



401 North Michigan Avenue, Suite 2510

Chicago, IL 60611

312-546-4260

www.kaboutermgmt.com

**FORM ADV, PART 2A
BROCHURE**

March 31, 2015

This Form ADV, Part 2A (the “Brochure”) provides information about the qualifications and business practices of Kabouter Management, LLC (“Kabouter”), an investment adviser registered with the United States Securities and Exchange Commission (the “SEC”). If you have any questions about the contents of this Brochure, please contact us via e-mail at linda@kabouterfund.com. The information in this Brochure has not been approved or verified by the SEC or by any state securities authority.

Additional information about Kabouter is also available on the SEC’s website at www.adviserinfo.sec.gov. The searchable IARD/CRD number for Kabouter is 153099.

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

This Brochure is neither an offer to sell nor a solicitation of an offer to buy shares or interests in any of the privately offered investment funds advised by Kabouter. An offer of interests in such funds can be made only through the offering materials for the relevant fund and only in jurisdictions in which such an offer would be lawful.

Item 2 – Material Changes

This Item 2 discusses only specific material changes that are made to this Brochure since the last annual update of our Brochure on March 25, 2014. It does not describe other modifications to this Brochure, such as updates to dates and numbers, stylistic changes or clarifications.

- The Brochure reflects our move to 401 North Michigan Avenue, Suite 2510, Chicago, IL 60611.
- Item 8 (“Methods of Analysis, Investment Strategies and Risk of Loss”) has been revised to reflect Kabouter’s increased focus on friendly shareholder activism and to include additional information and disclosures regarding such strategies.
- Item 17 (“Voting Client Securities”) has been revised to reflect certain enhancements and updates to Kabouter’s proxy voting policies and procedures.

Item 3 – Table of Contents

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

Exhibits

Privacy Notice

Item 4 – Advisory Business

Kabouter Management, LLC is a registered investment adviser based in Chicago, Illinois. Kabouter is organized as a Delaware limited liability company and has been providing investment advisory services since 2003. Peter Zaldivar and Marcel Houtzager are the founders and principal owners of the firm.

Overview

Kabouter provides investment management services to certain privately offered pooled investment vehicles (each, a “private fund,” and collectively, “private funds”), registered investment companies and separately managed accounts. Kabouter currently offers investment strategies focused on micro, small and/or mid-sized companies located outside the United States.

Private Funds

Kabouter serves as the investment manager or investment adviser to private funds. The primary investment objective of each private fund is to provide investors with an above-average long-term return from a portfolio invested primarily in equity securities of smaller or mid-sized companies located outside the United States, although a fund may employ additional strategies such as short selling. Each private fund has different investment features which may include varying levels of management and/or performance fees, withdrawal rights, investment guidelines such as socially responsible investment restrictions, investment minimums, investor qualification standards and liquidity terms. This Brochure should not be considered an offering document for the private funds and investors should refer to a specific private fund’s offering memorandum or organizational documents for a complete description of that fund, including its strategies, risks, conflicts of interest and expenses. We tailor our investment advisory services for a private fund to such client’s overall investment program, and not to the needs of any underlying investor therein

The governing documents for the private fund and/or the investment advisory agreement, if applicable, govern Kabouter’s advisory services provided to the private fund. The governing documents generally provide that the private fund may be dissolved upon Kabouter’s dissolution, withdrawal from the private fund or resignation as the manager or investment adviser.

The private funds are exempt from registration as an investment company under either Section 3(c)(1) or 3(c)(7) of the Investment Company Act of 1940, as amended (the “Company Act”).

Separately Managed Accounts and Registered Investment Companies

Kabouter also offers separately managed account solutions to clients. The customized offerings generally follow the same portfolio construction process as the private funds. For our separate account and registered investment company clients, we may customize an investment portfolio in accordance with the client’s risk tolerance and investment objectives. For our registered investment company clients, we may serve as adviser or sub-adviser. Clients may also impose investment restrictions on our management of the account. For example, clients may specify that investments in any particular stock or industry should not exceed specified percentages of the value of the portfolio and/or restrict or prohibit transactions in the securities of a specific

industry or issuer, including socially responsible investment restrictions. Once we construct an investment portfolio, we will monitor the performance of each client's portfolio on an ongoing basis and will rebalance the portfolio as required by changes in market conditions. For our registered investment company clients, we will also manage the portfolio to comply with the Company Act.

Our investment advisory agreement contains an authorization by which clients grant us discretion to make purchases and sales for their accounts without requiring us to obtain their consent or approval prior to each transaction, to select the types and amounts of securities that we buy or sell for their accounts, the broker or dealer we use to effect such transactions and the commission rates paid. As noted above, clients may specify their investment objectives and guidelines, select their portfolio strategy and impose certain restrictions or investment parameters.

In general, our investment advisory agreement may be terminated upon 60 days' written notice to our firm or as otherwise permitted under the Company Act for a registered investment company client. Clients will receive a prorated refund of any fees paid in advance. If clients pay fees at the end of a quarter in arrears, they will incur a pro rata charge for services rendered prior to the termination of the agreement, which means they will incur advisory fees only in proportion to the number of days in the quarter for which they are a client.

Other Services

Kabouter may provide strategic consulting services on a limited basis to certain companies or persons including those with whom the firm has a long standing investor, client or investment relationship. These services may be provided with or without compensation. Such agreements are generally short term or project specific.

Assets Under Management

As of February 28, 2015, we manage \$1,414,352,281 in client assets on a discretionary basis. We do not manage assets on a non-discretionary basis.

Item 5 – Fees and Compensation

Fees for the private funds, registered investment companies and separately managed accounts are discussed in this item.

Private Funds

The rates at which our fees are charged vary across our private funds and, as to a particular fund, may also vary across investment options available to investors. As compensation for our investment management services to the entities, we receive an annual management fee ranging up to 2% of the applicable entity's net assets. In addition, we may receive a performance allocation for our services, ranging from 0% to 20% of net profits achieved over a traditional or modified high water mark. Certain funds offer lower fees in exchange for longer lock-up periods, and certain funds offer the option of a performance allocation based on the performance of such

private fund relative to the performance of selected indices. In addition, some investors may pay lower fees than other investors based on the amount of assets invested in the fund.

The fees and expenses applicable to each private fund are described in such fund's private offering memorandum or organizational documents. Management fees typically are paid quarterly in advance. Performance allocations are generally made at the end of the fiscal year. Fees and allocations are deducted directly from investors' assets in the applicable private fund. We receive a prorated portion of the management fee and performance allocation with respect to interests in a fund issued at any time other than the beginning of any quarter or redeemed prior to the end of any quarter or performance period. Any prepaid but unearned fees will be refunded.

We reserve the right to apply a different management fee and/or performance allocation to different investors and to waive any management fee and/or performance allocation in whole or in part for particular investors in our discretion, including principals and employees of Kabouter.

Separately Managed Accounts and Registered Investment Companies

We charge an annual fee ranging from 0.5% to 2% of client assets under management, depending upon the complexity of the strategy and the size of the account, among other factors. In addition, we sometimes receive an annual performance fee payable in arrears for our services, ranging from 5% to 20% of net profits achieved over a high water mark. Fees for a separate account client are negotiable or may vary from the amounts set forth in this Brochure. For our registered investment clients, there is no performance fee.

Our advisory fee is generally billed and payable quarterly in advance, based on the value of a client's account at the end of the previous quarter. If the investment advisory agreement is executed at any time other than the first day of a calendar quarter or terminated prior to the end of a calendar quarter, our fees will apply on a pro rata basis. Any prepaid but unearned fees will be refunded.

Our investment advisory agreements may contain written authorization permitting our fees to be paid directly from each client's account. In such cases, we will send each client and the qualified custodian that they select for such account an invoice showing the amount of fees due along with the account value on which the fee is based and how the fee was calculated, and we will deduct our fee directly from such client's account through the qualified custodian holding such funds and securities. If not debited directly from the account, we will invoice the client for payment of fees. We urge our clients to review all statements received from their custodians for accuracy.

We may launch or manage other funds or accounts with higher or lower fees and/or different compensation structures. Different client facts and circumstances, including the client's investment strategy, liquidity profile and prevailing market terms, will be considered in determining applicable fees.

Additional Fees and Expenses

As part of our investment advisory services, we may invest, or recommend that a client invest, in mutual funds and exchange-traded funds. The fees that a client pays to our firm for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds

or exchange-traded funds (described in each fund's prospectus) to their shareholders. These fees will generally include a management, custodial and transfer agent fee and other fund expenses.

Our fees are exclusive of brokerage commissions, custodial fees, transaction fees, and other investment related costs and expenses. These charges and fees are typically imposed by the broker-dealer or custodian through whom client account transactions are executed. Please refer to Item 12 for a description of the factors we consider in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation.

The private funds, registered funds and separately managed accounts may also be subject to administrative, legal, audit and other professional expenses, including certain software and other licensing costs. We do not share in any portion of these commissions, fees and expenses. Please refer to the applicable private fund or registered investment company offering memorandum or the advisory agreement for a separate account client for more information.

Client costs and expenses are the responsibility of, and may be paid directly by, the applicable client. However, where we have the ability to do so in respect of our clients, we may pay client costs and expenses directly out of our own account for and on behalf of the client, and in those cases we are entitled to reimbursement from the client. Certain costs and expenses may be incurred for the benefit of, or be shared by, multiple clients which may include clients which do not bear any responsibility for such costs and expenses. Such shared expenses generally will be allocated across the applicable clients pro rata or in such other manner as we deem appropriate. We may directly bear the responsibility for the portion of such shared costs and expenses otherwise allocable to clients which benefit from, but which are not directly responsible for, such shared costs and expense.

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

In addition to the management fees described in Item 5 above, certain clients such as the private funds and select separate accounts are subject to an annual performance fee or allocation based on a percentage of net profits (including realized and unrealized gains and losses) achieved over a traditional or modified high water mark. Performance fees are generally payable at the end of the fiscal year, upon the termination of a separate account client or upon the withdrawal or redemption of a private fund investor. For certain of our private fund clients, the performance fee or allocation, if any, may be made to an affiliate of ours which is under common ownership and control with us, as further described in Item 10 below.

Performance-based fees create an incentive for our firm to make investments that are riskier or more speculative than would be the case absent a performance fee arrangement. In addition, performance fees, as well as asset-based fees, may vary among clients. Accordingly, clients are subject to conflicts of interest by the management of multiple accounts that follow similar or the same investment strategy. The conflict for the private funds presents itself at both the client and investor level. Such a conflict may create an incentive for us to favor one client over another. Our policies regarding trade allocation as well as our Code of Ethics are designed to mitigate this risk. See Item 11 below.

Performance-based fees (as well as asset-based fees) also may create an incentive for our firm to overvalue investments that lack a market quotation. Although we generally invest in securities that have a market quotation, to address this possible conflict, we have adopted policies and procedures that require our firm to “fair value” any investments that do not have a readily ascertainable value.

Item 7 – Types of Clients

We offer investment advisory services to high net worth individuals, family offices, pension and profit sharing plans, trusts, estates, charitable organizations, foundation, endowments, registered investment companies, corporations, and private funds that are not registered with the SEC as investment companies under the Company Act.

Investment in the private funds generally requires a minimum investment of \$500,000, although the manager or general partner may accept lesser amounts in its discretion. In addition, investment in the private funds is limited to “accredited investors” within the meaning of Regulation D under the Securities Act of 1933 and “qualified clients” as defined in Rule 205-3 under the Investment Advisers Act of 1940. Certain private funds may also require that investors be “qualified purchasers,” as defined in Section 2(a)(51) under the Company Act. Each private fund’s private offering memorandum or organizational documents includes a complete discussion of the eligibility requirements applicable to that fund, including any applicable lock-up period.

We generally require a minimum account size of \$50,000,000 for the establishment of a separately managed account client. We may waive this requirement in our discretion. We may aggregate related client accounts to meet this account minimum in our discretion.

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

Kabouter performs a quantitative screening of more than 11,000 securities in developed international markets, seeking to select stocks with consistent growth in good and bad economic times, a strong balance sheet and a business model that could benefit from long-term secular growth themes. Our firm then relies primarily on its bottom-up independent, internally generated research to uncover companies that may be less well known than the more popular names. In selecting companies in which to invest, we emphasize long-term growth prospects as well as quality management that has the ability to adapt to changing markets and technologies. We base our assessment of companies on qualitative criteria including: the general reputation of the company, the stability of the organization, our subjective view on the quality of management, and information obtained through interviews with management, as well as the company’s competitors and suppliers. We also seek to invest in companies whose future prospects are not fully appreciated by others; for example, companies that the market has not correctly valued by overlooking regional and industry trends as such trends relate to the companies.

Where beneficial, we may seek to add value through friendly shareholder activism such as discussing with company management potential business combinations, expansion strategies and corporate governance changes. We believe companies benefit from our work in the form of

improved business combination terms, increased analyst coverage and a higher profile among international institutional investors.

In connection with our friendly shareholder activism, we may cause one of our clients, either alone or together with other clients, to secure the appointment of persons selected by Kabouter to the company's management team or board of directors. In so doing, management persons of Kabouter, including one or more of the principals, may acquire legal and fiduciary duties to the company and to its other shareholders that may conflict with the interests of Kabouter's clients (*see* "Activist Positions," below).

In addition, in the event that material, non-public information is obtained with respect to such companies or the clients become subject to trading restrictions pursuant to the internal trading policies of such companies or as a result of applicable law or regulations, the clients may be prohibited for a period of time from purchasing or selling the securities of such companies, which prohibition may have an adverse effect on the clients.

Investment Strategies

In managing separately managed accounts, registered investment companies and the private funds, we may invest in a wide variety of securities and financial instruments, domestic and foreign, whether publicly traded or privately placed. That being said, client assets typically will be invested in publicly traded equity securities of non-U.S. issuers. Our investments may include common and preferred stocks, bonds and other debt securities, limited partnership interests, mutual fund shares, exchange-traded funds, options, warrants, futures, currencies, monetary instruments and cash and cash equivalents. In certain situations, we may seek to hedge the currency risk of our client's non-U.S. investments.

Our investment strategies and advice may vary depending upon each client's specific financial situation. As such, we determine investments and allocations based upon the stated objectives of each private fund and, in the case of separately managed accounts, each client's investment objectives and risk tolerance. Any restrictions and guidelines may affect the composition of a client's portfolio.

Risk of Loss

Investing in securities involves risk of loss that clients should be prepared to bear. We do not represent or guarantee that our services or methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections or declines. We cannot offer any guarantees or promises that a client's financial goals and objectives will be met. Each investment strategy also is subject to risks unique to itself. The risks below may apply depending on strategy type. Past performance is in no way an indication of future performance.

The material risks set forth below are qualified in their entirety by the more detailed risk disclosure in the applicable private fund or registered investment company offering documents.

Other Risks

- *Activist Positions.* Kabouter may engage in friendly activism from time to time. If a company implements a strategy supported by Kabouter, there exists the risk that the intended strategy will be unsuccessful. Further, when securities are purchased in anticipation of influencing the future direction of a company, a substantial period of time may elapse between the purchase of the securities and the anticipated results. During this period, a portion of the client's capital would be committed to the securities purchased. Additionally, if the anticipated results do not in fact occur, the client may be required to sell its investment at a loss. Moreover, there may be instances where the client will be restricted in transacting in or redeeming a particular investment as a result of its activist investment strategy.

Furthermore, Kabouter may attempt to build strong relationships with company management. In certain cases, attempts to influence a company's management may result in a principal of the Kabouter taking a seat on the company's board of directors. In such a case, there exists the risk that Kabouter will be restricted in transacting in or redeeming its investment in that company as a result of, among other things, legal restrictions on transactions by company directors or affiliates. Because there is substantial uncertainty concerning the outcome of transactions involving the target companies in which the client may invest, there exists a potential risk of loss by the client of its entire investment in such companies.

- *Concentration.* Kabouter may at times concentrate its investments by investing a significant portion of its assets in the securities of a single issuer, industry, sector, country or region, although this concentration will not occur under normal market conditions. To the extent Kabouter concentrates a client's investments in any of these ways, the overall adverse impact on the client of adverse developments in the business of such issuer, such industry or such government could be considerably greater than if they did not concentrate their investments to such an extent.
- *Country Risk.* Domestic events -- such as political upheaval, financial troubles or natural disasters -- may weaken a country's securities markets. Because we may invest a large portion of a client's assets in securities of companies located in any one country, performance may be disproportionately impacted by the poor performance of investments in a single country.
- *Currency Risks.* Purchasing instruments denominated in foreign currencies or engaging in currency trading has certain risks, including illiquidity, blockages by governments, political unrest or other factors, failure or inability to deliver, pressures from speculators, and other factors that can result in losses with respect to such instrument and currencies, notwithstanding any nominal returns or value. In addition, to the extent that currency risk is not hedged, changes in the values between the denominated currency of a client account and other currencies can increase or reduce the actual returns from investments denominated in other

currencies. Client accounts may at times have significant currency exposure. Therefore, market movements in the underlying currencies could result in substantial losses.

- *Debt and Other Income Securities.* Fixed-income securities are subject to interest rate, market and credit risk. Interest rate risk relates to changes in a security's value as a result of changes in interest rates generally. Even though such instruments are investments that may promise a stable stream of income, the prices of such securities are inversely affected by changes in interest rates and, therefore, are subject to the risk of market price fluctuations. In general, the values of fixed-income securities increase when prevailing interest rates fall and decrease when interest rates rise. Market risk relates to the changes in the risk or perceived risk of an issuer, country or region. Credit risk relates to the ability of the issuer to make payments of principal and interest. Investors may lose money if the issuer of a fixed-income security is unable to pay interest or repay principal when due. Credit risk applies to most fixed income securities. The values of income securities may also be affected by changes in the credit rating or financial condition of the issuing entities.
- *Equity and Equity-Related Instruments.* Stocks and other equity-related instruments may be subject to various types of risk, including market risk, liquidity risk, counterparty credit risk, legal risk and operations risk. In addition, equity-related instruments can involve significant economic leverage and may, in some cases, involve significant risk of loss. "Equity securities" may include common stocks, preferred stocks, interests in real estate investment trusts, convertible debt obligations, convertible preferred stocks, equity interests in trusts, partnerships, joint ventures or limited liability companies and similar enterprises, warrants and stock purchase rights. Equity securities fluctuate in value, and such fluctuations can be pronounced. In general, stock values fluctuate in response to the activities of individual companies and in response to general market and economic conditions. Accordingly, the value of the stocks and other securities and instruments that a client holds may decline over short or extended periods.
- *Futures Contracts and Options on Futures Contracts.* In entering into futures contracts and options on futures contracts, there is a credit risk that a counterparty will not be able to meet its obligations. The counterparty for futures contracts and options on futures contracts traded in the U.S. exchanges is the clearinghouse associated with such exchange. In general, clearinghouses are backed by the corporate members of the clearinghouse who are required to share any financial burden resulting from the nonperformance by one of its members and, as such, should significantly reduce this credit risk. In cases in which the clearinghouse is not backed by the clearing members, it is normally backed by a consortium of banks or other financial institutions. There can be no assurance that any counterparty, clearing member or clearinghouse will be able to meet its obligations.

- *Hedging Risk.* A client's use of options and futures and other investment techniques for hedging purposes, including currency hedging, involves the risk that changes in the value of a hedging instrument will not match those of the asset or security being hedged. Hedging is the use of one investment to offset the effects of another investment. Imperfect or no correlation of the values of the hedging instrument and the hedged security or asset might occur because of characteristics of the instruments themselves or unrelated factors involving, for example, the markets on which the instruments are traded. As a result, hedging strategies may not always be successful. While hedging strategies can help reduce or eliminate portfolio losses, they have costs associated with them and can reduce or eliminate portfolio gains.
- *Liquidity Risk.* The financial markets in the United States and elsewhere have experienced a variety of difficulties and changed economic conditions in recent years. Reduced liquidity in equity, credit and fixed-income markets may adversely affect many issuers worldwide and adversely affect a client. In addition, these conditions could lead to reduced demand for the securities in which our clients invest, which may in turn decrease the value of a client's assets. Because securities held by clients are marked to market and fluctuate in value based on supply and demand, reduced liquidity in the markets could depress the value of a client's assets to less than their intrinsic value.
- *Non-U.S. Investments.* Investments in securities of non-U.S. issuers and the governments of non-U.S. countries involve special risks not usually associated with investing in securities of U.S. companies or the U.S. government, including political and economic considerations, such as greater risks of expropriation and nationalization, confiscatory taxation, the potential difficulty of repatriating funds, social, political and economic instability and adverse diplomatic developments; the possibility of the imposition of withholding or other taxes on dividends, interest, capital gain or other income; the small size of the securities markets in such countries and the low volume of trading, resulting in potential lack of liquidity and in price volatility; fluctuations in the rate of exchange between currencies, and costs associated with currency conversion; and certain government policies that may restrict investment opportunities. In addition, there may be different types of, and lower quality, information available about a non-U.S. company than a U.S. company. There is also less regulation, generally, of the securities markets in many foreign countries than there is in the United States, and such markets may not provide the same protections that are available in the United States. With respect to certain countries, there may be the possibility of political, economic or social instability, the imposition of trading controls, import duties or other protectionist measures, various laws enacted for the protection of creditors, and greater risks of nationalization or diplomatic developments that could materially adversely affect investments in those countries. Investment in non-U.S. countries may also be subject to withholding or other taxes, which may be significant and may reduce the investment returns.

- *OTC Transactions.* In general, there is less governmental regulation and supervision in the “over the counter” (“OTC”) markets than of transactions entered into on an organized exchange. In addition, many of the protections afforded to participants on some organized exchanges, such as the performance guarantee of an exchange clearinghouse, will not be available in connection with OTC transactions. This exposes clients to the risk that a counterparty will not settle a transaction because of a credit or liquidity problem or because of disputes over the terms of the contract.
- *Restricted or Illiquid Securities.* Clients may purchase securities subject to restrictions on resale. Restricted securities may be sold only pursuant to an exemption from registration under the Securities Act, or in a registered public offering. Where registration is required, the holder of a registered security may be obligated to pay all or part of the registration expense, and a considerable period may elapse between the time it decides to seek registration and the time at which it may be permitted to sell a security under an effective registration statement. Difficulty in selling such securities may result in a loss to the fund or cause it to incur additional administrative costs.
- *Short Selling.* Short selling exposes the seller to theoretically unlimited risk due to the lack of an upper limit on the price to which a security may rise and there can be no assurance that the securities necessary to cover a short position will be available for purchase at such times. However, to the extent a client’s assets are invested in limited liability entities, its losses are limited to its investment in the particular entity.
- *Smaller Company Securities Risk.* Securities of micro, small or mid-capitalization companies (“smaller companies”) can, in certain circumstances, have a higher potential for gains than securities of large-capitalization companies, but they also may have more risk. For example, smaller companies may be more vulnerable to market downturns and adverse business or economic events than larger, more established companies because they may have more limited financial resources and business operations. These companies are also more likely than larger companies to have more limited product lines and operating histories and to depend on smaller management teams. Their securities may trade less frequently and in smaller volumes and may be less liquid and fluctuate more sharply in value than securities of larger companies. In addition, some smaller companies may not be widely followed by the investment community, which can lower the demand for their stocks.
- *Stock Market Risk.* There is a risk that stock prices overall will decline. Stock markets tend to move in cycles, with periods of rising prices and periods of falling prices.
- *Swaps.* Investments in swaps involve the exchange between two parties of all or a portion of their respective interests or commitments. In the case of currency swaps, one party may exchange with another party their respective commitments

to pay or receive currency. Use of swaps involves risk of default by the counterparty. If there is a default by the counterparty to such a transaction, the non-defaulting party will have contractual remedies pursuant to the agreements related to the transaction. There are currently a large number of banks and investment banking firms acting both as principals and agents and utilizing standardized swap documentation. As a result, swap markets are normally relatively liquid in comparison with the markets for other similar instruments that are traded in the interbank market. However, in times of market turmoil, spreads can widen substantially and these markets can become very illiquid, with the result that positions may not be able to be offset or closed out at a reasonable price, if at all.

- *Tax Implications.* Our strategies and investments may have unique and significant tax implications, including tax consequences specific to investments in non-U.S. investments. However, unless we specifically agree otherwise, and in writing, tax efficiency is not our primary consideration in the management of client assets. Regardless of client account size or any other factors, we strongly recommend that clients regularly consult with a tax professional prior to and throughout the investing of their assets.
- *Use of Derivatives.* Certain clients may use derivative instruments, which may include without limitation, warrants, options, swaps, forward contracts, and futures contracts. The use of derivative instruments involves a variety of material risks, including the extremely high degree of leverage often embedded in such instruments and the possibility of counterparty nonperformance as well as of material and prolonged deviations between the actual and the theoretical value of a derivative (*i.e.*, due to nonconformance to anticipated or historical correlation patterns). In addition, the markets for certain derivatives are frequently characterized by limited liquidity, which can make it difficult as well as costly to close out positions in order to realize gains or to limit losses.

Item 9 – Disciplinary Information

Item 9 is not applicable to us as we have no reportable material legal or disciplinary events.

Item 10 – Other Financial Industry Activities and Affiliations

There are no material limitations on our ability to conduct any other business, including any business within the financial or securities industry, whether or not that business is in competition with any client.

An affiliate, which is under common ownership and control with us, serves as general partner for our U.S. domiciled private fund for which we also serve as investment manager. In addition, we serve as the managing member for certain private funds. For our non-U.S. private funds, an employee of Kabouter generally holds a position on each non-U.S. private fund's board of directors.

For our U.S. private funds, the affiliate, as general partner, or Kabouter, as managing member (as applicable), have general authority over the business and affairs of the private funds, including Kabouter's engagement as investment manager, subject to the terms of the fund client's governing documents. For our non-U.S. private funds, the board of directors is generally vested with the authority over the business and affairs of the private funds, including Kabouter's engagement as investment manager. We receive both a management fee and a performance fee or allocation for these private funds as described above in Items 5 and 6.

Kabouter and its members and employees will devote as much of their time to the activities of a particular client as they deem necessary and appropriate. Kabouter and its affiliates are not restricted from forming additional investment funds, from entering into other investment advisory relationships, or from engaging in other business activities. These activities could be viewed as creating a conflict of interest in that the time and effort of Kabouter and its members and employees will not be devoted exclusively to the business of a particular client but will be allocated between the clients.

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

Description of Our Code of Ethics

We have adopted a Code of Ethics, the full text of which is available to clients upon request via e-mail at linda@kabouterfund.com. We strive to comply with the applicable laws and regulations governing our advisory services. Therefore, our Code of Ethics includes guidelines for professional standards of conduct for our firm's principals and employees. Provisions in the Code of Ethics relate to the confidentiality of client information, a prohibition on insider trading, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. Our goal is to protect our clients' interests at all times and to demonstrate our commitment to our fiduciary duties of honesty, good faith, and fair dealing with clients. All our employees are expected to adhere strictly to these guidelines and must acknowledge their obligation to comply with the Code of Ethics annually. Our Code of Ethics also requires that certain employees submit reports of their personal account holdings and transactions to our Chief Compliance Officer, who will review these reports on a periodic basis.

Our firm's principals and employees may serve as officers or directors of, or have similar positions with, companies in which client assets are invested. A list of those companies will be maintained by the Chief Compliance Officer and delivered to each person covered by the Code of Ethics. To reduce the possibility that a transaction in a security of such a company might take place during a time when such person might be in possession of inside information, every transaction in a security of such a company, whether for a client account or a personal account, must be approved, in advance, by the Chief Compliance Officer. Transactions in such securities, if any, by the Chief Compliance Officer must be approved, in advance, by a principal of Kabouter.

Participation or Interest in Client Transactions

As described above, we serve as the investment manager or investment adviser to certain private funds and separately managed accounts. Persons associated with our firm may have significant investments in these funds.

We advise, and may organize or advise in the future, investment vehicles that invest in similar or different investments. The management of these clients may conflict in some circumstances. For example, we may determine that an investment opportunity in a client is appropriate for a particular client, but not for another. We may have different types of clients, including private funds and separate accounts, and our clients may be subject to different regulations. Clients may have different investment strategies, objectives and restrictions and may be subject to different terms. These terms include, but are not limited to, the following: investor lock-up periods, management and performance fees, liquidity terms, rights to receive information regarding the portfolio and such other rights as may be negotiated by investors or other accounts. As a result, we may have an incentive to favor one account over another when making investment decisions.

There may be instances when allocating investments among clients in which some clients may participate in certain opportunities while other clients may not. Where accounts have competing interests in a limited investment opportunity, we may not allocate investment opportunities pro rata among clients but rather allocate investment opportunities on the basis of numerous other considerations, including, without limitation, a client's cash flows, investment objectives and restrictions, participation in other opportunities, compliance with applicable laws, and tax concerns as well as the relative size of different accounts' same or comparable portfolio holdings.

Taking into consideration the conflicts of interest disclosed above, it is important to note that it is our policy to allocate, to the extent operationally and otherwise practical, investment opportunities to each client on a fair and equitable basis relative to our other clients.

Personal Trading Practices

In appropriate circumstances consistent with our clients' investment objectives, we may cause certain client accounts to purchase or sell securities in which certain employees and/or our clients (including pooled investment vehicles referenced above) directly or indirectly have a position or interest. Those employees who provide investment advice to clients are required to comply with our Code of Ethics prior to investing for their own accounts in securities that are recommended to and/or purchased for our clients. The Code of Ethics is designed to assure that the personal security transactions, activities and interests of those individuals will not interfere with making investment decisions in the best interests of our clients. Under our Code of Ethics, personal securities transactions generally must be cleared with our Chief Compliance Officer. However, certain classes of securities (including mutual funds and exchange-traded funds) and transactions (including non-volitional stock splits, etc.) are designated as exempt from pre-clearance requirements, based upon a determination that trading in these securities would not materially interfere with the best interests of our clients. There is a possibility that our employees or existing clients may benefit from market activity by another client. Personal trading by Covered Persons (generally our principals, investment personnel and other persons who have access to

investment recommendations) is monitored under our Code of Ethics to reasonably prevent conflicts of interest with our clients.

Cross Trades

From time to time, we may determine that a sale of positions from one client account to another is in the best interests of both accounts. This may arise, for example, if one account is being wholly or partially liquidated to fund withdrawals, while another account has cash available for investment. Neither we nor our affiliates will receive commissions or otherwise profit from such cross trades, and our Chief Compliance Officer is required to approve all cross trades in advance. Where required by applicable law or in other appropriate circumstances as we determine in our discretion, we may obtain the consent of the affected clients prior to conducting such trades. In the context of a private fund, we may appoint an independent representative of the fund or one or more investors to an investor committee to consent on behalf of the fund to a rebalancing transaction or other transactions in which participating accounts may have divergent interests. Any consent given by the independent representative or investor committee on behalf of a fund would be binding upon all investors in such fund. The fund may agree to reimburse any such representatives or investor committee members for their reasonable out-of-pocket expenses and to indemnify them to the maximum extent permitted by law.

Aggregation of Orders

We may aggregate trade orders to purchase securities for clients. Please refer to Item 12.

Item 12 – Brokerage Practices

We maintain trading relationships with several broker-dealers. For separately managed accounts, while clients are free to choose any broker-dealer (see “Directed Brokerage” below), we recommend that clients establish an account with a brokerage firm with which we have an existing relationship.

We seek to ensure that the broker-dealers we use to execute trades are doing so in a competitive fashion for our clients. Specifically, in choosing a broker-dealer to execute a transaction, we seek to obtain “best execution” for the affected client’s account, meaning a combination of the best net price and execution under the circumstances. We determine which broker-dealer provides best execution by taking into consideration (i) the ability of the broker or dealer to effect prompt and reliable executions at favorable prices (including the applicable dealer spread or commission, if any), (ii) the operational efficiency with which transactions are effected (taking into account the size of the order and the difficulty of execution), (iii) the financial strength, integrity and stability of the broker or dealer, (iv) the quality, comprehensiveness and frequency of available research services considered to be of value, and (v) the competitiveness of commission rates in comparison with other brokers satisfying our selection criteria. In recognition of the value of research services and additional brokerage products and services (discussed further under “Soft Dollar Practices” below), we may pay higher commissions and/or trading costs than those that may be available elsewhere. In addition, although such products and services may generally benefit our firm, they may not directly relate to transactions executed on a specific client’s behalf.

Soft Dollar Practices

In selecting or recommending a broker-dealer, we will consider the value of research and additional brokerage products and services and other nonmonetary benefits a broker-dealer has provided or will provide to our clients and our firm. Research products our firm may receive from broker-dealers may consist of economic surveys, data and analyses, financial publications and recommendations or other information about particular companies and industries (through research reports and otherwise).

These benefits may influence us to select one broker over another to perform services for our client accounts. Nevertheless, we will attempt to assure either (i) that the fees and costs for services that brokers offering these benefits provide are not materially greater than services performed by brokers not offering such benefits or (ii) that our client accounts also will benefit from those services.

“Soft dollars” refers to the receipt by an investment adviser of products and services that brokers provide, without making any separate cash payments for such products or services, based on the volume of commission revenues generated from securities transactions placed with those brokers on behalf of the adviser’s clients. The products and services available from brokers include both internally generated items (such as research reports prepared by the broker’s employees) and items acquired by the broker from third parties (such as quotation equipment). Section 28(e) of the Securities Exchange Act of 1934, as amended, provides a “safe harbor” to investment advisers who use soft dollars generated by their client accounts to obtain investment research and brokerage services that provide lawful and appropriate assistance to the investment manager in the performance of investment decision-making responsibilities.

Our use of brokerage commissions to obtain research services creates a conflict of interest between us and our clients because clients pay in the form of higher commissions for products and services that are not exclusively for their benefit and may be primarily or exclusively for our benefit. To the extent that we are able to acquire these products and services without expending our own resources, our use of soft dollars would tend to increase our profitability. In addition, we do not limit soft dollar benefits to those client accounts generating such benefit, nor do we allocate soft dollar benefits to client accounts proportionately to the soft dollar credits the accounts generate.

For the sake of clarification, our firm uses research to assist us in making our investment decisions, not just for those accounts whose commissions may be considered to have been used to pay for such research. However, such research products and services are provided to all investment advisers who utilize these firms, and they are not necessarily considered to be paid for with soft dollars.

Directed Brokerage

Clients may instruct our firm to use one or more particular brokers for the transactions in their accounts. If clients choose to direct our firm to use a particular broker, they should understand that this might prevent us from aggregating trades with other client accounts or from effectively negotiating brokerage commissions on their behalf. This practice may also prevent our firm from

obtaining favorable net price and execution. Thus, when directing brokerage business, clients should consider whether the commission expenses, execution, clearance, and settlement capabilities that they will obtain through their broker are adequately favorable in comparison to those that we would otherwise obtain for them. We encourage clients to contact us to discuss their available alternatives.

Aggregation of Orders

To ensure that accounts of all clients and portfolios, including registered investment companies and private funds, are treated fairly in the event we place orders for the same security for more than one account at or about the same time, we may combine orders placed on behalf of clients, including advisory accounts in which our firm or our employees have an interest, for the purpose of negotiating brokerage commissions or obtaining a more favorable price. When appropriate, securities purchased or sold may be allocated in terms of amount to a client according to the proportion that the size of the order placed by that account bears to the aggregate size of orders contemporaneously placed by the other accounts, subject to de minimis exceptions. All participating accounts will pay or receive an average price when orders executed on the same day are combined. Although the aggregation of trade orders is expected to benefit clients overall, aggregation may, in any circumstance, disadvantage a particular client. There may be circumstances in which we determine not to aggregate client trade orders that otherwise could have been aggregated or in which aggregation is not feasible.

Item 13 – Review of Accounts

Review of Accounts

Portfolio managers and research analysts monitor accounts on an ongoing basis and conducts an internal review of accounts on at least a weekly basis to assure conformity with investment objectives and guidelines. Triggering factors that may stimulate an interim review include, but are not limited to:

- significant market corrections,
- large deposits or withdrawals from an account,
- substantial changes in the value of a client's portfolio,
- a change in a client's investment objectives,
- year-end tax planning, and/or
- security-specific events.

Reports to Clients

We may provide periodic performance reports upon a client's request. In addition, clients will receive written statements directly from their account custodian on at least a quarterly basis.

We will deliver to investors in the private funds audited written financial reports annually within 120 days after the end of each fiscal year. Investors will also receive a quarterly letter detailing the private fund's performance. In addition, investors will receive unaudited written quarterly summaries of their capital account balance from the administrator of the applicable fund. We will deliver to separately managed account clients monthly statements based on the custodian's accounting statements. Other information may be provided upon request to all or individual investors at the fund's sole discretion.

Item 14 – Client Referrals and Other Compensation

We do not compensate any persons for client referrals, nor do we receive any additional compensation beyond that described in this Brochure.

Item 15 – Custody

We will cause client accounts to be debited directly for the payment of our advisory fees if they have given us written authorization permitting the fees to be paid directly from their account. This ability to deduct our advisory fees causes our firm to exercise limited custody over funds or securities in such clients' accounts; however, we do not have physical custody of clients' funds or securities. Clients' funds and securities will be held with a bank, broker-dealer, or other independent "qualified custodian" (as defined in the SEC's custody rule). We will send monthly statements prepared by the administrator to separately managed account clients upon their request.

In our capacity as manager to certain private funds, we are deemed to have custody of such fund's assets. We maintain the funds' cash and securities with a "qualified custodian" and provide investors in such funds with an annual audited financial statement within 120 days of the end of such fund's fiscal year.

Registered investment company clients will utilize the services of a third party custodian which reports directly to the client.

Item 16 – Investment Discretion

Our investment advisory or sub-advisory agreement or, in the case of a pooled investment vehicle, its organizational documents or subscription agreement, contains an authorization by which clients grant us discretion to make purchases and sales for their accounts or the pooled vehicle's account without requiring us to obtain client consent or approval prior to each transaction, to select the types and amounts of securities that we buy or sell for such clients' accounts or the pooled vehicle's account, the broker or dealer we use to effect such transactions and the commission rates paid. However, in the case of a separately managed account or registered investment company, clients may specify their investment objectives and guidelines, select their portfolio strategies and impose certain conditions or investment parameters for their accounts. For example, clients may specify that the investment in any particular stock or industry should not exceed specified percentages of the value of the portfolio and/or restrictions or prohibitions of transactions in the securities of a specific industry or security.

In all cases, we exercise our discretion in a manner consistent with the investment objectives each client states for its account or as stated in the registered investment company's or a pooled investment vehicle's offering documents, as applicable. In the case of a separately managed account, we may ask clients to provide us with written investment objectives or guidelines or to confirm their objectives, guidelines, or any trading restrictions when opening the account or at any time after we begin to manage the account.

Item 17 – Voting Client Securities

At the request of clients, we will vote proxies on their behalf. With respect to our separately managed and registered investment company accounts, we may have authority to vote proxies on behalf of clients. To the extent a client elects to retain proxy voting rights, the client will remain responsible for exercising its right to vote as a shareholder for all securities maintained in its portfolio.

With respect to securities we manage for the private funds, we have adopted proxy voting policies and procedures designed to satisfy our duties relating to proxy voting. Proxy voting decisions will be made in light of the anticipated impact of the vote on the desirability of maintaining an investment in a company, from the viewpoint of the best interests of the funds, without regard to any other interests. Neither the private funds, nor the investors in the funds, may direct our vote in a particular solicitation.

In seeking to vote proxies in the best interest of our clients (including determining whether it is in the best interest of a client to abstain from voting), we generally are guided, among other factors, by the principle of voting a client proxy in a manner which we believe will maximize value to the client taking into account the nature of the client's position in the security and underlying investment strategy and thesis. We may, in any given proxy voting circumstance, consider the recommendations of an issuer's governing body, an issuer's management, special interest groups, other company stakeholders, and/or an independent third party (such as the independent third party proxy voting service provider, as referenced above, or other independent research/analysis firms). There may be times when voting proxies in the best interest of each of our clients may result in different voting results among clients for the same proxy or circumstances where we determine that abstaining or otherwise refraining from voting a proxy is in a client's best interest. Moreover, there may be circumstances where we agree (or otherwise align ourselves) with other security holders to vote (or not to vote) a proxy in a certain manner if we believe that doing so could result in increased value to the client.

In furtherance of our voting proxies in the best interest of a client, we seek to identify and address material conflicts of interest, if any, between us and the applicable client with respect to the voting of any proxy on behalf of that client. If a material conflict of interest exists, we will determine whether voting in accordance with our proxy voting policies and procedures is in the best interest of the client or whether an alternative voting method should be implemented, such as relying solely on (and voting in accordance with) the recommendations of the independent third party proxy voting service provider, as referenced above, or another independent third party. We will maintain a written record of the method used to resolve any material conflict of interest in the voting of any proxy.

We maintain records relating to the voting of proxies as required by applicable law and regulations. For certain proxy voting records, we rely on the record-keeping of the independent proxy voting service provider, which has agreed to provide copies of those records which it maintains at our request.

Any of our clients, or any underlying investor in any of our clients, may request a copy of our proxy voting policy and procedures, as well as relevant information concerning how we voted client securities, by e-mail at linda@kabouterfund.com.

Item 18 – Financial Information

Item 18 is not applicable to us.

Kabouter Management, LLC

Notice of Privacy Policy & Practices

Kabouter Management, LLC (the “Firm”) recognizes and respects the privacy expectations of our customers.* We provide this notice to you so that you will know what kinds of information we collect about our customers and the circumstances in which that information may be disclosed to third parties who are not affiliated with the Firm.

Collection of Customer Information

We may collect the following nonpublic personal information about our customers:

- Information from the customer;
- Information about the customer’s transactions with the Firm or its affiliates;
- Information about the customer’s transactions with non-affiliated third parties; and
- Information from a consumer reporting agency.

Information from these sources can include:

- *Account Applications and other forms*, which may include a customer’s name, address, social security number, and information about a customer’s investment goals and risk tolerance;
- *Account History*, including information about the transactions and balances in a customer’s account; and
- *Correspondence*, written, telephonic or electronic, between a customer and the firm or service providers to the firm.

Among other sources, we may collect this information through Internet web sites.

Disclosure of Customer Information

We may disclose all of the information described above to certain third parties who are not affiliated with the Firm under one or more of the following circumstances:

- *As Authorized* – if you request or authorize disclosure of the information.
- *As Required by Law* – for example, to cooperate with regulators or law enforcement authorities.

*

For purposes of this notice, the terms “customer” or “customers” include both (i) individuals who have a continuing client relationship with the firm (e.g., by having an advisory contract with the firm or by holding an investment product through the firm) and (ii) individuals who provide nonpublic personal information to the firm, but who do not have a continuing relationship with the firm (e.g., an individual who provides such information in deciding whether to become a client, whether or not the individual establishes a continuing relationship with the firm).

- *As Otherwise Permitted by Law* – to organizations with which we are not affiliated, if doing so is necessary to provide the service the customer is buying (“Service Providers”) – for example, sharing information with companies that maintain, process or service customer accounts or financial products and services or effect, administer or enforce customer transactions is permitted. Among other activities, we may share information with broker-dealers in order to execute customer trades or with custodians that hold securities on behalf of customers. We believe that sharing of information for these purposes is essential to providing customers with necessary or useful services with respect to their accounts.
- *Under Joint Agreements* – we may also share information with companies that perform marketing services on our behalf or to other financial institutions with whom we have joint marketing agreements.

Security of Customer Information

We require Service Providers to the Firm:

- to maintain policies and procedures designed to assure only appropriate access to information about customers of the Firm;
- to limit the use of information about the Firm’s customers to the purposes for which the information was disclosed, or as otherwise permitted by law; and
- to maintain physical, electronic and procedural safeguards that comply with federal standards to guard non-public personal information about our customers.

We will adhere to the policies and practices described in this notice regardless of whether you are a current or former client of the Firm.

Opting Out

Before we may disclose non-public personal information about any consumer (including any customer) to a non-affiliated third party other than a Service Provider and other than pursuant to one of the exceptions under Regulation S-P, we must provide each consumer an initial privacy policy notice and an opt-out notice. The opt-out notice would describe our planned disclosures and give customers a reasonable opportunity to decline permission to make those disclosures.

Because we do not disclose non-public personal information to non-affiliated third parties, other than Service Providers or pursuant to the exceptions, we are not required to provide opt out notices.

Information Security

Within the Firm, access to information about you is restricted to those employees who need to know the information to service your account. Our employees are trained to follow our procedures to protect your privacy and are instructed to access information about you only when they have a business reason to obtain it. We use physical, electronic and procedural safeguards to keep your information secure.

Changes to Our Privacy Policy

We reserve the right to change our privacy policy in the future, but we will not disclose your non-public personal information except to our affiliates and as otherwise required or permitted by law without giving you an opportunity to instruct us not to.

* * * * *

Questions?

If you have questions regarding these policies, please contact us by writing to Kabouter Management, LLC, 401 North Michigan Avenue, Suite 2510, Chicago, IL 60611, Attention: Linda Choi, Chief Compliance Officer, by e-mail at linda@kabouterfund.com or by calling (312) 546-3091.