

Part 2A of Form ADV: Firm Brochure
Item 1 Cover Page

K Squared Capital, Ltd.

300 Mts Oeste del Novillo Alegre,
Escazu, San Jose, Costa Rica 10203

<https://www.ksquared.capital/>

This brochure provides information about the qualifications and business practices of K Squared Capital Ltd. If you have any questions about the contents of this brochure, please contact us at +506-6059-7492 and/or walter.kissling@ksquared.captial.

The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority. Additional information about K Squared Capital Ltd. also is available on the SEC's website at www.adviserinfo.sec.gov. You can search this site by a unique identifying number, known as a CRD number. Our firm's CRD number is 305475.

K Squared Capital Ltd.'s registration as an investment adviser does not imply a certain level of skill or training.

Effective Date: September 26, 2019

Item 2 Material Changes

Summary of Material Changes

K Squared Capital is a newly registered investment adviser. K Squared Capital has no material changes to report.

Delivery Requirements

We will provide a summary of any material changes to this Brochure to our clients at least annually, within 120 days of our fiscal year end. Furthermore, we will provide our clients with other interim disclosures about material changes as necessary.

A complete copy of our current Form ADV Part 2A and/or 2B may be requested free of charge by contacting us by telephone at +506-6059-7490 or by email at walter.kissling@ksquared.capital.

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Item 4 Advisory Business

FIRM DESCRIPTION

K Squared Capital Ltd. (hereinafter referred to as “K Squared Capital”, “we”, “us”, or “our firm”) is a Bermuda-incorporated private limited company with its principal office located in San Jose, Costa Rica. The direct owners of the company are Walter Richard Kissling Kriebel and Walter Kissling Jimenez. Mr. Walter Kissling Jimenez serves as the Chief Executive Officer, and Mr. Walter Richard Kissling Kriebel serves as the Chief Investment Officer.

As a registered investment adviser, we are a fiduciary to you, our client, meaning we have a fundamental obligation to act and provide investment advice that is in your best interest. Should any material conflicts of interest exist that might affect the impartiality of our investment advice, they will be disclosed to you in this Brochure. We urge you to review this Brochure carefully and consider our qualifications, business practices and the nature of our advisory services before becoming our client.

As of August 14, 2019, K Squared Capital manages \$46,034,601.65 USD of client assets on a discretionary basis. We do not manage any client assets on a non-discretionary basis.

ADVISORY PROGRAMS

K Squared Capital provides investment management services to our clients. K Squared Capital primarily provides advice with respect to equities (foreign and domestic common stocks and equivalents), exchange-listed securities, and U.S. treasuries. Our advice is generally limited to these types of investments, but we reserve the right to advise or not advise our clients on certain investments should we deem it appropriate based on their particular circumstances.

K Squared Capital’s advisory services are tailored to the needs of our clients based on their individual investment objectives, risk tolerance, cash or income needs, and any investment restrictions. Although K Squared Capital seeks to accommodate any reasonable investment restrictions or guidelines set by our clients, we may decline to accommodate certain investment restrictions that are incompatible with our firms’ investment philosophy or that may have an adverse effect on our ability to manage your account.

K Squared Capital enters into formal written agreements with our clients setting forth the terms and conditions under which we will provide our advisory services (the “Investment Management Agreement”). The Investment Management Agreement sets forth the scope of the services to be provided and the compensation we receive from the client for such services. The Investment Management Agreement may be terminated by either party in writing at any time by giving thirty (30) days signed written notice to the other party.

Our advisors offer the advisory service described below to our clients:

Investment Management Services. K Squared Capital provides investment management services where client portfolios are managed according to a client's stated financial situation and needs, investment objectives, investment restrictions and risk tolerances. K Squared Capital will assess a client's investment objectives, needs and risk profile by guiding the client through a documented investment objective assessment. K Squared Capital will then recommend that a client allocate its investment portfolio among various asset classes, then once the appropriate asset allocation has been determined and only when the client's authorization for the chosen investments has been given, the investment transactions are transmitted to the client's broker. The client's portfolio will be monitored and recommendations to rebalance will be made on an ongoing basis as changes in market conditions and client circumstances occur. K Squared Capital will also make recommendations to our clients as to specific securities or other investments that may be purchased or sold for a client's portfolio.

K Squared Capital generally exercises discretionary authority over client investments where we manage the client's account(s) without client consultation after the initial establishment of the client's investment objectives and appropriate asset allocation. K Squared Capital receives discretionary authority from our clients through our Investment Management Agreement at the outset of our advisory relationship.

Solicitor Services. Refer to Item 14 (Client Referrals and Other Compensation) of this Brochure for further description of these services.

Wrap Fee Programs. K Squared Capital does not participate in any wrap fee programs.

Important Note: It is the client's responsibility to ensure that K Squared Capital is promptly notified if there are ever any significant changes to their financial situation, goals, objectives or needs so we can review our previous recommendations and make any necessary adjustments.

Item 5 Fees and Compensation

ADVISORY FEES

The following information describes how K Squared Capital is compensated for the advisory services we provide to our clients. The specific manner in which fees are charged and the compensation we receive may differ between clients depending upon the individual Investment Management Agreement with each client. K Squared Capital may charge higher or lower fees than are available from other firms for comparable services.

Investment Management Fees – In consideration for providing investment management services and pursuant to the terms of the Investment Management Agreement, K Squared Capital charges

an annual management fee of 0.50% based on the client's assets under management ("AUM"), billed quarterly in arrears.

If a client chooses, our investment management fees are deducted from the client's account(s), pursuant to the client's written instructions to the broker/dealer holding the account (the "qualified custodian"). Specifically, clients can elect to use Interactive Brokers' automatic advisor fee billing functionality, through which the client authorizes the qualified custodian in writing to automatically deduct a certain amount of fees from their account(s) and remit the fees to us. Clients specify the method by which our fees will be calculated as well as the timing of the deductions (i.e., monthly, annually, etc.). This request may be made in the client's account application to the qualified custodian or at any time after that, and the client may change his billing instructions to the qualified custodian at any time. Once this written request from the client is processed, the qualified custodian will calculate the fees according to the method specified by the client. Our firm does not have the authority to request that the qualified custodian withdraw any fees from the client's accounts or make any adjustments to clients' predetermined fee calculation method (other than to reduce the fee).

Solicitor Fees. K Squared Capital may compensate third-parties (or "solicitors") to promote the investment advisory services offered by our firm. Such services are provided pursuant to the Solicitors Agreement.

Additional Fees and Expenses. Clients will incur transaction charges and/or brokerage fees when purchasing or selling securities. These charges and fees are typically imposed by the broker-dealer or qualified custodian through which account transactions are executed. For more information on our brokerage practices, please refer to Item 12 (Brokerage Practices) of this Brochure.

The fees that clients pay to our firm for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and/or exchange traded funds (described in each fund's prospectus) to their shareholders. The fees charged directly by mutual funds and exchange traded funds will typically include a management fee and other fund expenses.

To fully understand the total costs associated with their investment portfolio, clients should review all the fees charged by exchange traded funds, our firm and others.

Termination. The Investment Management Agreement with our clients may be terminated by either party at any time upon thirty (30) days written notice. Upon termination of our status as the client's investment adviser, K Squared Capital will not take any further action with respect to the client's account(s) unless specifically notified by the client in writing. Clients will be responsible for instructing their custodian and monitoring their account for the final disposition of assets.

Refunds. Upon receipt of a proper notice of termination from the client, as described in the Investment Management Agreement, any earned unpaid fees will be billed on a pro-rata basis based on the amount of work performed by us up to the point of termination.

Brokerage Commissions. K Squared Capital does not receive brokerage commissions from the sale of securities or other investment products. Our compensation for recommending securities and investment products is limited to the advisory fees described above.

Any material conflicts of interest between clients and K Squared Capital or our employees are disclosed in this Brochure. If at any time, additional material conflicts of interest develop, K Squared Capital will provide our clients with written notification of those material conflicts of interest or an updated Brochure.

Item 6 Performance-Based Fees

PERFORMANCE BASED FEES

K Squared Capital does not charge performance-based fees.

Item 7 Types of Clients

TYPES OF CLIENTS

K Squared Capital offers investment advisory services to a diversified group of clients, including individuals, high net worth individuals, institutional clients, trusts, corporations, and other business entities. Client relationships may vary in scope and length of service.

ACCOUNT REQUIREMENTS

K Squared Capital generally requires a minimum account balance of \$1,000,000 for our investment management services.

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

METHODS OF ANALYSIS

K Squared Capital analyzes investments and develops investment strategies based on a client's stated financial situation and needs, investment objectives, investment restrictions and risk tolerances. K Squared Capital monitors its clients' portfolios and provides ad hoc and/or periodic

investment recommendations to ensure portfolios are suitable to the clients' stated investment objective/needs and desired level of risk.

INVESTMENT STRATEGIES

Our investment strategies seek diversification among trading methodologies, asset types, and geographical focus. Our firm strives to build portfolios that are flexible and diversified to control the risk associated with the capital markets. Strategies are continually tested and adjusted over time to adapt to changing and constantly evolving market conditions.

K Squared Capital Quantitative Alpha Portfolio

K Squared Capital Quantitative Alpha Portfolio ("K2C-QA") invests primarily in US and non-US equities publicly traded on US and non-US exchanges. KSC-QA may also invest in foreign currencies to hedge currency exposure of non-US equities. The investments are driven by a quantitative long-only investment strategy. K2C-QA has been engineered to deliver attractive risk adjusted returns that exceed the average return on the S&P 1500 Index (the "Index") in the long term. K2C-QA seeks a higher Sharpe ratio, lower volatility, and lower drawdowns than the index. K2C-QA is not an index tracking portfolio. The K2C-QA investment process is systematized and employs proprietary statistical models of return prediction and risk to build a portfolio of stock positions. Research is ongoing, with the aim of improving the risk-return characteristics of K2C-QA.

K Squared Capital Global Asset Allocation Portfolio

K Squared Capital Global Asset Allocation ("K2C-GAA") mainly invests in exchange traded funds ("ETFs"), exchange traded notes ("ETNs") and exchange traded commodities ("ETCs") traded in stock exchanges in the US, UK, Switzerland and other countries. Investments are long-only and follow a static weight strategy through time. K2C-GAA is an asset allocation portfolio and does not replicate any index.

K Squared Capital Global Defensive Portfolio

K Squared Capital Global Defensive Portfolio ("K2C-GD") invests primarily in US and non-US exchange traded funds ("ETFs") publicly traded on US and non-US exchanges. The investments are driven by a quantitative long-only investment strategy. K2C-GD has been engineered to deliver attractive risk adjusted returns while managing downside risk. K2C-GD seeks a high Sharpe ratio, low volatility, and low drawdowns. K2C-GD is an asset allocation portfolio, not an index tracking portfolio. The K2C-GD investment process is systematized and employs proprietary statistical models of return prediction and risk to build a portfolio of ETF positions. Research is ongoing, with the aim of improving the risk-return characteristics of K2C-GD.

RISK OF LOSS

Investing in securities involves certain investment risks. Securities may fluctuate in value both upwards and downwards. As part of its advisory services, K Squared Capital will help clients in determining the appropriate level of risk they can tolerate. However, clients should be prepared to bear potential losses and there are no guarantees that an investment strategy will meet client goals. There is no guarantee that any of the investments that our firm recommends will outperform the investment strategies used by other firms. Past performance is no guarantee of future results. Certain investments are considered to be higher risk than others due to such factors as individual security trading liquidity, foreign and domestic market liquidity, exposure to changes in the dollar/foreign currencies among others and further described in this section under risks.

The investment risks described below may not be all-inclusive but should be considered carefully:

Equities risk: Equity securities can decline in value over short or extended periods as a result of changes in a company's financial condition and in overall market, economic and political conditions.

Market Risk: Security prices may decrease in response to direct and indirect events and market conditions, usually caused by factors independent of the specific attributes of the investment security.

Inflation Risk: Rising inflation reduces the purchasing power of the underlying currency, which is the dollar for U.S. based investments. This also applies to foreign investments, which may be denominated in other currencies.

Liquidity Risk: Liquidity is the ability to convert an investment into cash. Investment assets are usually more liquid when established markets exist to trade those securities. In case of extreme market activity, it may not be possible to promptly liquidate certain assets. Also, sales of thinly traded securities could depress the market value of those securities and reduce the investments' profitability or increase its losses.

Reinvestment Risk: This is the risk that future gains may be reinvested at less favorable (lower) rates of return than currently available.

Interest-Rate Risk: Changes in interest rates may result in fluctuations in the prices of other investment vehicles. For example, when interest rates rise, fixed income securities prices fall.

Corporate Securities: Equity and debt securities (stocks and bonds) represent partial ownership interests in companies and partial claims on their assets, respectively. The value of these interests and claims is theoretically dependent upon the performance of the underlying business and the cash flows generated by its operations. However, securities prices may fluctuate independently

of these factors due to market factors or for no reason at all. Prices may not change as expected even when the prospects of the business have been correctly assessed.

Omission of Risks: This Brochure does not provide a comprehensive list of every possible source of risk. Every potential outcome of an investment cannot be predicted, and it cannot disclose every potential risk factor for every investment to clients. The value of securities that our firm advises our clients to invest in may go up or down in response to factors not within our firm's control, including but not limited to the status of an individual company underlying a security, or the general economic climate. Clients may suffer losses for any reason or no discernible reason.

Business Risks: The companies identified for investment face a wide variety of operational risks, including competitive threats, regulatory changes, execution challenges, and responses to external changes. For businesses listed on US exchanges, the Securities and Exchange Commission requires companies to disclose the most significant risk factors that could impact the business. However, these disclosures could be incomplete or inaccurate. An assessment of the relevant risk factors for any business could be incomplete or inaccurate. Both unforeseen and known risk factors may transpire, resulting in a deterioration of corporate performance.

International Investing: Our firm may advise our clients to invest in securities of U.S. companies operating internationally, as well as international companies on both domestic and foreign exchanges. Businesses operating in other countries are subject to political and economic risks not present in the U.S., as well as currency risk. Stock markets outside of the U.S. may be more volatile. In some international markets, U.S. shareholders may not be able to exercise the same legal rights as foreign shareholders. There may be more limited access to information about international companies.

In addition, investments in foreign companies are generally denominated in a foreign currency. As a result, changes in the value of those currencies compared to the U.S. dollar will affect (positively or negatively) the value of the portfolio's investments. Such currency movements will occur separately from, and in response to, events that do not otherwise affect the value of the security in the issuer's home country. Also, the value of the portfolio can be influenced by currency exchange control regulations. The currencies of emerging market countries can experience significant declines against the U.S. dollar, and devaluation may occur subsequent to investments in these currencies by the portfolio.

Fundamental Analysis: Forecasting financial performance is an inexact process of estimation that relies on the accuracy of financial and industry data provided by companies and third parties. This data may contain material errors or omissions. Investing on the basis of fundamental research may also result in errors of judgment or analysis. Investment performance may suffer if the assessment of a business or its prospects is incorrect, and even a correct analysis could result in a loss of capital.

Interim Underperformance: The long-term and concentrated nature of a strategy means that

even if the strategy is “working properly” and the analysis is correct and leads to profitable realized outcomes, clients may experience multi-year periods of significant underperformance relative to market indexes and other investment strategies. This interim underperformance poses a significant risk of permanent capital loss for clients with short time horizons or who require withdrawals from their account.

Systemic Risk: Our firm relies on the stability of the overall financial system to implement its investment strategy. The security of client assets depends on the solvency of their chosen brokerage firm. In the event of a disruption to the broker’s business or the overall functioning of securities markets, our firm may be unable to implement its investment services and clients may experience a significant or complete loss of their capital.

Strategy: Our firm cannot guarantee that its recommendations will be implemented at all times and it may make investments not in keeping with the general description provided in this Brochure. There can be no guarantee that suitable investment opportunities will be available at all times.

Frequent Trading: Any capital gains due to positions held for less than one year may be taxable at a higher rate. Frequent trading could result in lower returns due to these costs.

Operational Risk: Our firm is responsible for developing, implementing and operating appropriate systems and procedures, where required, to transmit all investment transactions and monitor risk on behalf of each client. Our firm will rely on its systems, procedures and other data processing systems to provide its services. Certain elements of our firm’s operations are dependent upon systems operated by third parties, including the systems of clients’ broker-dealer(s). Our firm may not be in a position to verify the reliability of such third-party systems or data. Failure of or errors in such systems could result in mistakes or delays in the execution, confirmation or settlement of transactions for clients, or in transactions not being properly booked, evaluated or accounted for. The increasing reliance on internet-based programs and applications to communicate, conduct transactions and store data also creates increased security risks. Targeted cyber-attacks, or accidental events, can lead to a breach in computer and data systems and access by unauthorized persons to sensitive transactional or personal information. Data taken in breaches may be used by criminals to commit identity theft, obtain loans or payments under false identities, and other crimes. Cybersecurity breaches at our firm or our service providers or counterparties may directly or indirectly affect clients, and could lead to theft, data corruption, interference with business operations, disruption of operational systems, interference with our firm’s ability to provide services, direct financial loss or reputational damage, or violations of applicable laws related to data and privacy protection and consumer protection.

Clients should be aware their investment is not guaranteed and understand that there is a risk of loss of value in their investment.

Item 9 Disciplinary Information

REQUIRED DISCLOSURES

K Squared Capital and its management persons have not been the subject of any material legal proceedings required to be disclosed in response to this item.

Item 10 Other Financial Industry Activities and Affiliations

OUTSIDE BUSINESS ACTIVITIES

Mr. Walter Kissling Kriebel, in his individual capacity, is an independent contractor tasked with conducting research on investment strategies for Predict Wall Street LLC, an entity which predicts changes in the stock market through the aggregation of predictions from online users. The services provided through Predict Wall Street LLC are separate and distinct from our firm's advisory services. Mr. Kissling Kriebel spends approximately 10 hours per week with this outside business activity. Any compensation for services is paid directly to Mr. Walter Kissling Kriebel, and K Squared Capital Ltd. does not receive any portion of this compensation.

Neither K Squared Capital nor the Managing Member are registered, or have an application pending to register, as a broker-dealer or registered representative of a broker dealer, futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

AFFILIATED ENTITIES

K Squared Capital has relationships or arrangements with the following affiliated entities that may create a potential conflict of interest:

K Squared Capital S.A.

K Squared Capital S.A. provides marketing, research and back office services to K Squared Capital Ltd. and its clients. K Squared Capital S.A. is affiliated with our firm through common ownership. Any compensation for services is paid directly to K Squared Capital S.A. and K Squared Capital Ltd. does not receive any portion of this compensation.

Navegación Satelital (NavSat) de Costa Rica

Navegación Satelital (NavSat) de Costa Rica, a fleet management company, is affiliated with our firm through common control and common ownership. Mr. Walter Kissling Jimenez is the Chairman and founder of NavSat. Mr. Kissling Jimenez spends approximately 2 hours per week of his time on this activity. Any compensation for services is paid directly to NavSat. K Squared Capital Ltd does not receive any portion of this compensation.

ILG

ILG is a logistics company based in Costa Rica and operates in Central America. ILG is affiliated with our firm through common control and common ownership. Mr. Kissling Jimenez is a Director of ILG. Mr. Kissling Jimenez spends approximately 1 hours per week of his time on this activity. ILG is listed on the Costa Rican stock exchange. Any compensation for services is paid directly to ILG and K Squared Capital Ltd. does not receive any portion of this compensation. Under no circumstances will clients of K Squared Capital Ltd. be solicited to invest in ILG.

Rostipollos

Rostipollos, a fast-casual restaurant chain in Costa Rica, is affiliated with our firm through common control and common ownership. Mr. Kissling Jimenez is the Chairman of Rostipollos. Mr. Kissling Jimenez spends approximately 4 hours per week of his time on this activity.

Golden Lands

Golden Lands, a real estate holding and development company, is affiliated with our firm through common control and common ownership. Mr. Kissling Jimenez serves as Director for Golden Lands and spends approximately 1 hours per week on this outside business activity. Any compensation for services is paid directly to Golden Lands and K Squared Capital Ltd. does not receive any portion of this compensation.

Carao Ventures

Carao Ventures, a Costa Rican based startup accelerator and incubator company, is affiliated with our firm through common control. Mr. Kissling Jimenez serves as Director for Carao Ventures and spends approximately 0.5 hours per week on this outside business activity. Any compensation for services provided is paid directly to Carao Ventures and K Squared Capital Ltd. does not receive any portion of this compensation.

Credilat

Credilat, financial institution providing consumer loans to Grupo Monge customers, is affiliated with our firm through common control. Mr. Kissling Jimenez serves as Director for Credilat. Mr. Kissling Jimenez spends approximately 1 hours per week on this outside business activity. Any compensation for services is paid directly to Credilat and K Squared Capital Ltd. does not receive any portion of this compensation.

Grupo Monge

Grupo Monge, is a consumer electronics store, is affiliated with our firm through common control. Mr. Kissling Jimenez serves as Director for Grupo Monge and spends approximately 1 hours per week on this activity. Any compensation for services is paid directly to Grupo Monge and K Squared Capital Ltd. does not receive any portion of this compensation.

OTHER INVESTMENT ADVISERS

K Squared Capital does not have any business relationships with other investment advisers that create a material conflict of interest for our clients.

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

CODE OF ETHICS

K Squared Capital has adopted a Code of Ethics (the “Code”) that sets forth a standard of business conduct for our firm and all our associated persons. The purpose of the Code is to set out ideals for integrity, objectivity, competence, fairness, confidentiality, professionalism and diligence for our firm and our associated persons to espouse in the interest of our clients and investor protection. The Code includes provisions relating 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. All employees of K Squared Capital are required to handle their personal securities transactions in such a manner as to avoid any actual or potential conflicts of interest or any abuse of position of trust and responsibility. Annually, we require all employees to certify that they have read, understand and will comply with the Code.

Clients and prospective clients may request a full copy of our firm’s Code of Ethics by contacting our firm in writing at walter.kissling@ksquared.capital or calling our firm at +506-6059-7490.

PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS

K Squared Capital and/or individuals associated with our firm may invest in the same and/or different securities than those that are recommended to and/or purchased for our clients. K Squared Capital has adopted procedures designed to ensure that the personal securities transactions, activities and interests of K Squared Capital and/or individuals associated with our firm will not interfere with our ability to make investment decisions in the best interest of our clients.

PERSONAL TRADING

K Squared Capital maintains and enforces written policies and procedures reasonably designed to prevent the misuse of material non-public information by our firm or any access persons of our firm with regards to their personal securities transactions. Personal trading activities are continually monitored to reasonably prevent conflicts of interest.

Item 12 Brokerage Practices

SELECTION OF BROKER-DEALERS

Securities transactions are generally executed through Interactive Brokers, LLC. (“Interactive Brokers”), member FINRA/SIPC/NYSE. Interactive Brokers maintains custody of our clients’ assets and effects securities transactions for our investment management clients’ accounts. K Squared Capital is independently owned and operated and is not affiliated with or a related person of Interactive Brokers.

K Squared Capital considers a number of factors prior to recommending a particular broker-dealer to our clients, including but not limited to, their familiarity with the securities to be sold or purchased, their execution skills, order-flow capabilities, their commission rates or other fee schedules, their custodial services, their level of net capital (financial strength) and excess SIPC and other insurance coverage. The commissions charged by Interactive Brokers are competitive with similarly situated retail broker-dealers offering the same variety of securities to clients. Clients are advised, however, that they may be able to effect transactions in securities through other broker-dealers at lower commission rates, particularly with respect to securities listed on a national securities exchange or in the over-the-counter market.

Research and Other Soft Dollar Benefits. Interactive Brokers offers products or services other than execution that assist our firm in managing and administering client accounts. These may include software and other technology that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts), facilitate payment of our fees from clients’ accounts, and assist with back office functions, record keeping and client reporting. These services may be used to service all or a substantial number of client accounts, including accounts not maintained at Interactive Brokers.

K Squared Capital may also receive services from Interactive Brokers or its affiliates that are intended to help our firm manage and further develop our business. These services may include registration support through Greenwich Compliance, website design and technology support. Interactive Brokers also has arrangements with various product vendors, which enable our firm to purchase their products at a discount. These products may include such items as: client reporting and consolidated statement software; client communication software; client relationship management software; compliance assistance; and investment research.

K Squared Capital does not participate in any commission-sharing arrangements or receive soft dollar credits. While the benefits we receive from Interactive Brokers do not depend on the amount of brokerage transactions directed to Interactive Brokers, as a fiduciary we are required to disclose that there is an inherent conflict of interest when our firm recommends that clients maintain their assets at Interactive Brokers. These recommendations may be based in part on the benefits we receive from Interactive Brokers, such as the availability of the abovementioned

products and services, and not solely on our clients' interest in receiving most favorable execution. Nonetheless, we seek to ensure that the securities transactions effected for our clients represent the best qualitative execution, not just the lowest possible cost.

Our firm routinely compares order execution disclosure information at Interactive Brokers to other broker-dealers to ensure that Interactive Brokers remains competitive in providing best execution for our clients' securities transactions. Although the brokerage commissions and/or transaction fees charged by Interactive Brokers may be higher or lower than those charged by other broker-dealers, in seeking best execution for our clients our firm strives to ensure that our clients pay brokerage commissions and/or transactions fees which we have determined, in good faith, to be reasonable in relation to the value of the brokerage and other services provided by Interactive Brokers.

Brokerage for Client Referrals. K Squared Capital does not consider broker-dealer or third-party referrals in selecting or recommending broker-dealers to our clients as this would create a conflict of interest.

Directed Brokerage. While K Squared Capital may recommend that clients direct transactions through certain broker-dealers, we do not have discretionary authority to determine the broker-dealer to be used for the purchase or sale of securities for client accounts or the commission rates paid to a broker-dealer for client securities transactions.

Generally, K Squared Capital may utilize other broker-dealers when requested by the client. Clients of K Squared Capital must be aware that if they direct us to use a particular broker-dealer that it may limit our ability to achieve best execution or limit their participation in block trading. As a result, clients may pay higher commissions, have higher transaction costs, or receive less favorable prices. In situations where the client directs us to effect their transactions through a particular broker-dealer, we require such directions to be in writing.

TRADE AGGREGATION

Investment decisions deemed appropriate for one client may also be deemed appropriate for other clients so that the same security may be purchased or sold at or about the same time for more than one client. When this is the case our firm may, but is not obligated to, aggregate similar trades for multiple clients and execute the trade as a single block.

When transactions are so aggregated, the securities purchased or sold will be allocated in a fair and equitable manner. Our trade allocation procedures seek to allocate investment opportunities among our clients in the fairest possible way taking into account their best interests. These procedures ensure that allocations do not involve a practice of favoring or discriminating against any client or group of clients. Transactions are usually aggregated to seek a more advantageous net price and/or to obtain better execution for all clients. Nevertheless, there is no assurance that the aggregation of transactions will benefit all clients equally, and in some instances combined orders could adversely affect the price or volume of a security. Also, it is possible that

we may not aggregate trades in circumstances where it would be beneficial to do so.

TRADE ERRORS

From time to time, our firm may make a trade error when servicing a client's account. When this occurs, we will correct the trade as soon as we discover the error. Trading errors will be corrected at no cost to clients. In most cases, we will correct trade errors via our executing broker-dealer's trade error desk. If there is a cost associated with this correction, such cost is borne by K Squared Capital and not the client. Note that we do not credit accounts for market losses unrelated to our error.

Item 13 Review of Accounts

ACCOUNT REVIEWS

K Squared Capital conducts account reviews on at least a monthly ongoing basis for clients subscribed to our investment management services. The frequency of the review depends upon a variety of factors such as: the client's risk profile, activity in the account, economic and market conditions, and the client's preferences, if any. Additional reviews may be triggered by changes in the investment objectives or guidelines for a particular client or specific arrangements with the client.

Formal client review meetings are generally conducted on a regular basis at intervals mutually agreed upon by the advisor and the client, but no less than annually. During these reviews, any changes in the client's investment objectives are discussed so we can review our previous recommendations and make any necessary adjustments.

ACCOUNT REPORTS

Those clients to whom K Squared Capital provides investment management services receive at least monthly reports from our firm summarizing their account(s) and investment results. Reports may be furnished in writing or electronically as requested by the client. Clients are urged to compare the account statements they receive from their custodian to any written reports received from our firm.

Clients have direct and continuous access to their account information and related documents via the password-protected website of the qualified custodian with which their accounts are held.

Item 14 Client Referrals and Other Compensation

CLIENT REFERRALS

K Squared Capital may compensate third-parties (or “solicitors”) to promote the investment advisory services offered by our firm. Such services are provided pursuant to the Solicitors Agreement.

It is our firm’s policy not to compensate clients for referring potential clients to our firm, because the client would be considered a solicitor and would have to satisfy requirements under Rule 206(4)-3 of the Advisers Act or similar state rules regarding solicitation arrangements before a cash referral fee could be paid to them.

OTHER COMPENSATION

We may pay referral fees (non-commission based) to independent solicitors (non-registered representatives) for the referral of their clients to our firm in accordance with Rule 206 (4)-3 of the Investment Advisers Act of 1940. Such referral fee represents a share of our investment advisory fee charged to our clients. This arrangement will not result in higher costs to you. In this regard, we maintain Solicitors Agreements in compliance with Rule 206 (4)-3 of the Investment Advisers Act of 1940 and applicable state and federal laws. All clients referred by Solicitors to our firm will be given full written disclosure describing the terms and fee arrangements between our firm and Solicitor(s). In cases where state law requires licensure of solicitors, we ensure that no solicitation fees are paid unless the solicitor is registered as an investment adviser representative of our firm. If we are paying solicitation fees to another registered investment adviser, the licensure of individuals is the other firm’s responsibility.

Item 15 Custody

CUSTODY OF CLIENT FUNDS AND SECURITIES

K Squared Capital does not exercise custody over client assets or accounts. Interactive Brokers is the qualified custodian and maintains custody of client funds in separate brokerage account(s) for each client under the client’s name. K Squared Capital personnel may assist the client in preparing paperwork to open a new brokerage account at Interactive Brokers, but only the client is permitted to authorize, by their signature, the opening of the account. Interactive Brokers sends an account-opening letter to each client at their physical mailing address after the account is approved.

Clients can access daily, monthly and annual account statements as well as daily trade confirmations through a password protected portion of Interactive Brokers’ website, www.interactivebrokers.com. Clients should also expect to receive quarterly account summaries from the qualified custodian by first-class mail. Clients should carefully review the account statements and summaries received from the qualified custodian(s) and compare such official custodial statements to any account reports provided by K Squared Capital. Any client that does

not receive an account statement or summary from the qualified custodian should call our firm immediately so that we can arrange to have another statement sent by the custodian.

Clients can also access information concerning their account(s) and access (and generally change) the settings for their brokerage account online on the Interactive Brokers website at www.interactivebrokers.com.

Item 16 Investment Discretion

DISCRETIONARY AUTHORITY

K Squared Capital manages client securities portfolios on a discretionary basis. K Squared Capital is granted limited discretionary authority in writing by the client at the outset of the advisory relationship. This limited discretionary authorization gives K Squared Capital the authority to manage the client's investment assets at our firm's sole discretion and without consulting with the client in advance, subject to the investment objectives, guidelines and restrictions set by the client. This authorization will remain in full force and effect until we receive a written termination notice of the Investment Management Agreement from the client.

K Squared Capital does not have discretionary authority to determine what broker-dealer to use or the amount of commissions that are charged by the broker-dealer or custodian.

Item 17 Voting Client Securities

AUTHORITY TO VOTE CLIENT PROXIES

K Squared Capital does not accept authority from clients with respect to voting of proxies solicited by, or with respect to, the issuers of any securities held in client portfolios. The qualified custodian holding clients' assets will send all such proxy documents it receives to the client so that the client may take whatever action the client deems appropriate. K Squared Capital does not offer clients any consulting assistance regarding proxy issues.

Item 18 Financial Information

REQUIRED DISCLOSURES

As previously discussed in this brochure, K Squared Capital may accept limited discretionary authority when providing investment management services if agreed upon in writing with the client. K Squared Capital does not require or solicit prepayment of fees from our clients.

K Squared Capital has no financial commitments that would impair our firm's ability to meet our contractual and fiduciary commitments to our clients and has not been the subject of a bankruptcy proceeding.