actions is established through the delegation of discretionary authority under the investment management, advisory or sub advisory agreement with clients. Therefore, unless a client specifically reserves the right, in writing, to vote its own proxies or to take shareholder action with respect to other corporate actions requiring shareholder actions, Kellner Private will vote all proxies and act on all other actions in a timely manner as part of its full discretionary authority over client assets.

Clients may obtain information on how their securities were voted or a copy of Kellner Private's Proxy Voting Policies, Procedures and Guidelines by written request addressed to Kellner Private.

Item 18. FINANCIAL INFORMATION

This item is not applicable.