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**FORM ADV, PART 2A**  
**BROCHURE**

**March 24, 2017**

**This brochure provides information about the qualifications and business practices of Kinney Asset Management, LLC, an investment adviser registered with the United States Securities and Exchange Commission (the “SEC”). If you have any questions about the contents of this brochure, please contact us at 312-548-8422 or via e-mail at [brent@kinneyam.com](mailto:brent@kinneyam.com). The information in this brochure has not been approved or verified by the SEC or by any state securities authority.**

**Additional information about Kinney Asset Management, LLC is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number for Kinney Asset Management, LLC is 155498.**

**Registration with the SEC or any state securities authority does not imply a certain level of skill or training.**

## **Item 2 – Material Changes**

This Item 2 discusses only specific material changes that are made to this brochure since the last annual update of our brochure on March 28, 2016.

- Item 17 (Voting Client Securities) was revised to update the Firm’s description of its proxy policies and its relationship with ProxyEdge.

We note that we updated our assets under management and made various non-material changes throughout the brochure to clarify certain services and practices of our firm.

Our brochure may be requested by contacting Brent Batts at 312-548-8422 or via e-mail at [brent@kinneyam.com](mailto:brent@kinneyam.com).

We may update this brochure at any time.

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### **Appendix A – Privacy Notice**

#### **Item 4 – Advisory Business**

Kinney Asset Management, LLC is a registered investment adviser based in Chicago, Illinois. We are organized as a Delaware limited liability company and have been providing investment advisory services since 2003. Peter Kinney is the majority owner of the firm through a private, family-held limited liability company. Peter serves as the managing member of the firm. Gotham Advisers, LLC owns a minority stake in the firm, and does not actively participate in daily operations. The firm's primary focus is managing the pooled investment vehicle, Acacia Capital, LP, a Delaware limited partnership organized in February 2003 (the "Fund"), and we also provide portfolio management services to separately managed accounts based on the same value investment strategy used to manage the Fund. We invest primarily in equity securities globally that fit the requirements of the managing member's value driven philosophy which focuses on a relatively small number of domestic and international equities that we believe are likely to experience long term appreciation. The following paragraphs describe our services and fees and how we tailor our advisory services to your individual needs.

##### *Portfolio Management Services – Separately Managed Accounts*

We provide investment advice tailored to meet our clients' needs and investment objectives. As part of our portfolio management services, we may customize an investment portfolio for you in accordance with your risk tolerance and investment objectives. We may also invest your assets using a predefined strategy. Once we construct an investment portfolio for you, we will monitor your portfolio's performance on an ongoing basis, and will rebalance the portfolio as required by changes in market conditions.

Our investment advisory agreement contains an authorization by which you grant us discretion to make purchases and sales for your account without requiring us to obtain your consent or approval prior to each transaction, to select the type and amount of securities that we buy or sell for your account, the broker or dealer we use to effect such transactions and the commission rates paid. However, you may specify your investment objectives and guidelines, select your portfolio strategy and impose certain restrictions or investment parameters for your account. For example, you may specify that investments in any particular stock or industry should not exceed specified percentages of the value of the portfolio and/or restrict or prohibit transactions in the securities of a specific industry or issuer.

Both parties may terminate the investment advisory agreement generally upon 60 days' notice. Upon termination, you will incur a pro rata charge for services rendered prior to the termination of the agreement, which means you will incur advisory fees only in proportion to the number of days in the quarter for which you are a client. The terms of each agreement will be determined on an individual basis. See Item 7 for more information on the types of clients we may offer sub-advisory services to.

##### *Pooled Investment Vehicle – Acacia Capital, L.P.*

We serve as the general partner to the Fund, which is a U.S. domiciled limited partnership. The Fund has been our primary investment management client since our inception as an investment adviser. Its investment objective is to provide an above average long-term absolute return from a

portfolio invested primarily in equity securities located outside the United States. We tailor our advisory services to the Fund, and not to the needs of any underlying investor in the Fund. This brochure should not be considered an offering document for the Fund and investors should refer to the Fund's private offering memorandum or organizational documents for a complete description of the Fund, including its strategies, risks, conflicts of interest and expenses. The Fund is exempt from registration as an investment company under Section 3(c)(7) of the Investment Company Act of 1940 (the "1940 Act").

We may launch or manage pooled vehicles other than the Fund.

### *Assets Under Management*

As of December 31, 2016, we managed \$713,247,986 in client assets on a discretionary basis. We do not manage assets on a non-discretionary basis.

## **Item 5 – Fees and Compensation**

Fees for both our separately managed accounts and the Fund are discussed in this item.

### *Separately Managed Accounts*

We generally charge an annual management fee of 1% of your assets under management. Our advisory fee is either billed and payable quarterly in arrears or in advance, based on the value of your account at the end of the quarter based on 1/4 of 1% per annum or 1/12 of 1% per annum, if accrued monthly. If the investment advisory agreement is executed at any time other than the first day of a calendar quarter, our fees will apply on a pro rata basis, which means that the advisory fee is payable in proportion to the number of days in the quarter for which you are a client. If terminated prior to quarter-end and in advance, any unearned fees will be returned to the client. Clients are generally also subject to a performance fee described in Item 6 below.

We will send you an invoice showing the amount of fees due along with the account value, and change of value for incentive fees, on which the fee is based and how the fee was calculated, unless you have an administrator which calculates it for you. In that case, we will provide their support for the amount due on the invoice. Clients hold ultimate responsibility for remitting payments as we do not deduct fees directly from your account. We urge you to review all statements received from your custodian for accuracy.

Fees for a separate account client are negotiable and may vary from the amounts set forth in this brochure.

### *Acacia Capital, L.P.*

We receive a management fee and performance allocation for serving as general partner to the Fund. At the end of each calendar quarter, the Fund pays to us a management fee in an amount equal to 0.25% of the balance of such account as of the end of such quarter (a 1% annual rate), calculated before giving effect to any withdrawals and/or any incentive allocation charged against such account as of the end of such quarter. The management fee is prorated if the capital account

against which it is charged was established other than as of the beginning of a calendar quarter. Clients are also subject to the performance allocation described in Item 6 below.

### *Additional Fees and Expenses*

Our fees are exclusive of brokerage commissions, custodial fees, transaction fees and other investment related costs and expenses. These charges and fees are typically imposed by the broker-dealer or custodian through which client account transactions are executed. Please refer to Item 12 for a description of the factors we consider in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation.

The private funds, registered funds and separately managed accounts may also be subject to administrative, legal, audit and other professional expenses, including certain software and other licensing costs. We do not share in any portion of these commissions, fees and expenses. Please refer to the applicable private fund or registered investment company offering memorandum or the advisory agreement for a separate account client for more information.

As part of our investment advisory services, we may invest, or recommend that a client invest, in mutual funds and exchange-traded funds. The fees that a client pays to our firm for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds or exchange-traded funds (described in each fund's prospectus) to their shareholders. These fees will generally include a management, custodial and transfer agent fee and other fund expenses.

Client costs and expenses are the responsibility of, and may be paid directly by, the applicable client. However, where we have the ability to do so in respect of our clients, we may pay client costs and expenses directly out of our own account for and on behalf of the client, and in those cases we are entitled to reimbursement from the client. Certain costs and expenses may be incurred for the benefit of, or be shared by, multiple clients which may include clients which do not bear any responsibility for such costs and expenses. Such shared expenses generally will be allocated across the applicable clients pro rata or in such other manner as we deem appropriate. We may directly bear the responsibility for the portion of such shared costs and expenses otherwise allocable to clients which benefit from, but which are not directly responsible for, such shared costs and expense.

We may pay client costs and expenses directly out of our own account for and on behalf of the client.

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

In addition to the management fees described in Item 5 above, clients are generally subject to an annual incentive fee or allocation of 20% of net profits (including realized and unrealized gains and losses) after management fees are deducted. The incentive allocation is subject to a "high-water mark," that if the account suffers a net loss in any period followed by a net profit, there will not be an incentive fee charged until the net loss has been fully recovered. The "High Water Mark" is the highest level of net profit in respect to the account as of the end of any prior incentive allocation calculation period for such investor, or \$0, if no incentive allocation has previously been charged.

Performance-based fees may create an incentive for our firm to make investments that are riskier or more speculative than would be the case absent a performance fee arrangement. In addition, performance-based fees may vary across clients and we may receive only a management fee or a performance fee from certain clients. Clients may be subject to actual or potential conflicts of interest by the management of multiple accounts that follow similar or the same investment strategy. Such a conflict may create an incentive for us to favor one client over another. Our policies and procedures regarding trade allocation as well as our Code of Ethics are designed to mitigate this risk. See Item 11 below.

Performance-based fees also may create an incentive for our firm to overvalue investments that lack a market quotation. Although we generally invest in securities which have a market quotation, to address this possible conflict, we have adopted policies and procedures that require our firm to “fair value” any investments that do not have a readily ascertainable value.

#### **Item 7 – Types of Clients**

We offer investment advisory services to individuals, institutions, pension and profit sharing plans, trusts, estates, foundations, charitable organizations and pooled investment vehicles that are not registered with the SEC as investment companies under the 1940 Act, including sub-advisory services to pooled investment vehicles.

We do not have a set minimum account size for separately managed accounts; however, we do not anticipate that we would accept less than \$50,000,000 for the establishment of an account. We may consider accepting less than this amount at our discretion. Generally, we encourage potential clients to consider an investment in the Fund before selecting a separate account.

An investment in the Fund generally requires a minimum investment of \$1,000,000, although the general partner may accept lesser amounts in its discretion. In addition, investment in the Fund is limited to “accredited investors” within the meaning of Regulation D under the Securities Act of 1933, as amended, and “qualified purchasers” as defined in Section 2(a)(51) under the 1940 Act. The Fund’s private offering memorandum or organizational documents include a complete discussion of the eligibility requirements. An investment in the Fund will be subject to an initial lock-up period.

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

Our firm relies primarily on its independent, internally generated research to uncover companies that we feel the market either doesn’t understand or has temporarily mispriced. In selecting companies in which to invest, we emphasize companies that have stability (predictability) in earnings, that generate strong free cash flows, and that we believe are selling at a discount to their intrinsic value. We base our assessment of companies on qualitative criteria including: the general reputation of the company, stability of the organization, our subjective view on the quality of management, and information obtained through interviews with management, as well as the company’s competitors and suppliers. In addition, our firm may utilize quantitative analysis, examining factors such as revenues, earnings, margins and market share. The Fund invests primarily in the equity securities of companies which may be skewed to smaller, less liquid stocks, located outside the United States, offering the potential for price appreciation.

In managing separately managed accounts and the Fund, we may invest in a wide variety of securities and financial instruments, domestic and foreign, whether publicly traded or privately placed. That being said, client assets typically will be invested in publicly traded equity securities. Our investments may include common and preferred stocks, bonds and other debt securities, limited partnership interests, mutual fund shares, exchange-traded funds, options, warrants, futures, currencies, monetary instruments and cash and cash equivalents.

Our investment strategies and advice may vary depending upon each client's specific financial situation. As such, we determine investments and allocations based upon the stated objective of the Fund and, in the case of separately managed accounts, the client's investment objectives and risk tolerance. A client's restrictions and guidelines may affect the composition of the portfolio. We may or may not hedge foreign currency risk depending on what we see in the marketplace or otherwise. We also may not hedge foreign currency risk based upon specific trading guidelines imposed by a client.

### Risk of Loss

Investing in securities involves risk of loss that clients should be prepared to bear. We do not represent or guarantee that our services or methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections or declines. We cannot offer any guarantees or promises that your financial goals and objectives will be met. Past performance is in no way an indication of future performance. We set forth below material risks of investing with us.

The material risks set forth below are qualified in their entirety by the more detailed risk disclosure in the Fund's offering documents.

### Other Risks

- *Concentration.* We may at times concentrate investments by investing a significant portion of client assets in the securities of a single issuer, industry, sector, country or region, although this concentration will not occur under normal market conditions. To the extent we concentrate a client's investments in any of these ways, the overall adverse impact on the client of adverse developments in the business of such issuer, such industry or such government could be considerably greater than if we did not concentrate their investments to such an extent.
- *Country Risk.* Domestic events -- such as political upheaval, financial troubles, or natural disasters -- may weaken a country's securities markets. Because we may invest a large portion of a client's assets in securities of companies located in any one country, performance may be hurt disproportionately by the poor performance of investments in a single country.
- *Currency Risks.* Purchasing instruments denominated in foreign currencies or engaging in currency trading has certain risks, including illiquidity, blockages by governments, political unrest or other factors, failure or inability to deliver, pressures from speculators, and other factors that can result in losses with respect



to such instrument and currencies, notwithstanding any nominal returns or value. In addition, to the extent that currency risk is not hedged, changes in the values between the denominated currency of your account and other currencies can increase or reduce the actual returns from investments denominated in other currencies. Your account may at times have significant currency exposure. Therefore, market movements in the underlying currencies could result in substantial losses.

- *ETF and Mutual Funds Risk.* Exchange traded funds (“ETFs”) and mutual funds are subject to investment advisory and other expenses, which will be indirectly paid by clients. As a result, the cost of the investment strategy will be higher than the cost of investing directly in ETFs or mutual funds. ETFs and mutual funds are subject to specific risks, depending on the nature of the fund.
- *Equity and Equity-Related Instruments.* Stocks and other equity-related instruments may be subject to various types of risk, including market risk, liquidity risk, counterparty credit risk, legal risk and operations risk. In addition, equity-related instruments can involve significant economic leverage and may, in some cases, involve significant risk of loss. “Equity securities” may include common stocks, preferred stocks, interests in real estate investment trusts, convertible debt obligations, convertible preferred stocks, equity interests in trusts, partnerships, joint ventures or limited liability companies and similar enterprises, warrants and stock purchase rights. Equity securities fluctuate in value, and such fluctuations can be pronounced. In general, stock values fluctuate in response to the activities of individual companies and in response to general market and economic conditions. Accordingly, the value of the stocks and other securities and instruments that a client holds may decline over short or extended periods.
- *High Cash Balance.* When a client or Fund holds a significant cash balance for a sustained period, the benefit to the client or Fund of any market upswing will be reduced, and the client or Fund’s performance will be adversely affected. When the client or Fund has a significant cash balance, it may not achieve its investment objective.
- *Liquidity Risk.* For investors in the Fund, there is no public market for the interests, nor is any expected to develop. Even if such a market develops, no distribution, resale or transfer of an interest in the Fund will be permitted except in accordance with the restrictions in the partnership agreement. Any transfer of an interest in the Fund will require the general partner’s consent. Restrictions on the transfer of interests and on withdrawal are explained in more detail in the offering documents of the Fund and are available upon request.
- *Margin Risk.* Margin accounts present special risks because you can lose more money than you deposit in your account. Additionally, the custodian can force the sale of securities in your account and can sell securities without contacting you.

- *Non-U.S. Investments.* Investments in securities of non-U.S. issuers and the governments of non-U.S. countries involve special risks not usually associated with investing in securities of U.S. companies or the U.S. government, including political and economic considerations, such as greater risks of expropriation and nationalization, confiscatory taxation, the potential difficulty of repatriating funds, social, political and economic instability and adverse diplomatic developments; the possibility of the imposition of withholding or other taxes on dividends, interest, capital gains or other income; the small size of the securities markets in such countries and the low volume of trading, resulting in potential lack of liquidity and in price volatility; fluctuations in the rate of exchange between currencies and costs associated with currency conversion; and certain government policies that may restrict investment opportunities. In addition, there may be different types of, and lower quality, information available about a non-U.S. company than a U.S. company. There is also less regulation, generally, of the securities markets in many foreign countries than there is in the United States, and such markets may not provide the same protections available in the United States. With respect to certain countries, there may be the possibility of political, economic or social instability, the imposition of trading controls, import duties or other protectionist measures, various laws enacted for the protection of creditors, and greater risks of nationalization or diplomatic developments which could materially adversely affect investments in those countries. Investment in non-U.S. countries may also be subject to withholding or other taxes, which may be significant and may reduce the investment returns.
- *Options.* The trading of options may be highly speculative and may entail more risk than those present when investing in other types of securities. Prices of options are generally more volatile than prices of other types of securities. When trading in options, you may run the risk of losing the entire investment in a relatively short period of time. In more risky options strategies, an investor could theoretically have an unlimited risk of loss.
- *Small-Cap Investing.* Small companies tend to be more vulnerable to adverse developments than larger companies. Small companies may have limited product lines, markets, or financial resources, or they may depend on less seasoned management. Their securities may trade infrequently and in limited volumes. As a result, the prices of these securities may fluctuate more than the prices of securities of larger, more widely traded companies. Also, there may be less publicly available information about small companies or less market interest in their securities as compared with larger companies, and it may take longer for the prices of these securities to reflect the full value of their issuers' earnings potential or assets.
- *Stock Market Risk.* There is a risk that stock prices overall will decline. Stock markets tend to move in cycles, with periods of rising prices and periods of falling prices.

- *Tax Implications.* Our strategies and investments may have unique and significant tax implications. However, unless we specifically agree otherwise, and in writing, tax efficiency is not our primary consideration in the management of your assets. Regardless of your account size or any other factors, we strongly recommend that you continuously consult with a tax professional prior to and throughout the investing of your assets.
- *U.S. Government Securities Risk:* Although U.S. Government securities are considered among the safest investments, they are not guaranteed against price movements due to changing interest rates. Obligations issued by some U.S. Government agencies are backed by the U.S. Treasury, while others are backed solely by the ability of the agency to borrow from the U.S. Treasury or by the agency's own resources.

#### **Item 9 – Disciplinary Information**

Item 9 is not applicable to us as we have no reportable material legal or disciplinary events.

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

There are no material limitations on our ability to conduct any other business, including any business within the financial or securities industry, whether or not that business is in competition with any client.

We serve as the general partner for the Fund. As general partner, we have general authority over the business and affairs of the Fund. We receive an incentive allocation described above in Item 6 from the Fund.

#### **Item 11 – Code of Ethics, Participation or Interest in Client Transactions, Personal Trading and Cyber-security**

##### Description of Our Code of Ethics

We have adopted a Code of Ethics, the full text of which is available to you upon request by calling (312) 548-8422 or via e-mail at [brent@kinneyam.com](mailto:brent@kinneyam.com). We strive to comply with applicable laws and regulations governing our advisory services. Therefore, our Code of Ethics includes guidelines for professional standards of conduct for our firm's employees. Provisions in the Code of Ethics relate to the confidentiality of client information, a prohibition on insider trading, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. Our goal is to protect our clients' interests at all times and to demonstrate our commitment to our fiduciary duties of honesty, good faith and fair dealing with clients. All of our employees are expected to adhere strictly to these guidelines and must acknowledge their obligation to comply with the Code of Ethics annually. Our Code of Ethics also requires that certain employees submit reports of their

personal account holdings and transactions to our Chief Compliance Officer who will review these reports on a periodic basis.

#### Participation or Interest in Client Transactions

As described above, we serve as the general partner to the Fund, a private pooled investment vehicle. Persons associated with our firm may have significant investments in the Fund.

We advise, and may organize or advise in the future, investment vehicles that invest in similar or different investments. The management of these clients may conflict in some circumstances. For example, we may determine that an investment opportunity is appropriate for a particular client, but not for another. We may have different types of clients, including pooled investment vehicles and separate accounts, and our clients may be subject to different regulations. Clients may have different investment strategies, objectives and restrictions and may be subject to different terms. These terms include, but are not limited to the following: investor lock-up periods, gates, management and performance fees, liquidity terms, rights to receive information regarding the portfolio and such other rights as may be negotiated by investors or other accounts. As a result, we may have an incentive to favor one account over another when making investment decisions.

There may be instances when allocating investments among clients where some clients may participate in certain opportunities while other clients may not. Where accounts have competing interests in a limited investment opportunity, we may not allocate investment opportunities pro rata among clients but rather allocate investment opportunities on the basis of numerous other considerations, including, without limitation, a client's cash flows, investment objectives and restrictions, participation in other opportunities, compliance with applicable laws, and tax concerns, as well as the relative size of different accounts' same or comparable portfolio holdings.

We seek to foster a reputation for integrity and professionalism. That reputation is a vital business asset. The confidence and trust placed in us by investors is something that is highly valued and must be protected. As a result, any activity that creates any actual or potential conflict of interest or even the appearance of any conflict of interest, such as performance-based fees, must be considered and addressed. Taking into consideration the conflicts of interest disclosed above, it is important to note that it is our policy to allocate, to the extent operationally and otherwise practical, investment opportunities to each client on a fair and equitable basis relative to our other clients.

#### Personal Trading Practices

In appropriate circumstances consistent with our clients' investment objectives, we may cause certain client accounts to purchase or sell securities in which certain employees and/or our clients (including pooled investment vehicles referenced above) directly or indirectly have a position or interest. Those employees who provide investment advice to clients are required to comply with our Code of Ethics prior to investing for their own accounts in securities that are recommended and/or purchased for our clients. Our employees can only trade in securities invested in by our clients after a 48-hour wait period specified in the Code of Ethics. The Code of Ethics is designed to assure that the personal security transactions, activities and interests of those individuals will not interfere with making investment decisions in the best interests of our clients. Under our Code of Ethics, personal securities transactions generally must be cleared with our Chief Compliance

Officer. However, certain classes of securities (including mutual funds and ETFs) and transactions (including non-volitional stock splits, etc.) are designated as exempt from pre-clearance requirements, based upon a determination that trading in these securities would not materially interfere with the best interest of our clients. There is a possibility that our employees or existing clients may benefit from market activity by another client. Personal trading by Covered Persons (generally our principals, investment personnel and other persons who have access to investment recommendations) is monitored under our Code of Ethics to reasonably prevent conflicts of interest with our clients.

### Cyber-security Practices

We are becoming increasingly dependent on devices, services and applications that connect to the internet such as smartphones, email, social media, and cloud computing services. While these services increase efficiencies and revenues, this dependence increases our chances of being targeted by cyber-attacks. For these reasons, we have instituted a cyber-security policy to help in identifying, mitigating and protecting against cyber-security threats. Password updates, software updates, firewall protections, physical barriers to entry and limited access to sensitive client data are several protections put in place to mitigate cyber related threats. That being said, we acknowledge that security threats can never be completely eliminated and clients remain subject to cyber related risks.

## **Item 12 – Brokerage Practices**

We maintain trading relationships with several broker-dealers. For separately managed accounts, while you are free to choose any broker-dealer (see “Directed Brokerage” below), we recommend that you establish an account with a brokerage firm with which we have an existing relationship. We seek to ensure that the broker-dealers we use to execute trades are doing so in a competitive fashion for our clients. Specifically, in choosing a broker-dealer to execute a transaction, we seek to obtain “best execution” for the affected client’s account, meaning a combination of the best net price and execution under the circumstances. We determine which broker-dealer provides best execution taking into consideration (i) the ability of the broker or dealer to effect prompt and reliable executions at favorable prices (including the applicable dealer spread or commission, if any), (ii) the operational efficiency with which transactions are effected (taking into account the size of the order and difficulty of execution), (iii) the financial strength, integrity and stability of the broker or dealer, (iv) the quality, comprehensiveness and frequency of available research services considered to be of value, and (v) the competitiveness of commission rates in comparison with other brokers satisfying our selection criteria. In recognition of the value of research services and additional brokerage products and services (discussed further under “Soft Dollar Practices” below), we may pay higher commissions and/or trading costs than those that may be available elsewhere. In addition, although such products and services may generally benefit our firm, they may not directly relate to transactions executed on your behalf.

### Soft Dollar Practices

In selecting or recommending a broker-dealer, we will consider the value of research and additional brokerage products and services a broker-dealer has provided or will provide to our clients and our firm. Research products our firm may receive from broker-dealers may consist of

economic surveys, data and analyses, financial publications and recommendations or other information about particular companies and industries (through research reports and otherwise).

These benefits may influence us to select one broker over another to perform services for our client accounts. Nevertheless, we will attempt to assure either (i) that the fees and costs for services that brokers offering these benefits provide are not materially greater than services performed by brokers not offering such benefits, or (ii) that our client accounts also will benefit from those services.

“Soft dollars” refers to the receipt by an investment adviser of products and services that brokers provide, without making any separate cash payments for such products or services, based on the volume of commission revenues generated from securities transactions placed with those brokers on behalf of the adviser’s clients. The products and services available from brokers include both internally generated items (such as research reports prepared by the broker’s employees) as well as items acquired by the broker from third parties (such as quotation equipment). Section 28(e) of the Securities Exchange Act of 1934, as amended, provides a “safe harbor” to investment advisers who use soft dollars generated by their client accounts to obtain investment research and brokerage services that provide lawful and appropriate assistance to the investment manager in the performance of investment decision-making responsibilities.

Our use of brokerage commissions to obtain research services creates a conflict of interest between us, because you pay in the form of higher commissions for products and services that are not exclusively for your benefit and may be primarily or exclusively for our benefit. To the extent that we are able to acquire these services without expending our own resources, our use of soft-dollars would tend to increase our profitability. In addition, we do not limit soft dollar benefits to those client accounts generating such benefit, nor do we allocate soft dollar benefits to client accounts in proportion to the soft dollar credits the accounts generate.

For the sake of clarification, our firm uses research to assist us in making our investment decisions, not just for those accounts whose commissions may be considered to have been used to pay for such research. However, such research products and services are provided to all investment advisers who utilize these firms, and are not necessarily considered to be paid for with soft dollars.

### Directed Brokerage

Clients may instruct our firm to use one or more particular brokers for the transactions in their accounts. If you choose to direct our firm to use a particular broker, you should understand that this might prevent us from aggregating trades with other client accounts or from effectively negotiating brokerage commissions on your behalf. This practice may also prevent our firm from obtaining favorable net price and execution. Thus, when directing brokerage business, you should consider whether the commission expenses, execution, clearance, and settlement capabilities that you will obtain through your broker are adequately favorable in comparison to those that we would otherwise obtain for you. We encourage clients to contact us to discuss their available alternatives.

### Aggregation of Orders

To ensure that accounts of all clients and portfolios, including the Fund, are treated fairly in the event we place orders for the same security for more than one account at or about the same time,

we may combine orders placed on behalf of clients, including advisory accounts in which our firm or our employees have an interest, for the purpose of negotiating brokerage commissions or obtaining a more favorable price. When appropriate, securities purchased or sold may be allocated in terms of amount to a client according to the proportion that the size of the order placed by that account bears to the aggregate size of orders contemporaneously placed by the other accounts, subject to de minimis exceptions. All participating accounts will pay or receive an average price when orders executed on the same day are combined. Although the aggregation of trade orders is expected to benefit clients overall, aggregation may, in any circumstance, disadvantage a particular client. There may be circumstances where we determine not to aggregate client trade orders which otherwise could have been aggregated or where aggregation is not feasible.

### **Item 13 – Review of Accounts**

#### Review of Accounts

We monitor accounts on an ongoing basis and conduct an internal review of accounts on at least a quarterly basis to assure conformity with investment objectives and guidelines. Triggering factors that may stimulate an interim review include, but are not limited to:

- significant market corrections,
- large deposits or withdrawals from an account,
- substantial changes in the value of a client's portfolio,
- a change in a client's investment objectives,
- year-end tax planning, and/or
- security-specific events.

#### Reports to Clients

We may provide periodic performance reports upon your request. In addition, you will receive written statements directly from your account custodian on at least a quarterly basis.

We will deliver to investors in the Fund audited written financial reports annually within 120 days after the end of each fiscal year. In addition, investors will receive unaudited written monthly or quarterly summaries of their capital account balance from the administrator for the Fund. Other information may be provided upon request to all or individual investors at the Fund's sole discretion.

### **Item 14 – Client Referrals and Other Compensation**

We do not compensate any persons for client referrals nor do we receive any additional compensation beyond that described in this Brochure.

## **Item 15 – Custody**

We do not directly debit your account for advisory fees. Clients remit payments for separately managed accounts upon receipt of an invoice from us. Your funds and securities will be held with a bank, broker-dealer, or other independent “qualified custodian” (as defined in the SEC’s custody rule). You will receive account statements from the qualified custodian holding your funds and securities at least quarterly. We urge you to carefully review such statements and compare the account statements received from the custodian with any statements you receive from us.

We serve as the general partner to the Fund, and we therefore are deemed to have custody of the Fund’s assets. We maintain the Fund’s cash and securities with a “qualified custodian” and provide investors in the Fund with an annual audited financial statement within 120 days of the end of the Fund’s fiscal year.

## **Item 16 – Investment Discretion**

Our investment advisory agreement or, in the case of a pooled investment vehicle, its organizational documents or subscription agreement, contains an authorization by which you grant us discretion to make purchases and sales for your account or the pooled vehicle’s account without requiring us to obtain your consent or approval prior to each transaction, to select the type and amount of securities that we buy or sell for your account or the pooled vehicle’s account, the broker or dealer we use to effect such transactions and the commission rates paid. However, in the case of a separately managed account, you may specify your investment objectives and guidelines, select your portfolio strategy and impose certain conditions or investment parameters for your account. For example, you may specify that the investment in any particular stock or industry should not exceed specified percentages of the value of the portfolio and/or restrictions or prohibitions of transactions in the securities of a specific industry or security or that we not hedge against foreign currency risk.

In all cases, we exercise our discretion in a manner consistent with the investment objectives you state for your account or as stated in a pooled investment vehicle’s offering documents, as applicable. In the case of a separately managed account, we may ask you to provide us with written investment objectives or guidelines or to confirm your objectives, guidelines or any trading restrictions when you open your account or at any time after we begin to manage your account.

## **Item 17 – Voting Client Securities**

At the request of clients, we will vote proxies on their behalf. With respect to our separately managed and registered investment company accounts, we may have authority to vote proxies on behalf of clients. To the extent a client elects to retain proxy voting rights, the client will remain responsible for exercising its right to vote as a shareholder for all securities maintained in its portfolio.

With respect to securities we manage for the private funds, we have adopted proxy voting policies and procedures designed to satisfy our duties relating to proxy voting. Proxy voting decisions will be made in light of the anticipated impact of the vote on the desirability of maintaining an investment in a company, from the viewpoint of the best interests of the funds, without regard to



any other interests. Neither the private funds, nor the investors in the funds, may direct our vote in a particular solicitation.

For clients for whom we vote, proxy voting has been automated through ProxyEdge. We have discretion not to vote, however, in the manner recommended by ProxyEdge. ProxyEdge is responsible for the coordination, administration (including maintenance of required records), processing and voting proxies.

In seeking to vote proxies in the best interest of our clients (including determining whether it is in the best interest of a client to abstain from voting), we generally are guided, among other factors, by the principle of voting a client proxy in a manner which we believe will maximize value to the client taking into account the nature of the client's position in the security and underlying investment strategy and thesis. We may, in any given proxy voting circumstance, consider the recommendations of an issuer's governing body, an issuer's management, special interest groups, other company stakeholders, and/or an independent third party (such as the independent third party proxy voting service provider, as referenced above, or other independent research/analysis firms). There may be times when voting proxies in the best interest of each of our clients may result in different voting results among clients for the same proxy or circumstances where we determine that abstaining or otherwise refraining from voting a proxy is in a client's best interest. Moreover, there may be circumstances where we agree (or otherwise align ourselves) with other security holders to vote (or not to vote) a proxy in a certain manner if we believe that doing so could result in increased value to the client.

In furtherance of our voting proxies in the best interest of a client, we seek to identify and address material conflicts of interest, if any, between us and the applicable client with respect to the voting of any proxy on behalf of that client. If a material conflict of interest exists, we will determine whether voting in accordance our proxy voting policies and procedures is in the best interest of the client or whether an alternative voting method should be implemented, such as relying solely on (and voting in accordance with) the recommendations of the independent third party proxy voting service provider, as referenced above, or another independent third party. We will maintain a written record of the method used to resolve any material conflict of interest in the voting of any proxy.

We maintain records relating to the voting of proxies as required by applicable law and regulations. For certain proxy voting records, we rely on the record-keeping of the above-named independent proxy voting service provider, which has agreed to provide copies of those records which it maintains at our request.

Any of our clients, or any underlying investor in any of our clients, may request a copy of our proxy voting policy and procedures, as well as relevant information concerning how we voted client securities, by calling us at 312-548-8422 or via e-mail at [brent@kinneyam.com](mailto:brent@kinneyam.com).

## **Item 18 – Financial Information**

Item 18 is not applicable to us.

## **PRIVACY NOTICE**

### **Kinney Asset Management, LLC**

Kinney Asset Management, LLC considers the preservation of your privacy a priority. In order to provide you with individualized service, we collect certain nonpublic personal information about you from information you provide on applications and other forms (such as your address and social security number), and information about your transactions with us (such as purchases, sales, and account balances). We may also collect such information through your account inquiries by mail or telephone.

We do not disclose any nonpublic personal information about you to anyone, except as permitted by law. Specifically, so that we may continue to tailor our products and services to meet your investing needs and to effect transactions you request or authorize, we may disclose the information we collect, as described above, to companies that perform administrative or marketing services on our behalf, including financial service providers such as custodians, and administrative and marketing service providers such as printers and mailers. These companies will use this information only for the services for which we hired them, and are not permitted to use or share this information for any other purpose.

In order to further protect you, we also maintain strict internal security measures. We restrict access to your personal and account information to those employees who need to know that information to service your account. We also maintain physical, electronic and procedural safeguards to protect your nonpublic personal information.

If you have any questions regarding our policy, or need additional copies of this notice, please contact Brent Batts at 312-548-8422 or via email at [brent@kinneyam.com](mailto:brent@kinneyam.com).