

Part 2A of Form ADV: KeyPoint Capital Management, LLC - *Brochure*

Item 1 - Cover Page

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This Brochure provides information about the qualifications and business practices of KeyPoint Capital Management, LLC. If you have any questions about the contents of this brochure, please contact us at (214) 420-8211. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

KeyPoint Capital Management, LLC is a registered investment adviser. Registration of an investment adviser does not imply any level of skill or training. The oral and written communications of an investment adviser provide you with information about which you determine to hire or retain an investment adviser.

Additional information about KeyPoint Capital Management, LLC also is available on the SEC's website at www.adviserinfo.sec.gov.

October 2017

Item 2 - Material Changes

KeyPoint Capital Management, LLC (the “Adviser” or “Firm”) is providing an update to this “Brochure” for the period ending June 30, 2016. The last annual update to the Brochure took place on March 31, 2017. A summary of material changes since the last annual update is as follows:

- The Adviser has filed for and is pending registration with the Texas State Securities Board.

Pursuant to the Investment Advisers Act of 1940, as amended (“Advisers Act”), the Adviser provides this Brochure to current and prospective clients and may also, in its discretion, provide this Brochure to current or prospective investors, together with other relevant governing documents. The Adviser will ensure that all clients receive a summary of any materials changes to this and subsequent Brochures within 120 days of the close of the business’ fiscal year. The Adviser may further provide other ongoing disclosure information about material changes as necessary.

Currently, the Brochure may be requested by contacting Rodney B. Hinze, the Adviser’s Chief Compliance Officer, at (214) 420-8211 or rh@keypointcapital.com.

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

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Item 4 - Advisory Business

- A. The Adviser is a Texas limited liability company and has its principal place of business in Dallas, Texas. The Adviser provides investment advisory services to the following pooled investment vehicles: Keypoint Real Estate Opportunity Hedge Fund, LP (the “Fund”), Keypoint Real Estate Offshore Opportunity Hedge Fund, Ltd. (the “Offshore Fund”), and Keypoint Concentrated Real Estate Opportunity Fund, LP (the “Concentrated Fund”) (each a “Client” and collectively, the “Clients”).

The Adviser was formed in July 2008. Mr. Rodney B. Hinze (the “Principal”) is the sole member of the Adviser.

- B. The Adviser utilizes a range of investment strategies, including investing in real estate related equity securities, both long and short, as well as a broad array of other securities in public markets. The Adviser seeks to deliver strong absolute returns in varying economic conditions and market cycles, while seeking to have significantly less risk than the overall stock market. The Adviser seeks to accomplish this by investing in real estate related equities that are trading at what it considers to be significantly below private market value and by shorting real estate related equities that are trading at what it considers to be significantly above private market value.
- C. While each of its Clients will follow the general strategy stated above, the Adviser may tailor the specific advisory services with respect to each Client based on the particular investment objectives and strategies described in the applicable Client’s (i) confidential offering memorandum, separate account agreement, or registration statement (as applicable) and (ii) governing documents (referred to collectively as “Offering Documents”).

All discussion of the Clients in this Brochure, including but not limited to their investments, the strategies used in managing the Clients, and conflicts of interest faced by the Adviser in connection with the management of the Clients are qualified in their entirety by reference to each Client’s respective Offering Documents.

- D. The Adviser does not participate in wrap fee programs.
- E. As of June 30, 2016, the Adviser managed approximately \$27,019,273 in discretionary assets and \$0 in non-discretionary assets.

Item 5 - Fees and Compensation

- A. Below is a discussion of how the Adviser is compensated in connection with providing advisory services to its Clients. The Adviser may enter into different fee arrangements on a Client by Client basis.

Fund

Management Fees. For its services to the Fund, the Adviser is entitled to a management fee at an annual rate of two percent (2.0%) of the capital account balances with respect to Class A Interests and Class B Interests (the “Management Fee”). The Management Fee is calculated each calendar quarter and paid each calendar quarter in advance. Capital contributions accepted after the commencement of a calendar quarter will be subject to a pro-rated Management Fee. The General Partner of the Fund has the discretion to reduce or eliminate the Management Fee with respect to any limited partner.

Performance Allocation. The general partner of the Fund, which is an affiliate of the Adviser, is entitled to a performance-based profit allocation at the end of each calendar year equal to (i) twenty percent (20%) of the net profits attributable to Class A limited partner interests (“Class A Interests”) and (ii) seventeen and one-half percent (17.5%) of the net profits attributable to Class B limited partner interests (“Class B Interests”) in accordance with the Fund’s offering documents, but, in each case, only to the extent that such profits exceed any losses carried forward from prior years, based on a “high water mark” formula (the “Performance Allocation”). The general partner of the Fund has the discretion to reduce or eliminate the Performance Allocation with respect to any limited partner.

Net profit includes unrealized appreciation or depreciation of marketable positions but generally includes only realized amounts in the case of any non-marketable investments. However, the Fund generally does not invest in non-marketable investments.

Other Expenses. In addition to the Management Fee and the Performance Allocation, the Fund generally is required to bear (and reimburse the Adviser and its affiliates for) all costs and expenses relating to its activities. A summary of certain of the costs and expenses that are generally required to be borne by the Fund is set forth below:

- a) All costs and expenses directly related to portfolio investments or prospective investments of the Fund, including brokerage commissions and other transaction costs, expenses related to proxies, underwriting and private placements, interest and commitment fees on debit balances or borrowings, borrowing charges on securities sold short, custody fees and fees of professional advisors and consultants relating to investments or prospective investments;
- b) Any withholding or transfer taxes imposed on the Fund or any of its limited partners;
- c) Any governmental, regulatory, licensing, filing or registration fees incurred in compliance with the rules of any self-regulatory organization or any federal, state or local laws;
- d) Any interest due to limited partners in connection with capital withdrawals;

- e) Any legal fees and costs (including settlement costs) arising in connection with any litigation or regulatory investigation instituted against the Fund or the general partner in its capacity as such;
- f) The cost of the audit of the Fund's financial statements and the preparation of its tax returns;
- g) The fees and expenses of the Fund's accountants in connection with accounting advice relating to the Fund's day-to-day affairs and all costs related to the keeping of the books and records of the Fund;
- h) The fees and expenses of any administrator;
- i) The fees and expenses of the Fund's counsel in connection with advice directly relating to the Fund's affairs;
- j) The cost of any outside appraisers, accountants, attorneys or other experts engaged by the general partner as well as other expenses directly related to the Fund's investment program;
- k) Specific expenses incurred in obtaining systems, research and other information utilized for portfolio management purposes that facilitate valuations and accounting, including the costs of statistics and pricing services, service contracts for quotation equipment and related hardware and software;
- l) All costs and expenses associated with the organization of the Fund and other offering of interests, including legal and accounting fees, printing costs, travel and out-of-pocket expenses and compliance with any applicable federal and state laws;
- m) The costs and expenses of holding any meetings of limited partners;
- n) The expenses of the Advisory Committee and the members thereof;
- o) The costs of any liability insurance obtained on behalf of the Fund, the general partner or the investment manager; and
- p) All costs and expenses associated with reporting and providing information to existing and prospective limited partners.

Withdrawals. Subject to certain withdrawal restrictions, a limited partner holding Class A Interests is permitted to make withdrawals on 30 days prior written notice at the close of business on the last business day of each calendar month; provided that withdrawals of Class A Interests at the close of a calendar month occurring prior to the end of the 12 months from the date of the initial investment in the Fund (the "One Year Anniversary") are subject to a withdrawal reduction in the amount equal to two percent (2%) of the withdrawal amount, which amount is retained by the Fund. A limited partner holding Class B Interests is permitted to make withdrawals on 30 days prior written notice as of the close of business on the last business day of each calendar month occurring on or after the One Year Anniversary; provided, however, that withdrawals that occur on or after the One Year Anniversary but prior to the end of 36 months from the date of the initial investment in the Fund (the "Three Year Anniversary")

shall be subject to a withdrawal reduction in the amount equal to two percent (2%) of the withdrawal amount, which amount is retained by the Fund.

Offshore Fund

Management Fees. For its services to the Offshore Fund, the Adviser is entitled to a Management Fee at an annual rate of two percent (2.0%) of the net asset value of each Class A share and Class B share. The Management Fee is calculated each calendar quarter and paid each calendar quarter in advance. Subscriptions accepted after the commencement of a calendar quarter will be subject to a pro-rated Management Fee.

Performance Allocation. The general partner of the Offshore Fund, which is an affiliate of the Adviser, is entitled to a Performance Allocation at the end of each calendar year equal to (i) twenty percent (20%) of the net profits of each Class A Share and (ii) seventeen and one-half percent (17.5%) of each Class B Share, but, in each case, only to the extent that such profits exceed any losses carried forward from prior years, based on a “high water mark” formula.

Net profit includes unrealized appreciation or depreciation of marketable positions but generally includes only realized amounts in the case of any non-marketable investments. However, the Offshore Fund generally does not invest in non-marketable investments.

Other Expenses. The Offshore Fund bears the expenses of the organization of the Offshore Fund and the offering of the Offshore Fund interests to investors, including legal and accounting fees, printing costs, travel, “blue sky” filing fees and expenses, and out-of-pocket expenses. The Offshore Fund bears all costs and expenses directly related to its investment program, including expenses related to proxies, underwriting and private placements, brokerage commissions, interest on debt balances or borrowings, custody fees, the fees and expenses of risk and portfolio management systems, any withholding or transfer taxes imposed on the Offshore Fund and all expenses incurred in connection with locating, evaluating and implementing potential investments including travel, software subscriptions and other research related expenses. The Offshore Fund also bears all out-of-pocket costs of the administration of the Offshore Fund, including accounting, audit, legal, regulatory compliance and other professional expenses, costs of any litigation or investigation involving the Offshore Fund’s activities and costs associated with reporting and providing information to existing and prospective shareholders. However, the Adviser may, in its sole discretion, choose to absorb any such expenses incurred on behalf of the Offshore Fund.

Redemptions. Subject to certain withdrawal restrictions, a shareholder holding Class A Shares is permitted to initiate a complete or partial redemption on 30 days prior written notice at the close of business on the last business day of each calendar month; provided that redemptions of Class A Shares at the close of a calendar month occurring prior to the end of the One Year Anniversary are subject to a redemption reduction in the amount equal to two percent (2%) of the redeemed amount, which amount is retained by the Offshore Fund. A shareholder holding Class B Shares is permitted to initiate a complete or partial redemption on 30 days prior written notice as of the close of business on the last business day of each calendar month occurring on or after the One Year Anniversary; provided, however, that redemptions that occur on or after the One Year Anniversary but prior to the Three Year Anniversary shall be subject to a redemption reduction in the amount equal to two percent (2%) of the redeemed amount, which amount is retained by the Offshore Fund.

Concentrated Fund

Management Fees. For its services to the Concentrated Fund, the Adviser is entitled to a management fee at an annual rate of one percent (1.0%) of the capital account balances of Class A Interests (the “Management Fee”). The Management Fee is calculated each calendar quarter and paid each calendar quarter in advance. Capital contributions accepted after the commencement of a calendar quarter will be subject to a pro-rated Management Fee. Founder Interest and Founder Limited Partners are not subject to or charged any Management Fee. The general partner of the Concentrated Fund has the discretion to reduce or eliminate the Management Fee with respect to any limited partner.

Performance Allocation. The general partner of the Concentrated Fund, which is an affiliate of the Adviser, is entitled to a performance-based profit allocation at the end of each calendar year equal to twenty percent (20%) of the net profits attributable to Class A limited partner interests (“Class A Interests”) and (ii) fifteen percent (15%) of the net profits attributable to any founder limited partner interests (“Founder Interests”) in accordance with the Concentrated Fund’s offering documents, but, in each case, only to the extent that such profits exceed any losses carried forward from prior years, based on a “high water mark” formula (the “Performance Allocation”). The general partner of the Concentrated Fund has the discretion to reduce or eliminate the Performance Allocation with respect to any limited partner.

Net profit includes unrealized appreciation or depreciation of marketable positions but generally includes only realized amounts in the case of any non-marketable investments. However, the Concentrated Fund generally does not invest in non-marketable investments.

Other Expenses. In addition to the Management Fee and the Performance Allocation, the Concentrated Fund generally is required to bear (and reimburse the Adviser and its affiliates for) all costs and expenses relating to its activities. A summary of certain of the costs and expenses that are generally required to be borne by the Concentrated Fund is set forth below:

- a) All costs and expenses directly related to portfolio investments or prospective investments of the Concentrated Fund, including brokerage commissions and other transaction costs, expenses related to proxies, underwriting and private placements, interest and commitment fees on debit balances or borrowings, borrowing charges on securities sold short, custody fees and fees of professional advisors and consultants relating to investments or prospective investments;
- b) Any withholding or transfer taxes imposed on the Concentrated Fund or any of its limited partners;
- c) Any governmental, regulatory, licensing, filing or registration fees incurred in compliance with the rules of any self-regulatory organization or any federal, state or local laws;
- d) Any interest due to limited partners in connection with capital withdrawals;
- e) Any legal fees and costs (including settlement costs) arising in connection with any litigation or regulatory investigation instituted against the Concentrated Fund or the general partner in its capacity as such;
- f) The cost of the audit of the Concentrated Fund’s financial statements and the preparation of its tax returns;

- g) The fees and expenses of the Concentrated Fund's accountants in connection with accounting advice relating to the Concentrated Fund's day-to-day affairs and all costs related to the keeping of the books and records of the Concentrated Fund;
- h) The fees and expenses of any administrator;
- i) The fees and expenses of the Concentrated Fund's counsel in connection with advice directly relating to the Concentrated Fund's affairs;
- j) The cost of any outside appraisers, accountants, attorneys or other experts engaged by the general partner as well as other expenses directly related to the Concentrated Fund's investment program;
- k) Specific expenses incurred in obtaining systems, research and other information utilized for portfolio management purposes that facilitate valuations and accounting, including the costs of statistics and pricing services, service contracts for quotation equipment and related hardware and software;
- l) All costs and expenses associated with the organization of the Concentrated Fund and other offering of interests, including legal and accounting fees, printing costs, travel and out-of-pocket expenses and compliance with any applicable federal and state laws;
- m) The costs and expenses of holding any meetings of limited partners;
- n) The expenses of the Advisory Committee and the members thereof;
- o) The costs of any liability insurance obtained on behalf of the Concentrated Fund, the general partner or the investment manager; and
- p) All costs and expenses associated with reporting and providing information to existing and prospective limited partners.

Withdrawals. Subject to certain withdrawal restrictions, a limited partner holding Class A Interests is permitted to make withdrawals on 60 days prior written notice at the close of business on the last business day of each calendar quarter; provided that withdrawals of Class A Interests occurring prior to the end of 36 months from the date of the initial investment in the Concentrated Fund (the "Three Year Anniversary") are subject to a withdrawal reduction in an amount equal to five percent (5%) of the withdrawal amount, which amount is retained by the Concentrated Fund.

Miscellaneous

The Clients will incur brokerage and other transaction costs. **Item 12** of this brochure discusses how the Adviser selects brokers and determines the reasonableness of their compensation. The direct expenses borne by each Client are described in more detail in each Client's Offering Documents.

The Adviser generally grants waivers of the management fees and performance allocations/fees to principals and employees of the Adviser.

The Adviser may agree with certain investors to a variation of the terms set forth in each Client's Offering Documents, including different management fees and performance allocations/fees.

Lower fees for comparable services may be available from other sources.

- B. Management fees and performance allocations/fees are paid as indicated in **Item 5.A.** above.
- C. Clients will incur brokerage and other transaction costs. **Item 12** of this brochure discusses how the Adviser selects brokers and determines the reasonableness of their compensation. The direct expenses borne by each Client are described in more full detail in each Client's respective Offering Documents.
- D. As stated above, all Management Fees are payable quarterly in advance. The Adviser will refund any pre-paid Management Fees if an investor withdraws or redeems their investment in a Client before the end of the billing period. Management Fee refunds are calculated on a pro-rata basis for partial periods.
- E. Other than as described above, neither the Adviser nor any of its supervised persons receives any compensation from the sale of securities or other investment products.

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

Pursuant to Texas Rule §116.13 of the Texas Administrative Code, an investment adviser who wishes to charge a fee based on a share of the capital gains or the capital appreciation of the funds of a client must comply with SEC Rule 205-3 under the Investment Advisers Act of 1940 (the “Advisers Act”), as amended. Rule 205-3 provides that an investment adviser may enter into performance fee arrangement with a client so as the client is a “qualified client,” as defined under the Advisers Act. A client is a “qualified client” if it meets any of the following criteria:

- a) The client, after entering into the contract, has at least \$1 million of assets under management of the investment adviser;
- b) The client has a net worth (together, in the case of a client which is a natural person, with assets held jointly with a spouse) which the investment adviser reasonably believes to be in excess of \$2.1 million immediately prior to entering in to the advisory contract
- c) The client is a “qualified purchaser” as defined under Section 2(a)(51)(A) of the Investment Company Act of 1940;
- d) The client is an executive officer, director, trustee, general partner or person serving in a similar capacity, of the adviser; or
- e) The client is an employee of the adviser (other than an employee performing solely clerical, secretarial or administrative functions) who, in connection with his or her regular functions or duties, participates in the adviser’s investment activities, provided that such employee has been performing such functions or duties for or on behalf of the adviser, or substantially similar functions or duties on behalf of the adviser for at least twelve (12) months.

As stated in **Item 5** above, the Adviser or its affiliates receive performance-based fees or allocations its Clients. These payments are subject to Section 205(a)(1) of the Advisers Act, in accordance with the available exemptions thereunder, including the exemption set forth in Rule 205-3.

Performance-based fees, in general, may create an incentive for an adviser or its supervised persons to make investments that are riskier and more speculative than would be the case in the absence of a performance-based fee. Such fee arrangements may also create an incentive to favor higher fee-paying clients over other clients in the allocation of investment opportunities. To address these conflicts of interest, the Adviser has implemented policies and procedures to ensure that all Clients receive equitable and fair treatment over time with respect to the allocation of investment opportunities.

Item 7 - Types of Clients

As mentioned in **Item 4**, the Adviser currently provides investment advisory services to private funds for sophisticated qualified investors.

The minimum investment amount in the Fund and Offshore Fund is \$1,000,000. The minimum investment amount in the Concentrated Fund is \$250,000. The Adviser, however, may accept investments in a lesser amount for any Client at its sole discretion.

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

A. Investment Objective

Generally, the Adviser's investment objective is to deliver strong absolute returns in varying economic conditions and market cycles, while seeking to have significantly less risk than the overall stock market. The Adviser currently seeks to accomplish this by purchasing real estate related equities that are trading at what it considers to be significantly below private market value and by shorting real estate related equities that are trading at what it considers to be significantly above private market value. The Adviser's current intention is to invest primarily in U.S. equity securities.

Investment Strategy

The Adviser seeks to take advantage of near term price discrepancies in public equities by using a proprietary model to value public market real estate companies with real time market data. The Adviser utilizes a relationship with what it considers to be one of the nation's leading real estate lenders to obtain further bottom up valuation capabilities that other firms may lack access to. The Adviser intends to maintain true hedged positions in all investments made by the Fund and Offshore Fund to protect capital and reduce volatility, where each long position is typically hedge against a short position with a typical long/short ratio of less than 2:1. The Concentrated Fund, however, does not currently intend to "hedge" any of its positions and will hold a very limited number of investments (generally one to ten positions). Long positions are generally executed when the stock is trading at what the Adviser considers to be significantly below private market value, based on a proprietary model that utilizes real time market data, such as cap rates, financing conditions, and forward NOI assumptions. The Adviser also intends to maintain close relationships with senior management of the target companies and believes a strong management team can significantly add value to real estate related businesses.

The Adviser currently intends to use relatively low leverage to reduce volatility and preserve capital. The Adviser expects gross exposure to be 100%-200% and net exposure to be +60% to -60%, for both the Fund and Offshore Fund, depending on macro level conditions in real estate. With respect to the Concentrated Fund, net exposure will be very directional and is generally expected to be +200% to -200%, also depending on macro level conditions in real estate. The portfolios for both the Fund and Offshore Fund are generally expected to remain relatively liquid with long positions with no more than 8-10 days trading volume and shorts no more than 3-5 days trading volume. With the Concentrated Fund, however, the Adviser's investment decisions are likely to be event-driven or catalyst-driven, which can increase volatility, and the Concentrated Fund's positions may be very illiquid. The Adviser's trading approach is intended to be flexible.

Investment Process

Generally, the Adviser starts with a coverage list of publicly traded real estate related companies, across all sectors, with a combined market capitalization over \$1.7 trillion. From this universe, the Adviser typically seeks out companies that have a significant gap between the private and public market values. This valuation gap is determined through a proprietary model that has been refined over many years of completing private equity real estate transactions across all sectors in the U.S., Europe, and Latin America, in addition to executing long and short positions at a hedge fund. The proprietary model assumes private market

financing terms, capitalization rates, growth assumptions, and asset by asset level valuations. Some of the inputs in this model (e.g. capitalization rates, financing terms, occupancy rates, etc.) are obtained through an exclusive, strategic partnership with what it considers to be one of the nation's leading real estate lenders. The Adviser generally meets with or has a conference call with senior management of the target companies before capital is committed to new investments.

Long positions are generally executed when the public market valuation is what the Adviser considers to be significantly below the private market valuation. Typically, all long positions have a 12-month price target, which is revisited as new information becomes available in addition to after-quarterly reports. Short positions are typically executed when the public market valuation is what the Adviser considers to be significantly above the private market value. Generally, all short positions have an absolute price target, which is revisited when the stock is within 5% of this value. The Adviser expects to have a relatively high turnover in its short positions. Long and short positions are monitored daily with soft "alert level," "action level," and "exit level" loss limits.

Investing in securities (including private equity portfolio companies) involves the risk of loss, which investors should be prepared to bear. There can be no assurance that the Clients' investment strategy will achieve profitable results or that the Clients will not incur substantial or total losses.

- B. The Adviser's investment strategy involves a high degree of business and financial risk that can result in substantial losses and is suitable only for investors prepared to bear such risk. The risks factors below are not intended to be exhaustive. Prospective investors should carefully review the risks described in the applicable Client's Offering Documents:

Concentration of Investments. Since the Concentrated Fund's portfolio will have a very limited number of investments and, therefore, will not be widely diversified, the investment portfolio of the Concentrated Fund will be subject to more rapid changes in value than would be the case if the Concentrated Fund were required to maintain a wide diversification among companies, securities and types of securities. This limited diversity could expose the Concentrated Fund to losses disproportionate to market movements in general if there are disproportionately greater adverse price movements in the Concentrated Fund's investments.

Investments in Less Established Companies. Although the Clients have established minimum capitalization and trading history parameters for the companies in which it will invest, in some circumstances, these parameters will allow the Clients to invest a portion of its assets in the securities of smaller, less established or start-up companies. Investments in such companies may involve greater risks than are generally associated with investments in more established companies. The securities of such companies may be subject to more abrupt and erratic market price movements than larger, more established companies, since trading volumes for their securities are generally quite low. Less-established companies tend to have smaller capitalizations and fewer resources and, therefore, are often more vulnerable to financial failure. Such companies also have shorter operating histories on which to judge future performance and may experience growth-related difficulties that are not faced by established companies.

Reliance on Third Party Research. The Adviser may rely on research provided by unaffiliated third parties. The Adviser cannot and does not independently verify the accuracy of or the assumptions or calculations underlying any research provided by third parties.

Investment Judgment; Market Risk. The profitability of a significant portion of the Adviser's investment program depends to a great extent upon correctly assessing the future course of the price movements of securities and other investments. There can be no assurance that the Adviser will be able to predict accurately these price movements. With respect to the investment strategy utilized by the Clients, there is always a degree of market risk.

Competitive Markets. The investments industries in general, and the markets in which the Clients intends to trade, are extremely competitive. In pursuing their trading methods and strategies, the Clients will compete with investment firms, including many of the larger investment advisory and private investment firms, as well as institutional investors and, in certain circumstances, market-makers, banks and broker-dealers. In relative terms, the Clients have little capital and may have difficulty in competing in markets in which its competitors have substantially greater financial resources, larger research staffs, and more trading professionals than the Clients have or expects to have in the future. In any given transaction, investment and trading activity by other firms will tend to narrow the spread between the price at which an investment may be purchased by the Clients and the price it expects to receive upon consummation of the transaction.

Diversification. Since a Client's investment portfolio will not necessarily be widely diversified, its investment portfolio may be subject to more rapid changes in value than would be the case if it were required to maintain a wide diversification among companies, securities, and types of securities. This limited diversification could expose a Client to losses disproportionate to market movements in general if there are disproportionately greater adverse price movements in a Client's investments.

Key Personnel. Each Client's success is dependent on the investment expertise of the Principal. The diminution or loss of services of the Principal could have a material adverse effect on the Clients.

Valuation of Portfolio Securities. From time to time, special situations affecting the valuations of a Client's investments could have an impact on the net asset value of a Client's portfolio. The Adviser is not required to make retroactive adjustments to prior subscription or redemption data, management fees, or performance allocations/fees based on subsequent valuation data. In addition, the Adviser may discount the value of a Client's positions due to limited liquidity, concentration levels, or for other reasons. Due to the nature of the investments, the Adviser may not be able to place a precise value on positions and therefore may need to estimate value.

Withdrawals. Substantial withdrawals of capital from a Client's account could require the Adviser to redeem or liquidate Client investments more rapidly than otherwise desired in order to raise the cash necessary to fund the withdrawals. Illiquidity in certain markets could make it difficult for the Adviser to liquidate positions on favorable terms.

Portfolio Turnover. The Adviser is generally not restricted in effecting transactions for a Client by any limitations with regard to portfolio turnover rate. The Adviser's investment strategy might result in substantial portfolio turnover. Client investments may be sold for a variety of reasons, such as a more favorable investment opportunity or other circumstances bearing on the desirability of a continued position in such investments. A high rate of portfolio turnover involves correspondingly greater brokerage commissions and fees, which will be borne directly by the Client.

Leverage. Subject to applicable margin and other limitations, the Adviser may cause the Client to borrow funds in order to make additional investments and thereby increase both the possibility of gain and risk of loss. Consequently, the effect of fluctuations in the market value of the Client's portfolio would be amplified. Interest on borrowings will be a portfolio expense of the Clients and will affect the operating results of the Clients. Also, the Clients could potentially create leverage via the use of instruments such as options.

Illiquidity. The investments made by the Clients, specifically the Concentrated Fund, may be very illiquid, and consequently the Clients may not be able to sell such investments at prices that reflect the Adviser's assessment of their value or the amount paid for such investments by the Clients. Illiquidity may result from the absence of an established market for the investments as well as legal, contractual or other restrictions on their resale by the Clients and other factors. The partnership agreement may authorize the general partner to make distributions in kind of securities in lieu of or in addition to cash. In the event the general partner makes distributions of securities in kind, such securities could be illiquid or subject to legal, contractual and other restrictions on transfer.

Short Sales. The Adviser may enter Clients into transactions, known as "short sales," in which the Client sells a security it does not own in anticipation of a market decline in the market value of the security. Short sales by a Client that are not made "against the box" theoretically involve unlimited loss potential since the market price of securities sold short may continuously increase. The Clients may mitigate such losses by replacing the securities sold short before the market price has increased significantly. Under adverse market conditions, the Clients might have difficulty purchasing securities to meet its short sale delivery obligations, and might have to sell portfolio securities to raise the capital necessary to meet its short sale obligations at a time when fundamental investment considerations would not favor such sales.

Derivatives. Derivative instruments, or "derivatives," include futures, options, swaps, structured securities and other instruments and contracts that are derived from, or the value of which is related to, one or more underlying securities, financial benchmarks, currencies or indices. The value of a derivative depends largely upon price movements in the underlying asset. Therefore, many of the risks applicable to trading the underlying asset are also applicable to derivatives of such asset.

Interest Rates. The prices of a Client's portfolio investments tend to be sensitive to interest rate fluctuations and unexpected fluctuations of interest rates could cause the corresponding prices of the long and short portions of a position to move in directions which were not initially anticipated. In addition, interest rate increases generally will increase the interest carrying costs to the Client of borrowed securities and leveraged investments.

Foreign Securities. Investments in foreign securities involve certain factors not typically associated with investing in U.S. securities, such as risks relating to (i) currency exchange matters, including fluctuations in the rate of exchange between the U.S. dollar and the various foreign currencies in which the Client's portfolio securities will be denominated and costs associated with conversion of investment principal and income from one currency into another; (ii) differences between the U.S. and foreign securities markets, including the absence of uniform accounting, auditing and financial reporting standards and practices and disclosure requirements, and less government supervision and regulation; (iii) political, social or economic instability; (iv) imposition of foreign income, withholding or other taxes; and (v) the extension of credit, especially in the case of sovereign debt.

- C. Investments by a Client in real-estate related equity securities involve a high degree of business and financial risk that can result in substantial losses and is suitable only for investors prepared to bear such risk. The risks factors below are not intended to be exhaustive. Prospective investors should carefully review the risks described in the applicable Client's Offering Documents.

Real Estate Risks. The companies in which the Adviser invests on behalf of the Clients will be subject to the risks inherent in the ownership and operation of commercial real estate, including risks associated with both the domestic and international general economic climate, local real estate conditions, changes in supply of or demand for competing properties in an area, energy and supply shortages, various uninsured or uninsurable risks, natural disasters, the ability of the company to manage its real property efficiently, government regulations (such as rent control), and interest rates. Many real estate issuers, including real estate investment trusts ("REITs"), utilize leverage, which increases investment risk and could adversely affect an issuer's operations and market value in periods of rising interest rates.

Although the Adviser does not expect a Client to acquire any real property directly, the Adviser could cause a Client to do so, or the Client could acquire real property as a result of a property-related asset, such as upon a foreclosure of a mortgage loan held by the Client. With respect to any such real property owned by a Client, the Client will incur the burdens of ownership of real property, including, without limitation, the paying of expenses and taxes, maintaining such property, and ultimately disposing of such property.

Real Estate Development Risks. The Adviser intends for its Clients to acquire equity interests in businesses that engage in real estate development. Such companies are subject to the risks normally associated with real estate development, including, without limitation, risks relating to the availability and timely receipt of zoning and other regulatory approvals, the cost and timely completion of construction, and the availability of both construction and permanent financing on favorable terms. These risks could result in substantial unanticipated delays or expenses, and, under certain circumstances, could prevent completion of development activities once undertaken, any of which could have an adverse effect on a Client's investments.

Options. Investing in options can provide a greater potential for profit or loss than an equivalent investment in the underlying asset. The value of an option may decline because of a change in the value of the underlying asset relative to the strike price, the passage of time, changes in the market's perception as to the future price behavior of the underlying asset, or any combination thereof. In the case of the purchase of an option, the risk of loss of an investor's entire investment (*i.e.*, the premium paid plus transaction charges) reflects the nature of an option as a wasting asset that may become worthless when the option expires. Where an option is written or granted (*i.e.*, sold) uncovered, the seller may be liable to pay substantial additional margin, and the risk of loss is unlimited, as the seller will be obligated to deliver, or take delivery of, an asset at a predetermined price which may, upon exercise of the option, be significantly different from the market value.

Exchange Traded Funds and Other Similar Instruments. Shares of exchange traded funds ("*ETFs*") and other similar instruments may be purchased or sold short by the Clients. An ETF is an investment company that is registered under the Investment Company Act of 1940, as amended, that holds a portfolio of common stocks designed to track the performance of a particular index. ETFs sell and redeem their shares at net asset value in large blocks (typically 50,000 of its shares) called "creation units". Shares representing fractional interests in these

creation units are listed for trading on national securities exchanges and can be purchased and sold in the secondary market in lots of any size at any time during the trading day.

Instruments the Clients may purchase that are similar to ETFs represent beneficial ownership interests in specific “baskets” of stocks of companies within a particular industry sector or group. These securities may also be listed on national securities exchanges and purchased and sold in the secondary market, but unlike ETFs such companies are not registered as investment companies under the Investment Company Act of 1940, as amended.

Investments in ETFs and other instruments involve certain inherent risks generally associated with investments in a broadly-based portfolio of stocks including risks that the general level of stock prices may decline, thereby adversely affecting the value of each unit of the ETF or other instrument. In addition, an ETF may not fully replicate the performance of its benchmark index because of the temporary unavailability of certain index securities in the secondary market or discrepancies between the ETF and the index with respect to the weighting of securities or number of stocks held. Because ETFs and pools that issue similar instruments bear various fees and expenses, the Client’s investment in these instruments will involve certain indirect costs, as well as transaction costs, such as brokerage commissions. The Adviser considers the expenses associated with an investment in determining whether to invest in an ETF or other instrument.

Costs Associated with ETF Investments. Investment managers of mutual funds and ETFs selected by the Adviser will generally be entitled to a fee based on net assets under management. Any such fees charged by an investment manager of a mutual fund or ETF in which the Clients invests are in addition to the Management Fees and the Performance Allocation and will reduce the Clients’ assets accordingly.

Investments in Leveraged Assets. The Clients may make equity or subordinated-loan investments in companies that utilize a leveraged capital structure, in which case a third-party would be entitled to cash flow generated by such company prior to the Clients receiving a return. While such company’s use of leverage may increase returns ultimately paid to the Clients, it also will increase the Clients’ risk of loss on a leveraged investment. If the borrower company defaults on secured indebtedness, the lender may foreclose and the Clients could lose its entire investment in the security for such loan.

Interest Rate Fluctuations. The prices of portfolio investments tend to be sensitive to interest rate fluctuations and unexpected fluctuations in interest rates could cause the corresponding prices of the long and short portions of a position to move in directions which were not initially anticipated. In addition, interest rate increases generally will increase the interest carrying costs to the Client of borrowed securities and leveraged investments.

Environmental Considerations. As is the case with any holder of real estate investments, the companies in which the Clients invest could face substantial risk of loss from environmental claims based on environmental problems associated with their real property as well as from occupational safety issues and concerns. Under various federal, state and local laws, ordinances, and regulations, an owner or operator of real property may become liable for the costs of removal or remediation of certain hazardous substances released on or in its property.

Investing in securities involves risk of loss that prospective investors should be prepared to bear. There can be no assurance that a Client’s objective will be achieved or that the investment strategies the Adviser employs will be successful. Investors must be prepared

to lose all or substantially all of their investment. The past performance of the Adviser is not indicative of its future performance.

For a more complete description of the risks associated with investing with the Adviser, investors should refer to the relevant Offering Documents for each Client.

Item 9 - Disciplinary Information

On March 19, 2015, the SEC determined that certain equity transactions constituted a technical violation of Rule 105 of Regulation M of the Securities Exchange Act, a rule that is “prophylactic and prohibits the conduct irrespective of the short seller’s intent.” KeyPoint agreed to a disgorgement of the \$11,654.62 in total profits and payment of prejudgment interest of \$596.00 and a civil fine in the amount of \$65,000 (for a total of \$77,250.62). The Adviser bore all expenses and fees associated with the judgement.

For additional information about this judgement, please visit
<https://www.sec.gov/litigation/admin/2015/34-74539.pdf>.

Item 10 - Other Financial Industry Activities and Affiliations

- A. The Adviser is not registered, and does not have an application pending to register, as a broker-dealer or registered representative of a broker-dealer. Currently, no employees of the Adviser are registered representatives of a broker-dealer.
- B. Neither the Adviser nor any of its management persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, commodity trading advisor, or an associated person of the foregoing entities.
- C. As noted in **Item 5**, the general partner of each Client is an affiliate of the Adviser. Since the General Partner is entitled to receive the Performance Allocation from the Clients, this may create an incentive for the Adviser to make investments that are riskier or more speculative than would be the case if such arrangement was not in effect. However, as noted in **Item 11**, the Adviser has adopted a written Code of Ethics that contains policies and procedures to address conflicts of interest. Under such policies and procedures, the Adviser is required to make investment decisions for its Clients in a manner that is consistent with its fiduciary duties to the Clients.

The Adviser has no relationships or arrangements with any related person listed in the instructions to **Item 10.C.** that are material to its advisory business or to its Clients.

- D. The Adviser does not recommend or select other investment advisers for its Clients.

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

- A. The Adviser has adopted a written Code of Ethics designed to address and avoid potential conflicts of interest as required under Rule 204A-1 of the Advisers Act (the “Code”). The Code sets forth a standard of business conduct and compliance with federal securities laws by all of the Adviser's employees. The Code contains policies and procedures that ensure that all personal securities trading by employees of the Adviser is conducted in such a manner as to avoid actual or potential conflicts of interest or any abuse of an individual's position of trust and responsibility. The Adviser prohibits personal trading on certain securities or instruments; requires pre-clearance of personal trades in certain circumstances, including purchases of an IPO or a new private placement; requires periodic reporting of employees' personal securities transactions and holdings; and requires prompt internal reporting of Code violations.

While the Adviser rarely has access to non-public information relating to public companies, as part of its Code, the Adviser has established procedures to prevent the abuse of material, non-public information, which includes procedures for, among other things, the use and maintenance of restricted trading lists. Because the structure of the Adviser would make information barriers impractical, the firm has not imposed information barriers to restrict the internal flow of possible material, non-public information. Thus, all professionals are deemed to be in receipt of material, non-public information, in all instances where any professional of the Adviser has received material, non- public information, and, therefore, may not trade on the basis of that information.

The Adviser will provide a copy of the Code to any investor or prospective investor upon request.

- B. Affiliates of the Adviser serve as the general partners to the Clients, which issue partnership interests to third party investors. Other than with respect to these structures, neither the Adviser nor any of its related persons recommend to the Clients, or buy or sell for Clients, investments in which the Adviser or any related persons have a material financial interest.
- C. The Principal makes significant capital commitments in the Clients. Such amounts may be invested pro rata with the limited partners of each Client in all Client portfolio investments. Other than any of these investments in the Clients, neither the Adviser nor any of its related persons invest in the same or related securities that either the Adviser or its related persons recommend to its Clients.
- D. Neither the Adviser nor any related person recommends investments to the Clients, or makes investments for the Clients, at or about the same time that the Adviser or its related persons buys or sells the same investments for their own account.

Item 12 - Brokerage Practices

- A. The Adviser has complete discretion to determine, subject to each Client's disclosed investment objectives, policies and strategies, the securities to be purchased or sold and in what amounts, the broker-dealers and other financial intermediaries use in effecting the transactions for the Clients, and the commission rates to be paid for such transactions.

Brokerage. The Adviser selects the broker-dealers and other financial intermediaries used to effect transactions on behalf of its Clients. The Adviser seeks to obtain "best execution" from these broker-dealers based on a variety of factors. In selecting broker-dealers to effect portfolio transactions, the Adviser may cause a Client to enter into arrangements pursuant to which the Client pays transaction costs in an amount greater than would be incurred if another broker-dealer were used. The Adviser is not required to solicit competitive bids or seek the lowest available commission or transaction costs. The transactions executed by a Client may be cleared through, and the Client's investment instruments may be held by, a number of financial institutions the Adviser selects on terms negotiated with each such financial institution individually. Subject to the Adviser's agreement with each Client, the Adviser generally will use a variety of financial institutions both to take advantage of differing expertise and capabilities and to avoid, due to credit concerns, having all investment instruments concentrated at one firm. The Adviser does not consider the receipt of Client referrals when selecting broker-dealers to execute transactions.

The Adviser does not permit clients to direct brokerage to a specified broker-dealer. All brokerage transactions will be executed through the broker-dealers selected by the Adviser.

Soft Dollars. The Adviser or its affiliates may receive from a Client's broker-dealer's products and services in addition to brokerage services.

A portion of the commissions generated on a Client's brokerage transactions may generate "soft dollar" credits that the Adviser is authorized to use to pay for research and other non-research related services and products used by the Adviser or its affiliates. The Adviser may enter into "soft dollar" arrangements with one or more broker-dealers whereby the Adviser will direct securities transactions to the broker-dealer in return for research products and services from the broker-dealer. Although the Adviser will use the research and services in making investment decisions for the applicable Client, the Adviser may use such research or services for other Clients and the applicable Client will generally pay more than the lowest available commissions for execution of these transactions. The Adviser may also enter into "soft dollar" arrangements to cover Client expenses or costs and expenses of the Adviser to the extent such arrangements are permitted by law.

The Adviser has authority to use "soft dollar" credits generated by a Client's securities transactions to pay for expenses that might otherwise have been borne by the Adviser. This may give the Adviser 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 the Adviser rather than giving exclusive consideration to the interests of the Clients.

In the event that the Adviser elects to use soft dollars, it intends to limit such use to services that fall within the safe harbor afforded by Section 28(e) of the Securities Exchange Act of

1934, as amended, or such services that are otherwise reasonably related to the investment decision-making process.

The term “soft dollars” refers to the receipt by an investment adviser of products and services provided by brokers, without any cash payment by the investment adviser, based on the volume of revenues generated from brokerage commissions for transactions executed for clients of the investment adviser. The products and services available from brokers include both internally generated items (such as research reports prepared by employees of the broker) as well as items acquired by the broker from third parties (such as quotation equipment).

The use of brokerage commissions to obtain investment research services and to pay for the administrative costs and expenses of the Adviser creates a conflict of interest between the Adviser and its Clients, because a Client may pay for such products and services that are not exclusively for the benefit of the Client and that may be primarily or exclusively for the benefit of the Adviser. To the extent that the Adviser is able to acquire these products and services without expending its own resources (including management fees paid by a Client), the Adviser’s use of “soft-dollars” would tend to increase the Adviser’s profitability. In addition, the availability of these non-monetary benefits may influence the Adviser to select one broker rather than another to perform services for its Clients. Certain of the Clients’ Offering Documents, including the Clients’ Offering Documents, specifically authorize these practices to the fullest extent permitted by law.

- B. In general (and when applicable), the Adviser attempts to aggregate multiple orders for the purchase or sale of the same instrument into block transactions, subject to the overall obligation to achieve best price and execution for its Clients.

Item 13 - Review of Accounts

- A. Rodney B. Hinze, the Principal of the Adviser and the portfolio manager for the Clients, is responsible for reviewing Client investment portfolios. Mr. Hinze performs intraday, daily, weekly or monthly reviews of Client positions as he deems appropriate. Performance, security positions, exposure levels, and investment opportunities are among some of the matters that may be reviewed.
- B. See **Item 13.A.** above.
- C. The Adviser provides Client investors with audited annual financial statements, periodic unaudited performance reports and all tax information relating to their investments in each Client necessary for U.S. federal income tax purposes.

Item 14 - Client Referrals and Other Compensation

- A. The Adviser does not receive any economic benefit, including sales awards or prizes, from any third party for providing advisory services to the Clients.
- B. The Adviser has not and does not intend to enter into agreements with persons who refer potential investors for certain Clients to the Adviser. However, while not a client solicitation arrangement, with respect to the Clients, the Adviser may enter into an agreement with a third-party placement agent for referring limited partners to the Clients. Under this agreement, the placement agent receives a monthly retainer and a percentage of the capital commitments attributable to each prospective limited partner referred depending upon specific circumstances and restrictions. Any such agreement with a placement agent is disclosed to prospective limited partners in the Clients.

Item 15 - Custody

Pursuant to Texas Rule §116.17 of the Texas Administrative Code and Rule 206(4)-2 of the Advisers Act, the Adviser has custody of the assets held by the Clients by virtue of its control of the general partner of each Client. All assets and securities of the Clients are held by qualified custodians. As noted in **Item 13** above, Client investors receive annual financial statements audited by an independent public accounting firm in accordance with generally accepted auditing standards. Client investors are urged to carefully review these statements.

Item 16 - Investment Discretion

The Adviser exercises discretion in managing the investments of each Client, based on the Client's particular investment objectives, policies and strategies disclosed in its Offering Documents.

The Adviser contractually assumes discretionary authority over the assets of each Client under an investment management agreement entered into among the Adviser, the Client and the Client's general partner or other controlling entity.

Item 17 - Voting Client Securities

The Adviser follows a proxy voting policy to ensure that proxies the firm votes, on behalf of each Client, are voted to further the best interest of that Client. The policy establishes a mechanism to address any conflicts of interests between the Adviser and its Clients. Further, the policy establishes how a Client's underlying investors may obtain information on how the proxies have been voted.

The Adviser determines how to vote after studying the proxy materials and any other materials that may be necessary or beneficial to voting. The Adviser votes proxies in a manner that it believes reasonably furthers the best interests of its Clients and their investors and is consistent with the investment philosophy as set forth in the relevant Client Offering Documents.

If a proxy vote creates a material conflict between the interests of the Adviser and a Client, the Adviser will resolve the conflict before voting the proxies. The Adviser will take steps designed to ensure that a decision to vote the proxy was based on the Adviser's determination of the Client's best interest and was not the product of the conflict.

The Adviser maintains records of (i) all proxy votes that are made on behalf of its Clients; (ii) all written requests from each Client's underlying investors regarding voting history; and (iii) all responses (written and oral) to investors' requests. Such records are available to each Client's underlying investors upon request.

Item 18 - Financial Information

- A. The Adviser does not require or solicit prepayment of more than \$500, six months or more in advance.
- B. The Adviser does not believe it has any financial condition that is reasonably likely to impair its ability to meet its contractual commitments to its Clients.
- C. The Adviser has not been the subject of a bankruptcy petition at any time during the past ten years.

Item 19 – Requirements for State-Registered Advisers

- A. Rodney B. Hinze is the founder, owner and managing partner of the Adviser. Below is a brief description of Mr. Hinze's education and background:

Prior to establishing KeyPoint Capital Management, LLC, Mr. Hinze was a member of the portfolio management team at Western Reserve Capital Management from March 2004 through June 2008, specializing in real estate securities. During this time, Mr. Hinze executed both long and short public equity trades across all sectors of the real estate spectrum. In addition, Mr. Hinze worked for Goldman Sachs from January 2002 through March 2004 in the real estate private equity group on the Whitehall funds. Mr. Hinze also worked for Bear Stearns as an investment banker from July 2001 to October 2001.

Mr. Hinze received his Bachelor of Science in accounting and a Master of Accountancy from the Brigham Young University, Marriott School of Management.

- B. Mr. Hinze is not engaged in any other investment related business, and does not receive compensation in connection with business activity outside of the Advisor. Mr. Hinze and the Advisor do not receive economic benefits from any person or entity other than in connection with the provision of investment advice to clients.
- C. As noted in **Item 6**, performance-based fees, in general, may create an incentive for an adviser or its supervised persons to make investments that are riskier and more speculative than would be the case in the absence of a performance-based fee. Such fee arrangements may also create an incentive to favor higher fee-paying clients over other clients in the allocation of investment opportunities. To address these conflicts of interest, the Adviser has implemented policies and procedures to ensure that all Clients receive equitable and fair treatment over time with respect to the allocation of investment opportunities.
- D. On March 19, 2015, the SEC determined that certain equity transactions conducted by the Adviser constituted a technical violation of Rule 105 of Regulation M of the Securities Exchange Act, a rule that is "prophylactic and prohibits the conduct irrespective of the short seller's intent," resulting in a profit. The Adviser made an offer of settlement to the SEC, which the SEC accepted on March 19, 2015. Please refer to **Item 9** and the regulatory and civil judicial action disclosure reporting page of ADV Part 1A for more information regarding this event.
- E. Mr. Hinze and the Adviser do not have any relationship with any issuer of securities not otherwise described herein.

Part 2B of Form ADV: KeyPoint Capital Management, LLC – *Brochure Supplement*

Item 1 - Cover Page

October 2017

KeyPoint Capital Management, LLC
3100 Monticello Avenue, Suite 400
Dallas, Texas 75205
Phone - (214) 420-8211

This Brochure provides information about Rodney B. Hinze that supplements the applicable KeyPoint Capital Management, LLC (the “Adviser” or “Firm”) brochure. You should have received a copy of that brochure. Please contact Rod Hinze, the Adviser’s Chief Compliance Officer, at (214) 420-8211 if you did not receive the Adviser’s brochure or if you have any questions about the content of this supplement.

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

Item 2 – Educational Background and Business Experience

Rodney B. Hinze

Born: 1974

Mr. Rodney Hinze is the sole member and manager of the Adviser. Prior to founding the Firm, Mr. Hinze worked as a member of the portfolio management team at Western Reserve Capital Management from March 2004 through June 2008 specializing in real estate securities. During this time, Mr. Hinze executed both long and short public equity trades across all sectors of the real estate spectrum. In addition, Mr. Hinze worked for Goldman Sachs from January 2002 through March 2004 in the real estate private equity group on the Whitehall funds. Mr. Hinze also worked for Bear Stearns as an investment banker from July 2001 to October 2001. He has a B.S. in accounting and a Master of Accountancy from the Brigham Young University, Marriott School of Management.

Item 3 – Disciplinary Information

Mr. Hinze does not have any disciplinary event to disclose pertaining to him as an individual or supervised person, however, on March 19, 2015, the SEC determined that certain equity transactions conducted by the Adviser constituted a technical violation of Rule 105 of Regulation M of the Securities Exchange Act, a rule that is “prophylactic and prohibits the conduct irrespective of the short seller’s intent,” resulting in a profit. The Adviser made an offer of settlement to the SEC, which the SEC accepted on March 19, 2015. For additional information about this judgment, please visit <https://www.sec.gov/litigation/admin/2015/34-74539.pdf>.

There are no other legal or disciplinary events that would be material to a Client’s or prospective Client’s evaluation of Mr. Hinze or the Adviser.

Item 4 – Other Business Activities

Currently Mr. Hinze is not engaged in any other investment-related business or occupation or in any business that provides a substantial source of his income or involves a substantial amount of his time.

Item 5 – Additional Compensation

Mr. Hinze does not currently receive any economic benefit for providing advisory services to a non-advisory client.

Item 6 - Supervision

As the principal owner of the Firm, Mr. Hinze does not have a direct supervisor. However, the Firm has adopted written policies and procedures which are reasonably designed to set standards and internal controls for the Firm and its employees and detect and prevent any violations of regulatory requirements. Every employee is responsible for monitoring, preventing and reporting any activities inconsistent with the Firm’s policies and procedures, or legal/regulatory requirements.

Mr. Hinze, with the assistance of a third party regulatory consultant, is primarily responsible for the development and implementation of appropriate policies and procedures. These compliance procedures include the reporting of violations or errors to designated personnel.

Item 7 – Requirements for State-Registered Advisers

Please see certain disclosures in Item 3 of this Brochure Supplement.