

KG Funds Management LLC

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The enclosed Form ADV Part 2A “**Brochure**” provides information about the qualifications and business practices of KG Funds Management LLC (“**KG**”, the “**Firm**”, “**we**” or “**our**”). If you have any questions about the contents of this Brochure, please contact the Chief Compliance Officer (“**CCO**”), Bryan Gleason, at (212) 247-4279 or bryan@kgfunds.com.

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.

KG maintains a website which may be accessed at www.kgfunds.com. Additional information about KG can be found on the SEC’s website at www.adviserinfo.sec.gov.

An investment adviser’s registration with the SEC does not imply a certain level of skill or training.

Item 2: Material Changes

There have been no material changes to this Brochure since our previous Annual Amendment filed on March 28, 2018.

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Item 4: Advisory Business

KG was founded in 2008 by Ike Kier, Fred Poses and Ilya Zaides. KG began as an investment adviser for a fund of hedge funds in August 2008 and in January 2009 launched a proprietary trading strategy. In June 2012, the founding members and their family members purchased all of KG's investments in the fund of hedge funds and other illiquid investments. As of July 1, 2012, KG became a fully proprietary hedge fund.

KG offers discretionary investment management services to qualified and accredited investors through its private pooled investment funds. KG relies on the services of Ike Kier, Ilya Zaides and other key personnel to perform its investment management services. KG serves as the investment adviser to three private pooled investment funds:

- KG Investments Fund LLC (the “**Master Fund**”)
- KG Offshore Fund Ltd. (the “**Offshore Feeder Fund**”)
- KG Select Opportunity Fund LP (“**KG Select**”)
- KG European Opportunity Fund LP (“**KG European**”)

Henceforth, the Master Fund, the Offshore Feeder Fund, KG Select and KG European will collectively be referred to as the “**Funds**” or the “**Clients**”.

KG Funds Managing Member LLC, (“**KGMM**”) is the Managing Member of the Master Fund and the General Partner of KG Select and KG European. Ike Kier is the Managing Member of KGMM; Ilya Zaides and Ron Mandel are members of KGMM.

The Master Fund is a Delaware limited liability company. The Offshore Feeder Fund is a Cayman Islands exempted company and invests substantially all of its assets in the Master Fund. KG Select is a Delaware limited partnership which was formed for the purpose of acquiring privately placed shares of a Bermuda exempted company. KG European is a Delaware limited partnership which was formed for the purpose of acquiring privately placed shares of a Bermuda exempted company.

Under an agreement with a virtually managed account (the “**VMA**”), entered on July 19, 2018, KG provides daily transactional data to the VMA, and receives a fee.

KG's investment advice is tailored to the investment objectives for each Client. Generally, the Funds invest in accordance with the investment strategies as described in the Private Placement and Offering Memoranda (“**Offering Documents**”) for each of the Funds. KG generally pursues an intrinsic value approach to investing and seeks to identify and invest in long and short investment opportunities and intends to concentrate its investments in a relatively limited number of high conviction investments. KG generally does not short individual securities for the purpose of hedging or reducing the Funds' long exposure, but rather to implement security-specific investment objectives with the expectation of achieving positive returns. (See **Item 8: Methods of Analysis, Investment Strategies and Risk of Loss**). Investment restrictions (if any) for each Fund are set forth in the Offering Documents for each Fund.

As of December 31, 2018, KG managed Regulatory Assets under Management (“**RAUM**”) of approximately US \$489.2 million on a discretionary basis.

Item 5: Fees and Compensation

As compensation for our advisory services, KG receives a management fee and a performance allocation. Detailed information concerning the management fee and performance allocation

arrangements for each of the Funds are set forth in the Offering Documents for each of the Funds and a summary of such details follows below.

Management Fees and Performance Allocation

Investors in the Master Fund and Offshore Feeder Fund are subject to a monthly management fee of 0.125% - 0.16667% (1.5% - 2.0% per annum) which is based upon the aggregate capital account balance of each investor that are subject to a management fee in accordance with the share class that they are subscribed to (before taking into account estimated any accrued performance allocation).

KGMM receives a performance allocation of 17% - 20% of net profits (realized and unrealized) subject to a hurdle rate and catch up provisions for Class A investors in the Master Fund and Offshore Feeder Fund in accordance with the share class they are subscribed to. KGMM receives a performance allocation of up to 15% of net profits (realized and unrealized) for Class B investors in the Master Fund. The performance allocation is deducted and reallocated from each investor's capital account, as per the terms which are set forth in the Offering Documents. For Class A, the performance allocation accrues monthly and is paid at the end of the calendar year. For Class B, the performance allocation accrues monthly and is paid at the end of the third year from each contribution date.

Investors in KG Select are subject to specific management fees and performance allocation terms, which are set forth in KG Select's Offering Documents. KG Select pays to KG a quarterly management fee of 0.25% (1.00% per annum), which is paid in advance and is based upon the amount of committed capital. Investors in KG Select are subject to a waterfall distribution, calculated separately for each investor based upon the investor's pro rata share. KG Select may distribute cash or shares, in its discretion and as prudent given market conditions.

Investors in KG European are subject to specific management fees and performance allocation terms, which are set forth in KG European's Offering Documents. KG European pays to KG an annual management fee of 1.00%, which is paid in arrears, and is based upon the amount of invested committed capital. Investors in KG European are subject to a waterfall distribution, calculated separately for each investor based upon the investor's pro rata share. KG European may distribute cash or shares, in its discretion and as prudent given market conditions.

KG may, in its sole discretion, waive or modify the management fee and other fees for investors, employees or affiliates, relatives of those persons, and for certain large or strategic investors.

Withdrawal Fee

Investors in Class A in the Master Fund and the Offshore Feeder Fund that withdraw all or any portion of their interest prior to having held such interest for a full 12 months may be subject to an early withdrawal fee equal to 5% of the amount withdrawn. Investors in Class B in the Master Fund and the Offshore Feeder Fund that withdraw all or any portion of their interest prior to having held such interest for a full 36 months may be subject to an early withdrawal fee equal to 10% of the amount withdrawn. This fee will be treated as additional profit to the Master Fund as of the withdrawal date and will be allocated pro rata except to the interests of the withdrawing investor.

Investors in KG Select and KG European are not subject to such early withdrawal fees nor are they allowed any withdrawal rights.

Expenses

Master Fund and Offshore Feeder Fund

In addition to the management fees, performance allocation and withdrawal fees, the Master and Offshore Feeder Funds will be subject to certain expenses related to the provision of KG's advisory services. Such expenses include, without limitation, brokerage commissions and all other investment expenses, insurance premiums, "bid"/"offer" spreads, interest expense on borrowings, transfer taxes, custodial fees, transaction fees incurred in connection with options, swaps and other derivative transactions, research-related expenses, due diligence expenses, fees and expenses for consulting, the cost of business travel related to the Master and Offshore Feeder Funds, the directors' fees, audit and legal fees (or a portion thereof), the administrator's fees and expenses, accounting fees (or a portion thereof), organizational expenses and other similar expenses. The Offshore Feeder Fund bears its proportionate share of the operating expenses and may pay a portion of the Master Fund's audit, legal and/or accounting fees, in amounts it will determine in its sole discretion from time to time.

KG Select

In addition to the management fees and performance allocation, KG Select will be subject to certain expenses related to the provision of KG's advisory services. Such expenses include, without limitation, all costs, expenses and liabilities associated with its investments, offering of interests, audit, tax and legal fees, other professional and consulting fees, custodial fees, interest expense on borrowings, organizational expenses, and other similar expenses.

KG European

In addition to the management fees and performance allocation, KG European will be subject to certain expenses related to the provision of KG's advisory services. Such expenses include, without limitation, all costs, expenses and liabilities associated with its investments, offering of interests, audit, tax and legal fees, other professional and consulting fees, custodial fees, interest expense on borrowings, organizational expenses, and other similar expenses.

Each of the Funds is charged individually with the expenses which are relevant to the provision of KG's advisory services, as is set forth in each Fund's Offering Documents.

For further details on expenses related to the Firm's brokerage practices, please refer to **"Item 12: Brokerage Practices"**.

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

As mentioned prior, KGMM receives an annual performance allocation that is calculated based upon a percentage of the net capital appreciation above the applicable hurdle rate and subject to a catch up provision. The performance allocation is charged in compliance with Rule 205-3 of the Investment Advisers Act of 1940, as amended (the "**Advisers Act**"). The specific terms inclusive of those applicable to the hurdle rates and percentages associated with the Performance Allocation are set forth in the Offering Documents.

Net asset value includes net realized and unrealized profits and losses and expenses/fees. Net profits are calculated net of management fees and before the performance allocation.

Such performance-based compensation arrangements may create an incentive for KG to recommend investments which may be riskier or more speculative than those which would be recommended under a different type of fee arrangement.

KG maintains policies and procedures that are intended treat its Clients in a fiduciary manner and to prevent any conflict of interest.

No other hourly, flat or asset-based fees are charged to the Funds.

Item 7: Types of Clients

KG provides investment advisory services directly to the Funds. The investors in the Funds include the Firm's principals and their families (including their foundations and retirement accounts), eligible high net worth individuals, retirement accounts, endowments, trusts, estates and other funds (and funds of funds). Eligible investors in the future may include family offices, private banks and investment managers, and other individuals and corporate or business entities for whom making an investment in the Funds would be suitable.

Details concerning initial and additional subscription minimums for each Fund are disclosed in the Offering Documents for each of the Funds. Although we have the authority to accept subscriptions for lesser amounts, the minimum initial investment amount required for an investment in the Master Fund or the Offshore Feeder Fund is \$1 million. The minimum investment amount for an investment in KG Select is \$500,000. The minimum investment amount for an investment in KG European is \$1,000,000. KG Select and KG European are closed to new investors.

Each of our investors is required to meet certain suitability qualifications, such as being an **"accredited investor"** for purposes of Regulation D under the Securities Act of 1933, as amended, and a **"qualified client"** for purposes of Rule 205-3 under the Investment Advisers Act of 1940, as amended (the **"Advisers Act"**). Additionally, our investors in the Master Fund and Offshore Feeder Fund must meet the requirements of a **"qualified purchaser"**.

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

Methods of Analysis & Investment Strategy

Generally, KG pursues various investment strategies and methods of analysis in the course of conducting its advisory business.

The Master Fund primarily invests opportunistically in publicly traded securities that we feel are priced at a meaningful discount to what we believe to be their intrinsic value. The philosophy of KG is to seek opportunities in a modest number of attractive investments which we believe will generate superior returns over a 3 to 5 year investment horizon.

As a method of analysis in our selection of investments for the Master Fund, we perform fundamental analysis of the actual or potential future cash flow of an underlying business or asset to estimate intrinsic value. We believe that the potential return in any of our investments is largely determined by the discount to intrinsic value at which we purchase the investment. Similarly, the risk of loss is inversely proportional to the discount to intrinsic value at which that security is purchased. By following our strategy, we seek to both maximize returns and reduce the potential risk of loss in any given investment.

Although we take a generalist approach in terms of the types of industries, companies and assets in which we invest, we typically avoid companies or industries that exhibit secular deterioration or that require an operational turnaround. We aim to avoid businesses that rely heavily on the price or availability of a particular commodity that is not within the company's control. We also seek to avoid companies whose debt level we deem to be unsustainable but for an improvement in its underlying business.

In identifying certain investment opportunities, we seek out events that are either currently taking place or expected to occur in a reasonably determinable time-frame. These investments may include asset sales or liquidations where we believe that the assets of the company can be readily sold at a price significantly greater than the value implied by the price of the security. KG typically avoids making investments where we believe that company management and/or the board is either an unwilling or unable to enact the specific event(s) that are required as part of our investment thesis. Occasionally, we will seek to change the behavior of a company's management and/or board – often in conjunction with other shareholders – through a combination of public and private letters and further shareholder action where necessary.

We also seek to identify exceptional businesses that are mispriced either as a result of the expectation of some future event(s) (e.g., the threat of regulatory change) or as a result of a past or ongoing event(s) (e.g., a spin-off, litigation or product failure). KG defines an exceptional business as one that generally has dominant market share in a growing industry with significant barriers to entry. We believe that an exceptional business is capable of generating significant free cash flow throughout a market cycle, has demonstrated pricing power, an identifiable and respected brand and high returns on invested capital. In pursuing such investments, KG strongly prefers businesses that have high margins and minimal capital expenditure requirements. Fundamental investments allow for longer holding periods thus providing the potential to compound returns while deferring taxable gains. The Master Fund will exit such an investment if we feel that the quality of the business has deteriorated and/or the valuation implies significant risk of loss and significantly reduced future gain potential, but there is no pre-determined holding period for these investments.

KG only initiates arbitrage-style investments when we believe that the probability for a trade to result in a gain that is greater than the probability that the trade will result in a loss. Arbitrage Investments typically only occur during periods of significant market stress and the investments themselves may be short-term in nature (generally 30 days to 1 year).

We generally will short individual securities when we believe that the intrinsic value of the security is substantially less than its market price. Such opportunities include our identifying businesses that have an unsustainable capital structure, are experiencing deteriorating sales and margins and where there are numerous industry competitors. KG seeks a readily identifiable catalyst in all of its short sales.

KG does not follow an asset allocation model and does not target a specific investment exposure. We maintain a disciplined approach and will hold cash or cash equivalents to the extent that we cannot identify attractive investment opportunities at any given time. We do not typically seek to hedge our portfolio against market risk as each investment is intended to stand on its own merits.

Risk Factors of our Business

KG has identified in the Funds' Offering Documents the material risks which we believe are involved in our investment strategies. While the following does not purport to be a complete or exhaustive enumeration of these risk factors, we have set forth below the key risk factors relative to an investment in our Funds.

Risk Factors of the Master Fund and Offshore Feeder Fund

General Economic and Market Conditions. The success of our investment activities may be affected by general economic and market conditions, such as interest rates, availability of credit, inflation rates, economic uncertainty, changes in laws, and national and international political circumstances. These factors may affect the level and volatility of securities prices and the liquidity of the investments. Unexpected volatility or illiquidity could impair profitability or result in losses.

Market Dislocation and Illiquidity. Events in 2008 and 2009 in the sub-prime mortgage market and other areas of the fixed income markets caused significant dislocations, illiquidity and volatility in the structured credit markets, as well as in the wider global financial markets. Furthermore, the activities of one or more large participants in the financial markets and/or other events or activities of others could result in a temporary systemic breakdown in the normal operation of financial markets. To the extent that such marketplace events are not temporary and continue or reoccur, this may have an adverse impact on the availability of credit to businesses generally and could lead to an overall weakening of the U.S. and global economies. Any resulting economic downturn could adversely affect certain of the Fund's investments to greater or lesser extents. Such marketplace events also may restrict the ability of the Fund to sell or liquidate investments at favorable times or for favorable prices (although such marketplace events may not foreclose the ability to hold such investments until maturity). As a result, such events could result in the loss of substantial value caused predominantly by liquidity and counter-party issues. In addition, the Master Fund and Offshore Feeder Fund have the right to suspend or limit redemptions when, in KG's opinion, the Fund's assets are not sufficiently liquid to fund redemptions.

Transactions in Securities, Currencies and Commodity Interests. The success of our investment strategy substantially depends upon correctly assessing the future price movements of stocks, bonds, currencies, commodities, options on stocks and other securities and the movement of interest rates and foreign exchange rates. There is no assurance that we will correctly evaluate the nature and magnitude of the various factors that could affect the prospects of the securities, commodity interests and currencies that the Master Fund purchases. The Master Fund may lose its entire investment or may be required to accept cash, assets or securities with a value less than the amount of the original investment. Under such circumstances, the returns generated from our investments may not compensate the Master Fund adequately for the risks assumed.

Concentration of Investments. We will attempt to diversify the Master Fund's portfolio over time. Although we intend to maintain a diversified portfolio of investments, we are not limited to the amount of capital which may be committed to any one investment or to investments in any one industry or country. The Master Fund may at certain times assume concentrated investment positions (relative to its capital) with the result that a loss in any such position could have a material adverse impact on invested capital.

Speculative Purchase of Securities. We may make certain speculative purchases of securities of companies that we believe to be undervalued or that may be the subject of acquisition attempts, exchange offers, cash tender offers or corporate reorganizations. There can be no assurances that securities believed to be undervalued are in fact undervalued, or that undervalued securities will increase in value. Further, in such cases, a substantial period of time may elapse between the Master Fund's purchase of the securities and the acquisition attempt or reorganization. During this period, a portion of capital would be committed to the securities purchased, and the Master Fund may finance such purchase with borrowed funds on which it would have to pay interest.

Short Sales. We may effect short sales of securities when we believe that a given security is over-priced. Short sales are transactions in which we will sell a security which we do not own (by borrowing such security), in anticipation of a decline in the market value of the security. Although any gain from a short sale is limited by the price at which it sold the security short, losses from short sales may be unlimited if the price of the security sold short continues to appreciate. Additionally, even though a “good borrow” of the security sold short is secured at the time of execution, the lending institution may recall the lent security at any time, thereby forcing us to purchase the security at the then prevailing market price which may be higher than the price at which such security was originally sold short. A short sale involves the risk of a theoretically unlimited increase in the market price of the financial instrument. Recent market turmoil, combined with the perception that short selling is one of the potential causes of market fragility, has led to regulations restricting the use of short sales. The U.S. and certain other jurisdictions have promulgated such regulations recently. As a result, we may be prohibited from using short sales to hedge certain positions or using short sales as part of our strategy. In addition, these regulations have temporarily resulted, and may continue to result, in crowded shorts, increased borrowing costs and an unwillingness of certain brokers to facilitate short sales within the parameters of such regulations. Arbitrage strategies have been particularly impacted by these regulations because the success of such strategies is dependent on obtaining offsetting short exposure. The specific regulations in effect at any given time vary with regulators’ perceptions of market risk and it is not possible to gauge what, if any, regulations will be in effect in the future.

KG’s obligations under our securities loans will be marked to market daily and collateralized by assets held at the broker, including cash balances and long positions. Because securities loans must be marked to market daily, there may be periods when the securities loan must be settled prematurely, and a substantial loss would occur.

Default and Counterparty Risk. We may invest in the debt securities of private and governmental issuers, thus exposing the Master Fund to the credit and political risk of the issuer. Adverse changes in financial, economic and political conditions could cause an issuer to default on its obligations.

Risk Arbitrage Transactions. We may engage in risk arbitrage transactions where we will purchase or sell short securities at prices below or above the anticipated value of the cash, securities or other consideration to be paid or exchanged for such securities in a proposed merger, exchange offer, tender offer or other similar transaction. Such purchase price may be substantially in excess of the market price of the securities prior to the announcement of the merger, exchange offer, tender offer or other similar transaction. If the proposed merger, exchange offer, tender offer or other similar transaction later appears likely not to be consummated or in fact is not consummated or is delayed, the market price of the security purchased by the Master Fund may decline sharply and result in losses if such securities are sold, transferred or exchanged for securities or cash, the value of which is less than the purchase price.

Leverage. When deemed appropriate, and subject to applicable regulations, we may use leverage in our investment program. We may obtain leverage through structured products or derivatives transactions, by borrowing to buy securities or by any other means as determined in our sole discretion. The amount of leverage may vary and may at times be substantial. Because acquiring and maintaining positions with borrowed funds allows the Master Fund to control positions worth significantly more than its investment in those positions, the amount that the Master Fund stands to lose in the event of adverse price movements is high in relation to the amount of its investment. If the interest expense on borrowings were to exceed the net return on the portfolio securities purchased with borrowed funds, the use of leverage would result in a lower rate of return than if leverage were not used.

Continued Availability of Financing. There can be no assurance that we will be able to maintain a source of financing. Our counterparties may terminate these transactions under certain circumstances and the counterparties are under no obligation to execute new or additional credit or derivative transactions with the Master Fund. In the event that a counterparty is unable or unwilling to provide such financing going forward, the Master Fund may be adversely affected.

Non-U.S. Securities; Non-U.S. Currencies. We may invest in securities of non-U.S. issuers and in other financial instruments denominated in various currencies. We may purchase securities of issuers in any country, developed or undeveloped. In addition, in order to hedge foreign currency exchange rate risks which may arise from the purchase of such securities or other reasons incidental to the business, the Master Fund may invest in foreign currencies and foreign currency-related products. These types of investments entail risks in addition to those involved in investments in securities of domestic issuers. Investing in non-U.S. securities may represent a greater degree of risk than investing in U.S. securities due to exchange rate fluctuations, possible exchange controls, less publicly-available information, different accounting and auditing standards, more volatile markets, less securities regulation, less favorable tax provisions (including possible withholding taxes), political and social upheaval, war or expropriation. Non-U.S. securities also may be less liquid and more volatile than U.S. securities and may involve higher transaction and custodial costs. In addition, hedging foreign currency exchange rate risk entails additional risk since there may be an imperfect correlation between the Master Fund's portfolio holdings of securities denominated in a particular currency and the Master Fund's portfolio holdings of currencies and foreign currency related products purchased to hedge any exchange rate risk. Such imperfect correlation may prevent the Master Fund from achieving the intended hedge or expose the Master Fund to additional risk of foreign exchange rate loss.

Foreign Currency Risks. Our exposure to investments in non-U.S. securities denominated in foreign currencies may be affected favorably or unfavorably by exchange control regulations or changes in the exchange rate between such currencies and the U.S. dollar. Changes in foreign currency exchange rates influence values within the Master Fund's portfolio. Changes in foreign currency exchange rates may also affect the value of dividends and interest earned, gains and losses realized on the sale of securities and net investment income and gains, if any. The rate of exchange between the U.S. dollar and other currencies is determined by the forces of supply and demand in the foreign exchange markets. These forces are affected by international balance of payments and other economic and financial conditions, government intervention and other political and diplomatic conditions, speculation and other factors.

Trading in Options. We may purchase and sell ("write") options on securities, currencies and commodities on national and international exchanges and over-the-counter markets. Trading in options may be used to reduce the risks attendant to short-selling, to reduce overall market exposure, or to establish or increase long or short positions. Options trading is speculative and involves a high degree of risk.

Forward Trading. We may engage in forward trading directly or indirectly. Forward contracts and options thereon, unlike futures contracts, are not traded on exchanges and are not standardized; rather banks and dealers act as principals in these markets, negotiating each transaction on an individual basis. Forward and "cash" trading is substantially unregulated; there is no limitation on daily price movements and speculative position limits are not applicable. The principals who deal in the forward markets are not required to continue to make markets in the currencies or commodities they trade and these markets can experience periods of illiquidity, sometimes of significant duration. There have been periods during which certain participants in these markets have refused to quote prices for certain currencies or

commodities or have quoted prices with an unusually wide spread between the price at which they were prepared to buy and that at which they were prepared to sell. Disruptions can occur in any market traded by the Master Fund due to unusually high trading volume, political intervention or other factors. The imposition of controls by governmental authorities might also limit such forward (and futures) trading to less than that which we would otherwise recommend, to the possible detriment of the Master Fund. Market illiquidity or disruption could result in significant losses.

New Issues. The Master Fund may purchase so-called “new issues” of equity securities. The risk of loss associated with securities purchased in initial public offerings is greater than those in connection with general securities trading. While we believe that such securities may offer significant potential for gain, the prices of newly issued securities may not increase as expected, and in fact may decline to a significant extent. Such securities have no public market prior to their initial offering or creation and there is no assurance that (i) an active public market in such securities will develop or continue after commencement of trading or (ii) that the initial public offering price or initial trading level of such securities will be indicative of the market price for such securities on a “fully distributed” basis. Additionally, since the Master Fund has implemented the “carve-out arrangement” under Financial Industry Regulatory Authority Rules (the “**FINRA Rules**”), the investment return generated by the Master Fund for “unrestricted” investors would be disproportionately influenced by the profits and losses resulting from “new issues” in the event that the Master Fund engages in “new issues” purchases at a time when “restricted persons” own a large percentage of the interests.

Private Placements and Unregistered Securities. The Master Fund may purchase directly or indirectly equity, convertible securities, and/or fixed-income obligations, the disposition of which may be restricted under the Securities Act. Whether or not so restricted, the market to resell such securities may be illiquid. Therefore, such investments may be required to be held for a lengthy period of time or, if the Master Fund were forced to liquidate its position in such securities, such liquidation may be taken at a substantial discount to the underlying value or result in the entire loss of the value of such investment.

Limited Liquidity of Some Investments. Some of the securities in which the Master Fund invests may be or become relatively illiquid, because they are thinly traded, they are subject to transfer restrictions, or the circumstances of the Master Fund’s ownership of them give rise to practical or regulatory limits on the Master Fund’s ability to liquidate quickly. Such investments may not be able to be promptly liquidated if the need should arise, and the ability to realize gains, or to avoid losses in periods of rapid market activity, may therefore be affected. In the absence of a readily ascertainable market value for any such securities held directly by the Master Fund, we will assign a value that we believe represents the fair value of the securities, and such value will be used by the fund administrator in calculating the net asset value of the Master Fund and the performance allocation made to KGMM. In addition, the value assigned to such securities for purposes of determining investor interests and determining net profits and net losses may differ from the value the Master Fund is ultimately able to realize.

Risks Factors of KG Select

KG Select was formed for the purpose of acquiring privately placed shares in an insurance holding company, Athene Holdings Ltd (“Athene”). On December 8, 2016, Athene completed its initial public offering and began trading on the New York Stock Exchange on December 9, 2016 under the ticker ATH. As such, there are a number of specific risk factors which are relevant to Athene and which are different from those specific to the Master Fund, Offshore Feeder Fund and KG European. Such risks include, but are not limited to, the following:

Accuracy of our Assumptions. Our profitability, financial condition, results of operations and cash flows depend on the accuracy of the Athene's management team assumptions and estimates in determining pricing, expected cash flows and reserves with respect to their investments and liabilities, including their ability to implement successfully their asset liability management strategies.

Statutory Capital. The amount of statutory capital that Athene's insurance subsidiaries have can vary significantly from time to time and are sensitive to a number of factors outside of their control.

Interest rates. Interest rate fluctuations could adversely affect Athene's profitability, financial condition, results of operations and cash flows by, among other things, (i) increasing surrenders of their policies, (ii) negatively impacting the value of their investments or their asset management strategies and (iii) adversely affecting the type and quality of acquisitions of insurance liabilities and businesses they are able to make.

Growth risks. Athene's growth plans include acquiring business through acquisitions of other insurance companies and reinsurance of insurance obligations written by unaffiliated insurance companies. Their ability to consummate these acquisitions and reinsurance arrangements on terms acceptable to them in the future is unknown.

Insurance and Reinsurance. The management team of Athene may be responsible for certain of the obligations and liabilities of the companies and businesses they acquire and the insurance obligations written by unaffiliated insurance companies that they reinsure. These obligations and liabilities they assume may be known to them at the time of acquisition or reinsurance or unknown. To the extent they do not price these obligations and liabilities appropriately or to the extent they assume any unknown or unanticipated obligations and liabilities resulting from such acquisitions and reinsurance arrangements, their profitability, results of operation, financial condition and cash flows could be materially adversely affected.

Rating Agencies. A financial strength ratings downgrade, potential downgrade or any other negative action by a rating agency could make Athene's product offerings less attractive, inhibit their ability to acquire future business through acquisitions or reinsurance and increase their cost of capital which could have a material and adverse effect on their business, financial condition, results of operations and cash flows.

Counterparty Risk. Athene and their subsidiaries are subject to the credit risk of their counterparties, including ceding companies who reinsure business to their insurance subsidiaries and reinsurers who assume liabilities from their insurance subsidiaries.

Key Man Risk. If Athene loses or fails to retain their senior executives or other key personnel and are unable to attract qualified personnel, their ability to execute their growth plans and operate their business could be impeded or adversely affected, which could significantly and negatively affect their business.

Market and Liquidity Risks. Athene's investments are subject to market, liquidity, concentration and credit risks. These risks could be greater during periods of extreme volatility or disruption in the financial and credit markets, which could adversely impact their financial condition, results of operations and liquidity.

Conflicts of Interest. Certain conflicts of interest exist and may arise from time to time between the Athene and their affiliates and its subsidiaries. Their failure to manage these potential conflicts appropriately could damage their reputation and adversely affect their business.

Regulatory Risk. Athene's failure to maintain or obtain approval of insurance regulators and other regulatory authorities as required for the operations of their insurance subsidiaries

may have a material adverse effect on their business and prospects. With subsidiaries domiciled across the U.S. as well as in Bermuda, they are subject to oversight from onshore regulators as well as the Bermuda Monetary Authority. The potential for their insurance subsidiaries' regulators to implement standards that require their insurance subsidiaries to hold more capital, limit their subsidiaries' ability to invest in certain asset classes, constrain their subsidiaries from paying dividends, or prevent their subsidiaries from consummating reinsurance or acquisition transactions may materially and adversely affect their profitability, financial condition, results of operations and cash flows.

Risks Relating to Taxation. Athene is subject to the risk that future changes in U.S. or foreign tax law could adversely affect their profitability, diminish the attractiveness of the products issued or reinsured by them, or reduce the after-tax returns of direct or indirect U.S. holders of their common shares.

Risks Factors of KG European

KG European was formed for the purpose of acquiring privately placed shares in an insurance holding company, Athora Holding Ltd. ("Athora"), formerly known as AGER Holding Ltd.. As such, there are a number of specific risk factors which are relevant to KG European's underlying investment and which are different from those specific to the Master Fund, Offshore Feeder Fund and KG Select. Such risks include, but are not limited to, the following:

Accuracy of Athora's Assumptions. Athora's profitability, financial condition, results of operations and cash flows depends on the accuracy of Athora's assumptions and estimates in determining pricing, expected cash flows and reserves with respect to its investments and liabilities, including its ability to implement successfully their asset liability management strategies.

Statutory Capital. The amount of statutory capital that its insurance subsidiaries have can vary significantly from time to time and are sensitive to a number of factors outside of our control.

Capital Requirements. Athora may need additional capital in the future to operate and grow its business, to maintain its financial strength and credit ratings and to meet other requirements and obligations, and such capital may not be available to it or may not be available to it on favorable terms due to the volatility in the equity or credit markets, adverse economic conditions or Athora's creditworthiness.

Interest Rates. Interest rate fluctuations could adversely affect Athora's profitability, financial condition, results of operations and cash flows by, among other things, (i) increasing surrenders of its policies, (ii) negatively impacting the value of its investments or its asset management strategies and (iii) adversely affecting the type and quality of acquisitions of insurance liabilities and businesses it is able to make.

Growth Risks. Athora's growth plans include acquiring business through acquisitions of other insurance companies and reinsurance of insurance obligations written by unaffiliated insurance companies. Athora's ability to consummate these acquisitions and reinsurance arrangements on terms acceptable to it in the future is unknown.

Insurance and Reinsurance. Athora may be responsible for certain of the obligations and liabilities of the companies and businesses it acquires and the insurance obligations written by unaffiliated insurance companies that it reinsures. These obligations and liabilities it assumes may be known to it at the time of acquisition or reinsurance or unknown. To the extent Athora does not price these obligations and liabilities appropriately or to the extent Athora assumes any unknown or unanticipated obligations and liabilities resulting from such

acquisitions and reinsurance arrangements, Athora's profitability, results of operation, financial condition and cash flows could be materially adversely affected.

Rating Agencies. A financial strength ratings downgrade, potential downgrade or any other negative action by a rating agency could make Athora's product offerings less attractive, inhibit our ability to acquire future business through acquisitions or reinsurance and increase our cost of capital which could have a material and adverse effect on its business, financial condition, results of operations and cash flows.

Counterparty Risk. Athora and its subsidiaries and/or parent are subject to the credit risk of their counterparties, including ceding companies who reinsure business to our insurance subsidiaries and reinsurers who assume liabilities from Athora's insurance subsidiaries.

Indebtedness. Athora may incur additional senior or subordinated indebtedness the creditors of which would have priority in payment over holders of our common shares, including upon its liquidation.

Key Man Risk. If Athora loses or fails to retain its senior executives or other key personnel and is unable to attract qualified personnel, its ability to execute their growth plans and operate its business could be impeded or adversely affected, which could significantly and negatively affect our business.

Market and Liquidity Risk. Athora's investments are subject to market, liquidity, concentration and credit risks. These risks could be greater during periods of extreme volatility or disruption in the financial and credit markets, which could adversely impact its financial condition, results of operations and liquidity.

Conflicts of Interest. Certain conflicts of interest exist and may arise from time to time among Athora and its affiliates and subsidiaries. The failure to manage these potential conflicts appropriately could damage their reputation and adversely affect their business.

Risk Relating to Taxation. Athora is subject to the risk that future changes in U.S. and foreign tax law could adversely affect its profitability, diminish the attractiveness of the products issued or reinsured by them, or reduce the after-tax returns of the Fund.

A description of the risks of investing in the Master Fund, Offshore Feeder Fund, KG Select and KG European is set forth in the Offering Documents for each of the Funds.

Item 9: Disciplinary Information

Neither we nor any of our management personnel are subject to, or have in the past been subject to, any criminal or civil action in any domestic or foreign court, nor to any administrative proceedings before the SEC or any other state, federal or foreign financial regulatory authority required to be disclosed in this item.

Item 10: Other Financial Industry Activities and Affiliations

As mentioned in Item 4 of this brochure, KGMM is the Managing Member of the Master Fund and General Partner of KG Select and KG European.

Ike Kier is the majority owner of First Americas Management LLC, the investment adviser to KG Special Opportunities Fund LLC, which does not pose a material conflict of interest.

Our Firm and our employees do not have any relationships or arrangements with other financial services companies that pose material conflicts of interest.

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

Participation or Interest in Client Transactions

KG serves as the investment adviser to the Clients. Employees, affiliates of the employees, and relatives of the employees may make investments in the Clients.

KG maintains an employee personal trading policy which is restrictive and aimed at mitigating any potential conflict of interest between the Clients' investments and those of our employees. In general, employees are very limited in the extent to which they are permitted to engage in personal trading.

Additionally, the Firm's principals and employees do not purchase any securities for their own accounts from the Clients.

Code of Ethics and Personal Trading

We have adopted a Code of Ethics that establishes various procedures with respect to investment transactions in accounts in which our employees or related persons have a beneficial interest or accounts over which an employee has investment discretion.

The foundation of the Code of Ethics is based upon the following underlying fiduciary principles:

- Employees must at all times place the interests of the Clients first;
- Employees must make sure that all personal securities transactions are conducted consistent with the Code of Ethics; and
- Employees should not take inappropriate advantage of their position at KG.

All KG employees are deemed to be "Access Persons" and are required to adhere to a comprehensive Code of Ethics, which cover the duty of confidentiality as well as personal trading. All employees are required to certify their adherence to the terms set forth in the Code of Ethics upon commencement of employment and quarterly thereafter.

All KG employees must send duplicate copies of trade confirmations and personal discretionary brokerage account statements to the CCO. These records are used to monitor compliance with our employee personal trading policies.

Employees must also obtain pre-approval from the CCO before engaging in any outside business activities or private investments.

Insider Trading Policies and Procedures

KG maintains insider trading policies and procedures (the "**Insider Trading Policies**") that are designed to prevent the misuse of material, non-public information. Among other things, such policies seek to control and monitor the flow of inside information to and within KG, as well as prevent trading based on inside information. On a periodic basis, our employees are required to attest to their compliance with the policies which are set forth in the Compliance Manual and Code of Ethics, including our Insider Trading Policies.

Our Code of Ethics is available to investors upon request in the office.

Item 12: Brokerage Practices

In our capacity as an investment adviser and a fiduciary to our Clients, we require that the Clients' interests must always be placed first and foremost, and our trading practices and procedures prohibit unfair trading practices and seek to disclose and avoid any actual or potential conflicts of interests or resolve such conflicts in the Clients' favor. We have adopted the following policies and practices to meet the Firm's fiduciary responsibilities and to ensure our trading practices are fair to all Clients and that no Client is advantaged or disadvantaged over any other.

Allocation and Aggregation

Currently, KG manages its master-feeder structure such that all trades are executed at the Master Fund level. KG's stand-alone vehicles (KG Select and KG European) do not trade pari passu with the Master Fund. KG does not aggregate orders or allocate among its Clients (the Master Fund and the stand-alone vehicles) at present.

It is possible that KG may advise other funds in the future, such that trades are aggregated and must be allocated among multiple accounts. Should KG do so, the Firm will abide by an aggregation and an allocation policy which will ensure that its Clients are treated in a fair and equitable manner.

Best Execution

As an investment advisory firm, we have a fiduciary duty to seek best execution for Client transactions. As a matter of policy and practice, we seek to obtain best execution for Client transactions, i.e., seeking to obtain not necessarily the lowest commission but the best overall qualitative execution in the particular circumstance. Other components that we analyze in seeking best execution are timeliness of having a transaction executed by a broker, the value of research provided, the responsiveness of the broker and the financial and reputational good-standing of the broker.

Soft Dollars

KG has not made use of any "soft dollar" agreements. In general, soft dollars are defined as a credit generated by our trading activities to purchase research services or products that would otherwise have been an expense of KG. We do not intend to enter into such arrangements. However, if in the future we were to do so, we intend to keep any such research activities that are related to soft dollar arrangements within the parameters of Section 28(e) of the United States Securities Exchange Act of 1934, as amended.

Trade Errors

As a fiduciary, we have the responsibility to effect orders correctly, promptly and in the best interests of our Clients. Trading errors are an intrinsic factor in any complex investment process, and may occur despite our execution of due care and our abiding by policies and procedures reasonably designed to prevent such errors from occurring. If trading errors do occur, they are for the account of our Clients, unless they are the result of conduct that is inconsistent with the standard of fiduciary care.

It is the policy of KG that each trade error is corrected in an expeditious manner. Errors are to be corrected as soon after discovery as is reasonably practical. Errors must be reported to

the CCO immediately upon discovery, who will approve and document the resolution of such trade errors.

Item 13: Review of Accounts

Review of Accounts

Our portfolio managers and investment professionals continuously monitor and analyze the transactions, positions, and investment levels of the Funds to ensure that they conform with the investment objectives and guidelines that are stated in our investment advisory agreements. In these reviews, we pay particular attention to any changes in the investment's fundamentals, overall risk management and changes in the markets that may affect price levels. We engage in active management for the Funds and we review our transactions, positions and cash balances on a daily basis.

Reporting

We will distribute annual audited financial statements to the investors in the Master Fund and the Offshore Feeder Fund within 120 days of calendar year-end. In addition, we distribute reports to investors in the Master Fund and Offshore Feeder Fund which include monthly investor statements from the fund administrator, monthly performance and risk reports, quarterly/annual investment letters and annual K-Is.

We will distribute annual audited financial statements to the investors in KG Select and KG European within 120 days of calendar year-end. In addition, we distribute reports to Investors in KG Select and KG European which include quarterly investor statements, periodic investment letters and annual K-Is.

Item 14: Client Referrals and Other Compensation

We may compensate, either directly or indirectly, persons for referrals of investors in our Funds.

From time to time, we may enter into written agreements with third parties who solicit potential investors on our behalf. Our agreements with such third parties will comply with Rule 206(4)-3 under the Advisers Act and, in entering into such agreements, we will comply with that rule and with other applicable requirements of the Advisers Act and applicable state securities law requirements. Generally, those agreements will provide for a percentage of certain of the investment management fees we collect from investors who become our clients as a result of the solicitor's efforts. Generally, the Clients are not responsible for any part of the compensation that such solicitors receive, and we generally do not charge investors introduced to us by such solicitors any higher fee or any additional amount as a result of obligations to pay such solicitors for their services.

KG currently maintains agreements with certain third parties who solicit new investors on the Firm's behalf.

In addition, we may also compensate employees for investor referrals so long as such arrangements comply with the Advisers Act and its rules, and any applicable state securities laws. Investors will not be charged a higher fee as a result of these arrangements.

Item 15: Custody

We will comply with the requirements of the Rule 206(4)-2 of the Advisers Act (“**Custody Rule**”) with regards to custody of assets of the Funds.

The Funds’ accounts are held in custody at qualified custodians including unaffiliated broker-dealers or banking institutions.

Annually, upon completion of each Fund’s annual audit, we will distribute to our investors the audited financials along with annual K-1s. The CCO shall ensure that audited financials for each of the Funds are delivered to all investors within 120 days of the calendar year end, in compliance with the Custody Rule.

Item 16: Investment Discretion

We generally have discretionary authority to determine, without obtaining specific consent, securities to be bought or sold, the amount of securities to be bought or sold, the broker-dealer to be used and the commission rates paid. Any limitations on authority are included in each Funds’ investment management agreement, or governing documents, as applicable.

Item 17: Voting Client Securities

To the extent we have been delegated proxy voting authority on behalf of our Clients, we comply with our proxy voting policies and procedures that are designed to ensure that in cases where we vote proxies with respect to Client securities, such proxies are voted in the best interest of the Clients. Investors in any of our Clients may not direct the voting of proxies.

If a material conflict of interest between us and a Client should arise, we will determine whether voting in accordance with the guidelines set forth in the proxy voting policies and procedures is in the best interests of the Client or take another appropriate action.

Upon request, we will provide investors with a copy of our proxy voting policies and procedures and/or a record of all proxy votes cast.

Item 18: Financial Information

KG has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to Clients and investors, and has not been the subject of a bankruptcy proceeding.