

Item 1 Cover Page

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This investment adviser Brochure ("Brochure") provides information about the qualifications and business practices of Saybrook Fund Advisors, LLC. It is prepared pursuant to regulatory requirements. If you have any questions about the contents of this Brochure, please contact Compliance at Compliance@saybrookfundadvisors.com or (310) 601-3710. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority. Saybrook Fund Advisors, LLC is a registered investment adviser with the SEC under the Investment Advisers Act of 1940, as amended (the "Advisers Act"). However, such registration does not imply a certain level of skill or training. Additional information about Saybrook Fund Advisors, LLC is also available on the SEC's website at www.adviserinfo.sec.gov.

Dated: March 22, 2024

Item 2 Material Changes

This amendment to the Brochure dated March 22, 2024, serves as an update to Saybrook Fund Advisors, LLC's ("SFA" or the "Firm") brochure dated March 29, 2023.

Item 3 Table of Contents

Item 1	Cover Page	1
Item 2	Material Changes	2
Item 3	Table of Contents	3
Item 4	Advisory Business	4
Item 5	Fees and Compensation	4
Item 6	Performance-Based Fees and Side-By-Side Management	5
Item 7	Types of Clients	6
Item 8	Methods of Analysis, Investment Strategies and Risk of Loss	6
Item 9	Disciplinary Information	9
Item 10	Other Financial Industry Activities and Affiliations	9
Item 11	Code of Ethics, Participation or Interest in Client Transactions & Personal Trading	10
Item 12	Brokerage Practices	11
Item 13	Review of Accounts	11
Item 14	Client Referrals and Other Compensation	12
Item 15	Custody	12
Item 16	Investment Discretion	12
Item 17	Voting Client Securities	12
Item 18	Financial Information	12

Item 4 Advisory Business**INTRODUCTION**

SFA is a registered investment adviser with the SEC. SFA's registration as an investment adviser does not imply any level of skill or training.

SFA serves as an investment adviser to privately offered pooled investment vehicles (each a "Fund," and collectively, the "Funds"), typically formed as limited partnerships (where SFA or an affiliate is the general partner or manager). The Funds are available only to outside investors who are "accredited investors" under the Securities Act of 1933, as amended (the "1933 Act"), and "qualified clients" under the Advisers Act, as amended. The Funds are not made available to the general public and are not registered under the 1933 Act or the securities laws of any other state or jurisdiction.

The investment strategy of the Funds managed by SFA is to seek to generate favorable after-tax total returns primarily by investing in distressed and defaulted municipal securities. Specifically, SFA's strategy is to invest in distressed and defaulted municipal obligations, including by purchasing securities related to capital constrained or financially distressed municipal obligors, with an emphasis on over-leveraged municipal bonds, under-capitalized municipal entities and under-performing assets where the Funds can gain control of the underlying assets and drive the workout process with a clearly defined exit strategy.

The oral and written communications provided to you, including this Brochure, is information you can use to evaluate SFA as an investment adviser, which are factors in your decision to hire the Firm or to continue to maintain a mutually beneficial relationship. This Brochure provides information about SFA's qualifications and business practices. Pursuant to SEC Rules, clients will receive a summary of any material changes to the Brochure, and any subsequent versions of the Brochure within 120 days of the close of SFA's fiscal year, which is December 31.

SFA was formed as a limited liability company in Delaware on February 14, 2011. The co-managing partners of SFA are Jon P. Schotz and Jeffrey M. Wilson. The principal owner of SFA is Saybrook Fund Managers, LLC. The principal owners of Saybrook Fund Managers, LLC are Jon P. Schotz and Jeffrey M. Wilson.

ADVISORY SERVICES OFFERED

The Funds are structured as lock-up Funds, where each limited partner makes an up-front commitment to contribute a stated amount of capital as it is called by SFA (or an affiliate) for investment (or to pay Fund expenses) and they are not permitted to withdraw capital committed prior to the end of the stated multi-year term of the Fund. The Funds invest in distressed and defaulted municipal bonds (both tax-exempt and taxable), as well as in selected capital constrained situations. The Funds utilize a research-intensive approach to investing in distressed and defaulted municipal debt and attempt to create value through a range of exit strategies. The capital constrained investments are typically direct loans, which SFA believes have upside potential upon exit. Investment advice is provided directly to each Fund itself and not to the individual limited partners in the Funds. SFA tailors its advisory services to the individual needs of each particular Fund but not to the individual needs of underlying investors.

In accordance with common industry practice, a Fund or its general partner may from time to time enter into a "side letter" or similar agreement with an investor pursuant to which the Fund or its general partner grants the investor specific rights, benefits or privileges that are not generally made available to all investors. See *"Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss"* below for more details.

SFA does not participate in wrap fee programs.

ASSETS UNDER MANAGEMENT

As of December 31, 2023, SFA had approximately \$164,591,279 of discretionary assets under management and \$84,294,105 of non-discretionary assets under management.

Item 5 Fees and Compensation

FUND MANAGEMENT FEE SCHEDULES

SFA receives management fees for managing the Funds. Generally, management fees are charged at an annual rate of between .75% and 1.5% of the amount of capital committed by each limited partner in a Fund. Management fees are payable quarterly in advance and are typically paid by limited partners via capital calls. The first payment, if less than a full quarter, is pro-rated for the days remaining in the quarter. More detailed information regarding the management fee for each Fund is set forth in the respective Private Placement Memorandum ("PPM") and Limited Partnership Agreement ("LPA").

The foregoing represents the management fees charged by SFA; however, fees are negotiable in certain circumstances, and arrangements with any particular investor.

ADDITIONAL TYPES OF FEES OR EXPENSES

In addition to the management fees paid to SFA, each of the Funds bear certain expenses. As set forth in its respective LPA, each Fund bears expenses including, without limitation: (i) administration fees and expenses, whether provided by a third party or by SFA or an affiliate of SFA; (ii) audit fees; (iii) broken deal expenses; (iv) brokerage commissions, clearing and settlement charges (please see Item 12 for additional information regarding brokerage practices); (v) custodial fees and other bank service fees; (vi) interest and other expenses incurred in respect of borrowings, if any; (vii) due diligence related expenses, including, without limitation, third party consultants and related travel; (viii) expenses associated with information, communication and periodic reporting to investors; (ix) expenses incurred in connection with legal and regulatory compliance with U.S. federal, state, local and non-U.S. or other law or regulation; (x) financial statements, tax returns and Schedules K-1; (xi) insurance premiums; (xii) legal fees, including costs of litigation involving the Funds or accounts and the amount of any judgments or settlements paid in connection herewith; and (xiii) marketing expenses incurred in connection with fundraising activities in each case subject to the organization expense cap for the applicable Fund. Expenses of SFA in connection with maintaining and operating its offices (such as compensation of its employees, rent, utilities and general office expenses) are not included. Please refer to the Funds' respective PPM and LPA for a detailed description of expenses borne by each Fund.

TERMINATION

The proceeds received from the sale of portfolio holdings (as well as interest and cash dividends received) are generally distributed to limited partners. However, limited partners in the Funds are not permitted to otherwise reduce or withdraw their investments until the Fund's maturity without the consent of SFA (or an affiliate) in its capacity as general partner. Such consent, if given, would require that the withdrawing partner be penalized for such early withdrawal.

In the event SFA's services are terminated prior to the end of a quarter, SFA shall refund the unearned portion of the management fee it received from limited partners.

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

Saybrook Tax-Exempt Investors, LLC ("STEI") and Saybrook Fund Investors, LLC ("SFI") serve as the general partners to certain of the Funds and have an ownership interest in certain of the Funds. STEI and SFI receive a profit allocation or "carried interest" for serving as the general partners, entitling STEI or SFI to 20% of realized profits after a preferred return to limited partners. This carried interest is based on realized gains and received income only, and is payable as portfolio holdings are liquidated, subject in some cases, to a reserve or claw-back arrangement to account for possible or actual losses incurred on holdings subsequently sold. All such arrangements conform to section 205(a)(1) of the Advisers Act. Carried interest amounts in the Funds are determined based on proceeds distributed to investors after stated hurdle rates have been achieved.

SFA and its affiliates have sponsored, managed, or participated in, and may elect in the future to sponsor, manage or participate in, other securities investment activities, accounts and programs unrelated to the Funds, but which may compete with the Funds' investment activities.

SFA, STEI and SFI serve each of the Funds as a fiduciary and, consequently, must exercise good faith and integrity in handling the business of the Funds. Similarly, nevertheless, in the conduct of such business, conflicts of interest could arise between the interests of SFA, STEI and/or SFI and those of one or more of the Funds. SFA's procedures are designed to ensure that all investment decisions are made without consideration of SFA's (or its affiliates' or employees') interest in a Fund but, instead, in accordance with SFA's fiduciary duty to the Funds and Fund investors.

Item 7 Types of Clients

CLIENT BASE

SFA or an affiliate acts as general partner, managing member, or otherwise exercises investment discretion with respect to the Funds. The Funds include investment partnerships or other investment entities formed under domestic laws and operated as investment pools exempt from the definition of an investment company under the Investment Company Act of 1940, as amended. The investors participating in the Funds include individuals, other investment entities, pension and profit-sharing plans, trusts, estates or charitable organizations or other corporations or business entities and at certain times will include, directly or indirectly, principals or other employees of SFA and its affiliates.

CONDITIONS FOR ACCOUNT MANAGEMENT

Each of the Funds has a stated minimum investment requirement. The Funds' minimum investment requirement is \$1 million. For certain investors, SFA has waived these minimum investment requirements in its sole discretion.

The Funds are not suitable for all prospective investors. The applicable subscription application and Offering Memorandum for each Fund sets forth the suitability requirements that a prospective investor must satisfy in order to invest in each Fund.

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

METHODS OF ANALYSIS & INVESTMENT STRATEGIES

The Funds managed by SFA could involve a higher level of investment risk, while seeking greater returns than traditional investment products. As not all investments may be appropriate for all Funds, not all Funds will be offered the opportunity to invest, and not all Funds afforded that opportunity would choose to invest.

SFA investment personnel conduct commercially reasonable due diligence of each investment based on the facts and circumstances applicable to each potential opportunity. The objective of such analysis is to identify attractive investment opportunities and the possible risks associated with that investment in order to develop an investment strategy that has a high probability of delivering attractive returns to investors.

The portfolio managers primarily utilize discounted cash flow methods, business or project valuation techniques and fundamental credit analysis, where appropriate, utilizing data from the Electronic Municipal Market Access ("EMMA") website, borrowers/issuers, internal databases, broker/dealers and other third-party contacts to seek to achieve high after-tax total returns through investment in distressed and defaulted municipal obligations, or through direct loans to municipal issuers in certain capital constrained situations.

RISKS

Distressed Situations. Investment in the Funds requires a long-term commitment, with no certainty of return. At times, the Funds have invested, and could in the future invest, in companies that subsequently experience financial difficulties; difficulties which may never be overcome.

Illiquid Investments. Investments made by the Funds are expected to be illiquid, and there can be no assurance that the Funds will be able to realize such investments in a timely manner. Liquidity risk exists when particular investments are difficult to purchase or sell. This can reduce a portfolio's returns because the portfolio wouldn't be able to transact at advantageous times or prices.

Trading Derivative Investments and Leveraging Involve Risk. Although the Funds generally do not employ investment leverage, the Funds' portfolio investments could include businesses or assets with significant leverage. Leverage would involve the use of various financial instruments or borrowed capital in an attempt to increase the return of an investment. The use of leverage involves risk, including the potential for higher volatility and greater declines in a portfolio's value, and fluctuations of interest or other distribution payments.

No Guaranteed Return of Investor's Capital Contributions. Most of the securities in which the Funds are likely to invest will be troubled or potentially troubled and may be or have recently been or could become involved in restructuring, bankruptcy reorganization or liquidation. Accordingly, these securities are likely to be particularly risky investments and the Funds could also lose all or substantially all their investment in any particular instance. In turn, such investments can offer the potential for correspondingly high returns, but there is no minimum credit standard that is a prerequisite to the investment in any debt instruments in which the Funds are permitted to invest. Securities in which the Funds invest can rank junior to other outstanding securities and obligations of the issuer, all or a significant portion of whose debt securities could be secured by substantially all the issuer's assets. Moreover, the Funds at times will invest in securities that are not protected by financial covenants or limitations on additional indebtedness. In addition to amounts needed to cover the initial acquisition cost of portfolio investments, commitments could be drawn in accordance with the respective Fund's PPM, including after the end of a Fund's commitment period, to cover certain follow-on investments determined by the general partner or the adviser to be necessary or appropriate to preserve, protect or enhance the Fund's prior investment in such investments. Even despite such efforts, the Funds' portfolio investments could lose value as a result of their level of subordination, restructuring, bankruptcy reorganization, liquidation, or various other factors over which the Funds have limited or no control.

Investments in General; Concentrated Portfolio. Because the Funds in each case make only a limited number of investments and since many of the Funds' investments involve a high degree of risk, poor performance by a few of the investments could severely affect the total returns to limited partners. Further, concentrating investments in a particular industry, asset class, market or region means that performance will be more susceptible to loss due to adverse occurrences affecting that industry, asset class, market or region. For example, a portfolio concentrating in a single industry is subject to greater risk of adverse economic conditions and regulatory changes than a fund with broader industry diversification.

General Business Risks. Several factors, including the thinly traded or untraded and "distressed" nature of the securities targeted by the Funds, the overall size, and concentrations in particular markets and maturities of positions, and uncertainties relating to the collateral underlying such securities, make it difficult to determine the "fair market" or "liquidation" value of portfolio investments. Such values, while not reasonably knowable, could fluctuate widely over time as a result of interim developments in any work-out scenario, particularly one involving litigation.

Fund Valuation. Portfolio investments are carried at fair value (i.e., the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date). In determining fair value, the respective general partner uses various valuation approaches. A fair value hierarchy for inputs is used in measuring fair value that maximizes the use of observable inputs and minimizes use of unobservable inputs by requiring that the most observable inputs are to be used when available. The fair value hierarchy is categorized into three levels based on the inputs as follows: (i) Level 1 - valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that the Funds have the ability to access; (ii) Level 2 - valuations based on inputs, other than quoted prices included in Level 1, which are observable either directly or indirectly; and (iii) Level 3 - valuations based on inputs that are unobservable and significant to the overall fair value measurement.

Fair value is a market-based measure, based on assumptions of prices and inputs considered from the perspective of a market participant that are current as of the measurement date, rather than an entity-specific measure. Therefore, even when market assumptions are not readily available, the respective general partner's own assumptions are set to reflect those that market participants would use in pricing the asset or liability at the measurement date. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. The degree of judgment exercised by the respective general partner in determining fair value is greatest for investments categorized in Level 3. All matters concerning the valuation of the assets and liabilities of the partnership, including, without limitation, any determination of fair value or any other valuation necessary for the allocation of income,

expense, gains and losses among the partners, including taxes thereon, and accounting procedures not expressly provided for by the terms of each LPA shall be equitably determined in good faith by the respective general partner.

Non-Investment Grade Debt Securities. There is no guarantee of a minimum rate of return or of a limit on losses. A portfolio's performance depends on the performance of individual securities in which the portfolio invests. Changes to the financial condition or credit rating of an issuer of those securities can cause the value of the securities to decline or even become worthless. Additional information on investment risk is discussed in the individual PPM of each Fund.

Distress Events. A Fund's investment is subject to the risk that one of the Fund's banks, lenders, or other custodians of some or all of the Fund's assets (each a "counterparty") is unable to perform its obligations or experiences insolvency, closure, receivership or other financial distress or difficulty (each, a "Distress Event"). A Distress Event can be caused by a variety of factors, including but not limited to, eroding market sentiment, a change in interest rates, significant customer withdrawals, fraud, malfeasance, poor performance or accounting irregularities. In the event a Fund's counterparty experiences a Distress Event, the Firm, the Funds and/or their portfolio companies may not be able to access deposits, borrowing facilities or other services for an extended period of time or ever. Although many regulated banks and broker-dealers in the United States insure assets up to stated balance amounts by organizations such as the Federal Deposit Insurance Corporation ("FDIC"), or the Securities Investor Protection Corporation ("SIPC"), respectively, amounts in excess of the relevant insurance are subject to risk of loss, and any counterparties that are not subject to similar arrangements pose increased risk of loss. Although in recent years governmental intervention has resulted in additional protections for depositors, there can be no assurance that governmental intervention will be successful or avoid the risk of loss, substantial delays or negative impact on banking or brokerage conditions or markets.

Any Distress Event can adversely affect SFA's ability to manage the Funds and their investments, and the ability of the Firm, any Fund and/or portfolio companies to maintain operations, resulting in significant losses. In the event a counterparty experiences a Distress Event, this could cause Funds to be unable to draw capital on a credit line to close a transaction or acquire or dispose of investments at prices that reflect the fair value of such investments; investors to be unable to make capital contributions or otherwise; and/or portfolio companies to be unable to make payroll, fulfill obligations and maintain operations. Although in the event of a Distress Event, SFA expects to exercise contractual remedies under the agreements with counterparties, there can be no assurance that such remedies will be successful or avoid losses or delays.

Many counterparties require the Firm and/or or the Client to maintain all or a set amount or percentage of their respective accounts or assets with such counterparty or its affiliate(s), which increases the risks associated with a Distress Event with respect to such counterparties. Although the Firm seeks to do business with counterparties that it believes are creditworthy and capable of fulfilling their respective obligations to the Funds, the Firm is under no obligation to use a minimum number of counterparties with respect to any Fund, or to maintain account balances at or below the relevant insured amounts.

Side Letters. As noted in Item 4 above, in connection with or as a condition to an investor's agreement to invest in a Fund, the Fund or its general partner may from time to time enter into a "side letter" or similar agreement with an institutional or other investor pursuant to which the Fund or its general partner grants the investor specific rights, benefits or privileges that are not generally made available to all investors. Such rights, benefits or privileges include discounts on management fees and/or carried interest. While the ability of a Fund or its general partner to enter into a side letter or similar agreement affording preferential rights to certain investors is generally disclosed to other investors in the Fund, at this time, the terms of such "side letters" or similar agreements are generally not disclosed to other investors in the Fund, except to investors that have separately negotiated for the right to review such agreements.

Cybersecurity Breaches and Identity Theft. The Firm's technology and information systems can be susceptible to, amongst other things, interruption from network failures, computer viruses, telecommunication failures, infiltration by unauthorized persons and security breaches, usage errors, power outages and catastrophic events (such as fires, tornadoes, floods, hurricanes, and earthquakes) and damage. Although the Firm has implemented various measures to manage risks relating to these types of events, if these systems are compromised, become inoperable for extended periods of time, or cease to function properly, the Firm or a

Fund will have to make a significant investment to fix or in certain circumstances, replace them. The failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in the Firm's or a Fund's operation and result in a failure to maintain the security, confidentiality, or privacy of sensitive data, including personal information relating to investors. Such a failure could harm the Firm's or a Fund's reputation, subject any such entity and their respective affiliates to legal claims and otherwise affect their business and financial performance. The costs related to cyber or other security threats or disruptions may not be fully insured or indemnified by other means. SFA has previously been the subject of a cybersecurity incident in which no confidential information was believed to have been breached.

The service providers of the Funds are subject to the same information security threats. If a service provider fails to adopt or adhere to adequate data security policies, or if the service provider's network is breached, information relating to the transactions of the Funds and personally identifiable information of the investors (and beneficial owners thereof) may be lost or improperly accessed, used, or disclosed.

Epidemic and Pandemic Outbreak. An epidemic or pandemic outbreak and reactions to such an outbreak typically cause uncertainty in markets and businesses, including SFA's business, and generally adversely affect the performance of the global economy, including causing market volatility, market and business uncertainty and closures, supply chain and travel interruptions, the need for employees and vendors to work at external locations, and extensive medical absences. SFA has policies and procedures to address known situations, but because a large epidemic or pandemic could create significant market and business uncertainties and disruptions, not all events that could affect SFA's business and/or the markets can be determined and addressed in advance.

Business Continuity and Disaster Recovery. SFA's business operations could be vulnerable to disruption in the case of catastrophic events such as fires, natural disaster (e.g., tornadoes, floods, hurricanes, and earthquakes), epidemics and pandemics, terrorist attacks or other circumstances resulting in property damage, network interruption and / or prolonged power outages. SFA has developed and tested a BCP to provide protocols in an emergency such as the recent COVID-19 pandemic. These procedures are designed to limit disruption in services and maintain efficient and effective operations. SFA has performed comprehensive Firm-wide business continuity and disaster recovery testing which has proven the Firm has a well-defined plan and its controls and policies are effective.

Please note that while this Item 8 contains a discussion of some of the risks associated with investments in the Funds, it is not possible to identify all the risks associated with investing and the particular risks applicable to a Fund will depend on the nature of the Fund, its investment strategy, and the types of securities held. The Funds managed by SFA are generally not intended to provide a complete investment program for an investor. Investors are responsible for appropriately diversifying their assets to guard against the risk of loss. Investing in securities involves risk of loss that clients should be prepared to bear.

Item 9 Disciplinary Information

SFA and its principals have not been the subject of any material legal or disciplinary events required to be disclosed in this Brochure.

Item 10 Other Financial Industry Activities and Affiliations

An affiliate of SFA serves as general partner to each respective Fund. The management of multiple investment vehicles can result in conflicts of interest when SFA or its affiliates allocate their time and investment opportunities among the Funds.

The Kayne Saybrook Municipal Opportunity Fund, L.P. ("KSMOF"), an entity owned and controlled by Kayne Anderson Capital Advisors, L.P. ("KACALP"), has co-invested alongside one of the Funds in one investment. KACALP, founded in 1984, is an alternative investment management firm focused on niche investing in real estate, credit, infrastructure/energy, renewables, and growth capital. KACALP manages approximately \$33 billion in assets (as of 12/31/2023) for institutional investors, family offices, high net worth and retail clients and

employs 330 professionals in five core offices across the U.S. SFA serves as a sub-adviser to KSMOF. More information on KACALP is available on the SEC's website at www.adviserinfo.sec.gov.

SFA has policies and procedures in place to address potential conflicts of interest created by its financial industry affiliations. Please see Item 11 for more information on the Firm's Code of Ethics and conflicts of interest policies.

Neither SFA, nor any of its personnel, are registered or have an application pending to register, as a broker-dealer or registered representative of a broker-dealer, or any other regulated financial firm. There are no other financial industry activities or affiliations to report.

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

CODE OF ETHICS

As a fiduciary, SFA owes the Funds its undivided loyalty - the Funds trust SFA to act on their behalf, and the Firm holds itself to the highest standards of fairness in all such matters. This is predicated on the principle that SFA owes a fiduciary duty to the Funds. As a fiduciary, SFA must serve in the Funds' best interests. In other words, employees cannot benefit at the expense of the Funds and must avoid activities, interests and relationships that run contrary (or appear to run contrary) to the best interests of the Funds.

SFA has adopted a Code of Ethics pursuant to Rule 204A-1 under the Advisers Act. Violations of the Code of Ethics could warrant sanctions which include prohibition of trading, suspension, or dismissal, at the discretion of management. Current or prospective Fund investors can request a copy of the Code of Ethics by contacting Investor Relations at InvestorRelations@saybrookfundadvisors.com or (310) 601-3710.

PERSONAL TRADING

As a general rule, SFA's employees are not permitted to buy or sell for their personal account(s) investment products identical to those recommended to the Funds. Policies and procedures have been designed to ensure that any employee personal securities transactions do not disadvantage SFA's Funds. It is SFA's policy that no person employed by it shall affect for himself or herself or for his or her immediate family (i.e., spouse and/or minor child) any transactions in a security which is being actively purchased or sold, or is being considered for purchase or sale, on behalf of any of the Funds.

POLITICAL CONTRIBUTIONS

It is the policy of SFA to not make, and to prohibit its employees from making, any political or charitable contributions for the purpose of influencing a public official or his or her agency to become or invest in an SFA Fund. However, employees are able to make personal or charitable contributions in accordance with the requirements and restrictions of applicable law and SFA's policies. To help ensure compliance with SEC rules and the many state and local pay-to-play rules, in accordance with SFA's policies and procedures, all SFA employees must obtain prior approval from the Chief Compliance Officer before they (or their spouse or dependents) make contributions to a political candidate, government official, or political action committee.

All employees (and their immediate family members) are prohibited from making any contributions or gifts to, or soliciting or coordinating any contributions or gifts for (i) any incumbent US state or local officeholder (including one who is a candidate for federal office); (ii) any candidate or election winner for US state or local office; and (iii) any staff member or employee of a US public pension fund, or any elected or appointed trustee, fiduciary, or other official whose official duties involve responsibility for such a fund.

MATERIAL NON-PUBLIC INFORMATION/INSIDER TRADING

It is further noted that SFA's investment advisory business is in and shall continue to be in compliance with the Insider Trading and Securities Fraud Enforcement Act of 1988, as amended. Specifically, SFA has adopted an Ethical Wall Policy and Insider Trading Policy.

POTENTIAL CONFLICTS RELATING TO ADVISORY CLIENTS

The results of the investment activities of an SFA Fund may differ significantly from the results achieved by SFA for other current or future Funds. SFA will manage the assets of a Fund in accordance with the investment mandate of the applicable Fund. SFA will attempt to resolve any actual, potential, or perceived conflicts of interest in a manner that is generally fair to all Funds and in accordance with the investment mandate of the applicable Funds.

As previously referenced in the Brochure, KSMOF has co-invested alongside one of the Funds in one investment. Such co-investment was approved by the applicable advisory boards of the investing Fund.

Item 12 Brokerage Practices**BROKERAGE SELECTION**

SFA has complete discretion over the selection of the broker through which to affect such transactions. In placing orders for the purchase and sale of securities and selecting brokers to affect such transactions, SFA seeks the best execution reasonably available under the circumstances (which may or may not result in paying the lowest available brokerage commissions or spread). In doing so, SFA considers all factors it deems relevant. Such factors include, but are not limited to: (i) the nature and character of the security or instrument being traded and the markets on which it is purchased or sold; (ii) the desired timing of the transaction; (iii) the broker's or dealer's capital strength and stability, as well as its execution, clearance, and settlement capabilities; and (iv) SFA's knowledge of any actual or apparent operational problems of a broker or dealer in executing orders at the most favorable prices reasonably obtainable. While SFA generally seeks competitive commission rates, it will not necessarily pay the lowest commission or commission equivalent, as transactions that involve specialized services on the part of a broker-dealer generally result in higher commission rates or equivalents than would be the case with more routine transactions. SFA will choose broker-dealers with higher commissions if they have better execution capabilities, brokerage and research services or other legitimate and appropriate services which can be particularly helpful in seeking good investment results.

SFA could pay higher commission rates to those broker-dealers whose execution capabilities, brokerage or research services or other legitimate and appropriate services are particularly helpful in seeking good investment results.

The reasonableness of the commissions is based on SFA's view of the broker's ability to provide professional services, competitive commission rates, research and other services which will help SFA in providing investment advisory services to the Funds, viewed in terms of either the particular transaction or SFA's overall responsibility to the Funds, as the extent to which the commission rate or net price associated with a particular transaction reflects the value of services provided often cannot readily be determined. In making these determinations, SFA recognizes that some firms are better at executing some types of orders than others, and it can be in the Funds' best interests to use a broker-dealer whose commission rates are not the lowest but whose executions and other services, SFA believes, could result in lower overall transaction costs or more favorable for more certain results.

As part of its efforts to obtain best execution, SFA will seek to aggregate orders or "block trade" for several Funds when permitted. Each Fund that participates in a block trade will receive the average share price and a pro rata portion of the transaction cost on a trade.

SOFT DOLLARS

SFA does not utilize third-party soft dollar arrangements.

DIRECTED BROKERAGE

SFA does not allow the Funds (or Fund investors) to direct brokerage to execute transactions through a specific broker-dealer.

Item 13 Review of Accounts

The Investment Committee for each Fund will conduct periodic meetings to review portfolio holdings. Triggering factors for additional reviews include changes in Fund circumstances, changes in market environment or major economic events, and changes in real or perceived creditworthiness of key holdings, among others. The Funds are reviewed by Jon P. Schotz and Jeffrey M. Wilson (the Portfolio Managers and Members of the Investment Committee) and Scott Bayliss (Member of the Investment Committee).

Each investor in a Fund receives (1) quarterly investment letters and account statements reflecting the beginning and ending value of such investor's account, as well as the activity in such investor's account; and (2) a copy of the annual audit for the Fund, as applicable. These materials are provided with a letter highlighting the developments for the period.

Portfolio investments are carried at fair value (i.e., the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date) and financial statements are prepared in accordance with U.S. Generally Accepted Accounting Principles ("GAAP").

Item 14 Client Referrals and Other Compensation

SFA does not currently receive any economic benefit from anyone who is not a client for providing investment advice or other advisory services to SFA's clients. Neither SFA nor any of its related persons compensate any person for client or investor referrals.

Item 15 Custody

SFA will comply with the requirements of Rule 206(4)-2 of the Advisers Act (the "Custody Rule") with regard to each of the Funds it manages. SFA is deemed to have custody of assets related to certain of the Funds because it or a related party serves as the general partner of the Funds and has the authority to move cash or securities from the Funds' accounts. Investors in the Funds receive audited financials within 120 days following the end of the respective Fund's fiscal year. Audited financial statements are prepared in accordance with U.S. GAAP by an independent public accounting firm, which is registered with and subject to regular inspection by the Public Company Accounting Oversight Board.

Item 16 Investment Discretion

SFA has full discretion over the selection and amount of investments to be bought and sold for its Funds pursuant to the respective executed investment management and sub-advisory agreements. As a general matter, clients and investors are not permitted to place limits on SFA's discretionary authority. SFA also has discretion over the selection of the broker through which to affect such transactions. In placing orders for the purchase and sale of securities and selecting brokers to affect such transactions, SFA seeks prompt execution of orders at the most favorable prices reasonably obtainable under the circumstances. SFA exercises its investment discretion consistent with the applicable investment strategy of each Fund.

Item 17 Voting Client Securities

Where applicable, SFA votes client proxies consistent with its fiduciary obligations to the Funds. SFA will provide information regarding the Firm's voted proxies or a copy of its proxy voting procedures to investors upon written request.

Item 18 Financial Information

SFA does not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance or have any financial condition that is reasonably likely to impair its ability to meet contractual commitments.