

# KRF Capital LLC

**2222 Ponce De Leon, 3<sup>rd</sup> Floor  
Miami, FL 33134**

**April 2024**

This “**Brochure**” provides information about the qualifications and business practices of KRF Capital LLC (hereinafter “**KRF**”, “**we**”, “**us**”, “**our**” or the “**Firm**”). If you have any questions about the contents of this Brochure, please contact our Chief Compliance Officer (“**CCO**”), Kyle Fox, by email at [kfox@krfcap.com](mailto:kfox@krfcap.com). Information in this Brochure has not been approved or verified by the U.S. Securities and Exchange Commission (the “**SEC**”) or by any state securities authority.

KRF is a Registered Investment Adviser with the SEC. Registration as an investment adviser does not imply that KRF or any of its principals or employees possesses a particular level of skill or training in the investment advisory business or any other business.

Additional information about KRF is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

**Item 2: Material Changes**

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This Brochure includes update to KRF's business address.

**Item 3: Table of Contents**

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**Item 4: Advisory Business**

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KRF Capital LLC (hereinafter “**KRF**”, “**we**”, “**us**”, “**our**” or the “**Firm**”) is organized as a Delaware limited liability company with a principal place of business Miami, FL.

We serve as the investment adviser, with discretionary trading authority, to private, pooled investment vehicles, the securities of which are offered through a private placement memorandum to investors that are accredited investors, as defined under the Securities Act of 1933 (the “**Securities Act**”). KRF provides discretionary investment management services to qualified investors through its private pooled investment vehicle: K Energy, LLC, a Delaware limited liability company (the “**Master Fund**”).

Our investment decisions and advice with respect to the Fund are subject to the Fund investment objectives and guidelines, as set forth in its respective “**Offering Documents**.” We do not modify our recommendations to our clients according to the particular interests of the underlying investors in the Fund, nor do we allow these investors to place restrictions on the trading we conduct for our clients.

This Brochure does not constitute an offer to sell, or solicitation of an offer to buy, any securities. The securities of the Funds are offered and sold on a private placement basis under exemptions promulgated under the Securities Act of 1933, as amended (the “**Securities Act**”), and other exemptions of similar import under U.S. state laws and the laws of other jurisdictions where any offering may be made. Shares in the Offshore Fund are offered on a private placement basis to U.S. tax-exempt entities, and, in accordance with Regulation S of the Securities Act, with respect to non-U.S. persons, and subject to certain other conditions, which are fully set forth in its Offering Documents. The interests in the Onshore Fund are offered on a private placement basis pursuant to Section 3(c)(7) of the Investment Company Act of 1940, as amended (the “**Company Act**”), to persons who are “accredited investors” as defined under the Securities Act, “qualified purchasers” as defined under the Company Act, or non-U.S. persons as defined in Regulation S and subject to certain other conditions, which are set forth in its Offering Documents. Persons reviewing this Brochure should not construe this as an offer to sell or solicitation of an offer to buy the securities of the Fund described herein. Any such offer or solicitation will generally be made only by means of a confidential offering memorandum.

The Firm may enter into “side letters” or similar agreements with certain investor that may waive or modify the application of, or grant special or more favorable rights with respect to the Offering Documents to the extent permitted by applicable law.

We do not currently participate in any Wrap Fee Programs.

The Firm has regulatory assets under management of \$230,000,000, all managed on a discretionary basis.

**Item 5: Fees and Compensation**

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The fees applicable the Fund is set forth in detail in the corresponding Offering Documents. A brief summary of such fees is provided below.

***Management Fee***

KRF is paid an investment management fee ("**Management Fee**") per annum of the net asset value of the Fund.

The Fee will range from 0.5% to 3.0%.

The Investment Manager, in its sole discretion, may waive or modify the Management Fee for any Investor.

***Other Types of Fees or Expenses***

KRF is authorized to incur and pay in the name and on behalf of the Fund all expenses which they deem necessary or advisable.

The Firm is responsible for and shall pay, or cause to be paid, all of their own ordinary administrative and overhead expenses, including, without limitation, all costs and expenses related to rent, furniture, fixtures, equipment, office supplies, clerical expenses and all salaries, bonuses and benefits paid to, or on behalf of, personnel of the Firm.

The Fund bears all other expenses, which include, without limitation, the following expenses incurred by or allocable to the Fund: (a) organizational and offering expenses; (b) expenses associated with all investments and transactions considered, evaluated and/or consummated by the Fund, including, without limitation, those expenses incurred before the initial closing of the Fund, including, without limitation, expenses associated with sourcing, negotiating, investigating, researching, financing and structuring of investments and potential investments, whether or not consummated, including, without limitation, third-party research, data, analytics, modeling, structuring, pricing, execution and other third-party information systems, software and service fees (including, without limitation, the expenses with respect to data feeds, subscriptions, expert networks, political intelligence providers, and reports); (c) research-related computer hardware and software expenses, including, without limitation, Bloomberg terminals; (d) the Funds' pro rata share of the Firm's order management system, portfolio management system and any other software used for accounting and/or monitoring of the portfolio; (e) expenses associated with holding, financing, monitoring, hedging, maintaining and disposing of all investments of the Fund and all transaction and other costs associated therewith; (f) travel and related expenses associated with investments and potential investments; (g) professional fees associated with investments and potential investments, including, without limitation, consulting, due diligence, accounting, valuation, financial, legal, and other advisory fees and expenses; (h) transaction fees, brokerage commissions, custodial fees, clearing and settlement charges and similar fees and expenses associated with the acquisition, disposition and settling of investments and potential investments; (i) expenses associated with legal and regulatory filings of the Fund (including, without limitation, pursuant to Section 13 and 16 of the Securities and Exchange Act of 1934, as amended (the "**Exchange Act**")) and the Funds' pro rata portion of the expenses associated with preparation of the Firm's Form 13F, Form 13H and Form PF, and any other similar filing in any other U.S. or non-U.S. jurisdiction; (j) administrative, custodial, appraisal, valuation,

legal, regulatory, compliance, consulting, advisory and similar fees and expenses associated with the Funds' operations, investments and transactions, including, without limitation, fees and expenses of the Funds' administrator; (k) expenses incurred in connection with responding to requests or inquiries from any U.S. federal, state, local or non-U.S. governmental entity or authority, regulatory body or self-regulatory organization and all extraordinary expenses; (l) broken-deal, failed transaction, break-up and similar fees, costs and expenses, if any; (m) costs and expenses of leverage or any other borrowings of the Fund, including, without limitation, interest charges and fees; (n) expenses incurred in the collection of monies owed to the Fund, as applicable; (o) auditing and accounting expenses of the Funds, including, without limitation, expenses associated with the preparation of financial statements, tax returns and Schedules K-1 and the fees and expenses of the auditor; (p) any entity level taxes, fees or other governmental charges on the Fund, including, without limitation, any withholding taxes not due to the status or noncompliance of a particular Investor; (q) costs and expenses associated with investor communications and reports and the delivery thereof to investors; (r) the costs of service providers or software to measure or monitor risk metrics, to aggregate positions and/or to provide reporting with respect to risk metrics and/or positions; (s) costs and expenses associated with meetings of the Investors; (t) insurance expenses; including, without limitation, directors' and officers' liability insurance, general partner liability insurance, errors and omissions insurance and other policies, if any; (u) costs and expenses (including, without limitation, entity-level taxes, fees or other governmental charges) associated with the formation, organization and operation of any subsidiary, special purpose vehicle, alternative investment vehicle, holding company, or similar entity formed with respect to investments, credit facilities or other transactions entered into for the benefit of the Funds; (v) wind-up, liquidation, termination and dissolution expenses; (w) costs, fees and expenses related to registration, qualification and/or exemption under any applicable U.S. federal, state, local or non-U.S. laws, rules or regulations, including, without limitation, blue sky fees, Form D, Form 8.3, CFTC filings and notices and other securities and/or investment-related filing expenses; (x) costs related to any transfers of interests in the Fund, unless otherwise charged to or borne by the applicable transferor and/or transferee; (y) expenses incurred in connection with the preparation of any amendment to the Funds' governing documents and/or Offering Documents; (z) expenses incurred in connection with pursuing, defending or participating in any litigation, arbitration, mediation or similar proceeding by the Fund; (aa) any extraordinary expenses (including, without limitation, all litigation-related and indemnification and contribution expenses, including, without limitation, the amount of any judgment or settlement paid in connection therewith); (bb) the Management Fee; and (cc) all other fees, costs, charges and expenses associated with the business, affairs and/or operations of the Funds.

In general, each Investor will bear its proportionate share of the Fund expenses on a pro rata basis with respect to the size of such Investor's capital account(s) or with respect to the relative net asset value of the shares held by such Investor, as applicable.

Notwithstanding the foregoing, the Fund General Partner and/or the Firm, as applicable, may specially allocate the expenses described herein in any other manner, including by allocating certain expenses to certain (but not all) Investors, if the Fund General Partner and/or the Firm, as applicable, reasonably determines, in its discretion, that it is more equitable to do so.

To the extent that expenses to be borne by the Fund are paid by the Firm or its affiliates, the Fund will reimburse the Firm or its affiliates for such expenses. We may waive any such reimbursement with respect to any Fund expenses. Any waiver by us for reimbursement of

any Fund expenses shall not serve as a waiver of reimbursement for any future Fund expenses to be paid by us or our affiliates.

Neither the Firm nor its employees accept compensation, including sales charges or service fees, from any person for the sale of securities or other investment products.

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

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We and our affiliates are entitled to a performance-based compensation. As a result, we and our affiliates do not face certain conflicts of interest that may arise when an investment adviser accepts performance-based fees from some clients, but not from other clients.

Performance-based allocation arrangements may create an incentive for us to recommend investments which may be riskier or more speculative than those which we would recommend under a different arrangement.

#### **Item 7: Types of Clients**

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Our clients are the Funds, as described in Item 4 above, and the Fund is generally open to, among others, institutions, pension plans, endowments, high net-worth individuals, financially sophisticated individuals, and other sophisticated investors.

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

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The descriptions set forth in this Brochure of specific advisory services that we offer to Clients, and investment strategies pursued and investments made by us on behalf of our Clients, should not be understood to limit in any way our investment activities. We may offer any advisory services, engage in any investment strategy and make any investment, including any not described in this Brochure, that we consider appropriate, subject to each Client's investment objectives and guidelines as set forth in the Offering Documents. The investment strategies we pursue are speculative and entail substantial risks. Clients should be prepared to bear a substantial loss of capital. There can be no assurance that the investment objectives of any Client will be achieved.

##### ***Investment Objective***

We plan to invest across the eco system of renewable energy and climatech. Each portfolio company is typically characterized high-growth potential, strong management team, large addressable market and a unique or proprietary product service and / or process. We are seeking \$250 million in private capital commitments for KRF Growth Fund I. The partner will contribute up to 3% of the aggregated capital managed by the fund.

We plan to invest in both early and later-stage investment prospects, and the investment strategy must reflect this mix of opportunities. Investing in both early and later-stage equity financings of growth companies, development companies, plant projects and real estate associated with industrial sites creates a diversified portfolio across different stages of development and through out the eco system of producing renewable and green energy and technology solutions. Early-stage investing maximises our return potential by purchasing equity in a young company at low valuations. Later-stage investing helps reduce risk in our

portfolio and enable us to accelerate liquidity events to our investors. In all cases, we will continue to emphasize investments where our principals can add substantial value.

### ***Risk Management***

#### ***Risk Identification***

There are several factors we identify in identifying risk. Companies may not have existing cash flows. Ensuring that invested capital is properly utilize requires monitoring. The renewable energy industries is a growing market and subject to operational risk and regulatory risk. Identifying potential challenges to successfully navigating the development phase is critical to success and requires optionality on sites, off-takers, to be considered and it is important to have multiple options to solve problems at different stages of development. Assets are illiquid and being a forced seller can result in achieving sub optimal exits. Strong consideration is given along the way and preserving liquidity and having optionality to hold assets and not be a forced seller are important considerations. Currently the regulatory environment is favorable. Change of power may result in regulation change which can affect the returns of investments and demand for renewable energy if mandates / targets are eroded thus reducing demand for new energy sources. We work directly with off takers and their demand shall remain consistent for the next few years and their investors are demanding change.

#### ***Risk Assessment***

For every transaction we evaluating the potential impact of identified risks on the fund's investments and overall portfolio. This involves analyzing risk factors, assessing their likelihood and severity, and determining appropriate risk tolerance levels. For every company and project we re-assess the identified risk and access if the risk / reward is balanced. We out into place via agreements with key constituents to mitigate external risks. Our investment committee reviews the potential deals a multiple points during the underwriting process and post investment we monitor and advise on how to mitigate risk in the execution of building plants and overall execution of strategy. Working closely with management teams, operators and developers to monitor and manage investments.

#### ***Risk Mitigation***

If there are complications we have the experience and tools to manage and Implement measures to reduce or manage identified risks. This may include diversifying the portfolio, creating optionality so that if we need to pivot to solve an issue we have created options which achieve a risk mitgating result. Conducting thorough due diligence on potential investments, establishing risk management policies and procedures, and monitoring risk exposure regularly are key to managing risk.

#### ***Monitoring and Reporting***

Regularly monitoring the fund's risk profile, performance, and compliance with risk management policies. This includes ongoing assessment of investment performance, tracking key risk indicators, and reporting to stakeholders which include management, operating partners, financing partners, engineers, and other counterparties associate with the fund and the investment. Investing across geographies layers in additional risk and monitoring foreign risk is critical to managing potential risk associate with cross border transactions.

#### ***Governance and Oversight***

Establishing effective governance structures and oversight mechanisms to ensure proper implementation of the risk management framework. This includes assigning responsibilities



to dedicated risk management teams or individuals, conducting periodic reviews of risk management practices, and ensuring compliance with applicable regulations;

### ***Risk of Loss Factors***

The following risk factors do not purport to be a complete list or explanation of the risks involved in an investment in the clients advised by us. These risk factors include only those risks we believe to be material, significant or unusual and relate to particular significant investment strategies or methods of analysis employed by us.

An investment involves significant risks, and is suitable only for those persons who can bear the economic risk of the loss of their entire investment, who have limited need for liquidity in their investment, and who have met the conditions set forth in the Offering Documents. There can be no assurances that we will achieve our investment objectives. An investment carries with it the inherent risks associated with investments in publicly-traded stocks and bonds, options, and related instruments, including, without limitation, the risks described below. Each prospective investor should carefully review the Offering Documents and the documents referred to herein before deciding to invest with KRF Partners LP.

### **Risk Factors**

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#### ***General growth capital***

Investing involves a high degree of business and financial risk that can result in substantial losses. In order for the Partnership to succeed, it must be able to accurately identify potentially successful enterprises, a process which is difficult even for those with extensive experience in the growth capital field. Portfolio companies may be operating at a loss or with substantial variations in operating results from period to period and may need substantial additional capital to support expansion or to achieve or maintain a competitive position. Investment in the Partnership is highly speculative, involves a high degree of risk and could result in the loss of part or all of an investor's capital contribution. Therefore, prospective investors should not subscribe for Interests unless they can bear such a loss. Moreover, there can be no assurance that the Partnership's investment objectives will be achieved and investment results may vary materially from one reporting period to the next. Consequently, an investment in the Partnership is suitable only for sophisticated investors who are capable of making an informed independent decision as to the risks involved in an investment in the Partnership. Potential risk factors to consider prior to making an investment in the Partnership include but are not limited to the factors discussed below:

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#### ***Newly Organized Management Team***

The members of the General Partner have not managed a fund together and the pro forma combined results in this Memorandum do not represent the performance actually achieved by any prior fund or the results obtained by any limited partner. Thus, the performance ultimately achieved by this Fund may be materially lower than this pro forma performance. As is the case with all investment funds, past performance cannot guarantee future results.

#### ***Limited Operating History, No Assurance of Actual Returns***

Although the members of the General Partner have extensive backgrounds in private equity investing, the Partnership is a new entity and there can be no assurance that one or more investments made on behalf of the Partnership will not result in losses. Although members of the General Partner have demonstrated their ability as private equity investors in the past,

there can be no assurance that the Partnership will experience the same level of returns and there can be no assurance that the Partnership will not result in losses.

#### *Nature of Investments*

The portfolio companies in which the Partnership will invest are likely to face intense competition, including competition from companies with greater financial resources, more extensive development, production, marketing and service capabilities and a larger number of qualified managerial and technical personnel. There can be no assurance that the development or marketing efforts of any particular portfolio company will be successful or that its business will be profitable.

#### *Company Vulnerabilities*

The portfolio companies may also be unseasoned, unprofitable or have no established operating history or earnings and may lack technical, marketing, financial and other resources. These companies may be dependent upon the success of one product or service, a unique distribution channel, or the effectiveness of its manager or management team. The failure of this one product, service or distribution channel, or the loss or ineffectiveness of a key executive or executives within the management team may have a materially adverse impact on such companies. Furthermore, these companies may be more vulnerable to competition and to overall economic conditions than larger, more established entities.

#### *Start-up Risks*

Although the Partnership expects most of its investments will be made in companies with existing operations, it may invest at earlier stages, including the start-up stage. Particularly in early-stage enterprises, a major risk exists that a proposed service or product cannot be developed successfully with the resources available to the portfolio company. There is no assurance that the development efforts of any portfolio company will be successful or, if successful, will be completed within the budget or time period originally estimated. The services and products may also be subject to a high degree of technical obsolescence. There is no assurance that any portfolio company can successfully develop future generations of its services or products. Additional funds may be necessary to complete such development, and there is no assurance that such funds will be available from any particular source.

#### *Requirements for Follow-on Investments*

Following its initial investment in portfolio companies, the Partnership anticipates that portfolio companies may require additional funding, and that the Partnership may have the opportunity to increase its investment in successful portfolio companies. There can be no assurance that the Partnership will make follow-on investments or that the Partnership will have sufficient funds to make all such investments. Any decision by the Partnership not to make follow-on investments, or its inability to make them, may have a substantial adverse effect on a portfolio company in need of such an investment or may result in a missed opportunity for the Partnership to increase its participation in a successful enterprise, or may cause a decrease in the value of the Partnership's portfolio.

#### *Debt Service Obligations*

The Partnership may invest in portfolio companies that employ significant debt, as a way of improving the Partnership's investment rate of return, or reducing the overall cost of such portfolio company's capital. Such use of debt would increase a portfolio company's exposure to risks of increasing interest rates, and may affect its operating performance and cash flow. To the extent that a portfolio company is unable to generate sufficient cash flow to meet its

debt service obligations, the value of the Partnership's investment in such portfolio company could be significantly reduced or lost altogether.

#### *Lack of Control*

The Partnership generally will seek to structure investments so that the Partnership will have some level of control over portfolio companies, at least as to major corporate decisions. However, the Partnership expects that it will hold minority interests in most companies and, therefore, may have limited ability to protect its position and investment. Generally, as a condition to any investment, the Partnership will seek to obtain special rights and protective provisions, which will be negotiated at the time of the investment. There can be no assurance that the Partnership will be able to obtain such protective provisions, or that if such provisions are obtained, that they will be effective.

#### *Risks of Certain Investments*

In connection with the disposition of an investment in a portfolio company, the Partnership may be required to make representations about the business and financial affairs of the portfolio company typical of those made in connection with the sale of any business. It may also be required to indemnify the purchasers of such investment to the extent that any such representations turn out to be inaccurate. These arrangements may result in contingent liabilities, which might ultimately have to be funded by the Limited Partners to the extent of their Commitments or previous distributions made to them.

#### *Competition for Investments*

The Partnership expects to encounter competition from other entities having investment objectives similar to the Partnership's. Historically, the primary competition for venture capital investments has been from growth capital partnerships and corporations, growth capital affiliates of large industrial companies, wealthy individuals and foreign investors. Additional competition is anticipated from industrial and financial companies investing directly, rather than through growth capital entities. The Partnership may co-invest with other professional venture capital investors, and these relationships with other investors may expand the Partnership's access to investment opportunities. However, there is no assurance that the Partnership will succeed in finding investments on similar or favorable terms in comparison to its competitors.

#### *Difficulty of Locating Suitable Investments*

Although the members of the General Partner have been successful in identifying suitable investments in the past, they may be unable to find a sufficient number of attractive opportunities to meet its investment objectives. The past investment performance of the members of the General Partner cannot be relied on as an indicator of the Partnership's future performance or success. An investor in the Partnership must rely on the ability of the General Partner to identify, structure and implement investments consistent with the Partnership's objectives and policies. Investors in the Partnership will not have the opportunity to evaluate the business, financial and other information which will be used by the General Partner in its analysis, selection and monitoring of portfolio company investments for the Partnership.

#### *Conflicts of Interest*

The General Partner will be entitled to receive 20% of all capital appreciation of the Partnership's assets, notwithstanding the fact that it has committed to providing only 1-3% of the Partnership's capital. The General Partner may have an incentive to invest the Partnership's capital in higher risk ventures designed to create higher returns than would be acceptable to the Limited Partners. Conflicts of interest may thus arise between the Limited

Partners and the General Partner and its rights to distributions from the Partnership. The Principals or persons associated with them may come into possession of material, nonpublic information that may restrict the ability of the Partnership to purchase or sell interests in its portfolio companies due to federal or state securities laws considerations. Such a situation could arise if a representative of the Partnership serves on the board of directors or in some other advisory capacity with a portfolio company. Additionally, the principals will not be precluded from engaging in existing business and investment activities or in other future business activities, some of which could create conflicts of interest with respect to the Partnership's portfolio companies.

*Restrictions on Transfer and Withdrawal*

The Interests have not been registered under the Securities Act or any other applicable securities laws. There will be no public market for the Interests. In addition, the Interests are not transferable except with the consent of the General Partner, which may be withheld in its sole and absolute discretion. Limited Partners may not withdraw capital from the Partnership. Consequently, investors may not be able to liquidate their investments prior to the end of the Partnership's term.

***Risks Related to the Structure of the Partnership*** - Certain risks are related to the structure of the Fund as a limited partnership:

*Dependence on the General Partner and Key Personnel*

The General Partner's ability to manage successfully the Partnership's affairs depends on the Principals. The loss of any one of these individuals could have a significant adverse impact on the business of the Partnership. There can be no assurance that these individuals will remain in the employ of the Partnership, or otherwise continue to be able to carry on their current duties throughout the term of the Partnership.

*Potential Costs Associated with Indemnification*

The General Partner, the investment manager and their respective members, agents, representatives, affiliates and personnel will be entitled to indemnification from the Partnership, except in certain circumstances. The assets of the Partnership will be available to satisfy these indemnification obligations, and the Limited Partners may be required to return distributions to satisfy such obligations. Such obligations will survive dissolution of the Partnership.

*No Right to Control the Partnership's Operations*

The management, financing, and disposition policies of the Partnership and its policies with respect to certain other activities, including its distributions and operating policies, are determined by the General Partner. These policies may be changed from time to time at the discretion of the General Partner without a vote of the Limited Partners of the Partnership, although the General Partner has no present intention to make any such changes. No assurance can be given that such a change would not be adverse to the interests of the Limited Partners.

*Absence of Recourse to the General Partner*

There are very limited circumstances under which the General Partner can be held liable to the Partnership. Generally, the General Partner is not liable to the Partnership provided it has acted (i) in good faith and in a manner reasonably believed to be in, or not opposed to, the best interests of the Partnership, (ii) with respect to any criminal matter, with no reasonable cause to believe its conduct was unlawful, and (iii) without gross negligence, fraud, willful

misconduct, or in material breach of the Limited Partnership Agreement. The General Partner is also entitled to advancement of expenses from the Partnership prior to a final determination upon a representation that it has met the applicable standard of care and an undertaking to repay. Accordingly, it may be very difficult for the Partnership or the Limited Partners to pursue any form of action against the General Partner.

#### *Consequences of Default by Limited Partners*

In the event that a Limited Partner fails to fund any of its Commitment when required, such Limited Partner's Limited Partnership Interests may be reduced, and such Limited Partner may be precluded from further investment in the Partnership.

#### *Illiquidity*

Investment in the Partnership requires a long-term commitment, with no certainty of return. The Partnership does not expect to generate cash flow to the Limited Partners in the near term. Most of the Partnership's investments will be highly illiquid and there can be no assurance that the Partnership will be able to realize on such investments in a timely manner, if at all. Dispositions of such investments may require a lengthy time period or may result in distributions in kind to the Partners. The Partnership will invest in securities of privately held companies, which are not traded on any organized exchange or on the NASDAQ National Market, making the timing and ability to liquidate these securities uncertain. This illiquidity may result in an inability to sell these securities at all. Generally, the Partnership will not be able to sell these securities publicly without the expense and time required to register them under the Securities Act, or will be able to sell the securities only under Rule 144 or other rules under the Securities Act which permit only limited sales under specified conditions. The securities in which the Partnership will invest may be the most junior in what will typically be a complex capital structure, and thus subject to the greatest risk of loss. Since the Partnership may only make a limited number of investments and since the Partnership investments generally will involve a high degree of risk, poor performance by a few of the investments could severely affect the total returns to Limited Partners.

#### *Securities Law Matters*

The Interests are not and will not be registered under the Securities Act, or any other securities laws, including state securities or blue sky laws. The Interests will only be offered and sold to Accredited Investors as defined in Regulation D promulgated under the Securities Act. Interests will be offered without registration in reliance upon the Securities Act exemption for transactions not involving a public offering. Investors will be required to make certain representations to the Partnership, including that they are acquiring an Interest for their own account, for investment purposes only and not with a view to its distribution. The Partnership will not register as an investment company under the Investment Company Act of 1940 and the General Partner will not be registered as an investment adviser under the Investment Adviser Act of 1940 or under any state securities or blue sky laws.

#### **Item 9: Disciplinary Information**

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To the best of our knowledge, there are no legal or disciplinary events that are material to an Investor's or prospective investor's evaluation of our advisory business or the integrity of our management.

#### **Item 10: Other Financial Industry Activities and Affiliations**

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Neither we nor our management persons are registered as broker-dealers, and neither of us has any application pending to register with the SEC as a broker-dealer or registered representative of a broker-dealer, respectively.

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

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##### ***Code of Ethics***

KRF has adopted a “**Code of Ethics**” that establishes the high standard of conduct that we expect of our employees and procedures regarding our employees’ personal trading of securities. Our employees are required to certify their adherence to the terms set forth in the Code of Ethics upon commencement of employment and annually thereafter. Employees also are required to provide quarterly certifications of compliance with certain Code of Ethics provisions.

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

- Employees must at all times place the interests of the Fund and Investors first;
- Employees must ensure that all personal securities transactions are conducted consistent with the Code of Ethics’ Employee Personal Investment Policy (described below); and
- Employees should not take inappropriate advantage of their position at the Firm.

Employees are not permitted to maintain personal brokerage accounts for the purpose of trading “**Reportable Securities**” (as defined in the Code of Ethics, and which includes a wide variety of investments such as stocks, bonds, fixed income, options, warrants, futures, and derivatives) except for the purpose of holding or liquidating any such holdings after the commencement of employment. Employees are permitted to liquidate positions held at the time of employment in Reportable Securities (a “**Liquidating Trade**”) subject to pre-clearance by the CCO. Employees are prohibited from participating in Initial Public Offerings (“**IPOs**”). Employees are also prohibited from personally, or on behalf of a Client, purchasing or selling securities that appear on the Firm’s Restricted List.

Employees must obtain pre-approval from the CCO before: (i) engaging in any outside business activities; or (ii) making any private investments.

We will provide a copy of our Code of Ethics to our Investors, or any prospective investor, upon request, to be viewed on the premises.

#### **Item 12: Brokerage Practices**

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KRF is authorized to determine the broker-dealer to be used for executing securities transaction for the Funds. In selecting broker-dealers to execute transactions, we do not need to solicit competitive bids and do not have an obligation to seek the lowest available commission cost. It is not our practice to negotiate “execution only” commission rates; therefore, the Fund may be deemed to be paying for research, brokerage or other services provided by the broker which are included in the commission rate.

We shall also have the authority to select and appoint custodians of the assets of the Funds. The Firm's authority is limited by its own internal policies and procedures and each Fund's investment guidelines.

***Best Execution***

In selecting an appropriate broker-dealer to effect a client trade, we seek to obtain "**Best Execution**," meaning generally the execution of a securities transaction for a client in such a manner that a client's total costs or proceeds in the transaction are most favorable under the circumstances. Accordingly, in seeking Best Execution, we will take into consideration the price of a security offered by the broker-dealer, as well as a broker-dealers' full range and quality of their services including, among other things, their facilities, reliability and financial responsibility, execution capability, commission rates, responsiveness to us, brokerage and research services provided to us (for example, research ideas, analysis, and investment strategies), special execution and block positioning capabilities, clearance, and settlement and custodial services.

***Soft Dollars***

The Firm may use "**Soft Dollars**". In such cases, Soft Dollar credits, generated by the Fund's trading activities, would be used to purchase brokerage and research services or products that would otherwise have been Fund expense. We intend to keep any such arrangements within the parameters of the safe harbor of Section 28(e) of the Exchange Act.

Neither KRF nor any related person receives client referrals from any broker-dealer or third party. However, subject to best execution, we may consider, among other things, capital introduction and marketing assistance with respect to Investors in the Fund in selecting or recommending broker-dealers for the Funds.

The provision by a broker of research and other services and property to us creates an incentive for us to select such broker since we would not have to pay for such research and other services and property as opposed to solely seeking the most favorable execution for a client. Any research, services or property provided by a broker may benefit any client and such benefits may not be proportionate to commission dollars related to the provision of such research, services or property.

***Item 13: Review of Accounts***

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Our Portfolio Manager and investment professionals continuously monitor and analyze the transactions, positions, and investment levels of the Fund to ensure that they conform with the investment objectives and guidelines that are stated in the Fund's Offering Documents. In these reviews, the Firm pays particular attention to any changes in the investment's fundamentals, overall risk management and changes in the markets that may affect price levels.

***Account Reporting***

We perform various periodic reviews of each client's portfolio. Such reviews are conducted by our officers.

We will distribute an audited financial report with respect to the previous fiscal year to all Investors within 120 days of fiscal year end. We may also distribute quarterly unaudited net asset value statements, quarter-end performance reports, and a quarterly investor letter to all Investors.

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**Item 14: Client Referrals and Other Compensation**

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We do not receive economic benefits from non-clients for providing investment advice and other advisory services. Neither we nor any of our related persons, directly or indirectly, compensate any person who is not a supervised person for client referrals.

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**Item 15: Custody**

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We will be deemed to have custody of Client funds and securities because we have the authority to obtain Client funds or securities, for example, by deducting advisory fees from a Client's account or otherwise withdrawing funds from a Client's account. Account statements related to the Clients are sent by qualified custodians to KRF.

We will comply with Rule 206(4)-2 of the Investment Advisers Act of 1940, as amended (the "**Advisers Act**") (i.e., the "custody rule") by meeting the conditions of the pooled vehicle annual audit approach. Upon completion of the relevant Fund's annual audit by an independent auditor that is registered with, and subject to inspection by, the Public Company Accounting Oversight Board (PCAOB), we will distribute the Fund's audited financials to Investors within 120 days of such Fund's fiscal year end.

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**Item 16: Investment Discretion**

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We will have full discretionary investment authority with respect to the Funds, including authority to make decisions with respect to which securities to be bought and sold, as well as the amount and price of those securities.

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**Item 17: Voting Client Securities**

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In compliance with Rule 206(4)-6 of the Advisers Act (i.e., the "proxy voting rule"), we have adopted proxy voting policies and procedures. The general policy is to vote all proxy proposals, amendments, consents or resolutions (collectively, "**Proxies**") in a prudent and diligent manner that will serve the applicable Client's best interests and is in line with the Client's investment objectives.

We may take into account all relevant factors, as determined by us in our discretion, including, without limitation:

- the impact on the value of the securities or instruments owned by the relevant client and the returns on those securities;
- the anticipated associated costs and benefits;
- the continued or increased availability of portfolio information; and
- industry and business practices.



Generally, clients may not direct our vote in a particular solicitation.

Clients may obtain a copy of our Proxy voting policies and our Proxy voting record upon request.

**Item 18: Financial Information**

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We are not required to include a balance sheet for our most recent fiscal year, are not aware of any financial condition reasonably likely to impair our ability to meet contractual commitments to Clients, and have not been the subject of a bankruptcy petition at any time during the past ten years.