

Kilimanjaro Advisors LLC

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This Brochure provides information about the qualifications and business practices of Kilimanjaro Advisors LLC (“**KA**”). If you have any questions about the contents of this Brochure, please contact us at +1 203 956 6556 or by email at pkeenoy@kafunds.com. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (“**SEC**”) or by any state securities authority.

KA is a registered investment adviser. Registration of an Investment Adviser does not imply that KA or any of its principals or employees possesses a particular level of skill or training in the investment advisory business or any other business. The oral and written communications of an Investment Adviser provide you with information about which you determine to hire or retain an Investment Adviser.

Additional information about KA also is available on our website www.kafunds.com as well as the SEC's website www.adviserinfo.sec.gov. The SEC's web site also provides information about any persons affiliated with KA who are registered, or are required to be registered, as investment adviser representatives of KA.

Item 2: Material Changes

On July 28, 2010, the SEC published “**Amendments to Form ADV**” which amends the disclosure document that we provide to clients as required by SEC Rules. This Brochure is a new document prepared according to the SEC's new requirements and rules. As such, this Document is materially different in structure and requires certain new information that our previous Brochure did not require.

In the future, this Item will discuss only *specific material changes* that are made to the Brochure and provide clients with a summary of such changes. We will also reference the date of our last annual update of our Brochure.

In the past we have offered or delivered information about our qualifications and business practices to clients on at least an annual basis. Pursuant to new SEC Rules, we will ensure that you receive a summary of any materials changes to this and subsequent Brochures within 120 days our fiscal year-end. We may further provide other ongoing disclosure information about material changes as necessary.

We will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

Additional or updated copies of our Brochure may be requested by contacting Peter Keenoy, KA's Chief Compliance Officer (“**CCO**”), at +1 203 956 6555 or pkeenoy@kafunds.com.

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Item 4: Advisory Business

Kilimanjaro Advisors LLC (“**KA**”, the “**Adviser**” or the “**Firm**”), a Delaware limited liability company organized in October 2003, provides investment management services to Kilimanjaro Fund I, L.P., a Delaware limited partnership which operates as private investment fund (“**KFI**”). KA shall also, upon its closing in the future, provide investment management services to Impala Opportunity Fund, L.P. a Delaware limited partnership, which will also operate as a private investment fund (“**IOF**”; each of IOF and KFI is referred to herein as a “**Fund**”, and collectively as the “**Funds**”). KA is the managing general partner of Kilimanjaro Fund I, L.P and provides discretionary investment management services, and Kilimanjaro CI, LLC (“**KI**”), an affiliate of KA, is a non-managing general partner thereof. KA shall be the investment manager of IOF. Impala Opportunity Investors Fund GP, LLC, a Delaware limited liability company, is the General Partner of IOF.

Each Fund is or will be, as applicable, managed only in accordance with its own characteristics and is not tailored to any particular investor in the Fund. For more information on the Funds, please refer to the specific Confidential Private Placement Memorandum (“**PPM**”) and related offering documents for each Fund, which are available from KA upon request.

As of December 31, 2010, the Firm managed USD \$106 million in KFI, all of which is managed on a discretionary basis.

Murry Stegelmann, Paul Street, and Peter Keenoy are the owners of the Firm and their ownership percentages as of December 31, 2010, are as follows:

Murry Stegelmann	33.34%
Paul Street	33.33%
Peter Keenoy	33.33%

Peter Keenoy is also KA’s CCO.

Item 5: Fees and Compensation

Investors in the Funds are or will be, as applicable, generally charged a fee consisting of (1) an annual management fee (“**Management Fee**”) based on the Funds’ net assets attributable to each Investor; and (2) an annual performance fee (“**Performance Fee**”) which is calculated based upon a percentage of the net capital appreciation of the Funds at the end of each fiscal year.

KA’s current Management Fee schedule is generally as follows:

Kilimanjaro Fund I, L.P	1.5% annually
Impala Opportunity Fund, LP	2% annually

The Management Fee is payable monthly in advance by KFI and will be payable semi-annually in advance by IOF. The Management Fee is deducted from the Investors’ assets in the Funds. KA has the discretion to waive or reduce Management Fees in certain cases.

The Funds shall pay for their organizational and initial offering expenses as well as for their operating expenses, including but not limited to, all accounting, auditing, tax preparation, legal, administration, research, and trading costs. The Funds may incur brokerage and other transaction costs. For further details on the Firm's brokerage practices refer to Item 12 of this Brochure.

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

Kilimanjaro Fund I, L.P.

Investors in KFI are generally charged an annual Performance Fee which is calculated based upon a percentage of the net capital appreciation of KFI at the end of each fiscal year.

KI generally charges KFI a Performance Fee at the close of each fiscal year equal to twenty percent (20%) of the portion of the Fund's annual net income (including realized and unrealized gains and net of the Management Fee) attributable to each Investor as of the close of such year.

KI's Performance Fee is (i) based upon KFI's net profits in excess of cumulative unrecovered losses carried forward from prior periods (such loss carry forward is commonly referred to as a "high water mark," described in further detail below); and (ii) reduced, if necessary, in the event that the Investors would not otherwise earn an annual return at least equal to the "Hurdle Rate" for such capital account for such fiscal year. The Hurdle Rate shall equal a 5% per annum non-cumulative return on an Investor's capital account balance for the fiscal year after the Performance Fee (or as such rate may be adjusted for additions and withdrawals to an Investor's capital account during the year to reflect the portion of the year that an investment was held).

The "high water mark" feature prevents KI from receiving a Performance Fee as to profits that simply restore previous losses and is intended to insure that each Performance Fee is based on the long-term performance of an investment in the Fund. KI, in its sole discretion, may waive all or any portion of the Performance Fee with respect to any Investor in KFI for any period of time, or agree with an Investor in KFI to apply a different Performance Fee for that investor.

Impala Opportunity Fund, L.P.

In general, the partners of IOF receive distributions in the following order of priority: (i) a return of all capital contributions, and (ii) an 8% preferred return, after which distributions will be made: (iii) 80% to the General Partner and 20% to all partners in proportion to funded commitments as a "catch-up" provision until the General Partner has received a 20% "carried interest"; and thereafter (iv) 80% to all partners in proportion to funded commitments and 20% to the General Partner.

The existence of the General Partner's carried interest may create an incentive for the General Partner to make more speculative Investments on behalf of IOF than it would otherwise make in the absence of such performance-based arrangement.

KI's Performance Fee is charged in compliance with Rule 205-3 of the Investment Advisers Act of 1940, as amended (the "**Advisers Act**"). Therefore each Investor that is charged a performance based fee or carried interest, as the case may be, must be a "qualified client."

Performance based fee arrangements may create an incentive for KA to recommend investments which may be riskier or more speculative than those which would be recommended under a different fee arrangement. Such fee arrangements may also create an incentive to favor higher fee paying accounts over other accounts in the allocation of investment opportunities. KA has procedures designed and implemented to ensure that all clients are treated fairly and equally, and to prevent this conflict from influencing the allocation of investment opportunities among clients.

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

Item 7: Types of Clients

KA's clients are the Funds. The Investors in the Funds must meet certain net worth requirements and make representations concerning its sophistication as an investor and its ability to bear the risk of loss of its entire investment.

Investors in the Funds may include high net worth individuals and a variety of institutional investors (e.g. trusts, endowments, foundations, corporations and other types of entities, including private fund-of-funds and other corporations or businesses) meeting the terms of the exceptions and exemptions under which the Funds operate and wishing to invest in accordance with the Funds' investment objectives.

Kilimanjaro Fund I, L.P.

Investors seeking to invest in KFI must meet the requirements for an "accredited investor" under the Securities Act of 1933, as amended (the "**1933 Act**"). KA may establish minimum investment requirements for Investors in KFI. For investors in KFI, the minimum investment amount is generally \$1,000,000, subject to the discretion of KA to accept lesser amounts.

Impala Opportunity Fund, L.P.

Investors seeking to invest in IOF must meet the requirements for a "qualified purchaser" under the Investment Company Act of 1940, as amended (the "**Investment Company Act**"). The minimum investment requirement for Investors in IOF is generally \$10,000,000, although commitments of lesser amounts may be accepted at the discretion of the General Partner of the IOF.

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

Kilimanjaro Fund I, L.P.

The investment objective of KFI is to seek superior risk-adjusted returns over an extended period of time with a minimum correlation to broadly-based stock and bond indices by investing primarily in senior parts of the capital structure, primarily through Total Return Swaps (as discussed below). As KFI invests primarily in senior secured securities, it intends to utilize financial leverage from time to time when purchasing relatively safer investments to augment returns to investors. No assurance can be given, however, that KFI will achieve its objective, and investment results may vary substantially over time and from period to period.

KFI is a special situations fund formed for the purpose of investing in the securities of companies experiencing financial distress or undergoing transition arising from extraordinary circumstances such as bankruptcy, re-organization, re-capitalization or liquidation. In order to reduce risk, KFI concentrates on secured and senior securities. KFI'S portfolio is comprised of distressed securities and instruments, along with other corporate debt issued by non-investment grade companies if the yield is deemed appropriate. While KFI'S focus is on senior secured bank debt for purposes of reducing risk, KFI also seeks opportunities to prudently invest in secured bonds, unsecured bank debt, trade claims, high yield securities (principally high yield publicly traded debt securities), private insurance notes and other public and private debt instruments of distressed companies (collectively "**Securities**"). KFI may also occasionally acquire common or preferred stock, warrants to purchase common or preferred stock, and other equity interests. KFI may receive equity or equity related securities of an issuer, primarily in exchange for debt instruments, as part of a restructuring transaction.

In identifying and capitalizing on opportunities, the principals of KA will employ a credit-focused, value oriented investment methodology. In order to adjust to changing market environments and capitalize on the best risk-adjusted distressed debt investment opportunities, KA will be flexible in its approach to purchasing debt Securities. From time to time and based on current market conditions, KFI'S portfolio may be weighted heavily towards distressed investments or heavily towards non-distressed investments. Furthermore, financial leverage may also vary in that leverage will be higher with non-distressed investments and lower with more junior or less credit worthy instruments. KFI intends on keeping this flexibility to seize market opportunities in credits as they arise.

KFI'S investment strategy will focus on investments in contractually and/or structurally senior debt instruments ("**Senior Instruments**"). KA believes that investments in Senior Instruments offer several attractive investment characteristics versus unsecured high yield securities including their senior position/priority status and downside protection supported by a collateral package backing the underlying loan. KA may employ short sale transactions or Credit Default Swap agreements (Credit Default Swaps) to hedge investment positions or engage in inter-capital arbitrage.

KA anticipates that the performance of many of the KFI'S investments will be driven by specific events (such as bankruptcy reorganization, merger or sale, asset sale, recapitalization, refinancing, or other extraordinary event). KA will seek to play an active role in a restructuring when it believes such a role is required to protect or maximize the return on a portfolio investment.

KFI intends to enter into one or more total return swap agreements (each a Total Return Swap) or Credit Default Swap or similar type of derivative transaction intended to provide leverage for the Fund's investments, with one or more highly rated banks or financial institutions with significant experience in the field of alternative investments (each a "**Counterparty**"). KFI may enter into Total Return Swaps and Credit Default Swaps with respect to certain individual portfolio securities or groups of portfolio securities, in the discretion of KA. Each Total Return Swap transaction will be entered into pursuant to an ISDA Master Agreement and Schedule and will normally provide that certain assets of the KFI will be paid to the Counterparty in return for the right to receive from the Counterparty a payment tied to the performance of the portfolio security or securities underlying the Total Return Swap.

In addition to the increased leverage associated with any Total Return Swap and Credit Default Swap, KFI may use leverage (or borrowed funds) to provide liquidity to fund withdrawals by its investors, or for other reasons, subject to applicable regulatory requirements. KA may also employ leverage through the use of financing agreements,

including credit agreements and other facilities provided by a bank or other financial institution, in carrying out the Fund's investment strategy. Borrowing by KFI may be secured in any manner with the assets of KFI or through other arrangements.

KA may also invest in mutual funds or closed-end funds that invest primarily in bank loans.

KA may also enter into Credit Default Swaps or similar instruments as a way to (i) hedge individual credit exposures, (ii) hedge portfolios of credits, or (iii) short individual credits or portfolios of credits, or (iv) acquire credit exposure.

KA may also invest some of KFI's assets in short-term United States Government obligations, certificates of deposit, commercial paper and other money market instruments, including repurchase agreements with respect to such obligations, to enable KFI to make investments quickly and to serve as collateral with respect to certain of its investments. If KA believes that a defensive position is appropriate because of expected economic or business conditions, or that opportunities for investing are otherwise unattractive, a greater percentage of Fund assets may be invested in such obligations. KFI may also engage in securities lending activities. From time to time, in the sole discretion of KA, cash balances in KFI's brokerage account may be placed in a money market fund.

Impala Opportunity Fund, L.P.

IOF's primary objective is to generate current income and significant capital appreciation primarily through privately negotiated transactions in various classes of securities of companies in varying levels of financial transition or distress, primarily in the U.S. IOF also aims to make distributions of current income generated by investments. There can be no assurance that the Fund will achieve its objectives or will be able to avoid losses.

IOF's primary investment strategy is to purchase debt obligations of fundamentally sound companies that are distressed due to the effects of overleveraged balance sheets and/or operational issues, with the intention of, in select cases, taking a meaningful role in the restructuring of the balance sheet or potentially the operations of such companies. In most cases, IOF's investment will start with senior corporate debt obligations. Senior corporate debt is typically a secured loan that ranks at the top of the capital structure, holding a first claim on corporate assets. As such, senior corporate debt will be repaid before subordinated lenders, unsecured creditors, and equity holders in a restructuring. This priority position should provide IOF influence in the restructuring process and should afford greater downside protection for investments. KA also expects to invest selectively in DIP loans and exit financings as well as less senior debt securities (such as secured bonds, unsecured bank debt, trade claims, high yield securities, and other public and private debt instruments of distressed companies, or common or preferred stock, warrants to purchase common or preferred stock, and other equity interests) that are anticipated to control the reorganized company's equity upon emergence from bankruptcy or restructuring. Additionally, IOF may receive equity or equity related securities of an issuer, primarily in exchange for debt instruments, as part of a restructuring transaction.

While it is anticipated that IOF's portfolio will be comprised primarily of distressed securities and instruments, IOF may also invest in senior corporate debt issued by below investment grade companies if the yield is deemed appropriate.

The Principals and other members of the investment team have extensive experience performing due diligence and analyzing credit risk, and they believe that a strong emphasis in these areas is critical to success in distressed investing. In identifying and capitalizing on opportunities, the investment team will employ the same credit-focused methodology and

operational expertise that the team members have successfully implemented in previous positions. All investments will require approval of the Investment Committee.

The Fund's primary approach emphasizes control of risk by: (i) first investing in the senior portion of the capital structure; (ii) utilizing a "toe-hold" investment strategy and selectively building desired hold positions over time; (iii) actively participating in the restructuring and/or reorganization process and potentially utilizing the bankruptcy process to restructure the firm's balance sheet; and (iv) upon obtaining a significant equity position in a restructuring, leading operational improvements that will enhance company performance and increase enterprise value. IOF's approach to identifying investments and leading restructurings and operational turnarounds is as follows:

- Acquire Stage I Investments in senior corporate debt,
- Identify companies in which IOF wishes to expand hold position and establish a strategy for building position,
- Restructure the balance sheet and operations of the company, potentially using the Chapter 11 Bankruptcy process,
- Operationally improve the company and execute exit strategy to realize equity gains.

Stage 2 Investments, at the senior secured level, should generally involve lower relative risk than investments in less senior portions of the capital structure. The investment team expects implementation of turnarounds through balance sheet restructurings, operational improvements, and management control to generate private equity level returns on investments over and above the gain on the recovery of the senior debt at par.

In situations where KA determines that a Stage 2 Investment is not desirable, KA expects that the Stage I Investments in senior corporate debt will provide attractive economics and will be well-positioned for par recovery through the normal workout process.

Origination of Investment Opportunities

KA believes that the "wall" of corporate debt maturities and the contraction in the credit markets during the recent economic downturn provide significant opportunity to invest in over leveraged companies. Targets for IOF's investing activities include overleveraged borrowers and borrowers that possess significant assets but lack liquidity. It is expected that IOF will be able to readily identify companies in which it wishes to acquire a Stage I Investment due to strong relationships with trading desks and other groups within major investment and commercial banks, market intelligence gained through KFI's investment experience, and previous diligence and business activities conducted by members of the investment team. In addition, KA possesses institutional knowledge resulting from the review of approximately 1,000 companies since the inception of KFI. KA also uses financial newspapers and magazines, research materials prepared by others, annual reports, prospectuses, filings with the SEC and company press releases as its main sources of information.

For more information on the Funds and their investment program, please refer to the PPMs and related offering documents, which are available from KA upon request.

The Funds face significant investment risks in attempting to carry out their investment strategies. These include, but are not limited to, risks that the equity securities in the Funds' portfolios will decline in value, risks inherent in short sales, and counterparty risks in derivative transactions and other instruments.

The following summary of certain risks does not purport to be complete, but includes some of the potential risks generally associated with KA's investment strategy.

Risk Factors

An investment in the Funds involves significant risks not associated with other investment vehicles and is suitable only for persons of adequate financial means who have no need for liquidity in this investment. There can be no assurances or guarantees that (i) the Funds' investment objectives will prove successful or (ii) investors will not lose all or a portion of their investment in the Funds.

An investor should consider the Funds as a supplement to an overall investment program and should only invest if they are willing to undertake the risks involved. In addition, investors who are subject to income tax should be aware that an investment in the Funds is likely (if the Funds are successful) to create taxable income or tax liabilities in excess of cash distributions to pay such liabilities. An investor should therefore bear in mind the following risk factors and conflicts of interest before purchasing an Interest:

Market Risks

General Market Risk: As with any investment, there is a risk that the price of a security or future held by the Funds will fall or rise. There could be many reasons for a decline or increase in the price of a future or security. These include changing economic, political or market conditions and changes in interest rates. The profitability of the Funds substantially depends upon KA correctly assessing the future price movements of stocks, bonds, commodities, options on stocks or commodities, and other instruments and the movements of interest rates. KA cannot guarantee that it will be successful in accurately predicting price and interest rate movements. Additionally, general market conditions may impact the amount of securities available to purchase at attractive prices. As such, KA may encounter difficulty in making new investments as rapidly as it would prefer, or in maintaining the overall investment levels that it is targeting.

Competition: The securities industry, and the varied strategies and techniques to be engaged in by the Funds, are extremely competitive. The Funds will compete with firms, including many of the larger securities and investment banking firms, which have substantially greater financial resources and research staff.

Funds' Investment Activities: The Funds' investment activities involve a high degree of risk. The performance of any investment is subject to numerous factors which are neither within the control of nor predictable by KA. These factors include a wide range of economic, political, competitive and other conditions (including acts of war or terrorism) which may affect investments. In recent years, the securities markets have become increasingly volatile, which may adversely affect the ability of the Funds to realize profits. As a result of the nature of the Funds' investing activities, it is possible that the Funds financial performance may fluctuate substantially from period to period.

Risks of Investing in Securities: Prices of securities react to the business and financial condition of the company that issued them. Prices of a security may rise and fall based on changes in the business or financial condition of the issuing company, changes in management and the potential for takeovers and acquisitions.

Limited Liquidity: The Funds anticipate that most of the investments will not be publicly traded, and thus, most of the investments may be illiquid. If an investment is thinly traded or

is not traded at all, the Funds could have difficulty unwinding the investment at a desirable price. The Funds might suffer significant losses if forced to unwind an illiquid investment as a result of changing market conditions or as a result of margin calls or other factors. In addition, futures exchanges may establish daily price limits for most futures contracts. If the future's price moves up or down in a single day by an amount equal to the daily price limit (a "limit move"), the Funds might not be able to enter or exit a position as desired. This may prevent the Funds from exiting an unprofitable position and lead to losses in the Funds' account. In addition, the exchange or CFTC may halt trading in a particular market or otherwise impose restrictions that affect trade execution.

Risk of Default or Bankruptcy of Third Parties: The Funds may engage in transactions in securities and financial instruments that involve counterparties. Under certain conditions, the Funds could suffer losses if a counterparty to a transaction were to default or if the market for certain securities and/or financial instruments were to become illiquid. In addition, the Funds could suffer losses if there were a default or bankruptcy by certain other third parties, including brokerage firms and banks with which the Funds do business, or to which securities have been entrusted for custodial purposes. Virtually all of the Funds' assets which are invested in Total Return Swaps will be subject to the credit risk of one or more Counterparties.

Risks of Trading Futures: Trading futures is a highly risky strategy for the Funds. Whenever the Funds purchase or sell a particular future, there is a substantial possibility that it may sustain a significant loss. The prices of futures may be more volatile than prices of securities such as stocks and bonds. As a result, the risk of loss in trading futures may be greater than in trading those securities. Prices of futures react strongly to the prices of the underlying commodities. The prices of these underlying products, in turn, rise and fall based on changes in interest rates, international balances of trade, changes in governments, wars, weather and a host of other factors that are entirely beyond the Funds' control and that are very difficult (and perhaps impossible) to predict. KA believes that the risks to the Funds from futures trading activities should be mitigated because KA intends to engage in such activities primarily for hedging purposes and not for speculative purposes. Futures would be used primarily to hedge interest rate, currency, credit and other risks.

Concentration of Investments: The Funds are not limited in the amount of capital that they may commit to any one investment. While KA currently intends to allocate the Funds' capital among a number of different investments, it is not required to do so. Allocation of a large portion of the Funds' capital to one or a small number of investments could increase risk because of the lack of diversification. Further, upon the initial offering of interests, the Funds' investments may be concentrated in a particular issuer, industry or strategy. The concentration of the Funds' portfolios in any one issuer, industry or strategy would subject the Funds to a greater degree of risk with respect to the failure of one or a few issuers or with respect to economic downturns in relation to such industry. The Funds may face similar risks with respect to concentration of investments in a particular country.

Other Risks Related to the Funds' Investment Strategy

Broad Discretionary Power to Choose Investments and Strategies: KA has broad discretionary power to decide what investments the Funds will make and what strategies it will use. While KA currently intends to use the strategies described in this Item it is not obligated to do so, and it may choose any other investments and strategies that it believes are advisable.

Distressed Securities Generally: Distressed debt securities are subject to the significant risk of an issuer's inability to meet principal and interest payments on the obligations (credit risk) and also may be subject to price volatility due to such factors as interest rate sensitivity, market perception of the creditworthiness of the issuer and general market liquidity (market

risk). Distressed securities may react to developments affecting market and credit risk to a greater extent than non-distressed securities. Acquisition of a plan of reorganization “blocking position” in a security of a portfolio company entails significant risk. If KA’s evaluation of the anticipated outcome of such a blocking position should prove incorrect, the Funds could experience substantial losses. With respect to post-reorganization securities, such securities typically entail a higher degree of risk than investments in securities of companies which have not undergone a reorganization or restructuring. Moreover, post-reorganization securities can be subject to increased selling or downward pricing pressure after the completion of a bankruptcy reorganization or restructuring. If KA’s evaluation of the anticipated outcome of an investment situation should prove incorrect, the Funds could experience a loss.

Structured Finance Securities: The Funds may invest in structured finance securities such as, for example, equipment trust certificates, collateralized mortgage obligations, collateralized bond obligations, credit default swaps, collateralized loan obligations or similar instruments. Structured finance securities may present risks similar to those of the other types of investments in which the Funds may invest and, in fact, such risks may be of greater significance in the case of structured finance securities. Moreover, investing in structured finance securities may entail a variety of unique risks. Among other risks, structured finance securities may be subject to prepayment risk. In addition, the performance of a structured finance security will be affected by a variety of factors, including its priority in the capital structure of the issuer thereof, the availability of any credit enhancement, the level and timing of payments and recoveries on and the characteristics of the underlying receivables, loans or other assets that are being securitized, remoteness of those assets from the originator or transferor, the adequacy of and ability to realize upon any related collateral and the capability of the servicer of the securitized assets.

Leverage: The Funds intend to use leverage in its investment program, including the use of borrowed funds and investments in certain types of options, such as puts, calls and warrants, which may be purchased for a fraction of the price of the underlying securities while giving the purchaser the full benefit of movement in the market of those underlying securities. The Funds will also employ leverage through the use of Total Return Swaps. While such strategies and techniques increase the opportunity to achieve higher returns on the amounts invested, they also increase the risk of loss. To the extent the Funds purchase securities with borrowed funds, its net assets will tend to increase or decrease at a greater rate than if borrowed funds are not used. The level of interest rates generally, and the rates at which such funds may be borrowed in particular, could affect the operating results of the Funds. If the interest expense on borrowings were to exceed the net return on the portfolio securities purchased with borrowed funds, the Funds’ use of leverage would result in a lower rate of return than if the Funds were not leveraged.

If the amount of borrowings which the Funds may have outstanding at any one time is large in relation to its capital, fluctuations in the market value of the Funds’ portfolios will have disproportionately large effects in relation to the Funds’ capital and the possibilities for profit and the risk of loss will therefore be increased. Any investment gains made with the additional monies borrowed will generally cause the net asset value of the Funds to rise more rapidly than would otherwise be the case. Conversely, if the investment performance of the additional moneys borrowed fails to cover their cost to the Funds, then the net asset value of the Funds will generally decline faster than would otherwise be the case.

Overall, the use of leverage, while providing the opportunity for a higher return on investments, also increases the volatility of such investments and the risk of loss. Investors should be aware that an investment program utilizing leverage is inherently more speculative, with a greater potential for losses, than a program that does not utilize leverage.

Short Sales: The Funds may sell securities short. Short selling involves the sale of a security that the Funds do not own and must borrow in order to make delivery in the hope of purchasing the same security at a later date at a lower price. Selling securities short risks losing an amount greater than the proceeds received. Theoretically, securities sold short suffer from an unlimited risk of loss because there is no limit on how high the price of security may rise before the short position is closed. In addition, the supply of securities that can be borrowed fluctuates from time to time. The Funds may have losses if a security lender demands return of the lent securities and an alternative lending source cannot be found.

Options and Other Derivative Instruments: KA intends to invest in derivative instruments. The prices of many derivative instruments, including many options and swaps, are highly volatile. Price movements of options contracts and payments pursuant to swap agreements are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies. The value of options and swap agreements also depends upon the price of the securities or currencies underlying them. The Funds are also subject to the risk of the failure of any of the exchanges on which its positions trade or of their clearinghouses or of counterparties. The cost of options is related, in part, to the degree of volatility of the underlying securities. Accordingly, options on highly volatile securities may be more expensive than options on other securities.

Put options and call options typically have similar structural characteristics and operational mechanics regardless of the underlying instrument on which they are purchased or sold. A put option gives the purchaser of the option, upon payment of a premium, the right to sell, and the writer the obligation to buy, the underlying security, commodity, index, currency or other instrument at the exercise price. A call option, upon payment of a premium, gives the purchaser of the option the right to buy, and the seller the obligation to sell, the underlying instrument at the exercise price.

If a put or call option purchased by the Funds were permitted to expire without being sold or exercised, the Funds would lose the entire premium it paid for the option. The risk involved in writing a put option is that there could be a decrease in the market value of the underlying security caused by rising interest rates or other factors. If this occurred, the option could be exercised and the underlying security would then be sold to the Funds at a higher price than its current market value. The risk involved in writing a call option is that there could be an increase in the market value of the underlying security caused by declining interest rates or other factors. If this occurred, the option could be exercised and the underlying security would then be sold by the Funds at a lower price than its current market value.

Purchasing and writing put and call options and, in particular, writing “uncovered” options are highly specialized activities and entail greater than ordinary investment risks. In particular, the writer of an uncovered call option assumes the risk of a theoretically unlimited increase in the market price of the underlying security or currency above the exercise price of the option. This risk is enhanced if the security being sold short is highly volatile and there is a significant outstanding short interest. These conditions exist in the stocks of many companies. The securities necessary to satisfy the exercise of the call option may be unavailable for purchase except at much higher prices. Purchasing securities to satisfy the exercise of the call option can itself cause the price of the securities to rise further, sometimes by a significant amount, thereby exacerbating the loss. Accordingly, the sale of an uncovered call option could result in a loss by the Funds of all or a substantial portion of its assets.

Swaps and certain options and other custom instruments are subject to the risk of non-performance by the counterparty, including risks relating to the financial soundness and creditworthiness of the counterparty.

Hedging Transactions: The Funds may utilize financial instruments such as forward contracts, options and interest rate swaps, caps and floors, credit default swaps and other derivatives to seek to hedge against fluctuations in the relative values of its portfolio positions as a result of changes in currency exchange rates, certain changes in the equity markets and changes in interest rates. Hedging against a decline in the value of portfolio positions does not eliminate fluctuations in the values of portfolio positions or prevent losses if the values of such positions decline, but establishes other positions designed to gain from those same developments, thus moderating the decline in the portfolio positions' value. Such hedging transactions also limit the opportunity for gain if the value of the portfolio positions should increase. Moreover, it may not be possible for the Funds to hedge against a fluctuation at a price sufficient to protect the Funds' assets from the decline in value of the portfolio positions anticipated as a result of such fluctuations. For example, the cost of options is related, in part, to the degree of volatility of the underlying securities. Accordingly options on highly volatile securities may be more expensive than options on other securities and of limited utility in hedging against fluctuations in those securities.

KA is not obligated to establish hedges for portfolio positions and may not do so. To the extent that hedging transactions are effected, their success is dependent on KA's ability to correctly predict movements in the direction of currency and interest rates and the equity markets or sectors thereof.

Note: All investments involve the risk of loss, including (among other things) loss of principal, a reduction in earnings (including interest, dividends and other distributions), and the loss of future earnings. These risks include market risk, interest rate risk, issuer risk, and general economic risk. Although we manage the assets in a manner consistent with risk tolerances, there can be no guarantee that our efforts will be successful. The Investor should be prepared to bear the risk of loss.

Item 9: Disciplinary Information

We are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of our business or the integrity of our management. The Firm has not been subject to any disciplinary action, whether criminal, civil or administrative (including regulatory) in any jurisdiction. Likewise, no persons involved in the management of the Firm have been subject to such action.

Item 10: Other Financial Industry Activities and Affiliations

The principal business activity of each of Mr. Keenoy and Mr. Street is co-managing Impala Partners, a nationally recognized turnaround, restructuring and financial advisory firm. While Mr. Keenoy and Mr. Street are principally involved in other business activities, in accordance with their fiduciary obligations to KA, each person will devote so much of his time to KA as he determines to be necessary to accomplish the purposes of KA. Mr. Stegelmann is the managing member of KA and is principally responsible for the trading, management and

oversight of KA and the Funds, although he is also a non-managing member of Impala Partners, LLC.

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

Participation or Interest in Client Transactions

From time to time KA may cause the Funds or other clients to buy a security in which KA or an associated person has an ownership position, or KA or an associated person of KA may purchase a security of the same class as securities held in a client's account. It is KA's policy not to permit associated persons (or certain of their relatives) to trade in a manner that takes advantage of price movements caused by client transactions.

It is also the policy of KA not to give preference to orders for personnel associated with the firm regarding such trading. KA and its employees may personally invest in the same securities that are purchased for clients and may own securities that are subsequently purchased for clients. If the purchase and sale of securities for a client and KA are aggregated, either the client and KA will pay or receive the same price, or the client will receive the more favorable price. KA or its personnel may also buy or sell a specific security for their own account based on personal investment considerations, which KA does not deem appropriate to buy or sell for a client.

Code of Ethics Pursuant to Rule 204A-1 of the Advisers Act

KA has adopted additional compliance policies and procedures to comply with Rule 206(4)-7 under the Investment Advisers Act of 1940 ("Advisers Act"). These policies and procedures address, among other things: portfolio management processes, proprietary trading, client disclosures, ERISA and other regulatory aspects, safeguarding client assets and information, recordkeeping requirements, valuation processes, marketing activities and business continuity plans. KA has also adopted a Code of Ethics pursuant to Rule 204A-1 under the Advisers Act which sets forth certain ethical standards governing the conduct of its employees, including restrictions on personal securities transactions, limitations on acceptance of gifts, employee training programs, and confidentiality requirements. KA will provide a copy of its Code of Ethics to any client or prospective client upon request.

Personal Trading

Other than mandatory pre-clearance of IPOs, private placements and investments in securities reflected on the restricted list, and prohibitions on the use of material non-public information (as per Section III(D) of KA's Code of Ethics), the Firm does not have any mandatory policies or authorizations regarding personal trading by its employees. KA will notify employees if the company imposes any other restrictions on the buying and selling of investments or securities by employees, as well as any other restrictions on such activities imposed by applicable laws and regulations.

Item 12: Brokerage Practices

KA is responsible for the negotiation of any brokerage commissions paid by the Funds. Investments through brokers may involve a commission to the broker. KA will not commit to provide any level of brokerage business to any broker.

Securities transactions are executed through brokers selected by KA in its sole discretion and without the consent of clients. In providing advisory services for its clients, KA will seek to obtain the best execution for its clients, taking into account the following factors: the ability to effect prompt and reliable executions at favorable prices (including the applicable dealer spread or commission, if any); the operational efficiency with which transactions are effected, taking into account the size of order and difficulty of execution; the financial strength, integrity and stability of the broker; the reputation of the broker; the firm's risk in positioning a block of securities; efficiency of execution and error resolution; the quality, comprehensiveness and frequency of available research services considered to be of value; and the competitiveness of commission rates in comparison with other brokers satisfying KA's other selection criteria.

KA is authorized to pay higher prices for the purchase of securities from or accept lower prices for the sale of securities to brokerage firms that provide it with such investment and research information or to pay higher commissions to such firms if KA determines such prices or commissions are reasonable in relation to the overall services provided. Research services furnished by brokers may include written information and analyses concerning specific securities, companies or sectors; market, financial and economic studies and forecasts; statistics and pricing or appraisal services; and discussions with research personnel. KA is not required to weigh any of these factors equally. Information so received is in addition to and not in lieu of services required to be performed by KA, and KA's management fees and incentive fees are not reduced as a consequence of the receipt of such supplemental research information. Research services provided by broker-dealers used by a particular client may be utilized by KA and its affiliates in connection with their investment services for other clients. Since commission rates in the United States are negotiable, KA's selection of brokers on the basis of considerations which are not limited to applicable commission rates may at times result in a client being charged higher transaction costs than it could otherwise obtain.

KA does not currently engage in soft dollar programs nor does it anticipate engaging in them in the future.

Item 13: Review of Accounts

Review of Accounts

The Fund accounts managed by KA shall be reviewed at a minimum on a monthly basis by Murry Stegelmann, the managing member and a principal of KA, to assure consistency with KA's investment processes and conformity with the Funds' objectives and guidelines. Some reviews may include an evaluation of account performance relative to certain agreed upon benchmarks or objectives, while others may include an analysis of current positions and/or asset mix. In addition, all accounts shall be reviewed in light of emerging trends and developments as well as market volatility. Account reviews may result in adjustments to the Funds' portfolios.

Reporting

KA shall provide Investors in the Funds with periodic account statements (generally quarterly) that include portfolio holdings and performance information. In addition, realized gains/losses, interest and dividends earned shall be reported annually to Investors.

Item 14: Client Referrals and Other Compensation

KA may enter into fee sharing arrangements with third party marketers who refer prospective investors to the Funds. Such marketers may be paid a portion of the Management Fee and Performance Fee earned by KA or its affiliates from the referred Investor, the amount of which is subject to negotiation. Such third party marketers may have a conflict of interest in advising prospective Investors whether to purchase or redeem their interests in the Funds.

Investors who are referred to KA via a paid referral will receive a disclosure statement from the referring marketer and/or KA regarding the potential conflict of interest. KA will comply with Section 206(4)-3 of the Advisers Act in connection with any investor referrals by third parties.

Item 15: Custody

The amended and revised Rule 206(4)-2 of the Advisers Act sets forth extensive requirements regarding possession or custody of client funds or securities. The Rule requires advisers that have custody of client securities or funds to implement a set of controls designed to protect those client assets from being lost, misused, misappropriated or subject to financial reverses.

Advisers with custody of client funds and securities must maintain them with “Qualified Custodians.” “Qualified Custodians” under the amended rule include banks and savings associations and registered broker-dealers.

KA does not have direct custody of any client assets. KA currently uses Morgan Stanley Smith Barney, Bank of America, Citibank, UBS, and Virtus Partners as the custodians of KFI and these may change from time to time. KA intends to appoint qualified custodians for IOF upon receipt of investor subscriptions. Through this arrangement these qualified custodians will provide among other things, custodial and record keeping services.

KA will ensure that the Funds are audited annually and distribute audited financial statements to investors no later than 120 days after the end of each fiscal year. In addition, upon final liquidation of the Funds, KA will obtain a final audit and distribute audited financial statements prepared in accordance with U.S. Generally Accepted Accounting Principles (“GAAP”) with respect to the Funds to all Investors promptly after completion of the audit.

Item 16: Investment Discretion

Other than the risk management guidelines and related investment limitations set forth in the PPM for the Funds, there are no limitations on the discretionary authority of KA to make investments on behalf of the Funds.

Item 17: Voting Client Securities

Proxy Voting Policy

Due to the investment strategies of the Funds KA manages, the Firm does not often receive proxy solicitations from issuers of securities. In the limited cases where KA may receive a proxy solicitation by or with respect to an issuer of securities in which the Investor's assets may be invested from time to time, KA will not be required to take any action or render any advice with respect to the voting of proxies. In all cases, KA will observe its fiduciary duties to the Investor.

Item 18: Financial Information

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about KA's financial condition. KA has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.