

KINGSWAY CAPITAL PARTNERS LIMITED

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FORM ADV PART 2A

THE “BROCHURE”

February 1, 2018

ITEM 1: COVER PAGE

This brochure provides information about the qualifications and business practices of Kingsway Capital Partners Limited. If you have any questions about the contents of this brochure, please contact us at (011) 44 20 7659 4130 and/or cm@kingswaycap.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”), any other state or federal regulatory authority, any foreign regulatory authority or any self-regulatory body.

Additional information about Kingsway Capital Partners Limited also is available on the SEC’s website at www.adviserinfo.sec.gov.

Whilst Kingsway Capital Partners Limited is registered as an investment adviser with the SEC pursuant to the Investment Advisers Act of 1940 (the “Advisers Act”), as amended, it does not comply with the Advisers Act with regard to its non-US clients. Registration with the SEC does not imply a certain level of skills or training.

ITEM 2: MATERIAL CHANGES

Not applicable.

ITEM 3: TABLE OF CONTENTS

Item 1: Cover Page.....	1
Item 2: Material Changes.....	2
Item 4: Advisory Business.....	4
Item 5: Fees and Compensation.....	6
Item 6: Performance-Based fees and Side-by-Side Management.....	8
Item 7: Types of Clients.....	9
Item 8: Methods of Analysis, Investment Strategies and Risk of Loss	10
Item 9: Disciplinary Information.....	16
Item 10: Other Financial Industry Activities and Affiliations.....	17
Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.....	20
Item 12: Brokerage Practices	22
Item 13: Review of Accounts	25
Item 14: Client Referrals and Other Compensation.....	25
Item 15: Custody.....	26
Item 16: Investment Discretion.....	26
Item 17: Voting Client Securities.....	26
Item 18: Financial Information.....	27

ITEM 4: ADVISORY BUSINESS

A. General Description of Advisory Firm

Kingsway Capital Partners Limited (“Kingsway Capital”) is a private limited company incorporated under the laws of England and Wales on 28 February 2017. Kingsway Capital intends to commence business on 1 February 2018. Kingsway Capital’s registered office address is Eighth Floor, 6 New Street Square, New Fetter Lane, London EC4A 3AQ, United Kingdom and its principal place of business is 24 Upper Brook Street, London W1K 7QB, United Kingdom.

Kingsway Capital was founded by Manuel Stotz, who is its principal owner and sole controller. Manuel Stotz is also Kingsway Capital’s Chief Executive Officer (“CEO”) and Chief Investment Officer (“CIO”).

Kingsway Capital has been authorised and regulated by the Financial Conduct Authority in the United Kingdom (the “FCA”) since January 16, 2018 as an alternative investment fund manager (“AIFM”) and complies with applicable rules and capital requirements with respect to the Alternative Investment Fund Manager Directive (“AIFMD”). As of January 31, 2018, pursuant to a corporate restructuring, Kingsway Capital succeeded to the investment advisory business of Kingsway Capital LLP (“KC LLP”) which had been operating in the United Kingdom as an FCA regulated AIFM since May 1, 2015.

Kingsway Capital’s investment staff is organized into two separate teams, each specializing in a distinct investment strategy: the investment team specializing in frontier markets consumer franchise investments; and the investment team specializing in the global consumer staples sector, which has separately branded itself “Ash Park”.

Kingsway Capital Advisors LLP – Participating Affiliate

Kingsway Capital is a member of, and receives advisory services and operational support services from, Kingsway Capital Advisors LLP (“KCA LLP”). KCA LLP is a United Kingdom limited liability partnership which is authorised to act as “Appointed Representative” to Kingsway Capital by the FCA. KCA LLP is also a “Participating Affiliate” of Kingsway Capital. The services provided by KCA LLP to Kingsway Capital include investment research, marketing, client servicing, compliance and risk management support, operations, in-house legal counsel, secretarial services and other miscellaneous business support. See Item 10. C - Material Relationships or Arrangements with Industry Participants for additional information about services provided by KCA LLP staff to Kingsway Capital’s clients. KCA LLP does not have any discretionary authority to make investment decisions for or undertake discretionary trading on behalf of Kingsway Capital’s clients. All discretionary investment management decisions in relation to and trading for Kingsway Capital clients is undertaken by Kingsway Capital staff.

B. Description of Advisory Services

Kingsway Capital offers investment management services exclusively on a discretionary basis.

Kingsway Capital provides investment management services to Kingsway Capital-sponsored pooled investment funds domiciled in Europe, the Cayman Islands and the U.S.A. (the “Kingsway Funds”). Certain Kingsway Funds are offered to U.S. persons (each such Kingsway Fund, a “Kingsway Private Fund”). For a complete list of

all Kingsway Private Funds to which Kingsway Capital provides investment management services, see Section 7.B. of Schedule D to Kingsway Capital's Form ADV Part 1.

An investor or prospect in a Kingsway Fund will be expected to refer to the confidential private placement memorandum, limited liability company agreement, articles of association and other governing documents for such pooled investment vehicle (the "Governing Documents") for more complete information about the investment objectives and investment restrictions applicable to such pooled investment vehicle.

There is no assurance that any client account's investment objectives will be achieved.

Kingsway Capital will not enter into "side letters" or similar agreements with investors in the Kingsway Funds granting the investor certain specific rights, benefits, or privileges that are not made available to investors generally.

Kingsway Capital may in the future provide such services to other private funds and to institutional clients with separately managed accounts. Kingsway Capital may in the future provide investment management services to other pooled investment vehicles and/or separately managed accounts.

Please see Item 8 for additional information related to methods of analysis, investment strategies and risk of loss.

C. Availability of Tailored Services for Individual Clients

Kingsway Capital may agree to tailor advisory services to the individual needs of clients including creating new investment strategies in response to specific client requests. Kingsway Capital may agree in the investment management agreement with each client to investment restrictions or guidelines with respect to the types or amounts of securities or other financial instruments that may be purchased or sold for the client's account.

Persons reviewing this Brochure should not construe this as an offering of any of the Kingsway Private Funds described herein, which will only be made pursuant to the delivery of relevant Governing Documents to prospective investors.

D. Wrap Fee Programs

Kingsway Capital does not participate in wrap fee programs.

E. Assets Under Management

As of December 31, 2017, Kingsway Capital was not operating and therefore had no clients or regulatory assets under management; however, as set out above under Item A. General Description of Advisory Firm, as of January 31, 2018 Kingsway Capital succeeded to the entire business of Kingsway Capital LLP, a business under common control with Kingsway Capital; as of December 31, 2017, Kingsway Capital LLP had 9 clients with the following approximate aggregate assets under management, all of which have now transferred to Kingsway Capital:

Non-Discretionary Client Assets:	US\$ 0
Discretionary Client Assets:	<u>US\$ 1,736,276,515</u>
Total Assets under Management:	<u>US\$ 1,736,276,515</u>

ITEM 5: FEES AND COMPENSATION

A. Advisory Fees

Management Fees

Kingsway Capital charges the Kingsway Private Funds a fixed annual investment management fee calculated on a daily, monthly, quarterly or semi-annual basis, as applicable and as set out in the Governing Documents of the relevant Kingsway Private Fund, which is payable in arrears. The management fee is either (i) a percentage of the net asset value of the investor's holding as at the end of each calendar month or calendar quarter; or (ii) in the case of a Kingsway Private Fund that is a private equity fund, a percentage of the investor's commitments or aggregate invested capital.

Performance-Based Allocations or Fees

Certain Kingsway Private Funds charge performance-based charges which are payable to Carry Vehicles that are related persons of Kingsway Capital. The Carry Vehicles are more fully described under Item 10; C. Material Relationships or Arrangements with Industry Participants.

With respect to the two sub-funds of the Luxembourg domiciled Kingsway Fund, investors bear a performance-based charge of 18% or 20% of the net gain earned by each investor over a 3 year period in excess of a cumulative hurdle rate of 7% per annum and subject to a high water mark. The performance-based charge is calculated and payable in arrears at the end of the 3 year period or upon redemption of the investor's shares.

In the case of the Kingsway Private Fund that is a private equity fund, the performance-based charge takes the form of carried interest of 25% which is subject to a preferred return to investors of 10% and a catch up allocation to the relevant Carry Vehicle. The carried interest charge is levied on distribution of cash to investors during the lifetime of the fund, generally following the disposition of assets of the fund, and is subject to adjustment upon liquidation of the fund.

Certain investors in the Kingsway Private Funds may be eligible for classes of shares or interests that bear reduced management fees and/or reduced performance based charges.

An investor in a Kingsway Private Fund should review the Governing Documents of such pooled investment vehicle in conjunction with this Brochure for more complete information on the fees and compensation payable with respect to such Kingsway Private Fund.

B. Payment of Fees

The performance allocation is payable or upon withdrawal of capital from any Kingsway Private Fund.

Management fees and performance related charges are deducted directly from the assets of the relevant Kingsway Private Fund.

Kingsway Capital clients do not pay fees in advance. Kingsway Capital will not allow managed account clients to elect that Kingsway Capital deduct its fees directly from their account.

C. Other Fees and Expenses

In addition to paying investment management fees, clients of Kingsway Capital are typically responsible for all costs and expenses incurred in connection with the investments in their accounts, including custodial charges, brokerage commissions; interest expenses; taxes, duties and other governmental charges; transfer and registration fees or similar expenses; costs associated with foreign exchange transactions; other portfolio expenses; and costs, expenses and fees associated with products or services that may be necessary or incidental to such investments or accounts.

Client assets may be also invested in money market mutual funds or other registered investment companies (“External Funds”). In these cases, the client will bear its pro rata share of the investment management fee and other fees and expenses of the External Fund, which are in addition to the investment management fee paid to Kingsway Capital.

Kingsway Private Funds

In addition to the expenses set forth above, each of the Kingsway Private Funds also pays legal fees, research fees and expenses, fees charged by accountants, attorneys, auditors and administrators for their professional services and other expenses including related to the relevant Kingsway Private Fund as described in greater detail in the Kingsway Private Fund’s Governing Documents. In particular, an investor may bear some or all of the following costs and expenses:

- investment expenses (e.g., expenses that are related to the investment of the Kingsway Private Fund's assets, whether or not such investments are consummated, such as expenses relating to clearing and settlement charges, custodial fees, bank service fees and interest expenses);
- professional fees (including expenses of consultants, operating partners, investment bankers, attorneys, accountants and other experts) relating to investments and research expenses;
- organisational expenses;
- costs and expenses of maintaining the Kingsway Private Fund including the operations of the Kingsway Private Fund paid by it or on its behalf, determined on a cash basis, including, without limitation, legal, filing, auditing, consulting, custody, administration and accounting fees and expenses;
- expenses associated with the Fund's information, communication and reporting costs, including investor annual meeting expenses (excluding expenses of individual investors);
- expenses of any third-party advisory committees of the Kingsway Private Fund such as expenses of an Advisory Board, if any;
- the costs of preparation of the Kingsway Private Fund’s financial statements;
- fees of the directors/managing members of the Kingsway Private Fund or its General Partner, as applicable;
- insurance, interest and other expenses incurred in respect of borrowings of the Kingsway Private Fund and its subsidiaries;
- the costs and expenses of any litigation involving the Kingsway Private Fund and the amount of any judgments or settlements paid in connection therewith; and any entity level taxes, fees or other governmental charges levied against the Kingsway Private Fund.

The Kingsway Private Funds will reimburse Kingsway Capital for any expenses paid by Kingsway Capital that are expenses to be properly borne by the Kingsway Private Funds.

Item 12 below describes the factors that Kingsway Capital considers in selecting or recommending broker-dealers and determining the reasonableness of their compensation.

D. Prepayment of Fees.

Please see responses to Item 5; A. Advisory Fees above.

E. Additional Compensation and Conflicts of Interest.

Neither Kingsway Capital, its related persons, nor any of their employees or officers (including any supervised person) will receive any form of compensation as broker or agent for the sale of securities or other investment products by any client account.

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

Performance-Based Fees

As described under Item 5 above, Kingsway Capital or its related persons may receive a performance-based fee or special allocation of profits from its clients (including some of the Kingsway Funds) separate and distinct from the advisory fees that such clients pay Kingsway Capital for its investment advisory services. Different client accounts may be subject to different performance-based compensation arrangements. The performance-based compensation arrangements comply with Rule 205-3 under the Investment Advisers Act of 1940, as amended (together with all the rules and regulations promulgated thereunder, the “Advisers Act”).

Performance-based compensation arrangements received by Kingsway Capital or its related persons may create an incentive for Kingsway Capital to recommend investments that may be riskier or more speculative than those that would be recommended under a different fee arrangement. Please refer to the Governing Documents of the applicable Kingsway Fund for more complete information on the performance-based compensation arrangement such Kingsway Fund may be subject to.

Side-by-Side Management

Where Kingsway Capital is entitled to receive a higher percentage of the net profits of the account of one client than the percentage that Kingsway Capital receives from another client, then Kingsway Capital may have an incentive to favor, or to allocate certain riskier or more speculative investments to, the client that is subject to the higher percentage. Kingsway Capital will, as a policy, allocate all investment opportunities among its clients in a manner that it considers fair and equitable to all clients, considering all factors potentially applicable to each client. Among the factors that may be considered by Kingsway Capital in allocating trades among client accounts are: investment strategies, guidelines or restrictions applicable to each specific client; cash availability; liquidity requirements for payment of redemptions or other purposes; risk tolerances; restrictions under ERISA or other applicable laws or regulations; available credit lines; counterparty arrangements; account size; industry and security weightings; and hedging objectives and activity. In the event investment opportunities are suitable for

more than one client account, Kingsway Capital will allocate such investment opportunities in a manner that is fair and equitable to each client account relative to the other client accounts over time, taking into account all relevant facts and circumstances.

Kingsway Capital may provide concurrent advisory services to clients that are not charged a performance based fee or allocation by Kingsway Capital or a related person and clients that are charged a performance based fee or allocation by Kingsway Capital or a related person. As a result, the potential for Kingsway Capital to receive greater fees or allocations from accounts paying performance-based fees creates a potential conflict of interest with respect to the allocation of investment opportunities, as Kingsway Capital may have an incentive to direct the best investment ideas to, or to allocate investments in favor of, the account that pays a performance fee or allocation. To alleviate potential conflicts of interest, the allocation of commitments and investment decisions with respect to each client account are made by Kingsway Capital with respect to all client accounts in accordance with Kingsway Capital's investment allocation policies and procedures. See also Item 12; B. Aggregated Orders for Various Client Accounts.

ITEM 7: TYPES OF CLIENTS

Types of Clients

As noted under Item 4 above, Kingsway Capital provides discretionary advisory services to the Kingsway Funds which includes certain pooled investment vehicles offered solely outside the U.S. to non-U.S. investors; in addition, Kingsway Capital may act as discretionary investment advisor to separately managed accounts. Kingsway Capital's clients and the investors in the Kingsway Funds may include corporations, endowments, foundations, trusts, estates, charitable organizations, pension and profit sharing plans and high net worth individuals.

The two Kingsway Private Funds that are sub-funds of a Luxembourg domiciled umbrella fund require that U.S. investors qualify as "accredited investors," as defined in Rule 501(a) of Regulation D under the Securities Act and as "qualified clients" as defined under Rule 205-3(d)(1) of the U.S. Investment Advisers Act of 1940, as amended (the "Advisers Act").

The other Kingsway Private Funds require that U.S. investors qualify as "accredited investors" and as "qualified purchasers" as defined in Section 2(a)(51) of the Investment Company Act of 1940, as amended, (the "Investment Company Act").

Minimum Investment Requirements

Kingsway Capital generally requires that a client invests a minimum of \$50,000,000 to open a managed account. However, Kingsway Capital may accept a lesser initial investment in its sole discretion.

The minimum investment in respect of each Kingsway Private Fund is set out in the Kingsway Fund's Governing Documents. The board of directors, manager or general partner, as the case may be, of a Kingsway Private Fund may, in its discretion, waive the minimum investment amount.

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

A. Methods of Analysis and Investment Strategies

Kingsway Capital's investment advice is limited to the following strategies:

Frontier Markets Consumer Franchises

This strategy seeks to provide long-term capital appreciation, primarily by investing in listed securities of consumer companies based or whose main activity is located in a "Frontier Market". The strategy concentrates primarily on consumer-focused franchises which include breweries, food processing and other similar sectors. Kingsway Capital undertakes detailed fundamental analysis of the companies, sectors, categories and markets in which its target companies operate in. Kingsway Capital seeks to invest primarily, but not exclusively, in corporate-listed subsidiaries that Kingsway Capital believes are capable of compounding in value over a very long term horizon. In selecting companies appropriate for long-term investment, Kingsway Capital first applies rigorous bottom-up criteria emphasising quality of franchise (such as high returns on capital employed), value, managerial character and shareholder alignment through the return of excess cash to shareholders, typically via dividends. Additionally, Kingsway Capital seeks out countries the demographic & productivity data of which it considers will provide opportunities for portfolio companies to increase sales volume and prices over time. The strategy also heeds macroeconomic factors including evaluation of a country's balance of payments, strength of political institutions, and historical patterns such as boom-bust cycles. The strategy does not entail shorting or borrowing securities but in exceptional circumstances risks can be mitigated by applying currency hedges. The strategy is run without heed to any index or benchmark such as the MSCI Frontier Market Index.

Kingsway Capital also offers an "ex-tobacco" version of this strategy, run along substantially identical lines except that tobacco related stocks are excluded.

Frontier Consumer Internet Private Equity – this strategy comprises investments in a private equity portfolio which focuses on early-stage private consumer internet companies operating in Frontier Markets. This strategy is expected to be available only through a Kingsway Fund that is a private equity fund which closed its offering on September 30, 2016.

Global Consumer Staples – this strategy seeks to provide long-term capital appreciation through a buy-and-hold approach to issuers that have global consumer staples franchises. The strategy is managed by a dedicated team of four Investment Managers within Kingsway Capital that is separately branded "Ash Park".

Ash Park also offers an "ex-tobacco" version of the Global Consumer Staples strategy, run along substantially identical lines except that tobacco related stocks are excluded.

This investment strategies described above involve the risk of loss to clients and clients should be prepared to bear the loss of their entire investment.

Material Risks Related to Investment Strategies

General Market Related Risks

Market Risk. Market risk is of a general nature, affecting all types of investments. The trend in the prices of transferable securities is determined mainly by the trend in the financial markets and by the economic development of the issuers, who are themselves affected both by the overall situation of the global economy and by the economic and political conditions prevailing in their country. Kingsway Capital may maintain substantial trading positions that can be adversely affected by the level of volatility in the financial markets — the larger the positions, the greater the potential for loss.

Interest Rate Risk. Interest rate risks arise from fluctuations in the interest rates of the main currencies of each security or other financial assets held in client accounts.

Exchange Rate Fluctuations; Currency Risks. The value of investments may be affected by a variation in exchange rates where investments are held that are denominated in a currency other than the relevant reference currency of the client account. Kingsway Capital may or may not seek to hedge its non-US currency exposure by entering into currency hedging transactions, such as treasury locks, forward contracts, futures contracts and cross-currency swaps. There can be no guarantee that financial instruments suitable for hedging currency or market shifts will be available at the time when Kingsway Capital wishes to use them, or that hedging techniques employed by Kingsway Capital will be effective. Furthermore, certain currency market risks may not be fully hedged or hedged at all. To the extent unhedged, the value of positions held in a client account that are denominated in currencies other than the client account reference currency will fluctuate with exchange rates as well as with the price changes of the investments in the various local markets and currencies. In such cases, an increase in the value of the client account reference currency compared to the other currencies in which Kingsway Capital makes investments will reduce the effect of any increases and magnify the effect of any decreases in the prices of the client account's investments in their local markets and may result in a loss to the client. Conversely, a decrease in the value of the client account reference currency will have the opposite effect on the value of non-reference currency investments in the client account.

Credit Risks. Bonds or debt instruments involve an issuer-related credit risk, which can be calculated using the issuer solvency rating. Bonds or debt instruments issued by entities that have a lower rating are, as a general rule, considered to be instruments that are at a higher credit risk, with a probability of the issuer defaulting, than those of issuers with a higher rating. When the issuer of bonds or debt instruments finds itself in financial or economic difficulty, the value of the bonds or debt instruments (which may fall to zero) and the payments made for these bonds or debt instruments (which may fall to zero) may be affected.

Risk of Default. In parallel to the general trends prevailing on the financial markets, the particular changes in the circumstances of each issuer may have an effect on the price of an investment. Even a careful selection of securities or other financial assets cannot exclude the risk of losses generated by the depreciation of the issuers' situation. To the extent that Kingsway Capital holds debt securities in a client account, the relevant account may be exposed to losses resulting from default. Therefore, the value of the underlying collateral, the creditworthiness of the portfolio company and the priority of any lien are each of great importance. Kingsway Capital cannot guarantee the adequacy of the protection of the client's interests, including the validity or enforceability of the applicable debt instrument and the maintenance of the anticipated priority and perfection of the applicable

security interests. Furthermore, Kingsway Capital cannot assure that claims may not be asserted that might interfere with enforcement of the client's rights. In the event of a foreclosure, the client account may assume direct ownership of the underlying asset. The liquidation proceeds upon sale of such asset may not satisfy the entire outstanding balance of principal and interest payable, resulting in a loss to the client. Any costs or delays involved in the effectuation of a foreclosure of the asset or a liquidation of the underlying property will further reduce the proceeds and thus increase the loss.

Liquidity Risk. Liquidity risks arise when a particular instrument is difficult to sell. Some securities or other financial assets held in client accounts may be difficult to sell within the desired timescale, during certain periods or in specific stock market segments. There is also a risk that stock market securities traded in a narrow market segment are subject to high price volatility.

General Risks Arising from the Use of Derivatives. Subject to a client's investment guidelines Kingsway Capital may use exchange traded and OTC derivatives, such as options, futures, swaps, credit default swaps, property index swaps, structured products, and other such derivative or hybrid instruments as part of its client's investment policy. Losses on certain derivative transactions are potentially unlimited. Financial derivatives instruments prices can be volatile, market movements are difficult to predict, and financing sources and related interest rates are subject to rapid change. Markets may move against the financial derivatives instruments positions held, thereby causing losses to the client. Many of these instruments are not traded on exchanges, but rather through "over-the-counter" or "interdealer" markets. As a consequence, liquidity cannot be guaranteed in these products, and it may also be difficult to achieve regular and precise third party valuations of these instruments. Many unforeseeable events, such as government policies can have profound effects on interest, and exchange rates, which in turn can have large and unexpected effects on the prices of derivative instruments.

Forward Trading. Forward contracts and options thereon, unlike futures contracts, are not traded on exchanges and are not standardized; rather, banks and dealers act as principals in these markets, negotiating each transaction on an individual basis. Forward and "cash" trading is substantially unregulated; there is no limitation on daily price movements and speculative position limits are not applicable. The principals who deal in the forward markets are not required to continue to make markets in the currencies or commodities they trade and these markets can experience periods of illiquidity, sometimes of significant duration. Market illiquidity or disruption could result in major losses to a client.

Liquidity of Futures Contracts. Futures positions may be illiquid because certain commodity exchanges limit fluctuations in certain futures contract prices during a single day by regulations referred to as "daily price fluctuation limits" or "daily limits." Under such daily limits, during a single trading day no trades may be executed at prices beyond the daily limits. Once the price of a contract for a particular future has increased or decreased by an amount equal to the daily limit, positions in the future can neither be taken nor liquidated unless traders are willing to effect trades at or within the limit. This could prevent Kingsway Capital from liquidating unfavourable positions for a client account.

Credit Default Swaps. The use of credit default swaps can be subject to higher risk than direct investment in debt securities. The market for credit default swaps may from time to time be less liquid than debt securities markets. In relation to credit default swaps where Kingsway Capital sells protection for a client account, that client account is subject to the risk of a credit event occurring in relation to the reference issuer. Furthermore, in relation to credit

default swaps where Kingsway Capital buys protection on a client account, that client account is subject to the risk of the counterparty of the credit default swaps defaulting.

Swap Transactions. Where Kingsway Capital enters for a client account into transactions in the forward or other markets that could be characterized as swap transactions, and that may involve interest rates, credit spreads, currencies, securities interests, commodities, and other items. A swap transaction is an individually negotiated, non-standardized agreement between two parties to exchange cash flows measured by different interest rates, exchange rates, or prices, with payments calculated by reference to a principal (“notional”) amount or quantity. Transactions in these markets present certain risks similar to those in the OTC forward and options markets: (i) the swap markets are generally not regulated; (ii) there are generally no limitations on daily price moves in swap transactions; (iii) speculative position limits are not applicable to swap transactions, although the counterparties may limit the size or duration of positions available as a consequence of credit considerations; (iv) participants in the swap markets are not required to make continuous markets in swap contracts; and (v) the swap markets are “principals’ markets,” in which performance with respect to a swap contract is the responsibility only of the counterparty with which the trader has entered into a contract (or its guarantor, if any), and not of any exchange or clearing corporation. As a result, the client account will be subject to the risk of the inability of or refusal to perform with respect to such contracts by counterparties. See Counterparty Risk below.

Counterparty Risk. The participants in “over-the-counter” or “interdealer” markets are typically not subject to the credit evaluation and regulatory oversight to which members of “exchange-based” markets are subject. The lack of evaluation and oversight of over-the-counter markets exposes the client to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a dispute over the terms of the contract (whether or not bona fide) or because of a credit or liquidity problem, thus causing the client account to suffer a loss. Such “counterparty risk” is accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where the client account has concentrated transactions with a single or small group of counterparties. Kingsway Capital’s evaluation of the creditworthiness of counterparties may not prove sufficient. The lack of a complete and “foolproof” evaluation of the financial capabilities of the counterparties and the absence of a regulated market to facilitate settlement may increase the potential for losses by the client account.

Concentration Risk. Kingsway Capital’s investment strategies may cause its client accounts to become significantly concentrated in any one issuer, industry, sector, strategy, country or geographic region, and such concentration of risk may increase the losses suffered by the client. In particular, emerging and frontier markets are dominated by a few sectors, thus a sizeable allocation can result in concentrated exposures to certain sectors. This limited diversity could expose the client to losses disproportionate to general market movements if there are disproportionately greater adverse price movements in those financial instruments.

Borrowings and Leverage. Subject to a client’s investment guidelines, Kingsway Capital may use borrowings (of cash and/or securities) for the purpose of financing investments which may significantly increase the client’s investment risk. The use of leverage exposes the client to additional risks such as but not limited to (i) greater potential losses on the investment purchase by using the leverage; (ii) greater interest costs and lower debt coverage in the case of increasing interest rates and/or (iii) premature margin calls which may force the liquidation of some client’s investments (which may occur at a moment where the investments have been under pressure by the markets involving the liquidation at prices below the acquisition prices). The client may be required to immediately repay borrowings in whole or in part in various circumstances which may force

Kingsway Capital to sell some/all of the assets held in the client's account if such account has insufficient cash deposits available and does not have alternative credit facilities available to make these repayments. Furthermore, it may not be possible for Kingsway Capital to obtain replacement finance on for the client. The client may incur losses in liquidating such assets if, for example, the markets within which such assets are traded are stressed or illiquid.

Kingsway Capital may also use leverage sourced through derivative transactions to help achieve a client's investment objective. Leverage creates an opportunity for greater yield and total return but, at the same time, will increase the client's exposure to capital risk and interest costs which may cause the value of the client's account to decrease more rapidly than would otherwise be the case. The effect of the use of leverage is to increase the investment exposure, the result of which is that, in a market that moves adversely, the possible resulting loss to investors' capital would be greater than if leverage was not used.

Hedging Transactions. Kingsway Capital may utilise financial instruments for risk management purposes in order to (i) protect against possible changes in the market value of a client's account resulting from fluctuations in the markets and changes in interest rates; (ii) protect the account's unrealised appreciation in the value of its investment portfolio; (iii) facilitate the sale of any such investments; or (iv) hedge the interest rate, credit or currency exchange rate on any of the account's investments. Kingsway Capital is not required to hedge any particular risk in connection with a particular transaction or its clients' investment portfolios generally. While Kingsway Capital may enter into hedging transactions to seek to reduce risk, such transactions may result in a poorer overall performance for the clients than if it had not engaged in any such hedging transaction. Moreover, it should be noted that a client's account will always be exposed to certain risks that may not be hedged.

Investments in Unlisted Securities. Subject to a client's investment guidelines, Kingsway Capital may invest in unlisted securities for its clients' accounts. Because of the absence of any trading market for these investments, it may take longer (or ultimately not be possible) to liquidate them than it would to liquidate publicly traded securities. Although these securities may be resold in privately negotiated transactions, the prices realised on these sales could be less than those originally paid by Kingsway Capital. Further, companies whose securities are not publicly traded will generally not be subject to public disclosure and other investor protection requirements applicable to publicly traded securities.

Valuation of Unlisted Securities. As there may be no open or liquid market to establish an independent value for unlisted securities in which a client account may invest, Kingsway Capital's valuation procedures provide that such securities must be accounted for at fair value. There can be no assurance that Kingsway Capital will be able to sell an unlisted security or instrument for an amount equal to the fair value determined for that security or that there will be a market for such security. Unlisted securities are illiquid by nature and the sale price of such securities may be materially below the value that would have been obtained had they been held for a longer term. Also see Item 11; Valuation of Client Accounts below.

Risks Arising from Investments in Emerging and Frontier Markets

Investments in Emerging and Frontier Markets. Investing in emerging markets involves additional risks and special considerations not typically associated with investing in other more established economies or markets. Such risks may include (i) increased risk of nationalisation or expropriation of assets or confiscatory taxation; (ii) greater social, economic and political uncertainty, including war; (iii) higher dependence on exports and the corresponding importance of international trade; (iv) greater volatility in currency exchange rates; (v) greater risk

of inflation; (vi) greater controls on foreign investment and limitations on realisation of investments, repatriation of invested capital and on the ability to exchange local currencies for US dollars; (vii) increased likelihood of governmental involvement in and control over the economy; (viii) governmental decisions to cease support of economic reform programs or to impose centrally planned economies; (ix) differences in auditing and financial reporting standards which may result in the unavailability of material information about issuers; (x) less developed corporate laws regarding fiduciary duties of officers and directors and the protection of investors; and (xi) the imposition of withholding or other taxes on dividends, interest, capital gains, other income or gross sale of disposition proceeds.

Repatriation of investment income, assets and the proceeds of sales by foreign investors may require governmental registration and/or approval in some emerging countries. Kingsway Capital's clients could be adversely affected by delays in or a refusal to grant any required governmental registration or approval for such repatriation or by withholding taxes imposed by emerging market countries on interest or dividends paid on securities held by the client accounts or gains from dispositions.

In emerging markets, there is often less government supervision and regulation of business and industry practices than in other more established markets. Any regulatory supervision that is in place may be subject to manipulation or control. Some emerging market countries do not have mature legal systems comparable to those of more developed countries. Moreover, the process of legal and regulatory reform may not be proceeding at the same pace as market developments, which could result in investment risk. Legislation to safeguard the rights of private ownership may not yet be in place in certain areas, and there may be the risk of conflict among local, regional and national requirements. In certain cases, the laws and regulations governing investments in securities may not exist or may be subject to inconsistent or arbitrary appreciation or interpretation. Both the independence of judicial systems and their immunity from economic, political or nationalistic influences remain largely untested in many countries. Kingsway Capital may also encounter difficulties in pursuing legal remedies or in obtaining and enforcing judgments in local courts.

Investment Restrictions. Some emerging and frontier markets countries have laws and regulations that currently preclude direct foreign investment in the securities of companies incorporated therein. Additionally or alternatively, prior governmental approval for foreign investments may be required under certain circumstances in some emerging and frontier markets countries. Non-US ownership limitations also may be imposed by the charters of individual companies to prevent, among other concerns, violation of foreign investment limitations. Some attractive equity securities may not be available to Kingsway Capital because of local laws and eligibility requirements applicable to investing in certain types of securities in some emerging and frontier markets countries.

Additional Risks Related to Investments in Private Equity

Non-Control Positions. Kingsway Capital may hold non-control positions in some or all of its investments. In such circumstances, Kingsway Capital may have limited ability to protect its position in the underlying portfolio investments, or to control the timing or other aspects of a disposal, though in such circumstances it may seek to obtain special shareholder protection and/or board representation.

Reliance on Management of Portfolio Investments. The management of each portfolio investment will be conducted by its own management team. Although Kingsway Capital will monitor the performance of each portfolio investment, there can be no assurance that the existing management team, or any successor, will be able

to operate the company in accordance with Kingsway Capital's plans or wishes. Moreover, though in some cases Kingsway Capital will seek to effect the improvement of a portfolio investment's operations, there can be no guarantee that such improvements will be successful.

Long Term Investments and Illiquid Securities. Capital and profits, if any, from an investment generally will only be realised upon the partial or complete disposition of that investment. While an investment might be sold at any time, Kingsway Capital expects to hold interests for a number of years. It is unlikely that there will be public markets for the securities held by Kingsway Capital at the time of their acquisition. In addition, there can be no assurance that secondary markets will develop to the point that they provide liquidity for investments. Limited secondary market liquidity may impede Kingsway Capital's ability to value investments or to sell them at desirable prices.

Investing in Technology Companies. Investing in securities and other instruments of technology companies involves substantial risks. These risks include: the fact that certain companies in the client portfolio may have limited operating histories; rapidly changing technologies and products which may quickly become obsolete; cyclical patterns in information technology spending which may result in inventory write-offs, cancellation of orders and operating losses; scarcity of management, engineering and marketing personnel with appropriate technological training; the possibility of lawsuits related to technological patents; changing investors' sentiments and preferences with regard to technology sector investments (which are generally perceived as risky) with their resultant effect on the price of underlying securities.

Fraud. Of paramount concern in investing in private securities, including debt instruments of portfolio companies, is the possibility of material misrepresentation or omission on the part of the portfolio company or its representatives. Such inaccuracy or incompleteness may adversely affect the valuation of the portfolio company or may adversely affect the ability of Kingsway Capital to perfect or effectuate any lien. Kingsway Capital may rely upon the accuracy and completeness of representations made by the portfolio company and/or its representatives to the extent reasonable when it makes its investments, but cannot guarantee such accuracy or completeness.

Risks Associated with Types of Securities that are Primarily Recommended – See Item 8; Material Risks Related to Investment Strategies above.

ITEM 9: DISCIPLINARY INFORMATION

There are no legal or disciplinary events that are material to a client's (or investor's) or a prospective client's (or prospective investor's) evaluation of Kingsway Capital advisory business or the integrity of Kingsway Capital's management.

ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

A. Registered Broker-Dealers

None of Kingsway Capital or its management persons are registered as a broker-dealer or a registered representative of a broker-dealer. In addition, Kingsway Capital and its management persons are not affiliated with any broker-dealer or bank.

B. Registered Futures Commissions Merchants, Commodity Pool Operators and Commodity Trading Advisors

None of Kingsway Capital or any of its management persons are registered as a registered futures commission merchant, commodity pool operator or commodity trading advisor.

C. Material Relationships or Arrangements with Industry Participants

Kingsway Capital Affiliated Entities

Kingsway Capital Advisors LLP - As set out under Item 4, KCA LLP acts as an “Appointed Representative” to and is a “Participating Affiliate” of Kingsway Capital. The services that KCA LLP provides to Kingsway Capital are described under Item 4. Additionally, and pursuant to an operational services agreement, KCA LLP and Manuel Stotz provide business support services to a UK resident third party investment advisor and KCA LLP receives fees for these services.

Kingsway Capital Management Limited - Kingsway Capital Management Limited (“KCML”) is an exempted company incorporated with limited liability under the laws of the Cayman Islands on April 30, 2015. Kingsway Capital and KCML are under common control. KCML serves as the general partner of Kingsway Frontier Consumer Internet (FCI) LP (“FCI”), the private equity fund to which Kingsway Capital acts as investment manager. KCML does not provide investment advisory services to FCI, nor to any other clients of Kingsway Capital.

Kingsway Capital Limited, Kingsway Capital LP and Kingsway Capital (II) LP – Kingsway Capital Limited (“KCL”) is an exempted company incorporated with limited liability under the laws of the Cayman Islands on April 13, 2015. Kingsway Capital and KCL are under common control. KCL serves as the general partner of Kingsway Capital LP and Kingsway Capital (II) LP (the “Carry Vehicles”). The Carry Vehicles have been established to receive performance based allocations from certain Kingsway Funds. The Carry Vehicles are controlled by Manuel Stotz. The limited partners of the Carry Vehicles may include Kingsway Capital personnel and strategic investors in the Kingsway Funds.

Any performance allocation paid to the Carry Vehicles and its apportionment to the relevant limited partners of the Carry Vehicles is subject to Kingsway Capital’s policies and procedures that govern the remuneration of its staff and that of its Participating Affiliate (the “Remuneration Policy”). The Remuneration Policy seeks to ensure that staff remuneration arrangements do not inadvertently create conflicts of interest through inappropriately incentivising staff to behave in a manner that disadvantages the interests of a client in favour of Kingsway Capital or of other clients.

Kingsway Capital LLP – As set out under Item 4 above, on January 31, 2018, Kingsway Capital succeeded by way of business to the entire investment advisory business of Kingsway Capital LLP (“KC LLP”) which had been operating as an investment manager authorised and regulated by the FCA in the United Kingdom since May 1, 2015. As of the date of this Brochure, KC LLP has no clients and has ceased regulated activities.

Private Investments by Kingsway Capital Principals and Staff

Manuel Stotz and other staff of Kingsway Capital, (i) individually (ii) on behalf of trusts, partnerships, companies and other entities formed for their benefit and that of members of their family, and/or (iii) through or on behalf of trusts, partnerships, foundations, companies and other entities which may from time to time include other philanthropic, charitable, civic, social or other organizations (collectively, the “Private Kingsway Staff Entities”) have in the past, and expect to continue to, make, hold and dispose of investments outside of, and separate and apart from, their interests in Kingsway Capital, its affiliates and the Kingsway Private Funds. These investments by the Private Kingsway Staff Entities may include, without limitation, control and non-control equity and other investments in public and private companies. They may also include investments or interests in other investment adviser businesses (“Third Party Advisers”), including Third Party Advisers that receive compliance and other operational support from Kingsway Capital’s Participating Affiliate.

These investments by the Private Kingsway Staff Entities are investments that, at the time of investment, are opportunities that are determined by Kingsway Capital not to conflict with the interests of its clients, including where Kingsway Capital determines that such investment may not be appropriate for investment by any client. In making such determination, Kingsway Capital considers a number of factors, including, without limitation, the investment strategies, guidelines and restrictions applicable to such clients, and any regulatory or other legal limitation applicable on the clients’ ability to participate in such investment opportunity.

Kingsway Capital has adopted policies and procedures to prevent and/or mitigate the actual and potential conflicts of interests that arise from investments made by the Private Kingsway Staff Entities, which are set out in its Code of Ethics (see Item 11).

Co-Investment Opportunities

Co-investment into private equity investment opportunities by the principals, affiliated persons and/or significant investors of Kingsway Capital alongside a Private Kingsway Fund may arise where there is an opportunity to participate in larger transactions (otherwise too large for a Private Kingsway Fund or that might breach its investment limits). Kingsway Capital is not obligated to arrange co-investment opportunities for all investors in a Private Kingsway Fund or all clients, and investors and clients generally will not be entitled or have any right to participate in such an opportunity solely by reason of being a client or an investor in a Private Kingsway Fund. The practicalities of completing such transactions mean that only those investors with the ability to commit quickly are likely to be offered specific co-investment opportunities, and this may be at the expense of other investors who may be equally capable of investing. Where co-investors are charged management fees on such opportunities by Kingsway Capital, it creates a potential conflict given the incentive to source co-investment deals as a source of fee revenue.

To ensure that all investors are equally aware of the discretionary nature of co-investment opportunities, to the extent practicable, Kingsway Capital will notify investors that co-investment opportunities will be offered to

suitable investors at its discretion. Kingsway Capital will disclose to investors as part of its ongoing reporting the basis under which such co-investment arrangements have been entered into (subject to confidentiality considerations).

Kingsway Capital Staff Positions with Portfolio Companies

Certain staff of Kingsway Capital and of KCA LLP, its Participating Affiliate, may serve as officers, advisors, directors or in comparable management functions for portfolio companies held in the Kingsway Funds or provide other services to portfolio companies. No additional fees may be paid in relation Kingsway Capital, its staff and/or affiliated persons, as a result of such board membership. Nevertheless, this dual role creates conflicts of interest as the individual concerned needs to consider the interests of both parties independently and respect any confidentiality issues. The interests of both parties may not be aligned where, for example, the investee company seeks additional funding due to financial distress. There is also a potential for conflicts of interests where Kingsway Capital decides to retain a board seat after the portfolio company has completed an IPO, for as long as the Kingsway Private Fund retains a significant stake. This will immediately create conflicts relating to non-public information available to the individual representing Kingsway Capital on the portfolio company board.

Where Kingsway Capital or any of its affiliates has a representative on the board of an issuer that is a public company, it may from time to time be given access to material non-public information relating to that issuer. As a result, Kingsway Capital's policy is to place the issuer on its "restricted list" which means that Kingsway Capital is prohibited from recommending or engaging in transactions with respect to the debt or securities of such an issuer until such time as the issuer is removed from the "restricted list". This prohibition may have an adverse effect on Kingsway Capital's clients.

Engagement of Third-Party Consultants ("Operating Partners")

Kingsway Capital may, in its sole discretion, engage third-party consultants to, among other things, assist the Kingsway Private Funds and their portfolio companies in sourcing investment and transaction opportunities, facilitate and structure transactions, perform due diligence, represent Kingsway Capital on the board of portfolio companies of the Kingsway Private Funds and provide such other services that may from time to time be requested by Kingsway Capital and the Kingsway Private Funds (or their portfolio companies). Costs and expenses associated with such consultants will generally be borne by the Kingsway Private Funds and/or the portfolio companies for whom they were retained or engaged.

Such consultants may be subject to conflicts of interests resulting from a number of situations, including, but not limited to, conflicts resulting from affiliations with or engagements by entities unaffiliated with Kingsway Capital and/or the Kingsway Private Funds. Kingsway Capital is not always aware of conflicts arising in connection with such consultants and advisors. Whenever Kingsway Capital is aware of such conflicts, however, it will use reasonable efforts to ensure that such conflicts are minimized in an appropriate manner to the extent practicable in its good faith discretion.

D. Material Conflicts of Interest Relating to Other Investment Advisers

Kingsway Capital does not recommend or select other investment advisers for clients, and does not have other business relationships with any such investment 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

Kingsway Capital has adopted a Code of Ethics (the “Code”) that sets out the policies and procedures applicable to its personnel (including that of its Participating Affiliate) in respect of personal securities transactions, gifts & business entertainment and outside affiliations & political and governmental activities. The Code obligates Kingsway Capital and its personnel to put the interests of Kingsway Capital’s clients before their own interests and to act honestly and in good faith in all respects in their dealings with clients. All of Kingsway Capital’s personnel are also required to comply with applicable federal securities laws.

The Code requires all personnel to seek prior approval for and to report their personal securities transactions and holdings to Kingsway Capital’s CCO. The CCO will consider potential conflicts with clients’ interests as part of the approval process and the personal securities transaction will not be approved where there is a conflict.

In addition, in order to reduce the opportunity for conflicts of interests arising in relation to Kingsway Capital’s investment activities for its clients, the Code strictly prohibits personal securities transactions by Kingsway personnel in securities of issuers held in the client portfolios managed by Kingsway Capital or that Kingsway Capital may be considering for investment on behalf of its clients; securities of issuers located in those countries included in the MSCI Frontier Markets Index, or any country included in Kingsway Capital’s frontier consumer markets strategy portfolios; and any security on Kingsway Capital’s list of “restricted” securities.

Kingsway Capital, in the course of its investment management and other activities, may come into possession of confidential or material non-public information about issuers, including issuers in which Kingsway Capital has invested or seeks to invest on behalf of clients. Kingsway Capital is prohibited from improperly disclosing or using such information for its own benefit or for the benefit of any other person, regardless of whether such other person is a client. Kingsway Capital maintains and enforces written policies and procedures that prohibit the communication of such information to persons who do not have a legitimate need to know such information and to assure that Kingsway Capital is meeting its obligations to clients and remains in compliance with applicable law.

Kingsway Capital’s personnel are required to certify to their compliance with the Code of Ethics on an annual basis. Clients or investors in the Kingsway Private Funds or prospective clients or investors may obtain a copy of the Code of Ethics by contacting Kingsway Capital’s Chief Operating Officer at cm@kingswaycap.com or by telephone on (011) 44 20 7659 4130.

Subject to applicable regulatory restrictions, certain personnel of Kingsway Capital may be permitted to invest directly or indirectly in the Kingsway Private Funds. Such investors may be in possession of information relating to the Kingsway Private Funds that is not available to other investors and prospective investors. It is expected that, if such investments are made, the size and nature of these investments will change over time without notice to investors and it is possible that such personnel may withdraw such investments on the basis of information that is not available to the other investors and prospective investors.

B. Client Transactions in Securities where the Adviser or a Related Person has Material Financial Interest

Cross Transactions

Kingsway Capital may, on occasion, cause one or more of its clients to buy securities from, or sell securities to, other clients of Kingsway Capital at current market prices, including accounts in which Kingsway Capital, its principals or staff are investors or in which such persons may have a financial interest due to the payment of a performance allocation to Kingsway Capital (or an affiliate) by such client.

Kingsway Capital may effect cross transactions between discretionary client accounts, except as noted below. Cross transactions enable Kingsway Capital to effect a trade between two clients for the same security at a set price, thereby possibly avoiding an unfavourable price movement that may be created through entrance into the market and saving commission or other transaction costs for both accounts. Cross transactions may include rebalancing transactions that are undertaken so that, after withdrawals or contributions have occurred, the portfolio compositions of similarly managed accounts remain substantially similar. Kingsway Capital may have a potentially conflicting division of loyalties and responsibilities regarding both parties to cross transactions.

Cross transactions between clients are not permitted if they would constitute “principal transactions” or transactions for which Kingsway Capital or its affiliates are compensated as a broker unless client consent has been obtained based upon written disclosure to the client of the capacity in which Kingsway Capital or its affiliates will act, and otherwise in accordance with the Advisers Act and related rules.

In addition, cross transactions are not permitted for certain accounts where legal restrictions apply including, but not limited to, benefit plans that are subject to the United States Employee Retirement Income Security Act of 1974, as amended (“ERISA”).

In no event will any cross transaction be entered into unless it complies with applicable law.

Valuation of Client Accounts

Pursuant to the AIFMD, Kingsway Capital has regulatory responsibility for the valuation of the Kingsway Private Funds. This creates the potential for conflicts of interest as Kingsway Capital is also remunerated by reference to the net asset value of its client’s accounts. This is particularly relevant with respect to illiquid assets and securities where Kingsway Capital may exercise a significant influence over the valuation of such securities in its favour, which may increase fees and/or assets under management.

Clients’ assets and liabilities are valued in accordance with Kingsway Capital’s valuation policy. In the case of the Kingsway Private funds, the valuation policy is adopted by the governing body of each relevant Kingsway Private Fund and implemented by an independent administrator with responsibility for the calculation of the relevant Kingsway Private Fund’s net asset value. In addition, Kingsway Capital has established a valuation committee in relation to each of its investment strategies (the “Valuation Committees”). These Valuation Committees are responsible for determining appropriate valuations for illiquid or hard to value investments held by Kingsway Capital’s client accounts. There is no guarantee that the value determined with respect to a particular asset or liability by Kingsway Capital will represent the value that will be realized by the client on the

eventual disposition of the related investment or that would, in fact, be realized upon an immediate disposition of the investment.

C. Investing in Securities Recommended to Clients

Kingsway Capital does not recommend securities to clients, or buy or sell securities for client accounts, at or about the same time that Kingsway Capital or a related person buys or sells the same securities for its own account.

D. Conflicts of Interest Created by Contemporaneous Trading

Kingsway Capital manages investments on behalf of a number of Clients. Certain Clients have investment programs that are similar to or overlap with each other, and, therefore, such Clients may participate with each other in investments. See Item 12; B. Aggregated Orders for Various Client Accounts for Kingsway Capital's policies and procedures with respect to such situations.

ITEM 12: BROKERAGE PRACTICES

A. Factors Considered in Selecting or Recommending Broker-Dealers for Client Transactions

Unless otherwise provided in an investment management agreement with a particular client, Kingsway Capital possesses the same discretion to determine the broker or dealer to be used for each securities transaction for each client account.

In selecting brokers or dealers to execute transactions (or series of transactions), Kingsway Capital considers a number of factors to determine the reasonableness of the broker-dealer's compensation. Such factors include the size and type of the order, the price, the costs, the speed, the likelihood that the order will be executed and that the transaction is settled, and any other considerations which, in Kingsway Capital's opinion, are relevant to a particular order. However, Kingsway Capital need not solicit competitive bids from broker-dealers and does not have an obligation to seek the lowest available commission cost.

1. Research and Other Soft Dollar Benefits and Inducements

Kingsway Capital may receive benefits from certain broker-dealers in connection with client securities transactions. This is known as a "soft dollar" relationship. Kingsway Capital limits the use of "soft dollars" to obtain brokerage services in compliance with the FCA rules and as permitted under the safe harbor of Section 28(e) of the Securities Exchange Act of 1934 ("Section 28(e)").

Pursuant to the FCA rules, where Kingsway Capital receives broker-dealer research that is paid for through "soft dollars", this will be paid for through a research payment account ("RPA") in Kingsway Capital's name which will be funded (i) for the client accounts managed by Ash Park, through the allocation of a portion of broker commission alongside executed transactions; and (ii) for other client accounts, through specific charges agreed with the clients and paid directly by the clients to the RPA. IN all cases Kingsway Capital will ensure that

research befitting more than one client is fairly allocated across all relevant client accounts based on the accounts' assets under management.

Kingsway Capital will regularly assess the quality of the research which it has purchased and will periodically review its RPA research budget. Any funds collected in the RPA in excess of the amount spent on research will be held over and offset against the budget for the following research period.

Minor Non-Monetary Benefits

Pursuant to the FCA rules, Kingsway Capital may not accept inducements (fees, commissions, monetary or non-monetary benefits), where these are paid or provided by any third party or a person acting on behalf of a third party, in relation to Kingsway Capital's provision of services to its clients, with the exception of minor non-monetary benefits that are: (i) capable of enhancing the quality of service provided to a client; and (ii) of a scale and nature such that they could not be judged to impair compliance with Kingsway Capital's duty to act in the best interests of the client.

2. Brokerage for Client Referrals

Kingsway Capital does not select or recommend broker-dealers based on whether it receives client referrals from such broker-dealer.

3. Directed Brokerage

Kingsway Capital does not recommend, request or require that a client direct Kingsway Capital to execute transactions through a specified broker-dealer. In the unlikely event that Kingsway Capital accepts specific instructions from a client as to how the client wishes an order to be executed, Kingsway Capital will warn the client that Kingsway Capital's obligation to provide best execution is limited to that part of the order unaffected by the instruction given.

B. Aggregated Orders for Various Client Accounts

Kingsway Capital may manage client accounts which pursue similar or overlapping investment strategies. In placing trades (buys and sells) in the market, Kingsway Capital may, wherever possible, aggregate trades in order to place larger orders with a view to obtaining improved execution prices. Kingsway Capital aggregates client orders where it reasonably believes that this is in clients' overall best interests or to provide equitable treatment. Nevertheless, there may be circumstances when aggregation works to the disadvantage of a client. Where it is intended to aggregate orders for clients, this will be disclosed in the relevant client investment management agreements or offering memoranda.

Where it aggregates orders across client accounts, Kingsway Capital will pre-allocate the securities across the aggregated client accounts before the transaction is effected, specifying the participating client accounts and method of allocation among accounts. After the trade is executed, securities shall be promptly allocated to client accounts in accordance with pre-allocation. Adjustments or changes may be made under certain circumstances, such as to avoid odd lots or excessively small allocations. If the order at a particular broker is filled at several different prices, through multiple trades, generally all such participating accounts will receive the volume-

weighted average price and pay the average commission, subject to odd lots, rounding, and market practice. If an aggregated order is only partially filled, Kingsway Capital's procedures provide that the securities or proceeds are to be allocated in a manner deemed fair and equitable to clients. The rectification must be notified promptly, in writing and detailing reasons, to Kingsway Capital's Compliance Officer.

Allocations will be made among client accounts eligible to participate in initial public offerings (IPOs) and secondary offerings on a pro rata basis for client accounts, except when Kingsway Capital determines in its discretion that a pro rata allocation is not appropriate, which may include a client's investment strategy, specific investment guidelines explicitly prohibiting participation in IPOs or secondary offerings and/or a client's status as a "restricted person" under applicable regulations.

C. Trade Errors

Kingsway Capital maintains policies in respect of trading errors which require that, to the extent that trading errors occur, they are corrected as soon as practicable. Trade errors may occur as a result of mistakes made on the part of an executing broker, or mistakes on the part of Kingsway Capital personnel, including, but not limited to, portfolio managers, traders and/or operations staff. Trade errors may include, for example, keystroke errors that occur when entering transactions into electronic trading systems, failures of oral or other communications between and among Kingsway Capital investment staff, trading staff and operations staff, or between Kingsway Capital personnel and the third parties, such as executing brokers, with whom Kingsway Capital conducts trading activities.

In accordance with Kingsway Capital's trade error policies and procedures, all trade errors, if any, are promptly and appropriately reviewed, evaluated and resolved by the CCO, and any gains or losses resulting therefrom are allocated properly between Kingsway Capital, the applicable clients and, where applicable, third parties. Kingsway Capital is responsible for its own errors and not the errors of other persons, including third party brokers and custodians, unless otherwise expressly agreed to by Kingsway Capital. Broker-dealers are not permitted to assume responsibility for trading error losses caused by Kingsway Capital. Gains and losses from multiple trade errors, if any, generally are not netted. Rather, each trade error generally is separately resolved in accordance with the policy and procedures described herein.

D. Allocation Errors

Kingsway Capital will seek to confirm that the proper allocations are made across the clients for all investment opportunities. However, should an error be made with respect to the allocation of a particular investment opportunity, Kingsway Capital will seek to correct such error, where possible, to put each client involved in such allocation error in the same place as it would be if such error had not occurred.

ITEM 13: REVIEW OF ACCOUNTS

A. Frequency and Nature of Review

Kingsway Capital performs various daily, monthly and other periodic reviews of the clients' portfolios.

Client portfolios (with the exception of FCI) are monitored daily by the relevant Investment Managers for weightings of individual positions, performance and adherence to investment policies. Other client account reviews include trade reviews, account liquidity monitoring, portfolio valuation, price validations and account concentration monitoring by the various personnel in Operations, Trading and Compliance.

B. Factors Prompting Review of Client Accounts Other than a Periodic Review.

A review of a client account may be triggered by any suspicious or unusual activity or special circumstances.

C. Content and Frequency of Regular Account Reports

Investors in the Kingsway Private Funds will receive monthly performance information, a monthly account statement and a quarterly written investment commentary. Such reports may be delivered electronically to the client in accordance with the client's agreement with Kingsway Capital.

In addition each investor in a Kingsway Fund that is a "private fund" receives annual audited financial statements within 120 days after the financial year end and, in respect of certain Kingsway Private Funds, tax information necessary for the completion of such investor's return.

Each client that has a managed account will receive reports in accordance with what is specified in their individual investment management agreement.

ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION

A. Economic Benefits Received from Non-Clients for Providing Services to Clients

As discussed in Item 12, Kingsway Capital receives certain minor non-monetary benefits from broker-dealers. Please see Item 12 for further information on Kingsway Capital's practices in respect of soft-dollars and inducements.

Kingsway Capital does not receive any economic benefit from any person who is not a client for providing investment advice or other advisory services to Kingsway Capital's clients, other than from broker-dealers in the form of soft dollars as described above.

B. Compensation to Non-Supervised Persons for Client Referrals

Kingsway Capital does not compensate third parties for client referrals.

ITEM 15: CUSTODY

Kingsway Capital will not have physical custody of any client assets. Each of Kingsway Capital's clients has appointed its own custodian and these custodians are solely responsible for the custody and safekeeping of their client's assets.

Pursuant to Rule 206(4)-2 promulgated under the Advisers Act (the "Custody Rule") (and certain related rules and regulations under the Advisers Act), Kingsway Capital is deemed to have custody of the assets of FCI because it is under common control with its affiliate, Kingsway Capital Management Limited, which acts as general partner of FCI. Rule 206(4)-2 imposes on investment advisers with custody of clients' funds or securities certain requirements concerning reports to such clients (including underlying investors) and surprise examinations relating to such clients' funds or securities. However, an investment adviser need not comply with such requirements with respect to pooled investment vehicles subject to audit and delivery if each pooled investment vehicle (i) is audited at least annually by an independent public accountant and (ii) distributes its audited financial statements prepared in accordance with generally accepted accounting principles to their investors, all limited partners, members or other beneficial owners within 120 days (180 days in the applicable case of a fund of fund adviser) of its fiscal year-end.

Kingsway Capital relies upon this exception with respect to FCI by causing FCI to be audited annually and distribute audited financial statements, prepared in accordance with U.S. generally accepted accounting principles ("GAAP"), to investors no later than 120 days after the end of each fiscal year. In addition, upon the final liquidation of FCI, Kingsway Capital will obtain a final audit and distribute audited financial statements prepared in accordance with GAAP to all investors promptly after completion of the audit.

ITEM 16: INVESTMENT DISCRETION

Kingsway Capital provides investment advisory services on a discretionary basis to clients. Kingsway Capital has full discretionary authority with respect to investment decisions, and its advice with respect to its clients is made in accordance with the investment objectives and guidelines as set forth in such client's respective Governing Documents, if any, investment management agreement or other organizational document. Kingsway Capital assumes discretionary authority to manage the clients through the execution of investment management agreements or through the organizational documents of clients.

ITEM 17: VOTING CLIENT SECURITIES

Other than in respect of ERISA clients, Kingsway Capital expects to be delegated authority to vote Client securities for its Clients' accounts.

Kingsway Capital has adopted Proxy Voting Policies and Procedures (the "Procedures") that are designed to ensure that it votes proxies with respect to client securities in the best interests of its clients. The Procedures also

require that Kingsway Capital identify any conflicts of interest between Kingsway Capital and its clients. If a material conflict exists, Kingsway Capital will determine whether voting in accordance with the voting guidelines and factors described in the Procedures is in the best interests of the client or take some other appropriate action.

In the absence of specific voting guidelines mandated by a particular client, Kingsway Capital will endeavour to vote proxies in the best interests of each client. This may include a decision neither to support nor oppose a recommendation by management of such companies and instead to affirmatively elect not to vote proxies; however, Kingsway Capital will not abstain from voting or affirmatively decide not to vote a proxy if the client is a plan asset fund subject to the requirements of ERISA. The proxy shall be voted on a case-by-case basis, taking into account all relevant facts and circumstances at the time of the vote.

Clients may obtain a copy of Kingsway Capital's Procedures and information about how it voted a client's proxies by contacting Kingsway Capital's Chief Operating Officer at cm@kingswaycap.com or by telephone on (011) 44 20 7659 4130.

ITEM 18: FINANCIAL INFORMATION

This Item is not applicable.