

Form ADV Part 2A – Brochure

Item 1 – Cover Page

Kent Lake Capital LLC

CRD# 299642

Effective: March 2024

This brochure (“Brochure”) provides information about the qualifications and business practices of Kent Lake Capital LLC (“Kent Lake”). If you have any questions about the contents of this Brochure, please contact us at 415-799-2720 or info@kentlakecap.com. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

Kent Lake Capital LLC is an SEC Registered Investment Adviser. However, registration does not imply a certain level of skill or training.

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

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Kent Lake Capital LLC
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Item 2 – Material Changes

Form ADV 2 is divided into two parts: *Part 2A (the "Brochure")* and *Part 2B (the "Brochure Supplement")*. The Brochure provides information about a variety of topics relating to Kent Lake's business practices and conflicts of interest. The Brochure Supplement provides information about advisory personnel of Kent Lake.

Material Changes

Item 4 has been amended to reflect that as of November 30, 2023, we have approximately \$496.5 million in discretionary assets under management.

Item 10 has been amended to reflect Kent Lake GP LLC is the new General Partner for Kent Lake Partners LP.

Future Changes

From time to time, we may amend this Brochure to reflect changes in our business practices, changes in regulations and routine annual updates as required by the securities regulators.

At any time, you may view the current Brochure on-line at the SEC's Investment Adviser Public Disclosure website at www.adviserinfo.sec.gov by searching for our firm name or by our CRD #299642. You may also request a copy of this Brochure at any time, by contacting us by email at info@kentlakecap.com or by telephone at 415-799-2720.

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Item 4 – Advisory Business

The Advisory Firm and its Principal Owners

Kent Lake Capital LLC (“Kent Lake”) is a Delaware limited liability company, which commenced operations in 2018. Kent Lake’s primary office is located at 300 East 2nd Street, Suite 1510 #1033, Reno, NV 89501.

Kent Lake is a registered investment adviser with the U.S. Securities and Exchange Commission (“SEC”). Kent Lake is owned and was founded by Benjamin Natter. Mr. Natter serves as the Managing Member of Kent Lake.

Advisory Services

Kent Lake currently provides investment management services and discretionary investment advice to a private fund (the “Fund”).

Types of Services

The investments of the Fund are managed in accordance with the investment objectives, strategies and guidelines applicable to the Fund and are not tailored to any particular Investor in the Fund (an “Investor”). Kent Lake does not provide individualized investment advice to such Investors with respect to their investment in the Fund; therefore, Investors should consider whether the Fund meets their investment objectives, risk tolerance and financial situation.

Wrap Fee Programs

Kent Lake does not participate in wrap fee programs.

Regulatory Assets Under Management

As of November 30, 2023, Kent Lake manages approximately \$496.5 million on a discretionary basis and \$0 on a non-discretionary basis.

Item 5 – Fees and Compensation

Management Fees

The fees and compensation payable to Kent Lake are negotiable. From the Fund, Kent Lake typically receives, as to each Investor, a monthly management fee (“Management Fee”) to be paid in advance, calculated at the rate of 0.125% (i.e., 1.5% per annum) of the value of each Investor’s capital account as of the last day of the first day of each calendar month.

The Management Fee is paid monthly, in advance and together with other fees described below and is deducted from the Funds’ assets. In the event the Fund is not in existence for an entire calendar month, the Management Fee for such calendar month will be prorated. The Management Fee will be prorated for any capital contributions or withdrawals occurring during the calendar month that is less than a full calendar month. Kent Lake, in its sole discretion, may waive or reduce the Management Fee for Investors.

Performance Fees

With respect to certain clients, Kent Lake may receive an incentive allocation or incentive fee based on net profits. Details regarding any incentive allocation or other incentives are set forth in the next section entitled, “*Item 6. Performance-Base Fees and Side-By-Side Management.*”

Expenses

Fees paid to Kent Lake are exclusive of all custodial and transaction costs paid to the client’s custodian, brokers or other third-party consultants. Please see *Item 12 – Brokerage Practices* for additional information. Fees paid to Kent Lake are also separate and distinct from the fees and expenses charged by mutual funds, exchange traded funds (“ETFs”) or other investment pools to their shareholders (generally including a management fee and fund expenses, as described in each fund). Each client (and each Investor) should review all fees charged by funds, brokers, Kent Lake and others to fully understand the total amount of fees paid by the client (and each Investor) for investment and financial-related services. Kent Lake may, at its discretion, make exceptions to the foregoing or negotiate special fee arrangements where Kent Lake deems it appropriate under the circumstances.

Either Kent Lake or the client may terminate their investment advisory agreement at any time, subject to any written notice requirements in such agreement. In the event of termination in accordance with its terms, any paid but unearned fees will be promptly refunded to the client based on the number of days that the account was managed, and any fees due to Kent Lake from the client will generally be invoiced or deducted from the client’s account prior to termination.

Compensation for Sale of Securities or Other Investment Products

Kent Lake does not receive compensation for securities transactions or services related to any client account or any other fees other than the management fee and performance fees charged for its advisory services.

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

Performance-Based Fees

Kent Lake may be entitled to receive performance-based compensation calculated as a share of the capital appreciation of the Funds. Kent Lake only receives performance-based compensation in accordance with the provisions of the Investment Advisers Act of 1940. At the end of each fiscal year and whenever an Investor makes a withdrawal from its capital account, there shall be reallocated to Kent Lake (and/or an entity designated by the Kent Lake) from the capital account of such Investor of the Fund 20% of such Investor's share of the net profits, subject to a high water mark provision. Full details of the high water mark provision are described in the Fund's offering documents and other governing documents.

Kent Lake, in its sole discretion, may waive or reduce any incentive allocation or other incentive fee with regard to Investors that are employees or affiliates of Kent Lake or relatives of such persons or for other Investors such as large or strategic Investors. Notwithstanding the foregoing, Kent Lake or its affiliates may negotiate or set any incentive allocation, or other incentive fees or other terms different from the foregoing with respect to a Fund or any other client Kent Lake provides management services in the future.

Item 7 – Types of Clients

Kent Lake and its affiliates serve as general partner to a private investment fund, Kent Lake Partners LP, a Delaware limited partnership (“Kent Lake Fund”).

Kent Lake’s clients (and Investors therein) may include the Kent Lake Fund, institutional entities, high net worth individuals, families, trusts, foundations, sovereign wealth funds, private or public pension plans and endowments. Kent Lake’s minimum subscription in its private funds are:

- \$500,000 for Kent Lake Partners LP

Kent Lake may waive these minimums in its sole discretion.

Kent Lake may allow certain Investors to invest in a Fund on different business terms than other Investors. For example, a Fund may agree to provide certain Investors additional information from the information made available to the other Investors in a Fund. Kent Lake also may agree to provide certain Investors with a fee arrangement that differs in structure and amount from that generally available to other Investors in the Fund. In determining whether to allow an Investor to participate in a Fund on different business terms, Kent Lake may consider a number of different factors including, but not limited to, Kent Lake’s belief about whether the different terms will adversely affect the other Investors in a Fund considered as a group; such Investor’s objectives in requesting or accepting such terms; whether such Investor is under legal, regulatory or “best practices” obligations to request such terms; and/or whether granting such terms is in any respect inconsistent with representations made by a Fund or Kent Lake to Investors. Kent Lake’s overarching goal is to have the same level of transparency with any Investor and not to favor the interests of one Investor over another.

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

Method of Analysis and Investment Strategies

Methods of Analysis

Kent Lake believes that is more likely to find significantly mispriced securities, where a differential viewpoint and a catalyst can be identified, in less crowded corners of the market; as a result, Kent Lake primarily researches companies smaller than \$6 billion in total market capitalization. Ideas are generated through a combination of proprietary screens, industry coverage, a repository of past ideas, conferences, and the personal network of the Managing Member. Investing in securities involves a risk of loss that Investors should be prepared to bear.

Investment Strategies

Kent Lake's strategic approach is to invest each portfolio in accordance with an investment plan that has been developed specially for each client or Fund. Kent Lake's investment objective is to generate high, risk-adjusted returns with low correlation to the U.S. equity markets in varying market conditions. Kent Lake will pursue this objective by investing on a long and short basis in a select number of investments identified by Kent Lake. Kent Lake believes smaller capitalization companies are more frequently overlooked and have greater potential to be significantly mispriced, offering superior potential for outperformance on both long and short investments. Kent Lake believes that this concurrent long and short strategy acts as a hedge which may decrease exposure to equity market direction and increase the impact of stock selection on performance.

Risk Factors

Risk of Loss

Kent Lake generally seeks to diversify clients' investment portfolios (except as described above with respect to the Funds/and the Funds' investments) across various asset classes in an effort to reduce risk of loss, all investment portfolios are subject to risks. Accordingly, there can be no assurance that client investment portfolios or a Fund will be able to fully meet their investment objectives and goals, or that investments will not lose money. Below is a description of several of the principal risks that client investment portfolios and the Funds face. However, each prospective Investor and client should carefully review the applicable offering and other governing documents before deciding to invest with Kent Lake.

Management Risks

While Kent Lake manages client investment portfolios and the Fund based on Kent Lake's experience, research and proprietary methods, the value of clients' investment portfolios and the Fund will change daily based on the performance of the underlying securities in which they are invested. Accordingly, client's investment portfolios and the Fund are subject to the risk that Kent Lake allocates assets to asset classes that are adversely affected by unanticipated market

movements, and the risk that Kent Lake's specific investment choices could underperform their relevant indexes.

Economic Conditions

Changes in economic conditions, including, for example, interest rates, inflation rates, employment conditions, competition, technological developments, political and diplomatic events and trends, and tax laws may adversely affect the business prospects or perceived prospects of companies. While Kent Lake performs due diligence on the companies in whose securities it invests, economic conditions are not within the control of Kent Lake and no assurances can be given that Kent Lake will anticipate adverse developments.

Equity Market Risks

Kent Lake will generally invest portions of client assets and the Funds directly into equity investments, primarily stocks, or into pooled investment funds that invest in the stock market. As noted above, while pooled investment funds have diversified portfolios that may make them less risky than investments in individual securities, pooled investment funds that invest in stocks and other equity securities are nevertheless subject to the risks of the stock market. These risks include, without limitation, the risks that stock values will decline due to daily fluctuations in the markets, and that stock values will decline over longer periods (e.g., bear markets) due to general market declines in the stock prices for all companies, regardless of any individual security's prospects.

Short Sales

Kent Lake, on behalf of its clients or the Funds, may from time to time sell securities short in anticipation of the realization of a gain if the securities sold short should decline in market value. A short sale is affected by selling a security that the client does not own or selling a security which the client owns but which it does not deliver upon consummation of the sale. In order to make delivery to the buyer of a security sold short, the client must borrow the security. In so doing, it incurs the obligation to replace that security, whatever its price may be, at the time it is required to deliver it to the lender. The client must also pay to the lender of the security any dividends or interest payable on the security during the borrowing period and may have to pay a premium to borrow the security. This obligation must, unless the client then owns or has the right to obtain, without payment, securities identical to those sold short, be collateralized by a deposit of cash and/or marketable securities with the lender. A short sale of a security involves the risk of a theoretically unlimited increase in the market price of the security, which could result in an inability to cover the short position and a theoretically unlimited loss to the client.

Lack of Diversification

Client accounts or the Funds may not have a diversified portfolio of investments at any given time, and a substantial loss with respect to any particular investment in an undiversified portfolio will have a substantial negative impact on the aggregate value of the portfolio.

Illiquid Securities

The Fund may invest in securities with transfer restrictions or for which no liquid market exists. The market prices, if any, for such investments tend to be volatile and may not be readily ascertainable, and the Fund may not be able to sell them when it desires to do so or to realize what it perceives to be their fair value in the event of a sale. The sale of restricted and illiquid securities often requires more time and results in higher selling expenses than does the sale of liquid securities. The Fund may not be able to readily dispose of such illiquid investments and, in some cases, may be contractually prohibited from disposing of such investments for a specified period of time. Restricted securities may sell at a price lower than similar securities that are not subject to restrictions on resale. An investment in the Fund is suitable only for certain sophisticated Investors who do not require immediate liquidity for their investments.

Leverage

The Fund may leverage its capital because Kent Lake believes that the use of leverage may enable the Fund to achieve a higher rate of return. While the use of leverage may increase potential gains, the Fund would also be subject to greater risk of loss in the event that investments acquired with borrowed money decline in value.

Derivative Investments

Price movements of futures and options contracts and payments pursuant to swap agreements may be volatile, and are influenced by, among other things, interest rates, changing supply and demand relationships, trade and fiscal policies, monetary programs, and political and economic events and policies. The value of futures, options and swap agreements also depends upon the price of the assets underlying them. In addition, the Fund's assets are also subject to the risk of the failure of any of the exchanges on which its positions trade or of its clearinghouses or counterparties.

The purchase or sale of an option involves the payment or receipt of a premium payment by the Investor and the corresponding right or obligation, as the case may be, to either purchase or sell the underlying security or other instrument for a specific price at a certain time or during a certain period. Purchasing options involves the risk that the underlying instrument does not change price in the manner expected, so that either the option expires worthless and the Investor loses its entire investment in the option, or the option is later sold at a substantial loss. Although an option buyer's risk is generally limited to the cost of its purchase of the option, an investment in an option may be subject to greater fluctuation than an investment in underlying stocks. The risk for a writer of a put option is that the price of underlying stocks may fall below the exercise price. Over-the-counter options also involve counterparty solvency risk.

Hedging Transactions

The General Partner is not required to attempt to hedge portfolio positions in the Fund and, for various reasons, may determine not to do so. Furthermore, the General Partner may not anticipate a particular risk so as to hedge against it. Fund may enter into hedging transactions to seek to reduce risk, such transactions may result in a poorer overall performance for the Fund

than if it had not engaged in any such hedging transactions.

Credit Risk

Clients are exposed to the risk that financial intermediaries or security issuers may experience adverse economic consequences that may include impaired credit ratings, default, bankruptcy or insolvency, any of which may affect portfolio values or management. This risk applies to assets on deposit with any broker utilized by a client, notwithstanding asset segregation and insurance requirements that are beneficial to clients generally. In addition, exchange trading venues or trade settlement and clearing intermediaries could experience adverse events that may temporarily or permanently limit trading or adversely affect the value of securities held by clients. Finally, any issuer of securities may experience a credit event that could impair or erase the value of the issuer's securities held by a client. ETFs, which are subject to regulatory limits on asset segregation and leverage such that fund shareholders are given liquidation priority versus the fund issuer, generally limit credit risk; however, certain funds and products may involve higher issuer credit risk because they are not structured as a registered fund.

Legislative and Tax Risk

Performance may directly or indirectly be affected by government legislation or regulation, which may include, but is not limited to: changes in investment adviser or securities trading regulation; change in the U.S. government's guarantee of ultimate payment of principal and interest on certain government securities and changes in the tax code that could affect interest income, income characterization, and/or tax reporting obligations. In certain circumstances a client may incur taxable income on his or her investments without a cash distribution to pay the tax due.

Cybersecurity Risks

Kent Lake and its service providers are subject to risks associated with a breach in cybersecurity. Cybersecurity is a generic term used to describe the technology, processes and practices designed to protect networks, systems, computers, programs and data from cyber-attacks and hacking by other computer users, and to avoid the resulting damage and disruption of hardware and software systems, loss or corruption of data, and/or misappropriation of confidential information. In general, cyber-attacks are deliberate, but unintentional events may have similar effects. Cyber-attacks may cause losses to clients by interfering with the processing of transactions, affecting Kent Lake's ability to calculate net asset value or impeding or sabotaging trading. Clients may also incur substantial costs as the result of a cybersecurity breach, including those associated with forensic analysis of the origin and scope of the breach, increased and upgraded cybersecurity, identity theft, unauthorized use of proprietary information, litigation, and the dissemination of confidential and proprietary information. Any such breach could expose Kent Lake to civil liability as well as regulatory inquiry and/or action. In addition, clients could be exposed to additional losses as a result of unauthorized use of their personal information. While we have established business continuity plans, incident response plans and systems designed to prevent cyber-attacks, there are inherent limitations in such plans and systems, including the possibility that certain risks have not been identified. Similar types of cyber security risks also are present for issuers of securities in which we invest, which could result in material adverse consequences for such issuers and may cause a client's investment in such securities to lose value.

Small-Cap and International Risks

Historically, small-cap and international stocks have been riskier than large- and mid-cap U.S. stocks. During a period when small-cap and/or international stocks fall behind other types of investments—U.S. large- and mid-cap stocks, for instance—the performance of investment strategies focused on small-cap or international stocks may lag the performance of these other investments.

Emerging Markets

In addition to the risks associated with investments outside of the United States, investments in emerging markets (i.e., the developing countries) may involve additional risks. Emerging markets generally are not as efficient as those in developed countries. In some cases, a market for the security may not exist locally, and transactions will need to be made on a neighboring exchange. Volume and liquidity levels in emerging markets are lower than in developed countries. When seeking to sell emerging market securities, the Fund may not be able to sell, due to a limited or non-existent local market. Additionally, issuers in these countries are not always subject to uniform accounting and reporting standards, increasing the risk of fraud. Regulations in developing countries may offer few protections to Investors.

IT Risks

Kent Lake relies on computer programs, networks, devices and systems (and may rely on new systems and technology in the future) in connection with private funds' investment activities. Kent Lake has policies and procedures in place to protect such systems and prevent data loss and security breaches. However, such measures cannot provide absolute security. These programs or systems may be subject to certain defects, failures, interruptions or security breaches, including, but not limited to, those caused by computer "worms," viruses, power failures and social engineering schemes such as "phishing," each of which could result in a loss to the private funds. A breach of Kent Lake's information systems may cause information relating to the private funds' transactions and personally identifiable information of Investors to be lost or improperly accessed, used, or disclosed.

Pandemic Risks

The impact of epidemics and pandemics can greatly affect the economies of many nations, including the United States, individual companies, and the market(s). Pandemics can cause extreme volatility and disruption in both the U.S. and global markets, causing uncertainty and risks to economic growth, etc. Health crises caused by the recent coronavirus outbreak intensified other pre-existing political, social, and economic risks in certain countries and globally. Also, pandemics can result, as this outbreak of coronavirus has resulted in closing borders, enhanced health screenings, healthcare service preparation and delivery, quarantines, cancellation of travel, disruptions to supply chains and customer activity, as well as general concern and uncertainty.

Limitations of Disclosure

The foregoing list of risks does not purport to be a complete enumeration or explanation of the risks involved in investing in investments. As investment strategies develop and change over time, clients may be subject to additional and different risk factors. No assurance can be made that profits will be achieved or that substantial losses will not be incurred.

Item 9 – Disciplinary Information

Kent Lake has no disciplinary history, such as criminal or civil actions in courts, administrative proceedings of the SEC or other federal or state regulatory agencies, or proceedings with self-regulatory organizations to report.

Item 10 – Other Financial Industry Activities and Affiliations

Kent Lake GP LLC serves as the General Partner to Kent Lake Partners LP.

Kent Lake does not recommend or select other investment advisers for clients.

Kent Lake’s employees, affiliates or their related persons may also invest directly in the Fund. In addition, if in the future Kent Lake manages multiple funds, it may have conflicts of interest in allocating time and resources to such other funds. As a result of the foregoing, Kent Lake and its personnel may have conflicts of interest in allocating their time and activity between funds, in allocating investments among funds and other entities, and in effecting transactions between funds and other entities, including ones in which Kent Lake or its personnel may have a greater financial interest. To address these potential conflicts of interests in its material relationships, Kent Lake has adopted policies and procedures, including a Code of Ethics (the “Code”) (as described in *Item 11*). Under the Code, in general, all personnel of Kent Lake, including directors, officers, and employees of Kent Lake, must put the interests of Kent Lake’s clients first and must act honestly and fairly in all respects in dealings with Funds. For a more detailed discussion of the Code and conflicts of interest policies, please see *Item 11*.

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

Code of Ethics

Kent Lake has adopted the Code that is applicable to all employees, particularly employees with access or knowledge of clients' investments ("Access Persons"). Among other things, the Code requires Kent Lake and its employees to act in clients' best interests, abide by all applicable regulations, and follow Kent Lake's personal securities transactions policy. It is the obligation of Kent Lake employees to adhere not only to the specific provisions of the Code, but also to the general principles that guide the Code. Kent Lake puts the interest of its clients ahead of its own. Kent Lake's restrictions on personal securities trading apply to all employees, as well as employees' family members living in the same household. A copy of the Code is available upon request.

Kent Lake's Code of Ethics generally includes the following general principles:

- Kent Lake owes a fiduciary obligation to all clients, and therefore, Kent Lake's Access Persons have a duty to act in a manner that supports this obligation.
- Access Persons have the duty at all times to place the interests of all clients first and foremost.
- Access Persons must refrain from taking inappropriate advantage of their positions with Kent Lake.
- Access Persons must conduct their securities transactions in personal accounts in a manner that avoids conflicts or the appearance of conflicts of interest, or abuses of their position of trust and responsibility.
- Access Persons must avoid actions or activities that allow (or appear to allow) them or their immediate families to benefit from their positions with Kent Lake, at the expense of clients, or that bring into question their independence or judgment.
- Access Persons must comply with all applicable Federal Securities Laws.

Kent Lake's employees are required to certify their compliance with the Code on an annual basis.

Any proposed employee transaction involving reportable transactions such as making an investment in a private placement or an initial public offering, requires pre-clearance. It is Kent Lake's policy that if a conflict arises, the instance will be resolved in the favor of the client to the full extent that is possible given the specific circumstances, and that appropriate measures will be taken to document the issue, add new policies and procedures where relevant, and enforce the matter with all employees of Kent Lake.

Recommending, or Buying or Selling for Client Accounts, Securities in which Kent Lake or its Related Persons Have Material Financial Interests

Kent Lake does not act as principal in any transactions. Kent Lake has adopted a personal trading policy and procedure to protect against these material conflicts. No employee of Kent Lake is permitted to transact in any security to the detriment of any client or Investor.

Recommending or Buying or Selling for Client Accounts, Securities at or about the Same Time Kent Lake or its Related Persons Buy or Sell the Same Securities for Their Own Accounts.

Kent Lake and its related persons do not enter into securities transactions with clients. Employees are encouraged to invest side by side along with clients and in Kent Lake's strategy by investing in one or more of its Fund clients.

Item 12 – Brokerage Practices

Kent Lake is authorized to determine the broker or dealer to be used for each securities' transaction for client. In selecting brokers or dealers to execute transactions, Kent Lake need not solicit competitive bids and does not have an obligation to seek the lowest available commission cost. It is not Kent Lake's practice to negotiate "execution only" commission rates, thus the clients may be deemed to be paying for research, brokerage or other services provided by the broker which are included in the commission rate.

In selecting a broker Kent Lake may consider a number of factors, including:

- execution capability,
- net price,
- reliability and financial stability,
- clearance and settlement,
- size of the transaction,
- difficulty of transaction,
- general reputation,
- block trading coverage of a particular security and
- research (including economic forecasts, investment strategy advice, fundamental and technical advice on individual securities, valuation advice and market analysis).

Section 28(e) of the Securities Exchange Act of 1934, as amended, is a "safe harbor" that permits an investment manager to use commissions or "soft dollars" to obtain research and brokerage services that provide lawful and appropriate assistance in the investment decision-making process. Kent Lake will limit the use of "soft dollars" to obtain research and brokerage services to services which constitute research and brokerage within the meaning of Section 28(e). Research services within Section 28(e) may include, but are not limited to, research reports (including market research); certain financial newsletters and trade journals; software providing analysis of securities portfolios; corporate governance research and rating services; attendance at certain seminars and conferences; discussions with research analysts; meetings with corporate executives; consultants' advice on portfolio strategy; data services (including services providing market data, company financial data and economic data); advice from brokers on order execution; and certain proxy services. Brokerage services within Section 28(e) may include, but are not limited to, services related to the execution, clearing and settlement of securities transactions and functions incidental thereto (i.e., connectivity services between an investment manager and a broker-dealer and other relevant parties such as custodians); trading software operated by a broker-dealer to route orders; software that provides trade analytics and trading strategies; software used to transmit orders; clearance and settlement in connection with a trade; electronic communication of allocation instructions; routing settlement instructions; post trade matching of trade information; and services required by the Securities and Exchange Commission or a self-

regulatory organization such as comparison services, electronic confirms or trade affirmations.

In some instances, Kent Lake may receive a product or service that may be used only partially for functions within Section 28(e) (e.g., an order management system, trade analytical software or proxy services). In such instances, Kent Lake will make a good faith effort to determine the relative proportion of the product or service used to assist Kent Lake in carrying out its investment decision-making responsibilities and the relative proportion used for administrative or other purposes outside Section 28(e). The proportion of the product or service attributable to assisting Kent Lake in carrying out its investment decision-making responsibilities will be paid through brokerage commissions generated by client transactions and the proportion attributable to administrative or other purposes outside Section 28(e) will be paid for by Kent Lake from its own resources.

Research and brokerage services obtained by the use of commissions arising from the client's portfolio transactions may be used by Kent Lake in its other investment activities and thus, a client may not necessarily, in any particular instance, be the direct or indirect beneficiary of the research or brokerage services provided.

Kent Lake utilizes third-party soft dollar arrangements such as commission sharing accounts or similar brokerage commission conduits whereby Kent Lake generates "commission credits" through trading that are used to pay for third party research or related products and services. However, Kent Lake does not expressly agree to provide a certain level of execution to a broker or dealer in exchange for research products or services.

Because many of those services could benefit Kent Lake, it may have a conflict of interest in allocating client brokerage business. In other words, Kent Lake could have an incentive to execute client transactions through a broker or dealer that provides valuable services or products and pay transaction commissions charged by that broker or dealer which may be higher than Kent Lake might otherwise be able to negotiate. Kent Lake could also have an incentive to cause clients to engage in more securities transactions than would otherwise be optimal in order to generate soft dollars with which to acquire research products and services.

Although Kent Lake will make a good faith determination that the amount of commissions paid is reasonable in light of the products or services provided by a broker, commission rates are generally negotiable and thus, selecting brokers on the basis of considerations that are not limited to the applicable commission rates may result in higher transaction costs than would otherwise be obtainable. The receipt of such products or services and the determination of the appropriate allocation in the case of "mixed use" products or services creates a potential conflict of interest between Kent Lake and its clients.

In selecting brokers and negotiating commission rates, Kent Lake will take into account the financial stability and reputation of brokerage firms, and the research, brokerage or other services provided by such brokers. Kent Lake may place transactions with a broker or dealer that refers potential Investors to the Funds advised by Kent Lake (or an affiliate), if otherwise consistent with seeking best execution; provided Kent Lake is not selecting the broker-dealer in recognition of the referral of potential Investors.

When appropriate, Kent Lake may, but is not required to, aggregate client orders to achieve more efficient execution or to provide for equitable treatment among accounts. Clients participating in aggregated trades will generally be allocated securities based on the average price achieved for such trades. More specifically, each client that participates in an aggregated order will participate at the average share price for all of Kent Lake transactions in that security or other instrument on a given business day and transaction costs will be shared pro rata based on each client's participation in the transaction. No client will be favored over any other client as a result of such aggregation. Brokerage commission rates will not be reduced because of such aggregation. In some instances, average pricing may result in higher or lower execution prices than otherwise obtainable by a single client. Kent Lake believes that its aggregation policy is lawful and consistent with its duty to seek best execution for all its clients.

During the last fiscal year, Kent Lake directed client transactions to particular brokers based on each broker's reputation, financial strength and stability, efficiency of execution and error resolution, the size of the transaction and the market for the security, and the comprehensiveness and frequency of available research services and products provided by the broker.

Wells Fargo Prime Services, LLC is the current prime broker for Kent Lake. Kent Lake's authority may be subject to conditions imposed by a client, examples of which may include: (i) where the client restricts or prohibits transactions in a certain industry, issuer or security and/or (ii) where the client directs that some or all account transactions be effected through specific brokers or dealers. In the latter case, the client is responsible for negotiating the terms and conditions (including, but not limited to, commission rates) relating to all services to be provided by such brokers. Kent Lake will assume no responsibility for obtaining the best prices or any particular commission rates for transactions with or through any such broker for such client's account. A client must recognize that it may not obtain rates as low as it might otherwise obtain if Kent Lake had discretion to select brokers or dealers other than those chosen by the client. Any client providing instructions to Kent Lake regarding direction of brokerage transactions must notify Kent Lake in writing if the client desires Kent Lake to cease executing transactions with or through any such broker or dealer.

Item 13 – Review of Accounts

Kent Lake continuously reviews holdings across client accounts. An account-by account review is conducted quarterly or more frequently as necessary. These reviews will focus on appropriateness of the client's investments for the Fund's portfolio and the performance of the Fund. Investors in the Funds generally receive, among other things, a copy of audited financial statements of the Fund within 120 days after the fiscal year end of the Fund. In addition, Investors in the Funds will typically receive unaudited summary financial information regarding their investment in the Fund on a monthly basis. Investors in the Fund also receive regular reporting updates through letters and Investor meetings.

Item 14 - Client Referrals and Other Compensation

Client Referrals

Kent Lake currently does not enter into referral agreements.

Other Compensation

Kent Lake does not receive other compensation other than the management & performance fees related to its advisory services provided to clients.

Item 15 – Custody

Rule 206(4)-2 promulgated under the Advisers Act (the “Custody Rule”) (and certain related rules and regulations under the Advisers Act) imposes certain obligations on registered investment advisers that have custody or possession of any funds or securities in which any client has any beneficial interest. An investment adviser is deemed to have custody or possession of client funds or securities if Kent Lake directly or indirectly holds client funds or securities or has the authority to obtain possession of them (regardless of whether the exercise of that authority or ability would be lawful).

Kent Lake is required to maintain the funds and securities (except for securities that meet the privately offered securities exemption in the Custody Rule) over which it has custody with a qualified custodian. Qualified custodians include banks, brokers, futures commission merchants and certain foreign financial institutions.

Rule 206(4)-2 imposes on advisers with custody of clients’ funds or securities certain requirements concerning reports to such clients (including underlying Investors) and surprise examinations relating to such clients’ funds or securities. However, an adviser need not comply with such requirements with respect to pooled investment vehicles subject to audit and delivery if each pooled investment vehicle (i) is audited at least annually by an independent public accountant and (ii) distributes its audited financial statements prepared in accordance with generally accepted accounting principles to their Investors, all limited partners, members or other beneficial owners within 120 days (180 days in the applicable case of a fund of funds adviser) of its fiscal year-end. Kent Lake relies upon this audit exemption with respect to the Funds.

Item 16 – Investment Discretion

Kent Lake has discretionary authority to determine the investments to be bought or sold and the amounts to invest for client accounts, pursuant to the respective investment advisory agreements between Kent Lake (or its affiliates) and the client.

Item 17 – Voting Client Securities

Kent Lake votes all proxies on behalf of each account over which Kent Lake has proxy voting authority based on Kent Lake’s determination of such account’s best interests. In determining whether a proposal serves an account’s best interests, Kent Lake considers a number of factors, including, but not limited to:

- the proposal’s economic effect on shareholder value;
- the threat that the proposal poses to existing rights of shareholders;
- the dilution of existing shares that would result from the proposal;
- the effect of the proposal on management or director accountability to shareholders; and
- if the proposal is a shareholder initiative, whether it wastes time and resources of the company or reflects the grievance of one individual.

Kent Lake abstains from voting proxies when it believes that it is appropriate to do so.

If a material conflict of interest over proxy voting arises between Kent Lake and a client, Kent Lake will vote all proxies in accordance with the policy described above. If Kent Lake determines that this policy does not adequately address the conflict of interest, Kent Lake will notify the client of the conflict and request that the client consent to Kent Lake's intended response to the proxy solicitation. If the client consents to Kent Lake's intended response or fails to respond to the notice within a reasonable time specified in the notice, Kent Lake will vote the proxy as described in the notice. If the client objects in writing to Kent Lake's intended response, Kent Lake will vote the proxy as the client directs.

A client can obtain a copy of Kent Lake's proxy voting policy and a record of votes cast by Kent Lake on behalf of that client by contacting Kent Lake at 415-799-2720 or by sending an email to info@kentlakecap.com.

Item 18 – Financial Information

Kent Lake is not required to include a balance sheet for its most recent financial year, is not aware of any financial condition reasonably likely to impair its ability to meet contractual commitments to clients and has not been the subject of a bankruptcy petition at any time during the past ten years.