

PART 2A OF FORM ADV: FIRM BROCHURE

DATED: MARCH 25, 2011

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This brochure provides information about the qualifications and business practices of Keystone National Group, LLC. If you have any questions about the contents of this brochure, please contact our Chief Compliance Officer, Brad Allen, by telephone at (925) 407-3120 or email at ballen@keystonenational.net. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Keystone National Group, LLC is available on the SEC's website at www.adviserinfo.sec.gov.

Please note that the use of the term "registered investment adviser" and any description of Keystone National Group, LLC and/or our associates as "registered" does not imply any certain level of skill or training. You are encouraged to review this brochure and the brochure supplements for more information on the qualifications of our firm and our associates.

ITEM 2. MATERIAL CHANGES TO OUR FORM ADV

Keystone National Group, LLC (“we” or “**Keystone**”) is required to advise you of any material changes to our firm brochure (“**Brochure**”) from our last annual update.

Since the date of our last annual update to our Brochure, Keystone has appointed Brad Allen as Controller, General Counsel and Chief Compliance Officer. Prior to joining Keystone, Mr. Allen was an associate attorney at Wilson Sonsini Goodrich & Rosati, P.C. in its corporate securities practice group in Palo Alto, California. Mr. Allen is licensed as a Certified Public Accountant in the State of California and is a member of State Bar of the State of California and the American Institute of Certified Public Accountants. Ms. Lynette Walbom is no longer with our firm.

Since the date of our last annual update to our Brochure, Keystone entered into an investment management agreement with the general partner of Keystone Private Market Opportunities III, L.P. (“**KPMO III**”) and added KPMO III as a new pooled investment fund client.

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ITEM 4 **ADVISORY BUSINESS**

A. Description of our advisory firm, including how long we have been in business, and identity of our principal owners¹.

We are dedicated to providing individuals and other types of clients with a wide array of alternative investment advisory services. We specialize in providing alternative investment solutions and expertise to investors and their advisors in the areas of fund selection and access, due diligence and investment management. Our firm is a limited liability company governed by the laws of the State of Delaware. We have been in business as an investment advisor since 2006 and are principally owned by Brandon Nielson and John Earl.

B. Description of the types of advisory services we offer.

(i) Asset Management.

We provide our clients with access to the world's top private equity and market fund managers and emphasize continuous and regular account supervision on investment advisory services to our clients. By combining in-depth research and industry relationships, we provide our clients with access to many of the most prominent and difficult-to-access private equity fund and other alternative investment managers. Our team has broad private markets and alternative investment experience, with particular expertise in small and lower middle market buyout, energy and private debt. In addition, we have built significant expertise investing in the nation's top small and lower-middle market funds. We carefully evaluate risk through rigorous due diligence to understand the risk parameters of each investment. We believe that the combination of extensive due diligence, appropriate sector allocation and diversification, and our deep network of relationships with fund managers and service partners, provides highly attractive private market alternative investment opportunities for our clients.

We primarily provide investment advisory services to our affiliated private equity fund of funds, private credit funds and other pooled investment fund clients (collectively, our "**Fund Clients**") and separate accounts (together with our Fund Clients, our "**Firm Clients**"). The majority of our investment advisory services involve providing advice to Firm Clients on investments in privately-held funds or other investment vehicles that acquire the debt, equity and/or other assets of predominantly privately-held companies, publicly-held companies or other investment opportunities ("**Private Funds**"). These Private Funds are classified by the types of investments they make and include large and middle market buyout funds, small buyout funds, mezzanine and other credit strategies, distressed credit funds, natural resource funds, energy funds, real estate and other funds that enable us to capitalize on opportunities in the marketplace.

We offer advice on investments in the partnership or other fund interests in these Private Funds and also on direct investments, secondary investments and co-investments. For separate accounts, we provide advice on all types of investment securities and/or assets, but primarily in the areas of alternative investments, private markets, real estate and cash management.

¹ Please note that for purposes of this item, our principal owners include the persons we list as owning 25% or more of our firm on Schedule A of Part 1A of Form ADV.

C. Explanation of how we tailor our advisory services to the individual needs of clients and whether clients may impose restrictions on investing in certain securities or types of securities.

(i) Individual Tailoring of Advice to Clients.

We offer individualized investment advice to our Firm Clients utilizing our alternative investment solutions. We conduct extensive due diligence on Private Funds and strive to identify the general and specific risks inherent with each alternative investment made by our Firm Clients. The combination of extensive due diligence and appropriate industry, sector and company allocation and diversification allow us to offer Firm Clients with the proper portfolio of alternative investments to suit their needs and desired level of risk.

(ii) Ability of Clients to Impose Restrictions on Investing in Certain Securities or Types of Securities.

Although we provide timely and accurate information regarding the scope, nature and types of investments made by each of our Firm Clients in Private Funds and other investment vehicles, we generally do not allow Fund Clients to impose restrictions on investing in certain securities or types of securities. Such restrictions would significantly increase the level of difficulty and accompanying cost to manage the account. In the rare instances that we would allow such restrictions, it would likely be limited to our firm's alternative investment solutions.

D. Participation in wrap fee programs.

We do not offer any wrap fee programs.

E. Disclosure of the amount of client assets we manage on a discretionary basis and the amount of client assets we manage on a non-discretionary basis.

As of March 25, 2011, we manage approximately \$240,000,000 on a discretionary basis and \$0 on a non-discretionary basis.

ITEM 5 FEES AND COMPENSATION

A. Description of how we are compensated for our advisory services.

Our fees are outlined in the investment management agreements with our Firm Clients, the underlying limited partnership agreements of our Fund Clients or the accompanying subscription agreement of an underlying limited partner. While our fees are generally negotiable, our standard fees for each of our Firm Clients are described below.

Keystone Private Equity, L.P. (“KPE”) –

Pursuant to an investment management agreement, the limited partnership agreement of KPE and the subscription agreements with each limited partner, we are entitled to an annual management fee from KPE, payable semiannually in advance on the first day of each semi-annual period, as follows: (i) commencing on the initial closing date of KPE, an annual management fee equal to 1% of the aggregate total capital commitments as of the final closing date, (ii) commencing on the first full fiscal quarter after the fourth anniversary of the initial closing date, an annual management fee equal to 0.7% of the aggregate total capital commitments as of the final closing date, and (iii) commencing with the first full fiscal quarter after the eighth full anniversary of the initial closing date, an annual management fee equal to 0.4% of the aggregate total capital commitments as of the final closing date. Management fees for individual limited partners of KPE shall be paid out of the capital contributions made by such limited partner, but may vary based upon written agreements with us.

We may also be reimbursed by KPE for all organizational and start-up expenses incurred in connection with the formation of KPE, including, without limitation, legal and accounting fees, travel expenses and out-of-pocket costs associated with the formation of KPE. The maximum aggregate amount of such expenses to be reimbursed by KPE is \$300,000. Any expenses in excess of \$300,000 may be paid by KPE to us, and the amount of any excess and any such placement fees shall be deducted from the next subsequent installment of the management fee (such deductions shall be applied on a pro rata basis in accordance with the amount of management fee due from each limited partner, respectively).

We or KPE may terminate the investment management agreement without penalty upon five (5) days written notice. Any fees that have been prepaid shall be refunded on a pro-rata basis based upon the number of calendar days remaining after the termination date in the period as to which fees may have been prepaid.

Keystone Private Equity Opportunities II, L.P. (“KPEO II”) –

Pursuant to an investment management agreement, the limited partnership agreement of KPEO II and the subscription agreements with each limited partner, we are entitled to an annual management fee payable by each limited partner of KPEO II to us, semiannually in advance on the first day of each calendar semiannual period, or in the case of the first such payment, the pro rated portion of such annual management fee, in such amount as agreed to between such limited partner and us as set forth in such limited partner’s subscription agreement. Upon admission of an additional limited partner to KPEO II, we shall be entitled to additional amounts on a pro rata basis to reflect such additional capital commitment as if made as of the initial closing date, unless otherwise agreed between such limited partner and us. The standard management fee is 2.0% per annum of each limited partner’s committed capital, but may be different for certain limited partners. The management fees due from each limited partner shall be paid out of the capital contributions made by such limited partner. We may waive all or any portion of the management fees payable with respect to any limited partner.

We may also be reimbursed by KPEO II for all organizational and start-up expenses incurred in connection with the formation of KPEO II, including, without limitation, legal and accounting fees, travel expenses and out-of-pocket costs associated with the formation of KPEO II or related entities. The maximum aggregate amount of such expenses to be reimbursed by KPEO II is \$350,000. Any expenses in excess of \$350,000 may be paid by KPEO II to us, and the amount of any excess and any such placement fees shall be deducted from the next subsequent installment of the management fee (such deductions shall be applied on a pro rata basis in accordance with the amount of management fee due from each limited partner, respectively).

We or KPEO II may terminate the investment advisory agreement without penalty upon five (5) days written notice. Any fees that have been prepaid by the client shall be refunded on a pro-rata basis based upon the number of calendar days remaining after the termination date in the period as to which fees may have been prepaid.

Keystone Private Market Opportunities III, L.P. (“KPMO III”) –

Pursuant to an investment management agreement, the limited partnership agreement of KPMO III and the subscription agreements with each limited partner, we are entitled to an annual management fee payable by each limited partner of KPMO III to us, semiannually in advance on the first day of each calendar semiannual period, or in the case of the first such payment, the pro rated portion of such annual management fee, in such amount as agreed to between such limited partner and us as set forth in such limited partner’s subscription agreement. Upon admission of an additional limited partner to KPMO III, we shall be entitled to additional amounts on a pro rata basis to reflect such additional capital commitment as if made as of the initial closing date, unless otherwise agreed between such limited partner and us. The standard management fee is 2.5% per annum of each limited partner’s contributed capital, but may be different for certain limited partners. The management fees due from each limited partner shall be paid out of the capital contributions made by such limited partner. We may waive all or any portion of the management fees payable with respect to any limited partner.

We are also entitled to a one-time administration fee payable by each limited partner upon admittance to KPMO III in an amount equal to one percent (1%) of the limited partner’s capital commitment. The administration fee due from each limited partner shall be paid out of the limited partner’s contributed capital. We may waive all or any portion of the administration fee with respect to any limited partner.

We may also be reimbursed by KPMO III for all organizational and start-up expenses incurred in connection with the formation of KPMO III, including, without limitation, legal and accounting fees, travel expenses and out-of-pocket costs associated with the formation of KPMO III. The maximum aggregate amount of such expenses to be reimbursed by KPMO III is \$250,000. Any expenses in excess of \$250,000 may be paid by KPMO III to us, and the amount of any excess and any such placement fees shall be deducted from the next subsequent installment of the management fee (such deductions shall be applied on a pro rata basis in accordance with the amount of management fee due from each limited partner, respectively).

We or KPMO III may terminate the investment advisory agreement without penalty upon five (5) days written notice. Any fees that have been prepaid by the client shall be refunded on a pro-rata basis based upon the number of calendar days remaining after the termination date in the period as to which fees may have been prepaid.

Separate Account –

Pursuant to an investment management agreement with a separate account of approximately \$50,000,000, we are entitled to an annual advisory fee payable by such separate account to us upon the last day of each calendar quarterly period. The advisory fee is a fixed, flat rate. We may also be reimbursed by the separate account for all fees and expenses incurred on behalf of the separate account. We or the separate account may terminate the investment management agreement at any time, with or without cause, upon written notice.

Other Compensation –

As described in greater detail below, the general partners of each of KPE, KPEO II and/or KPMO III, each in which certain affiliates of our firm may have a pecuniary interest, may be entitled to distributions from each such Fund Client upon the achievement of certain performance milestones as set forth in the applicable limited partnership agreement of each Fund Client. As a result of these interests of our affiliates, we may be deemed to manage both accounts that are charged a performance-based fee and an asset-based fee.

We and/or our employees may also serve companies and/or their stakeholders as special advisors, managers, officers, consultants, directors or in similar capacities for which we and/or they may receive fees, warrants or other compensation.

B. Description of whether we deduct fees from clients' assets or bill clients for fees incurred.

As described above, the management and advisory fees payable to us from each limited partner of KPE, KPEO III and KPMO III and the separate account are set forth in the applicable investment management agreement, limited partnership agreement or subscription agreement, and the timing and method of such payments is generally not negotiable. Such management fees are paid semi-annually in advance and are deducted from the capital contributions made by such limited partner to the applicable Fund Client. Administration fees payable by the limited partners of KPEO II and KPMO III are also deducted from the capital contributions made by such limited partner upon admittance to the Fund Client. Advisory fees payable to us by the separate account are billed to the separate account on the last day of each calendar quarterly period.

C. Description of any other types of fees or expenses clients may pay in connection with our advisory services, such as custodian fees or mutual fund expenses.

Other than management, operating or other expenses incurred and paid by our Firm Clients in the ordinary course of business, we have entered into placement agreements with several broker-dealers under which the broker-dealer may be a placement agent for KPEO II or KPMO III and paid certain fees in connection with a limited partner's investment in KPEO II or KPMO III. A significant number of limited partners of KPEO II and KPMO III may be affiliated with such placement agents. Unless paid by Keystone directly, such fees are generally paid out of the capital contributions made by such limited partner and may be substantial. We do not receive any compensation or any part of such fees remitted to such placement agents from the capital contributions of such limited partner.

D. Client's advisory fees are due in advance.

As described above, the management fees of KPE, KPEO II and KPMO III are due and payable to us semiannually in advance on the first day of each calendar semiannual period and the advisory fee of the separate account is due and payable to us upon the last day of each calendar

quarterly period. We or the applicable Fund Client may terminate the applicable investment management agreement without penalty upon five (5) days written notice. We or the separate account may terminate the investment management agreement at any time, with or without cause, upon written notice. Any fees that may have been prepaid by the applicable Firm Client shall be refunded on a pro-rata basis based upon the number of calendar days remaining after the termination date in the period as to which fees may have been prepaid.

E. Commissionable securities sales.

Neither we nor any of our supervised persons accepts compensation in connection with the purchase or sale of securities or other investment products.

ITEM 6. PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

Other than as set forth below, neither we nor any of our supervised persons accepts performance-based fees—that is, fees based on a share of capital gains on or capital appreciation of the assets of our Firm Clients. The general partners of each of KPE, KPEO II and/or KPMO III, each in which certain affiliates of our firm may have a pecuniary interest, may be entitled to distributions from each Fund Client upon the achievement of certain performance milestones as set forth in the applicable limited partnership agreement of each Fund Client. As a result of these interests of our affiliates, we may be deemed to manage both accounts that are charged a performance-based fee and an asset-based fee and further deemed to face an inherent conflict of interest to favor the accounts for which we may receive a performance-based fee, even though in these instances the actual accounts however are the same. Nevertheless, regardless of the fee structure of a particular Firm Client, we strive to manage the assets in each of our Firm Clients with the same degree of care, attention and interest and believe that as a result of the structure of each Fund Client and accompanying performance incentives, our interests are generally aligned with the interest of the limited partners of each of our Fund Clients. Moreover, each investment decision or recommendation to any Fund Client is presented to, discussed with and approved by our investment committee and other members of our investment team, including individuals who are not affiliated with the general partners of any of our Fund Clients.

ITEM 7. TYPES OF CLIENTS AND ACCOUNT REQUIREMENTS

Our Firm Clients are mainly pooled investment partnerships, separate accounts and other private market investment vehicles. We require a minimum account balance of \$25,000,000 in capital commitments for offering our asset management services to our Firm Clients, which include both the pooled investment funds and separate accounts that we manage. Generally, this minimum account balance requirement is not negotiable and would be required throughout the course of the client's relationship with our firm.

ITEM 8. METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

A. Description of the methods of analysis and investment strategies we use in formulating investment advice or managing assets.

In providing investment management services to our Firm Clients, we recommend private equity, credit or market funds, real estate and other funds or ventures managed by experienced teams who have historically proven to provide a high level of success. We review the private fund offerings and other ventures of managers who we believe have demonstrated outstanding investment capabilities and are well poised in our view to deliver strong returns. Among other things, we seek teams that have significant experience, relatively few losses or write-downs, a consistent and understandable strategy, a fund size appropriate for such strategy and access to high-quality investment opportunities. We generally seek investments that are intended to be held for longer than one year, but the specific strategy of any investment may depend on the facts and circumstances surrounding that investment.

We complete a rigorous, comprehensive, thorough and in-depth due diligence process before we recommend that any investment is made by a Fund Client. Examples of key factors that we consider prior to recommending that a Fund Client invest in a fund or other venture include, but are not limited to:

- Stability of the funds leadership team;
- Historical returns (as modified through various stress tests);
- Terms and conditions of the fund manager;
- Benchmarking against peers;
- Operating backgrounds/resources of the fund manager;
- Personal commitments of the fund manager to the fund;
- Source of deal flow;
- Historic prices paid for prior deals or transactions;
- Sources of value creation;
- Performance of underlying portfolio companies;
- Size of new fund compared to prior funds;
- Investment pace;
- Results of reference calls;
- Bandwidth of team members/number of current investments; and
- General terms and conditions of limited partnership agreements and/or other transaction documents.

In order to review hundreds of private fund managers and select only those investments that appear best suited to the objectives, risk tolerance and mandates of our Fund Clients and, in our opinion, most likely to outperform their competitors, we implement a comprehensive sourcing, preliminary review and 7-stage due diligence process. After a potential investment is identified by the members of our team and if the results of a preliminary review determine that the potential investment would be appropriate for our Fund Clients, a 7-stage due diligence process is initiated. The subsequent levels of due diligence provide a comprehensive, in-depth analysis of the potential investment and its managers in an effort to

identify only those investments that are best positioned to deliver strong returns to the appropriate Fund Client. These subsequent levels of due diligence involve a review of the investment's overall strategy, management team, track record and strengths and weaknesses. We conduct several conference calls and meetings with the various members of the management team, perform in-depth historical performance analysis and portfolio company analysis, conduct on-site due diligence, perform portfolio company visits and reference calls, complete a 360-degree reference call program and engage outside legal counsel to perform legal due diligence on the terms and conditions of the underlying limited partnership agreement and other transaction documents. Only after the due diligence process is completed, our investment committee then deliberates in great detail whether a Fund Client should continue with the proposed investment. Similar methods of analysis, processes and investment strategies are employed in the review of potential investments for the separate account.

After an investment is completed, we continue to monitor the performance of the investment and may request a seat on a management or advisory board, if applicable. Our on-going monitoring activities may include, but are not limited to, reviewing the current status and developments in portfolio companies, attending annual meetings, reviewing valuations of unrealized portfolio companies and ensuring that managers operate in compliance with terms and conditions of the underlying fund's manager.

Please Note:

Investing in securities involves risk of loss that clients should be prepared to bear. While public and private markets may increase and your accounts could enjoy a gain, it is also possible that public and private markets may decrease and your accounts could suffer a significant loss. It is important that you understand the risks associated with investing in public and private markets, are appropriately diversified in your investments, and ask any questions that you may have regarding the objective, risk or diversification of your investments.

B. Description of the material risks involved in our investment strategies.

Investments that we may recommend to any Firm Client involve a significant degree of risk and are suitable only for sophisticated investors for whom an investment does not represent a complete investment program and who fully understand and are capable of bearing the risks of an investment. There can be no assurance that the investments made by any Firm Client will be able to achieve its investment objective or that any Firm Client will receive a return of its capital. Prior to making any investment, investors should discuss with their advisors the risks associated with such investment, including those set forth in any applicable private offering memorandum, and should carefully consider the following risks, which do not purport to be a complete list of all of the risks involved in any investment associated with a Firm Client:

- Reliance on underlying fund management;
- Financial and business risk;
- Insufficient opportunities;
- Inadequate return;
- Lack of liquidity;
- Suspension of redemptions and/or distributions, if any;
- Delayed reporting and valuation;
- Increased competition in investments;

- Restrictions on transfer and illiquidity of investments;
- Co-investments and direct investments;
- Lack of operating history;
- Lack of uniform reporting standards and valuation;
- Fees and expenses;
- Potential dilution;
- Lack of diversification;
- Control positions;
- Tax and currency risks; and
- Volatile political, economic and general market conditions.

C. Description of the material risks involved in our recommendations for particular types of securities.

We generally recommend investments in private equity, credit or market funds and other ventures, which investments inherently include, among other risks that may not be specifically identified herein, the risks described above. However, investments in any private markets involve the following risks, which do not purport to be a complete list of all of the risks involved in private markets and the inclusion of which does not necessarily purport to be material or significant:

- Lack of liquidity;
- Delayed reporting and valuation;
- Restrictions on transfer and illiquidity of investments;
- Lack of uniform reporting standards and valuation;
- Fees and expenses; and
- Control positions.

ITEM 9. DISCIPLINARY INFORMATION

We are required to disclose whether there are legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management. After an extensive review, we have determined that we have nothing to disclose under the aforementioned standard.

ITEM 10. OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

A. Registration as a broker-dealer.

Neither we nor any of our management persons are registered, or have an applicable pending to register, as a broker-dealer or a registered representative of a broker-dealer.

B. Other registrations.

Neither we nor any of our management persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

C. Relationships with related parties.

We are required to disclose any relationships or arrangements that are material to our advisory business or to our clients that we or any of our management persons have with any related parties. As described above, we have been engaged by the general partners of each of KPE, KPEO II and KPMO III to provide our alternative investment management services pursuant to separate investment management agreements with each such Fund Client. John Earl and Brandon Nielson are the managing members of, maintain material interests in and are otherwise affiliated with each of the general partners of KPE, KPEO II and KPMO III. Moreover, we have and/or may from time to time recommend investments, joint ventures or other private market real estate opportunities with certain managers, partners or other principals who may be deemed related parties or family members of Brandon Nielson. Other than as set forth herein, neither we nor Mr. Nielson receive any direct or indirect remuneration in connection with such transactions, and through an extensive due diligence review and discussion among the unaffiliated members of our investment committee, we strive to ensure that the terms of any transactions with any deemed related party are in the best interests of our Firm Clients and on terms no less favorable than an otherwise unaffiliated transaction. Lastly, because Messrs. Allen and Nielson are licensed as Certified Public Accountants and Mr. Allen is a member of State Bar of the State of California, we are deemed to have related persons who are accountants and lawyers. Neither Mr. Allen nor Mr. Nielson has been retained to provide accounting or legal advice to any of our clients and neither relationship creates a material conflict of interest with clients. For more information regarding any such transaction or relationship, please contact our Chief Compliance Officer at (925) 407-3120.

D. Recommendation fees.

We do not recommend or select other investment advisers for our Firm Clients for compensation, either directly or indirectly, from such advisers. We do not have any other business relationships with those advisers that create a material conflict of interest.

ITEM 11. CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

A. Code of Ethics.

We recognize that the management of our clients' investments and the personal investment transactions of the members of our firm demand the application of a strict and comprehensive Code of Ethics that requires that all such investments transactions be carried out in a way that does not endanger the interest of any client. At the same time, we believe that if investment goals are similar for clients and for members of our firm, it is logical and even desirable that there be common ownership of some securities and an appropriate alignment of interests through incentives and other means.

Therefore, our firm has established a Code of Ethics which applies to all of our associated persons. An investment adviser is considered a fiduciary. As a fiduciary, it is an investment adviser's responsibility to provide fair and full disclosure of all material facts and to act solely in the best interest of each of our clients at all times. We have a fiduciary duty to all clients. Our fiduciary duty is considered the core underlying principle for our Code of Ethics, which also includes Insider Trading and Personal Securities Transactions policies and procedures. We require all of our supervised persons to conduct business with the highest level of ethical standards and to comply with all federal and state securities laws at all times. Upon employment or affiliation and at least annually thereafter, all supervised persons will sign an acknowledgement that they have read, understand, and agree to comply with our Code of Ethics. Our firm and supervised persons must conduct business in an honest, ethical and fair manner and avoid all circumstances that might negatively affect or appear to affect our duty of complete loyalty to all clients. This disclosure is provided to give all clients a summary of our Code of Ethics. However, if a client or a prospective client wishes to review our Code of Ethics in its entirety, a copy will be provided promptly upon request.

B. Conflicts of Interest.

Although we generally recommend alternative investments in private markets, we have in place a set of procedures with respect to transactions effected by our members, officers and employees for their personal accounts in order to prevent conflicts of interest. For purposes of the policy, our associate's personal account generally includes any account (a) in the name of our associate, his/her spouse, his/her minor children or other dependents residing in the same household, (b) for which our associate is a trustee or executor, or (c) which our associate controls, including our client accounts which our associate controls and/or a member of his/her household has a direct or indirect beneficial interest in. In order to monitor compliance with our personal trading policy, we have a securities transaction reporting system for all of our associates.

As described above, associates of our firm act as the managing members of the general partners of each of KPE, KPEO II and KPMO III, but we believe that as a result of the structure of each Fund Client, our interests are generally aligned with those of each of our Fund Clients. Each investment decision or recommendation to any Fund Client is presented to, discussed with and approved by our investment committee and other members of our investment team, including individuals who are not affiliated with the general partners of any of our Fund Clients. Moreover, we have and/or may from time to time recommend investments, joint ventures or other private market real estate opportunities with certain managers, partners or other principals who may be deemed related parties. Other than as set forth herein, neither we nor any of our employees receive any direct or indirect remuneration in connection with such transactions, and through an extensive due diligence review and discussion among the unaffiliated members of our investment committee, we strive to ensure that the terms of any transactions with any deemed related party are in the best interests of our Firm Clients and on terms no less favorable than an otherwise unaffiliated transaction. For more information regarding any such transaction or relationship, please contact our Chief Compliance Officer at (925) 407-3120.

C. Investing in the Same Securities as our Clients.

Our Code of Ethics allows us and our associates to buy and sell securities identical to those recommended to our clients, although such transactions must adhere to all of the provisions of our Personal Securities Transactions Policies and Procedures, including the review and approval of our Chief Compliance Officer. In fact, we strongly believe that our interests should be closely aligned with those of our clients and as evidence of such belief, associates of our firm act as the managing members of the general partners of each of KPE, KPEO II and KPMO III. However, we believe that as a result of the structure of each Fund Client and accompanying performance incentives, our interests are generally aligned with those of each of our Fund Clients. Each investment decision or recommendation to any Fund Client is presented to, discussed with and approved by our investment committee and other members of our investment team, including individuals who are not affiliated with the general partners of any of our Fund Clients. However, generally the investment suitability and requirements of the securities that we recommend to our Firm Clients often preclude our and our associate's ability to invest in such alternative private market transactions.

D. Investing in the Same Securities at the Same Time as our Clients.

Other than as set forth herein, neither we nor our related persons generally recommend securities to clients, or buy or sell securities for client accounts, at or about the same time that we or a related person buys or sells the same securities for our or their own account. As described above, associates of our firm act as the managing members of the general partners of each of KPE, KPEO II and KPMO III and as a result thereof, such general partners may indirectly participate in the investment transactions alongside each of our Fund Clients.

ITEM 12. BROKERAGE PRACTICES

A. Description of the factors that we consider in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation (e.g., commissions).

1. Research and Other Soft Dollar Benefits.

We generally do not receive any material research or other similar products or services other than execution from a broker-dealer or a third-party in connection with client securities transactions (“soft dollar benefits”), but may from time to time agree to accept research reports, compilations of private or public market data or other products and services other than execution from a broker-dealer or a third party in connection with a client securities transaction. If we agreed to accept such soft dollar benefits, we would presumably not have to produce or pay for such research, products or services ourselves and as a result, may have an incentive to select or recommend a broker-dealer or other third-party based on our interest in receiving the research or other products or services, rather than on our client’s interest in receiving most favorable execution. However, we have adopted policies and procedures to ensure that we honor our fiduciary duties to all of our clients, that we provide the most favorable execution for our clients and that we do not direct any client to a particular broker-dealer or other third party directly as a result of any soft dollar benefits. Clients do not pay commissions higher than those charged by other broker-dealers in return for soft dollar benefits.

2. Brokerage for Client Referrals.

We do not select broker-dealers for our clients. Other than as set forth herein, neither we nor any related person receives client referrals from any broker-dealer or third party.

3. Directed Brokerage.

We do not recommend, request or require that a client directs us to execute transactions through a specified broker-dealer. As described herein, we have entered into placement agreements with several broker-dealers under which the broker-dealer may be a placement agent for KPEO II or KPMO III and paid certain fees in connection with a limited partner’s investment in KPEO II or KPMO III. A significant number of limited partners of KPEO II and KPMO III may be affiliated with such placement agents. Unless paid by Keystone directly, such fees are generally paid out of the capital contributions made by such limited partner and may be substantial. We do not receive any compensation or any part of such fees remitted to such placement agents from the capital contributions of such limited partner.

B. Discussion of whether, and under what conditions, we aggregate the purchase or sale of securities for various client accounts in quantities sufficient to obtain reduced transaction costs (known as bunching).

Because the availability and practice of bunching is generally not applicable or often relevant to the types of alternative private market investments that we generally recommend to our clients, we do not aggregate the purchase or sale of securities for client accounts.

ITEM 13. REVIEW OF ACCOUNTS OR FINANCIAL PLANS

A. Review of client accounts or financial plans, along with a description of the frequency and nature of our review, and the titles of our employees who conduct the review.

We carefully monitor all of the underlying investments made by our Firm Clients and in appropriate circumstances may request a seat on a management or advisory board, if applicable. Our on-going monitoring activities may include, but are not limited to, reviewing the current status and developments in portfolio companies, attending annual meetings, reviewing valuations of unrealized portfolio companies and ensuring that managers operate in compliance with terms and conditions of the underlying fund's manager. We carefully review the financial statements and management reports of each of the investments of our Firm Clients not less than on a quarterly basis. Additionally, interim reviews of the investments of our Firm Clients are conducted as necessary and as determined by general market conditions, additional reports from the underlying investments and other factors. On-going reviews are conducted by members of our firm and members of our investment committee.

B. Review of client accounts on other than a periodic basis, along with a description of the factors that trigger a review.

We may review client accounts more frequently than described above. Among the factors which may trigger a more frequent review include, but are not limited to, major market, political or economic events, client requests, unanticipated performance or other results, timing and frequency of capital contributions, changes in the composition of the management team, changes in the underlying strategy and other factors that we may deem significant or necessary to review such underlying investment.

C. Description of the content and indication of the frequency of written or verbal regular reports we provide to clients regarding their accounts.

We communicate regularly with the limited partners of our Fund Clients and their advisors by written and verbal reports. On a quarterly basis, we prepare and distribute unaudited financial statements to the limited partners of each of our Fund Clients and their advisors, which reports include a statement of assets, liabilities and partners' capital, statement of operations, changes in partners' capital and cash flows, schedules of investments, and notes to such financial statements. We also prepare and distribute on a quarterly basis to the limited partners of each of our Fund Clients a general fund update along with detailed capital account statement, including beginning capital balance, contributions, distributions, income and expense allocations, realized and unrealized gains and losses and ending capital account balance. Upon completion of the annual audit of each of our Fund Clients, which audit is conducted and prepared by an independent accounting firm of national recognition, we provide a copy of the report, opinion and audited financial statements to the limited partners of each of our Fund Clients and their advisors. We communicate regularly with the principals and managers of the separate account by written and verbal reports and provide detailed analysis of the terms, progress and material developments regarding any underlying investments.

ITEM 14. CLIENT REFERRALS AND OTHER COMPENSATION

A. Economic Benefits.

As described above, we have entered into placement agreements with several broker-dealers under which the broker-dealer may be a placement agent for KPEO II or KPMO III and paid certain fees in connection with a limited partner's investment in KPEO II or KPMO III. A significant number of the limited partners of KPEO II and KPMO III may be affiliated with a placement agent. Unless paid by Keystone directly, such placement agent fees are generally paid out of the capital contributions made by such limited partner and may be substantial. We do not receive any compensation or any part of such fees remitted to such placement agents from the capital contributions of such limited partner.

B. Referral Fees.

Neither we nor any related persons directly or indirectly compensates any person who is not a supervised person for client referrals.

ITEM 15. CUSTODY

We maintain custody of certain funds and/or securities of our Fund Clients. Qualified custodians do not send account statements directly to our Fund Clients. As described above, we prepare and distribute reports and statements to the limited partners of each of our Fund Clients and their advisors as well as to the principals and managers of the separate account. Clients and their advisors should carefully review each of those reports and statements and compare such statements with their own individual or personal records.

ITEM 16. INVESTMENT DISCRETION

We maintain discretionary authority in the management of the investments of our Fund Clients and provide timely and accurate information regarding the scope, nature and types of investments made by each of our Firm Clients. As described above, we generally do not allow Firm Clients to impose restrictions on investment discretion because such restrictions would significantly increase the level of difficulty and accompanying cost to manage the account. In the rare instances that we would allow such restrictions, it would likely be limited to our firm's alternative investment solutions.

ITEM 17. VOTING CLIENT SECURITIES

We generally do not accept the proxy authority to vote client securities. As described above, the management, voting and other discretionary authority of each of our Firm Clients is subject to the terms, conditions and other provisions of the applicable investment management, limited partnership agreement and other governing arrangements of such client. Clients will generally receive proxies or other solicitations directly from their custodian or a transfer agent. In the event that any such materials are delivered to our firm, we will generally forward them to our clients. However, as described in greater detail above, certain affiliates of our firm may have a pecuniary interest in the general partners of each of KPE, KPEO II and/or KPMO III, who may exercise such voting or other authority pursuant to the limited partnership agreements of each Fund Client.

We have adopted policies and procedures to ensure that any proxy voting is in the interest of maximizing overall and generally long-term shareholder value. To that end, we generally will vote in a way that we believe, consistent with our fiduciary duty, will cause the value of the issue to increase the most or decline the least. Consideration will be given to both the short and long term implications of the proposal to be voted on when considering the optimal vote, and if a potential or perceived conflict of interest arises with any particular situation, our Chief Compliance Officer and the Managing Partners of our firm will review such conflict and, if necessary, consult with independent, outside legal counsel or other third-party service providers to determine the appropriate course of action consistent with our fiduciary duty. Any general or specific proxy voting guidelines provided by a Firm Client in writing will supersede this policy. Firm Clients may wish to have their proxies voted by an independent third party or other named fiduciary or agent, at such client's cost.

A copy of our proxy voting policies and procedures may be obtained by our Firm Clients by contacting our Chief Compliance Officer, and clients may contact our Chief Compliance Officer or any other member of our team to discuss questions they may have about particular proxy vote or other solicitation.

ITEM 18. FINANCIAL INFORMATION

- A. If we require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance, we must include a balance sheet for our most recent fiscal year.**

Because we do not require nor do we solicit prepayment of more than \$1,200 in fees per client six months or more in advance, we have not included a balance sheet for our most recent fiscal year.

- B. If we have discretionary authority of client funds or securities, we must disclose any financial condition that is reasonably likely to impair our ability to meet contractual commitments to clients.**

After an extensive review of our financial position, we do not believe that any financial condition exists that is reasonably likely to impair our ability to meet our contractual commitments to clients.

- C. If we have been the subject of a bankruptcy petition at any time during the past ten years, we must disclose this fact, the date the petition was first brought, and the current status.**

We have not been the subject of a bankruptcy petition at any time during the past ten years.