

Kian Capital Partners, LLC

Form ADV Part 2A

Firm Brochure

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This brochure provides information about the qualifications and business practices of Kian Capital Partners, LLC ("Kian"). If you have any questions about the contents of this brochure, please contact us at 704-943-2503. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Kian is also available on the SEC's website at: www.adviserinfo.sec.gov.

Item 2. Material Changes

There have been no material changes since Kian's SEC registration.

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Item 4. Advisory Business

Kian Capital Partners, LLC (“Kian”), a North Carolina limited liability company, is a lower middle-market investment firm focused on making direct investments into founder and management-owned small businesses. Kian was founded in 2013 and is owned by Rick Cravey and Kevin McCarthy (the “Founders”).

Kian serves as the investment manager, and affiliates of Kian serve as general partner, to provide investment management services to its advisory clients, which include privately offered investment funds (“Private Funds”) and funds subject to the Small Business Investment Act of 1958, as amended, and the rules and regulations thereunder (the “SBIC Act”), and licensed by the Small Business Administration (“SBA”) as a Small Business Investment Company (“SBIC Funds”), (and with Private Funds and Co-Investment Vehicles (described below), collectively referred to in this brochure as (“Funds”). Kian currently provides advisory services to three SBIC Funds, Kian Growth Partners III, L.P. (“Fund III”), Kian Mezzanine Partners II, L.P. (“Fund II”) and Kian Mezzanine Partners I, L.P. (“Fund I”). The Funds focus on being the first institutional capital in founder-owned businesses and will typically invest debt and equity into every transaction, with the ability to be a majority or a minority shareholder. Kian has completed investments in 34 small businesses since inception. Kian’s advisory services are also described below under Item 8: “Methods of Analysis, Investment Strategies and Risk of Loss.”

Kian may also serve as the investment manager, and affiliates of Kian may serve as the general partner, to various co-investment vehicles that Kian organizes to allow certain current or prospective investors or other persons or entities, including other co-sponsors, market participants, finders, consultants, service providers, Kian personnel, certain other persons associated with Kian or its affiliates and/or third parties to invest alongside one or more Funds in a particular investment opportunity (each such vehicle, a “Co-Investment Vehicle”). Each investment by a Co-Investment Vehicle is acquired and sold on substantially the same terms as the corresponding investment by the applicable Fund. Any third-party investors that directly invest in the Funds or Co-Investment Vehicles are referred to as “Investors” in this brochure.

Kian invests on behalf of Funds in a manner described in each Fund’s offering documents.

Kian tailors its advisory services to the specific investment objectives and restrictions of each Fund pursuant to the investment guidelines and restrictions set forth in each Fund’s confidential private placement memorandum and other governing documents and related documentation. Investors and prospective Investors should refer to the governing documents for complete information on the investment objectives and investment restrictions.

Kian is led by the Founders along with Scott Buschmann, David Duke, Matt Levenson and Jordan Lee (the “Partners”), who have 95 years of combined investment experience throughout the capital structure and have invested across several economic cycles. The Partners are supported by

a team of investment professionals who have extensive experience executing and managing investments in lower-middle-market businesses.

Kian does not participate in wrap fee programs.

As of October 8, 2024, Kian approximately manages \$594,609,226 in discretionary assets under management and does not manage assets on non-discretionary basis.

Item 5. Fees and Compensation

In general, Kian earns management fees, and Kian's affiliated general partners have the potential to earn performance-based fees, from each of the Funds. The existence of the performance-based fees may create an incentive for Kian to approve and cause the Funds to make more speculative investments than it would otherwise make, or to hold investments for longer than it would otherwise hold them, in the absence of such performance-based fees.

Please see Item 6 below for information regarding performance-based fees received by affiliates of Kian with respect to the Funds.

Management fees are generally paid by the Funds to Kian, and Kian bills the Funds quarterly in advance. Management fees are indirectly borne by the Investors in such Fund. Payment of the management fee for any partial period will be adjusted on a pro rata basis according to the actual number of days in such period. Kian may waive or negotiate lower fees for certain Investors per Kian's discretion.

The Funds are charged a management fee as detailed in each Fund's limited partnership agreement. In addition, for SBIC Funds, the amount of management fees will be subject to the requirements of the SBIC Act and approval of the SBA.

Each Fund's governing documents set forth the precise amount and the manner and calculation of the management fees and the full list of terms under which a Fund's management fee will be reduced, offset or otherwise be limited, and consequently Investors should expect to bear the full specified management fee in the relevant governing documents until reduced in the circumstances and on the date(s) specified therein.

Kian's affiliates and other related persons that hold interests in a Fund do not pay management fees and are not subject to performance-based fees with respect to such interests.

Co-Investment Vehicles pay management fees and performance-based fees outlined in each respective Co-Investment Vehicle limited partnership agreement. Kian reserves the right in its sole discretion to charge such fees to Co-Investment Vehicles that may be formed in the future.

Such vehicles are required to bear their own organizational expenses and their share of other administrative and operating expenses.

Kian's management fees are exclusive of transaction fees, and other related costs and expenses which may be incurred by the Funds. Funds may incur certain charges imposed by custodians, brokers, third party investment advisers and other third parties such as fees charged by managers, custodial fees, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. See Item 12 below for more information regarding brokerage fees. Expenses borne by Funds that are not directly related to Kian's services include, but are not limited to, the following:

- accounting and auditing expenses, including without limitation costs and expenses of the Fund relating to the annual audit of the Fund and the preparation of Federal and state tax returns of the Fund;
- all interest and expenses payable by the Fund on or in connection with any indebtedness incurred by the Fund, including leverage incurred;
- For the SBIC Funds, all amounts payable to the SBA under the SBIC Act (including, without limitation, SBA examination fees), including costs of leverage incurred with the SBA;
- taxes payable by the Funds to Federal, state, local and other governmental agencies;
- expenses incurred in the actual or proposed acquisition or disposition of investments, including, without limitation, accounting fees, brokerage fees, legal fees, transfer taxes and costs related to the registration or qualification for sale of investments;
- legal expenses of the Funds;
- insurance and premiums protecting the Funds, Kian and its affiliates, and any of their officers, directors, managers, owners, and employees
- actual reasonable out-of-pocket expenses incurred by Kian and its affiliates in connection with meetings of and on behalf of the Funds, including meetings of the Fund's Investors and Fund's Advisory Committee (but not including any expenses of or fees paid to any members of the Fund's advisory board);
- Indemnifiable costs;
- Organization expenses (subject to any expense offset);
- Securities filing fees related to Investments; and

- For SBIC funds, fees or dues in connection with the membership of the Funds in any trade association for small business investment companies.

If a client terminates the investment management agreement in the middle of a billing period, any fees previously paid in advance shall be rebatable at the sole discretion of Kian.

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

Kian and its general partner affiliates receive part of its compensation from a Fund in the form of performance-based fees, and the Founders, Partners and certain of Kian's employees will receive a portion of them from time to time. The fact that Kian receives performance-based fees may create an incentive to make investments for the Funds that are riskier than would be the case in the absence of performance-based fees, although Kian generally considers performance-based compensation to better align its interests with those of its Investors.

From time to time, there will be instances when a particular co-investment opportunity is appropriate for multiple Funds and/or Co-Investment Vehicles. Such co-investment will be allocated by Kian's Investment Committee in accordance with Kian's internal conflict of interest and allocation procedures.

Co-investments between Funds and a Co-Investment Vehicle will typically be allocated pro rata as determined by the governing documents of the relevant Funds.

Kian's affiliated general partners receive an allocation of carried interest in accordance with the applicable Fund's private placement memorandum. The general partners will not receive any carried interest until investors have first received cumulative distributions equal to the aggregate amount of their capital contributions plus the preferred return.

In the future, the terms of the performance-based compensation may differ among the Funds Kian manages. This creates a potential conflict of interest in that Kian may have an incentive to favor Funds in which Kian has greater potential for financial gain. To avoid such a conflict of interest Kian follows procedures in allocating opportunities among Funds, which do not consider the performance-based compensation or affiliate interests in the Funds. In addition, Kian does not manage any separately managed accounts.

Item 7. Types of Clients

Kian's only clients are the Funds to which Kian directly provides investment advisory services. Kian does not provide investment advisory services individually to the Investors in the Funds. Investors in the Funds are generally (i) "accredited investors" (as defined in Rule 501 under the Securities

Act of 1933, as amended) and, for certain Funds, “qualified purchasers” or “knowledgeable employees” (as defined under the Investment Company Act of 1940), and may include, among others, high net worth individuals and institutional investors such as banks, thrift institutions, pension and profit sharing plans, trusts, estates, charitable organizations, university endowments, corporations, insurance companies, sovereign wealth funds and funds-of-funds.

Kian generally imposes a minimum investment commitment requirement for each Fund. The offering materials for each Fund provide additional information about the Fund’s minimum investment commitment, if any, which may be waived by Kian in its sole discretion.

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

General Investment Objectives and Process

Kian’s investment objective is to deliver attractive risk-adjusted returns to its investors by:

- Providing flexible capital solutions that represent a meaningful portion of the debt and equity capital required for each transaction and are tailored to the specific needs of each company;
- Structuring debt investments that focus on capital preservation and downside protection;
- Maximizing total return through long-term capital appreciation of our equity investments, which will typically represent a controlling interest in each company and provide the Fund with significant influence over the growth and strategic direction of each portfolio company;
- Controlling the balance sheet, controlling the company, or both.

Based on research, investments will generally be made in relatively mature industries in lower-middle market companies, but with companies whose strategies permit growth rates that Kian believes will be substantially above their underlying industries’ growth rates. Kian intends for the Funds to be able to generate attractive risk-adjusted returns by assembling a diversified portfolio of investments across a broad range of industries in which the Partners have prior experience and success.

Kian has a disciplined investment process that screens potential investment opportunities by discussing company value proposition and growth prospects, key underwriting issues, necessary due diligence items, risk/return profile, and portfolio implications. All final investment decisions will require the approval of Kian’s Investment Committee, which will initially be comprised of the Founders. In making investment decisions, Kian will use a systematic approach to new deal evaluation focused on generating appropriate risk adjusted returns and avoiding catastrophic risks. Kian believes the cornerstone of thorough investment underwriting is a rigorous due diligence process.

Once it has been established that sufficient protections and controls exist for the investment, Kian will then look to confirm that the company's growth prospects, both organic and via acquisition, are sufficient to support acceptable equity returns. In addition, Kian will identify areas of organizational improvement that align with the Firm's past experience and success. In order to move forward, Kian will develop a realistic base case scenario to determine whether the investment can generate sufficient growth and returns without incorporating the benefit of acquisitions or multiple expansion. Kian will then build a reasonable growth case scenario to assess the potential for outsized returns.

An investment in Kian's Funds by an Investor involves a risk of the loss of that entire investment, which Investors must be prepared to bear. The private placement memoranda and other governing documents for the Funds include detailed descriptions of risks to be aware of when investing in each of the Funds. Please see these documents for a more detailed description of the risks relating to such an investment. Kian is providing a summary of those risks below, but these will not be a complete or detailed list of the risks involved in investing in Kian's Funds.

Risks Associated with Methods of Analysis and Investment Strategies

General Investment Risk. An Investor should be aware that it may lose all or part of its investment in a Fund. Kian believes that each Fund's investment program and research techniques moderate this risk through careful selection of investments. However, no guarantee or representation is made that the investment program of any of the Funds will be successful.

Loans and Debt Securities. To the extent a Fund invests in loans and debt securities (loans with warrants), such Fund may be subject to specific risks associated with such loans and debt securities. Loans and Debt Securities are subject to loss of principal and interest. Such Fund may invest in loans and debt securities which rank junior to other outstanding loans and debt securities and obligations of the issuer, all, or a significant portion of which may be secured on substantially all of that issuer's assets. Such Fund may invest in loans and debt securities which are not protected by financial covenants or limitations on additional indebtedness.

Equity Investments. The Funds' equity investments are expected to be illiquid, and any returns on them may be subject to the portfolio company's repayment of a substantial amount of debt. In addition, the Fund will generally not be contractually entitled to receive cash payments by any certain time and will not be entitled to a pre-determined cash return in respect of its equity investments and therefore may not receive any regular distributions with respect to such equity investments. Because the Funds will be required to repay any leverage used by it to purchase those investments on a certain date, the making of equity investments by the Fund will increase the chances that it will be unable to pay back all of this leverage. Additionally, the Funds may be unable to realize any value on its equity investments in the absence of exits or liquidity events in respect of the underlying portfolio companies.

Risks of Investing in Lower Middle-Market Companies. Kian believes that private equity investments in lower middle-market companies have historically produced attractive returns,

particularly as compared to investments in larger companies. However, investments in smaller companies of the type the Funds will target may also be riskier in general than investments in larger companies, and any historical outperformance of investments in smaller companies may relate to this increased risk. In general, as compared to larger companies, middle-market companies of the type in which the Funds will invest may have more limited financial resources and borrowing options, may be more exposed to general economic downturns, and may be more susceptible to acute financial damage resulting from relatively unpredictable one-time events, such as litigation or the death of a company's founder. The Fund may also have less information about the historical performance and operations of its portfolio companies than would be the case if it invested in larger companies.

Lack of Liquidity of Investments. Liquidity relates to the ability of the Fund to sell either a debt or equity investment in a timely manner at a price that reflects the fair market value of that investment. Most of the Fund's investments will be investments directly in small, privately owned companies. The Fund's investments generally will be subject to restrictions on resale or otherwise have no established trading market. The illiquidity of most of the Fund's investments may adversely affect the ability of the Fund to dispose of such investments in a timely manner and at a fair price at times when the Fund deems it necessary or preferable.

Difficulty in Identifying Suitable Investments. There can be no assurances that the Fund will succeed in obtaining a sufficient number of such investment opportunities, that the investments acquired will achieve the return objectives of the Fund, or that the Fund will be able to invest all of its available capital. If the Fund is unable to make a sufficient number of suitable investments in a timely manner, the Fund's investment returns could be negatively impacted.

Nature of Junior Capital Securities. The junior capital securities in which a Fund will invest may be unsecured and/or subordinated to substantial amounts of senior debt, all or a significant portion of which will be secured. In the event any portfolio company cannot generate adequate cash flow to meet debt service needs, the Fund will rank behind such senior debt in right of payment and collection.

Minority Investments. Some of a Fund's equity interests may be minority, non-controlling positions which may be subject to the investment decisions of the controlling equity holders of its portfolio companies. In such situations, Kian generally expects that its equity interests will be treated equally with the equity interests of the controlling equity holders and will seek contractual protection to assure such equal treatment. Nevertheless, the investment decisions made by such controlling equity holders could be different than those that would be made by Kian if it were the controlling equity holder and such decisions could materially and adversely affect a Fund's investment strategy and results with respect to any certain portfolio company.

Control Investments – Director and Controlling Shareholder Liability. Kian intends to make primarily control investments. In connection with such control investments, a Fund may receive the right to appoint one or more representatives to the boards of directors or managers of portfolio companies. Furthermore, a Fund may hold majority, controlling positions in some

portfolio companies. Serving as a director or manager of a portfolio company or exercising a controlling ownership position exposes Kian and its representatives to potential claims and liabilities for its decisions and actions, regardless of the validity of the decisions or actions being questioned. Although portfolio companies and a Fund may have insurance to protect against actions and omissions made by the Fund and its representatives, the insurance may be insufficient or inadequate. A Fund also may be required to indemnify its representatives serving as directors or officers of portfolio companies for damages and expenses incurred by them in such capacities, which would result in expenses to the Fund that are borne by its Investors and a diversion of management time and resources.

Lack of diversification. A Fund's portfolio may be concentrated in a limited number of industries and/or companies. Accordingly, hardships of a particular company or industry will have a disproportionate negative effect on such Fund's returns.

Distributions in Kind. Under a Fund's partnership agreement, Investors may receive distributions in kind of securities or other assets from the Funds in certain circumstances. There can be no assurance that Investors will be able to dispose of such securities or other assets, that they will not incur significant expenses in connection with disposing of such securities or other assets, that holding such securities or other assets will not result in them being subjected to additional contractual or legal requirements, or that the fair market value of such securities or other assets determined by the Fund for purposes of the determination of distributions and the calculation of Kian's carried interest ultimately will be realized.

Lack of Distributions; Cash Flow. While a Funds' Investors may achieve some liquidity from distributions of current income, the amount and timing of distributions will be dependent upon the successful performance of the Fund's portfolio companies and the Fund's ability to sell or dispose of its investments at preferable times and on favorable terms. There can be no assurance that any Investor will receive any distribution from the Funds. Furthermore, the expenses of operating the Funds (including the payment of management fees) may exceed its income, thereby requiring that the difference be paid from committed capital.

Limited Transferability of Interests. A Funds' limited partnership interests are illiquid and have no public market. Interests cannot be resold unless such resale is registered under the Securities Act and other applicable securities laws or an exemption from registration is available. It is not contemplated that the sale of interests will ever be registered under the Securities Act or other securities laws. There is no public market for the interests and one is not expected to develop. An Investor will not be permitted to sell or otherwise transfer any of its interests in the Fund without the prior written consent of Kian. In general, Investors cannot withdraw from the Fund or require the redemption or repurchase of their interests and have no right to receive distributions prior to dissolution and winding up of the Fund. Consequently, Investors may not be able to liquidate their investments prior to the end of the Fund's term.

Reliance on Kian and Partners. A Fund's Investors will have no opportunity to control or influence the day-to-day operations of the Fund, including its investment and disposition decisions.

Investors must rely entirely on Kian's Partners and other professionals to conduct and manage the affairs of the Fund. There is no guaranty that Kian or the Partners will remain associated with the Fund for the duration of its term, although there are specified consequences if either of the Founders ceases to devote the required amounts of his time to the Fund.

Side Letters. Kian expects to enter into "side letters" and other agreements with one or more Investors granting such Investors certain rights and benefits that are not made available to Investors generally. Among other things, these agreements provide for certain Investors to participate in the Fund on terms that are different from those set forth in the partnership agreement and described and require Kian to provide or to require the Fund to provide certain additional services to certain Investors. Such agreements ultimately limit the Fund's options with respect to the management of the Fund and its investments and may also divert the time and attention of Kian personnel. Additionally, such agreements may result in the Investors who are parties to such agreements having different incentives from other Investors in the Fund in respect of votes of the Fund's Investors.

Risks Associated with SBIC Regulation and SBIC Loans

Failure to Obtain SBIC License. There can be no assurance that the Funds will obtain the SBIC license that it is seeking. In the event the Funds fail to obtain a license to operate as an SBIC from the SBA by the date that is 12 months from the initial closing date, its investment period will terminate unless a majority in interest of the existing Investors or the Limited Partner Advisory Committee approve otherwise. However, the Fund will have likely already incurred significant expenses by such time and may have also made investments. In such event, Kian will be entitled to continue managing the Funds and to receive management fees during the remainder of the Fund's term. Any such failure of the Funds to obtain an SBIC license would materially and adversely affect the Fund's business plan and performance.

SBA Regulation of the Fund. If licensed as an SBIC Fund, the Fund will be subject to SBA regulation which may change during the life of the Fund. As an SBIC, the Fund would be subject to oversight and regulations that provide the SBA with a series of remedies for regulatory violations, including revocation of the SBIC license.

As an SBIC, the Fund is subject to a variety of regulations concerning, among other things, the size and nature of the companies in which it may invest and the structure of those investments. New regulations governing SBICs could be adopted in the future, and the Fund cannot offer any assurance that such new regulations will not have a material adverse effect on the Fund's business and results of operations.

If the Funds utilizes Leverage, each Fund will be required to avoid "Capital Impairment" which will be considered to exist if the Funds' "Capital Impairment Ratio" (calculated by adding the Fund's realized losses and net unrealized depreciation and dividing the result by the Fund's private capital) exceeds permitted levels detailed in the SBA regulations, and which vary depending on

the proportion of equity investments made by the Fund. Remedies for regulatory violations are graduated in severity depending on the seriousness of Capital Impairment or other regulatory violations. For minor regulatory infractions, warnings are given. For serious infractions, the use of SBA Leverage may be limited or prohibited, and outstanding Debentures can be declared to be immediately due and payable, restrictions on distributions and making new investments may be imposed, management fees may be required to be reduced and Investors may be required to pay their remaining unfunded commitments to the Fund, to be used to retire outstanding SBA Leverage. In severe cases, the SBA may require removal of the SBIC general partner or its officers or directors, or the SBA may obtain federal court appointment of a receiver for the Fund.

Duration of SBIC Debentures and Loans Made to Portfolio Companies. The debentures issued by an SBIC currently have a term of 10 years, and Kian intends to structure each loan the Funds makes to a portfolio company such that the loan's term generally matches or is shorter than that of any SBIC program leverage used to fund such investment. There can be no assurances, however, that Kian will be able to match the terms of the Funds' investments and its own borrowings. A failure in this regard could result, among other things, from the inability of the Kian to invest funds received through the SBIC debenture program until sometime after they have been borrowed. Any such failure by Kian to match the duration of the Fund's investments to that of its own financing could result in the Fund being unable to repay its debentures when they are due.

Potential Leverage Spread. Although Kian intends that the overall cost to the Funds of the amounts borrowed by it through the SBIC program will be lower than rate charged by it with respect to the loans made to its portfolio companies (thus creating a contractual "spread"), the Fund will not borrow under the SBIC program on an investment-by-investment basis. As a result, there can be no guarantee that the Fund will be able to lend the amounts borrowed by it through the SBIC program at rates that are higher than the effective rates charged to it in respect of its debentures (including fees paid to the SBA), or that it will not be required to make riskier investments than would otherwise be the case in order to do so.

Reliance on SBA Leverage. The Funds intend to rely on funding obtained through the SBA. The availability of SBA Leverage is beyond the control of the Fund. The amount of leverage made available to an SBIC by the SBA is subject to federal funding limitations on the program, SBA policies, and the Fund's continuing to meet the SBA's credit standards. Existing policies and funding may change in such ways as to adversely impact the Fund's ability to borrow and thereby achieve its investment objectives. In the event that any principal or interest on the debentures remains unpaid upon the liquidation of the Fund, the Investors will be liable to the SBA for the shortfall, up to the sum of their unfunded commitments to the Funds.

Use of SBA Debenture Leverage. The use of SBA Leverage will magnify the potential for both gains and losses with respect to investments made by the Fund. Debentures are 10-year unsecured loans to the Funds provided by the SBA. Upon liquidation of the Fund, both unpaid principal and accrued interest will have priority over payment of amounts due to the Funds and its Investors. Upon the occurrence of an event of default under the agreements pursuant to which the Fund issues debentures, or as provided in SBA regulations, the SBA may accelerate the maturity date of

the debentures and declare their principal amount, together with accrued interest, to be immediately due and payable. As a result of the commitment fees, repayment obligations and semi-annual interest payments to which the SBA is entitled, the Fund's Investors may realize a lower return than they otherwise would have realized if they had made an investment in a fund that did not use SBA Leverage, and may realize no return when they would have realized a positive return if they had made their investment in such a fund. There can be no assurance that the Fund will generate returns that exceed the crossover point for return enhancement attributable to SBA Leverage. The payments to which the SBA is entitled may reduce or entirely eliminate returns to Investors if the Funds do not generate sufficient returns in excess of such payments.

Risks Associated with General Market and Fund Operations

Cyber Security Risks. Kian and its respective service providers may be prone to operational, information security and related risks resulting from failures of or breaches in cybersecurity. A failure of or breach in cyber security ("Cyber Incidents") refers to both intentional and unintentional events that may cause the relevant party to lose proprietary information, suffer data corruption or lose operational capacity. In general, Cyber Incidents can result from deliberate attacks ("Cyber Attacks") or unintentional events. Cyber Attacks include, but are not limited to, gaining unauthorized access to digital systems (e.g., through "hacking" or malicious software coding) for purposes of misappropriating assets or sensitive information, corrupting data or causing operational disruption. Cyber Attacks may also be carried out in a manner that does not require gaining unauthorized access, such as causing denial-of-service attacks on websites (i.e., efforts to make network services unavailable to intended users). Cyber Incidents may cause disruption and impact business financial operations, potentially resulting in financial losses, interference with the ability to value the Fund's assets, violations of applicable privacy and other laws, regulatory fines, penalties, reputational damage, reimbursement or other compensation costs, or additional compliance costs. The Fund generally will not be able to control the cybersecurity plans, strategies, systems, policies and procedures put in place by its service providers, and may have only limited control of these matters in respect of the companies in which it invests.

Legal Changes; Increasing Regulation. The Funds and the portfolio companies in which they invest will be subject to applicable local, state and federal laws and regulations. New legislation may be enacted or new interpretations, rulings or regulations could be adopted, any of which could harm the Fund, its affiliates and/or the Investors, potentially with retroactive effect. Over the last several years, there has been an increase in regulatory attention to the extension of credit outside of the traditional banking sector, raising the possibility that some portion of the non-bank financial sector will be subject to new regulation. While it cannot be known at this time whether these regulations will be implemented or what form they will take, increased regulation of non-bank credit extension could negatively impact Kian's operations, the Fund's investment results, impose additional costs on the Fund, intensify the regulatory supervision of the Fund or otherwise adversely affect the Fund and the Investors.

Interest Rate Changes will Affect the Value of the Fund's Investments and its Borrowing Rates. Most of the loans made by a Fund will bear interest at fixed rates and as a result the value of the Fund's investments will be negatively affected by any increases in market interest rates. In addition, increases in interest rates could make it more expensive for the Fund to borrow. Conversely, decreases in market interest rates could require the Fund to accept lower interest payments with respect to the loans it makes to its portfolio companies, and could also result in its portfolio companies prepaying amounts previously lent to them by the Fund. In the event of such prepayments, the Fund may not be able to reinvest the proceeds that it receives in investments that are as profitable as the investments that were prepaid.

Effect of Economic Downturns on the Fund's Investments. A Fund's portfolio companies will be susceptible to economic downturns and recessions and may be unable to repay the Fund's loans or otherwise obtain necessary capital during these periods. Economic downturns and recessions are also expected to decrease the value of the Fund's equity investments.

Uncertain Economic, Social and Political Environment. Consumer, corporate and financial confidence may be adversely affected by current or future tensions around the world, fear of terrorist activity and/or military conflicts, localized or global financial crises or other sources of political, social or economic unrest. Such erosion of confidence may lead to or extend a localized or global economic downturn. A climate of uncertainty may reduce the availability of potential investment opportunities, and increases the difficulty of modeling market conditions, potentially reducing the accuracy of financial projections. In addition, limited availability of credit for consumers, homeowners and businesses, including credit used to acquire businesses, in an uncertain environment or economic downturn may have an adverse effect on the economy generally and on the ability of a client to execute its strategy and to receive an attractive multiple of earnings on the disposition of businesses. This may slow the rate of future investments by a Fund and result in longer holding periods for investments. Furthermore, such uncertainty or general economic downturn may have an adverse effect upon the Fund and its underlying portfolio companies.

Item 9. Disciplinary Information

Kian and its employees have not been involved in any legal or disciplinary events in the past 10 years that would be material to a Fund or Investor's evaluation of the company or its personnel.

Item 10. Other Financial Industry Activities and Affiliations

Neither Kian, its Founders, Partners or any of its employees is registered, or has an application pending to register, as a broker-dealer or as a registered representative of a broker-dealer.

Neither Kian, its Founders, Partners or any of its employees is registered, or has an application pending to register, as a futures commission merchant, commodity pool operator, commodity trading advisor, or is an associated person of any of the above.

Kian organizes and sponsors the Funds. Affiliates of Kian serve as general partners of, and control, the Funds. These affiliated entities operate as a single advisory business collectively with Kian and share common owners, officers, members and employees. All of these affiliated entities are under common control and subject to Kian's code of ethics and compliance program pursuant to the requirements of the Investment Advisers Act of 1940 (the "Advisers Act"). Kian or its affiliated entities are responsible for all decisions regarding portfolio transactions of the Funds and generally have full discretion over the management of the Funds' investment activities in accordance with the Funds' governing documents.

When considered appropriate, Kian's Partners and employees may also serve as directors of the portfolio companies in which the Funds invest and, in that capacity, will be required to make decisions that consider the best interests of such portfolio companies and their respective shareholders. In certain circumstances, for example in situations involving bankruptcy or near insolvency of a portfolio company, actions that may be in the best interests of the portfolio company may not be in the best interests of the Funds, and vice versa. Accordingly, in these situations, there will be conflicts of interest between such individual's duties as an employee of Kian and such individual's duties as a director of such portfolio company.

In the event of a potential conflict of interest among the Funds, the Funds' respective partnership agreements have guidelines and policies as to the appropriate action to take with respect to such conflicts.

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

Kian has adopted a written Code of Ethics policy (the "Code") pursuant to SEC Rule 204A-1 of the Advisers Act that is applicable to all employees. Among other things, the Code requires Kian and its employees to act in clients' best interests and fulfill Kian's fiduciary duty, abide by all applicable regulations, avoid even the appearance of insider trading, and report personal securities transactions. The Code is based on the principle that Kian owes a fiduciary duty to its Funds and Investors and that all of Kian's personnel must therefore avoid any activities, interests or relationships that might present an actual or potential conflict of interest with Kian's Funds and Investors or otherwise interfere with Kian's ability to make decisions in the best interests of its Funds and Investors. Among other things, the Code addresses personal trading activities, receipt of gifts and business entertainment, outside business activities and political contributions. A copy of Kian's Code is available upon request by contacting Kian at the address or telephone number listed on the first page of this brochure.

The Chief Compliance Officer monitors employee trading to ensure that employees do not trade without pre-clearance. Under Kian's Code, pre-clearance is required for IPO's and limited offerings. There is no conflict of interest for employee personal trading related to the firm as Kian does not trade. Kian's Code and compliance policies are overseen by the Chief Compliance Officer.

All of Kian's employees must comply with and acknowledge compliance with the terms of the Kian Code annually, and as amended.

Neither Kian nor any of its related persons (i) recommends to the clients, or buys or sells for any client accounts, securities in which Kian or its related persons have a material financial interest and (ii) invests in the same securities that Kian nor any of its related persons recommends to the Funds, subject to Kian's Code and the Funds' governing documents.

Item 12. Brokerage Practices

Kian does not utilize broker-dealers to effect investments. Kian does not engage in soft dollar arrangements.

Item 13. Review of Accounts

Accounts under Kian's management are monitored on an ongoing basis by the Investment Committee members. The Investment Committee members review each account in detail on at least a quarterly basis, as well as in connection with each Fund's Advisory Committee meeting. Reviews of Fund accounts will also be triggered if a Fund changes its investment objectives, or if the market, political, or economic environment changes materially.

Kian will also utilize a standardized internal portfolio monitoring report to regularly track portfolio company performance. Kian provides quarterly financial statements and operating metrics from each portfolio company to Investors as well as quarterly reports summarizing Fund performance.

Item 14. Client Referrals and Other Compensation

Kian does not receive compensation or other economic benefits of any kind from any parties other than our Funds.

Kian does not execute securities transactions on behalf of Fund accounts with broker-dealers.

Kian does not compensate any third-party for Fund or Investor referrals.

Item 15. Custody

For each Fund with assets over which Kian is deemed to have “custody”, Kian conducts an annual audit by an independent public accountant that is registered with and subject to regular inspection by the Public Company Accounting Oversight Board (PCAOB) and distributes audited financial statements, prepared in accordance with U.S. generally accepted accounting principles (“GAAP”), to Investors no later than 120 days after the end of each fiscal year. In addition, upon the final liquidation of any such Fund, Kian will obtain a final audit and distribute audited financial statements prepared in accordance with GAAP with respect to such Fund to all investors promptly after completion of the audit.

Item 16. Investment Discretion

Kian has full discretionary authority over each of the Funds, as described in each Funds’ governing documents and offering materials. Investment advice is provided directly to each Fund and not individually to the Investors of any Fund. Investment restrictions for the Funds are generally set forth in the respective governing documents of the Funds. Investors may not impose additional restrictions on the management of the Funds. However, as discussed in Item 8, Kian enters into side letters with certain Investors whereby the terms applicable to such Investor’s investment in a Fund may be altered or varied, including, in some cases, the right to opt-out of certain investments for legal, tax, regulatory or other similar reasons.

Item 17. Voting Client Securities

Kian does not anticipate that any Fund will acquire any publicly traded securities and therefore, proxy voting is not applicable.

Item 18. Financial Information

Kian does not require prepayment of management fees from the Funds six months or more in advance.

Kian has never filed for bankruptcy and is not aware of any financial condition that is expected to affect its ability to manage client accounts.