

KEENAN CAPITAL, LLC
PART 2A OF FORM ADV: FIRM BROCHURE

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This brochure provides information about the qualifications and business practices of Keenan Capital, LLC (“Keenan” or the “Firm”). If you have any questions about the contents of this brochure, please contact Keenan’s Chief Compliance Officer, Alex Prywes, at 650-344-3334 or alex@keenancap.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

Any reference to Keenan as a registered investment adviser does not imply a certain level of skill or training.

Additional information about Keenan also is available on the SEC’s website at www.adviserinfo.sec.gov.

Item 2: Material Changes

This is an annual amendment for the year ended December 31, 2019. No material changes have been made to this Brochure since the annual amendment in March 2019.

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Item 4: Advisory Business

Item 4.A.

Keenan Capital, LLC (“**Keenan**” or the “**Firm**”), a California limited liability company, was founded in March 2012 and become a registered investment adviser with the United States Securities and Exchange Commission (the “**SEC**”) on April 6, 2018. Charles J. Keenan IV is the principal owner of the Firm.

Item 4.B.

Keenan provides investment advisory services on a discretionary basis to a privately offered pooled investment vehicle, which is intended for investment by certain investors that meet the definition of “accredited investor” as defined under Regulation D of the Securities Act of 1933, as amended, (the “**1933 Act**”) and “qualified purchasers” under Section 2(a)(51) of the Investment Company Act of 1940, as amended (the “**Company Act**”) so as to comply with the exemptions under Section 3(c)(7) of the Company Act.

Currently, Keenan’s sole client is Keenan Capital Fund, LP (the “**Fund**”), a Delaware limited liability company. Keenan Capital GP, LLC, a Delaware limited liability company, is the general partner of the Fund (“**General Partner**”). The General Partner has delegated full responsibility for the investment decisions of the Fund to the Firm.

Item 4.C.

The Firm’s advisory services are provided to its client, the Fund, pursuant to the terms of the Fund’s relevant offering documents and based on the specific investment objectives and strategies as disclosed in the offering documents. The advisory services the Fund receives are tailored to meet the specified investment objectives and strategies as set forth in the Fund’s offering documents. The Fund may impose restrictions on investing in certain types of securities in accordance with achieving its investment objectives and strategies.

Item 4.D.

Not applicable. Keenan does not participate in, nor does it sponsor, a wrap fee program.

Item 4.E.

Keenan has \$474,801,548 in regulatory assets under management on a discretionary basis as of December 31, 2019. Keenan does not manage client assets on a non-discretionary basis.

Item 5: Fees and Compensation

Item 5.A.*Management Fee*

The Fund pays a quarterly management fee (the “**Management Fee**”) to Keenan, in its capacity as investment manager. The Management Fee is generally equal to 1.00% annualized and is paid in advance at

the beginning of each quarter. With respect to any capital contribution, the Management Fee will be payable on the amount of such capital contribution as of the date such capital contribution was made.

Details regarding Keenan's management fees are set forth in the Fund's offering memorandum and governing documents. With the consent of the Firm, the General Partner may, in its sole discretion, elect to reduce or waive the Management Fee with respect to any investor.

Incentive Allocation

The General Partner is generally entitled to a performance allocation equal to 20% of the annual increase, if any, in the net asset value of each investor's capital account in the Fund. The performance allocation is calculated based on both realized gains and losses and unrealized appreciation and depreciation of securities held in the Fund's portfolio. Generally, any decrease in the net asset value in a fiscal year allocated to any investor's capital account is carried forward in a "loss carryforward provision" so that no performance allocation is charged to that capital account unless the losses have been recouped. The performance allocation, if any, is determined at the end of each fiscal year and at the time of each withdrawal from the Fund. The General Partner may, in its sole discretion, elect to reduce or waive the performance allocation with respect to the capital accounts of any investor.

Item 5.B.

Keenan instructs the custodian to deduct Management Fees from the Fund's account. Fees are collected at the frequency described in Item 5.A.

Item 5.C.

The Firm is responsible for its own operational expenses ("**Operational Expenses**") incurred in connection with the provision by it of investment management services to the Fund including rent, utilities, supplies, secretarial expenses, stationery, charges for furniture, fixtures and equipment, employee benefits including insurance, payroll and other taxes and compensation (and related costs) of all personnel.

All expenses of the Fund other than Operational Expenses will be borne by the Fund. These expenses include the Fund's ongoing transaction (e.g., brokerage commissions), administrative, custody, legal (including blue sky compliance), tax preparation, investor reporting, valuation agent and appraisal fees and expenses, insurance, accounting and audit expenses, and any expenses for services that the investors require the General Partner to obtain, as well as expenses related to the offering and sale of interests in the Fund and any other fees or expenses of the Fund that, in the determination of the General Partner, are reasonably incurred in connection with the business or maintenance of the Fund, including without limitation any fees and expenses payable to any third party advising on the acquisition, maintenance, disposition or valuation of any special investment or special situation investment, as defined in the Fund's offering memorandum or governing documents, or portion thereof. To the extent permitted by applicable law, the General Partner may cause the Fund to bear all or a portion of the costs of any trading errors arising out of or resulting from the Fund's investment activities. The Fund will also pay the fees and expenses of its introducing brokers, prime brokers, futures commission merchants and administrators, if any.

The above is a general description of fees and other expenses, and the expenses may vary. Investors are encouraged to refer to the Fund's applicable governing documents.

Brokerage is specifically discussed in Item 12 below.

Item 5.D.

As discussed in Item 5.A., the Management Fee is generally payable quarterly. The Management Fee will be prorated for any period that is less than a full calendar quarter, with any necessary amounts rebated as appropriate.

Item 5.E.

Not applicable. Neither Keenan, nor any of its supervised persons, are compensated for the sale of securities or other investment products.

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

Please see response to Item 5.A. Keenan understands that there exist certain potential conflicts of interest associated with the presence of a performance-based fee. Such a fee may create an incentive for the Firm to cause the Fund to make investments that are riskier or more speculative than would be the case if there were no performance-based fee. However, Keenan manages the Fund in accordance with its investment strategy and any restrictions set forth in the Fund's governing documents so that investors in the Fund are aware of the applicable investment strategy, restrictions, and risks. Additionally, Keenan has adopted a Code of Ethics that addresses potential conflicts of interests and requires, in any situation where the interests of Keenan's clients are at stake, the client should be treated fairly and have priority over the economic interests of employees or the Firm. Keenan currently provides investment management services to a single client, the Fund. No conflict exists whereby a client with a performance-based fee is managed side-by-side with another client.

Item 7: Types of Clients

Keenan provides investment advisory services to a pooled investment vehicle operating as a private investment fund. Investors in the Fund must be qualified as (i) an "accredited investor," as defined in Regulation D under the 1933 Act, (ii) a "United States person" under the Internal Revenue Code of 1986, as amended, and (iii) a "qualified purchaser" within the meaning of the Company Act, and the regulations thereunder. Non-U.S. investors may not invest in the Fund, unless otherwise agreed by the General Partner in its discretion. Generally, the minimum subscription is \$1,000,000 for initial investments in the Fund and \$100,000 for additional investments in the Fund. The General Partner may reduce or waive the minimum amount at its discretion.

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

Item 8.A.

The investment objective of the Fund is to create long-term capital appreciation by investing in the equity of public and private companies. The Fund seeks to achieve its investment objective by constructing a concentrated portfolio of securities of public and private companies that the Firm believes have some or all of the following characteristics: (i) a sustainable competitive differentiation; (ii) a potential for large market opportunity; (iii) a potential for high recurring revenue; (iv) high return on equity and strong free cash flow; and (v) strong management. In constructing the Fund's portfolio, Keenan will apply an approach based on a long-term orientation and investment horizon and a concentrated portfolio. Keenan expects to seek investment opportunities in "fallen angel" portfolio companies, initial public offerings, small capitalization stocks and certain private company investments. As discussed in the relevant offering documents, Keenan may also invest Fund assets in other types of securities and may engage in other investment strategies so long as doing so does not interfere with achieving the stated and agreed upon investment objective.

Investment in the Fund involves significant risks and is suitable only for investors who can bear the economic risk of the loss of their entire investment and who have limited need for liquidity in their investment. There can be no assurance that the Fund will achieve its investment objectives. Investment in the Fund carries with it the inherent risks associated with investments in equities. Each prospective investor should carefully review the Fund's offering memorandum and governing documents referred to therein prior to deciding to invest in the Fund.

Items 8.B. and 8.C.

The following summary identifies and provides a brief explanation of the material risks related to the Firm's significant investment strategies and should be carefully evaluated before making an investment with the Firm. However, the following does not intend to identify all possible risks of an investment with the Firm or provide a full description of the identified risks of an investment in the Fund. Additional information regarding the material risks related to the Firm's significant investment strategies is set forth in the Fund's offering memorandum and governing documents.

Investment Risks in General. A potential investor in the Fund should note that the prices of the securities and other instruments in which the Fund invests may be volatile. Market movements are difficult to predict and are influenced by, among other matters, government trade, fiscal, monetary and exchange rate and control programs and policies; changing supply and demand relationships; national and international political and economic events; changes in interest rates; and the inherent volatility of the marketplace. In addition, governments from time to time intervene, directly and by regulation, in certain markets, often with the intent to influence prices directly. The effects of governmental intervention may be particularly significant at certain times in the financial instrument and currency markets, and such intervention (as well as other factors) may cause these markets and related investments to move rapidly.

In addition, the Fund's success largely depends on Keenan's ability to implement the Fund's investment strategy. Any factor that would make it more difficult to execute more timely trades, such as a significant lessening of liquidity in a particular market, may also be detrimental to profitability. No assurance can be given that the investment strategies to be used by the Fund will be successful under all or any market conditions. In addition, securities that Keenan believes are fundamentally undervalued or incorrectly valued may not ultimately be valued in the capital markets at prices and/or within the time frame that Keenan anticipates. As a result, the Fund may lose all or substantially all of its investment in any particular instance.

Potential Impact of a Limited Number of Investments. The Fund intends to invest in a limited number of companies. Accordingly, the Fund will likely be highly concentrated in certain securities and other instruments at any given time, particularly at inception and immediately prior to liquidation. As a result of the foregoing, the aggregate return of the Fund could be derived from a relatively undiversified, limited number of securities and other instruments.

Equity Securities. The market price of securities owned by the Fund may go up or down, sometimes rapidly or unpredictably. A risk of investing in the Fund is that the equity securities in its portfolio will decline in value due to factors affecting equity securities markets generally or particular industries or issuers represented in those markets. The values of equity securities may decline due to general market conditions that are not specifically related to a particular company, such as real or perceived adverse economic conditions, changes in the general outlook for corporate earnings, changes in interest or currency rates or adverse investor sentiment generally. Values may also decline due to factors that affect a particular industry or industries, such as labor shortages or increased production costs and competitive conditions within an industry. Other risks of investing globally in equity securities may include changes in currency exchange rates, exchange control regulations, expropriation of assets or nationalization, imposition of withholding taxes on dividend or interest payments, and difficulty in obtaining and enforcing judgments against non-U.S. entities. In addition, securities that Keenan believes are fundamentally undervalued or incorrectly valued may not ultimately be valued in the capital markets at prices and/or within the time frame Keenan anticipates. As a result, the Fund may lose all or substantially all of its investment in any particular instance.

Investments in Companies with Smaller Capitalizations or Limited Coverage. The Fund may invest in the securities of companies with smaller capitalizations or that are the subject of little or no analysis or coverage by Wall Street or similar overseas firms. Investments in such companies may involve greater risk than is customarily associated with investments in the securities of companies with larger capitalizations or with greater Wall Street or similar coverage. For example, smaller companies often have limited product lines, markets, and/or financial resources may be dependent for management on one or a few key persons, may lack substantial capital reserves, may not have established performance records and may be more susceptible to losses. Also, the securities of companies with smaller capitalizations or limited Wall Street or similar coverage may be thinly traded (and therefore may have to be sold at a discount from then-current market prices or in small lots over an extended period of time) and may be subject to wider and more abrupt price swings, thus creating the potential for greater losses than investments in the securities of companies with larger capitalizations or greater Wall Street or similar coverage. In addition, in connection with such reduced liquidity, transaction costs incurred by the Fund with respect to investments in the securities of companies with smaller capitalizations or limited Wall Street, analyst or similar coverage may be higher than the transactions costs the Fund would have incurred if the Fund had invested in the securities of larger capitalization companies or companies with greater Wall Street, analyst or similar coverage.

Illiquid Investments. The securities or other instruments underlying a special investment or special situation investment will tend to be less liquid or marketable and less seasoned and more susceptible to volatility in valuation and performance than investments in public companies. Although special investments and special situation investments may offer the opportunity for significant gains, such investments will generally involve a high degree of business and financial risk that can result in substantial losses. These investments will share many of the same risk characteristics as venture capital investing. Among these risks are the general risks associated with investing in companies operating at a loss or with substantial variations in operating results from period to period and investing in companies with the need for substantial additional capital to support expansion or to achieve or maintain a competitive position. Such companies may face intense competition, including competition from companies with greater financial resources, more expansive development, manufacturing, marketing and service capabilities, and a greater number of qualified managerial and technical personnel. The Fund may receive as part of its strategy equity or equity linked securities. As a result, the rights or claims of the Fund may be subordinate to those of other parties, including debt or senior equity holders, in the event of the failure of any portfolio company. Portfolio

companies may be thinly traded and under-capitalized and therefore may be more sensitive to adverse business or financial developments. In the event that a portfolio company is unable to generate sufficient cash flow or raise additional equity capital to meet its projected cash needs, the value of the Fund's investment in such portfolio company could be significantly reduced or even lost entirely. Business risks may be more significant in smaller or development-stage portfolio companies, which may face intense competition, changing business and economic conditions or other developments that may adversely affect their performance. In addition, information about these securities or other instruments may be more difficult to obtain and may be less reliable and more subjective than information about public companies. Companies issuing such securities or other instruments, or certain projects of such companies, may have a very limited operating history, may be operating at a loss or with substantial variations in operating results from period to period and may require substantial additional capital to support expansion or to achieve or maintain a competitive position.

The securities or other instruments underlying special investments and special situation investments generally will be difficult or impossible to sell at prices comparable to the market prices of publicly traded securities of similar companies to those issuing such securities or other instruments. No assurance can be given that any such special investment or special situation investment or any underlying securities or other instruments will be eligible to be traded on a public market or can be liquidated. Special investments and special situation investments will be long-term in nature and may result in substantial losses, including the loss of the Fund's entire investment in such investment. It may be difficult to value special investments and special situation investments until their disposition.

Restricted Securities. The Fund may invest in unregistered and other restricted securities that are subject to substantial holding periods or that are not traded in public markets. Such restricted securities generally are difficult or impossible to sell at prices comparable to the market prices of similar securities that are publicly traded or not subject to restrictions on resale. The reduced liquidity of such securities could result in the Fund's inability to realize a favorable price upon disposition of such securities, and in some cases might make such disposition at the time desired by the Fund impossible. No assurance can be given that any such restricted securities will be eligible to be traded on a public market even if a public market for securities of the same class were to develop. It is highly speculative as to whether and when an issuer will be able to register its securities so that they become eligible for trading in public markets.

Lack of Liquidity in Markets. The Fund may invest in securities, loans or other assets for which no (or only a limited) liquid market exists or that are subject to legal or other restrictions on transfer. The market prices, if any, for such assets tend to be volatile, and may fluctuate due to a variety of factors that are inherently difficult to predict including without limitation changes in interest rates, prevailing credit spreads, general economic conditions, financial market conditions, domestic or international economic or political events, developments or trends in any particular industry, and the financing condition of obligors on the Fund's assets. The Fund may not be able to sell assets when it desires to do so or to realize what it perceives to be their fair value in the event of a sale. The sale of illiquid assets and restricted securities often requires more time and results in higher brokerage charges or dealer discounts and other selling expenses than does the sale of securities eligible for trading on national securities exchanges or in the OTC markets. The Fund may be required to hold illiquid securities for a substantial period of time before any disposition can be effected. Also, U.S. and non-U.S. securities exchanges and the SEC and other regulatory authorities have authority to suspend trading in a particular security without notice.

Non-U.S. Exchanges and Markets. The Fund may engage in trading on non-U.S. exchanges and markets. Trading on such exchanges and markets may involve certain risks not applicable to trading on U.S. exchanges and is frequently less regulated. For example, certain of those exchanges may not provide the same assurances of the integrity (financial and otherwise) of the marketplace and its participants, as do U.S. exchanges. There also may be less regulatory oversight and supervision by the exchanges themselves over transactions and participants in such transactions on those exchanges. Some non-U.S. exchanges, in contrast

to U.S. exchanges, are “principals’ markets” in which performance is the responsibility only of the individual member with whom the trader has dealt and is not the responsibility of an exchange or clearing association. Furthermore, trading on certain non-U.S. exchanges may be conducted in such a manner that all participants are not afforded an equal opportunity to execute certain trades and may also be subject to a variety of political influences and the possibility of direct government intervention. Investments in non-U.S. markets will generally also be subject to the risk of fluctuations in the exchange rate between the local currency and the dollar and to the possibility of exchange controls. Non-U.S. markets may also be less liquid and more volatile than comparable U.S. markets. Foreign brokerage commissions and other fees are also generally higher than in the United States.

Non-U.S. Investments. Investments in non-U.S. issuers or securities principally traded outside the United States may involve certain special risks due to economic, political and legal developments, including favorable or unfavorable changes in currency exchange rates, exchange control regulations (including currency blockage), expropriation of assets or nationalization, imposition of withholding taxes on dividend or interest payments, and possible difficulty in obtaining and enforcing judgments against non-U.S. entities. Furthermore, issuers of non-U.S. securities are subject to different, often less comprehensive accounting reporting and disclosure requirements than domestic issuers. The securities of some non-U.S. governments and companies generally are less liquid and at times more volatile than comparable U.S. securities.

Currency Risk. The value of the Fund’s assets may be affected favorably or unfavorably by the changes in currency rates and exchange control regulations. Some currency exchange costs may be incurred when the Fund changes investments from one country to another. Currency exchange rates may fluctuate significantly over short periods of time. They generally are determined by the forces of supply and demand in the respective markets and the relative merits of investments in different countries, actual or perceived changes in interest rates and other complex factors, as seen from an international perspective. Currency exchange rates can also be affected unpredictably by intervention by governments or central banks (or the failure to intervene) or by currency controls or political developments. The Fund does not seek to mitigate the risk of currency exchange fluctuation through the active and systematic use of currency hedges.

Emerging Markets Investments. The Fund may invest in the securities of issuers in emerging markets. The Fund’s investments in, and exposures to, emerging markets involve special risks not present in U.S. investments that can increase the chances that the Fund will lose money. For example, the value of the Fund’s emerging markets securities or exposures may be affected by social, political and economic developments and U.S. and non-U.S. laws relating to foreign investment, and may have significantly less liquidity than developed markets.

In some countries, regulations under which foreign investors, such as the Fund, may invest directly in local securities are new and evolving. There can be no assurance that regulations promulgated in the future will not adversely affect the Funds or that any regulations facilitating such investments will be continued or adopted in the future.

The extent of economic development, political stability, market depth, infrastructure, capitalization and regulatory oversight in emerging markets can be less than in more developed non-U.S. markets. Other risks include trading, settlement, custodial, and other operational risks; withholding or other taxes; and the less stringent investor protection and disclosure standards of some non-U.S. markets. Accounting, financial and other reporting standards in countries in which the Fund may invest are not equivalent to those in the U.S. or western European countries. Accordingly, less information may be available to investors. The growth of many emerging markets’ economies is to a significant degree export driven.

Accordingly, emerging markets are often affected by changes in the economies of the U.S. and other main trading partners, by protectionist impulses in those countries and by the development of export sectors in lower-wage economies. In the event that growth in the export sector declines, the burden of future growth

will increasingly be placed on domestic demand. All of these factors can make emerging markets securities less liquid, more volatile and harder to value than developed market securities.

Investments in Investment Companies, ETFs and Other Collective Investment Vehicles.

The General Partner, under certain circumstances, may cause the Fund to invest in registered and unregistered investment companies, ETFs and certain other collective investment vehicles. ETFs, investment companies, and collective investment vehicles represent shares of ownership in either funds or unit investment trusts that hold portfolios of common stocks or bonds, and other asset classes, which are designed to generally correspond to the price and yield performance of their underlying indices, either broad stock market, stock industry sector, international stock, U.S. bond, commodity or currency. Investors in such vehicles are subject to risks similar to those of holders of other diversified and non-diversified portfolios. A primary consideration is that the general level of the underlying asset prices may decline, thus affecting the value of an ETF that tracks such asset prices. Moreover, the overall depth and liquidity of the secondary market may also fluctuate. A sector ETF may also be adversely affected by the performance of that specific sector or group of industries on which it is based. Any such investments will increase the fees and expenses payable by the Fund, since such investment companies, ETFs and other vehicles also generally bear fees and expenses in connection with their operations and investment activities.

Trade Errors. To the extent permitted by applicable law, the General Partner may cause the Fund to bear all or a portion of the costs of any trading errors arising out of or resulting from the Fund's investment activities. Any such costs will reduce the returns of the Fund and the investors.

OTC Transactions. The Fund may engage in transactions involving securities traded on "over the counter" ("OTC") markets. In general, there is less governmental regulation and supervision in the OTC markets than of transactions entered into on an organized exchange. In addition, many of the protections afforded to participants on some organized exchanges, such as the performance guarantee of an exchange clearinghouse, will not be available in connection with OTC transactions. This exposes the Fund to the risks that a counterparty will not settle a transaction because of a credit or liquidity problem or because of disputes over the terms of the contract. Therefore, to the extent that the Fund engages in trading on OTC markets, the Fund could be exposed to greater risk of loss through default than if it confined its trading to regulated exchanges.

Derivative Investments. Derivatives are financial contracts whose value depends on, or is derived from, an underlying product, such as the value of a securities index. The risks generally associated with derivatives include the risks that: (1) the value of a derivative will change in a manner detrimental to the Fund; (2) before purchasing a derivative, the Fund will not have the opportunity to observe the derivative's performance under all market conditions; (3) another party to a derivative may fail to comply with the terms of the derivatives contract; (4) a derivative may be difficult to purchase or sell; and (5) a derivative may involve indebtedness or economic leverage, such that adverse changes in the value of the underlying asset could result in a loss substantially greater than the amount invested in a derivative itself or in heightened price sensitivity to market fluctuations. The profitability of investments by the Fund in the derivatives markets generally depends on the ability of Keenan to analyze correctly these markets, which are influenced by, among other things, changing supply and demand relationships, governmental, commercial and trade programs and policies designed to influence world political and economic events, and changes in interest rates. In addition, the assets of the Fund may be pledged as collateral in derivatives transactions. Thus, if the Fund defaults on such an obligation, the counterparty to such transaction may be entitled some or all of the assets of the Fund as a result of the default.

Options. The Fund may engage from time to time in various types of options transactions. An option gives the purchaser the right, but not the obligation, upon exercise of the option, either (i) to buy or sell a specific amount of the underlying security at a specific price (the "strike" price or "exercise" price), or (ii) in the case of a stock index option, to receive a specified cash settlement. To purchase an option, the purchaser must

pay a “premium,” which consists of a single, nonrefundable payment. Unless the price of the securities underlying the option changes and it becomes profitable to exercise or offset the option before it expires, the Fund may lose the entire amount of the premium. The purchaser of an option runs the risk of losing the entire investment. Thus, the Fund may incur significant losses in a relatively short period of time. The ability to trade in or exercise options also may be restricted in the event that trading in the underlying securities becomes restricted. Options trading may also be illiquid in the event that the Fund’s assets are invested in contracts with extended expirations. The Fund may purchase and write put and call options on specific securities, on stock indexes or on other financial instruments and, to close out its positions in options, may make a closing purchase transaction or closing sale transaction. In theory, the exposure to loss is potentially unlimited in the case of an uncovered call writer (*i.e.*, a call writer who does not have and maintain during the term of the call an equivalent long position in the stock or other instrument underlying the call), but in practice the loss is limited by the term of existence of the call. The risk for a writer of an uncovered put option (*i.e.*, a put option written by a writer that does not have and maintain an offsetting short position in the underlying stock or other instrument) is that the price of the underlying security or other instrument may fall below the exercise price.

Debt and Other Income Securities. The Fund may invest in fixed-income and adjustable rate securities. Income securities are subject to interest rate, market and credit risk. Interest rate risk relates to changes in a security’s value as a result of changes in interest rates generally. Even though such instruments are investments that may promise a stable stream of income, the prices of such securities are inversely affected by changes in interest rates and, therefore, are subject to the risk of market price fluctuations. In general, the values of fixed income securities increase when prevailing interest rates fall and decrease when interest rates rise. Because of the resetting of interest rates, adjustable rate securities are less likely than non-adjustable rate securities of comparable quality and maturity to increase or decrease significantly in value when market interest rates fall or rise, respectively. Market risk relates to the changes in the risk or perceived risk of an issuer, country or region. Credit risk relates to the ability of the issuer to make payments of principal and interest. The values of income securities may be affected by changes in the credit rating or financial condition of the issuing entities. Income securities denominated in non-U.S. currencies are also subject to the risk of a decline in the value of the denominating currency relative to the U.S. dollar.

The debt securities in which the Fund may invest are not necessarily required to satisfy any minimum credit rating standard and may include instruments that are considered to be of relatively poor standing and have predominantly speculative characteristics with respect to capacity to pay interest and repay principal. The Fund may invest in bonds rated lower than investment grade, which may be considered speculative. The Fund may also invest in high-risk instruments that are low rated or unrated.

Convertible Securities. Convertible securities are generally debt securities or preferred stocks that may be exchanged under certain circumstances for shares of common stock (collectively, “**Convertibles**”). Convertibles typically pay current income as either interest (debt security convertibles) or dividends (preferred stocks). A Convertible’s value usually reflects both the stream of current income payments and the value of the underlying common stock. The market value of a Convertible performs like that of a regular debt security; that is, if market interest rates rise, the value of a Convertible usually falls. Since it is convertible into common stock, the Convertible generally has the same types of market and issuer risk as the underlying common stock. Convertibles that are debt securities are also subject to the normal risks associated with debt securities, such as interest rate risks, credit spread expansion and ultimately default risk, as discussed below. Convertibles are also prone to liquidity risk as demand can dry up periodically, and bid/ask spreads on bonds can widen significantly.

Securities Lending Risk. The Fund may lend securities from its portfolio to brokers, dealers and other financial institutions needing to borrow securities to complete certain transactions. The Fund continues to be entitled to payments in amounts equal to the interest, dividends or other distributions payable on the loaned

securities, which affords the Fund an opportunity to earn interest on the amount of the loan and on the loaned securities' collateral. The Fund might experience risk of loss if the institution with which it has engaged in a portfolio loan transaction breaches its agreement, if its securities lending agent becomes insolvent, or if the value of the instruments in which the lending agent invests borrowers' collateral declines. In connection with its securities lending transactions, the Fund may return to the borrower or a third party that is acting as a "placing broker" a part of the interest earned from the investment of collateral received for securities loaned.

Key Personnel. The investors have no authority to make decisions or to exercise business discretion on behalf of the Fund. All decisions regarding the management and affairs of the Fund will be made exclusively by the Firm, subject to the overall management by the General Partner. In addition, the success of the Fund is significantly dependent upon the expertise of certain individuals at the Firm, which includes, particularly, Mr. Keenan. The Firm's failure to retain the services of Mr. Keenan could adversely affect the Fund's operating and financial performance, and such adverse effects could be material.

Side Letters and Other Agreements with Investors. The Fund may enter into separate agreements with certain investors, such as those affiliated with the Keenan or any investor deemed to involve a significant or strategic relationship, to waive certain terms, or to allow such investors to invest on different terms than those specifically described in the Fund's offering memorandum, including, without limitation, with respect to fees, liquidity or depth of information provided to such investors concerning the Fund. Under certain circumstances, these agreements could create preferences or priorities for such investors with respect to other investors.

Item 9: Disciplinary Information

There are no material legal or disciplinary events related to the Firm.

Item 10: Other Financial Industry Activities and Affiliations

Item 10.A. and 10.B.

Keenan and its management persons are not registered and do not have any application pending to register as a broker-dealer, a registered representative of a broker-dealer, a futures commission merchant, a commodity pool operator, a commodity trading advisor, or an associate of the foregoing entities.

Item 10.C.

As noted in response to Item 4.B., Keenan Capital GP, LLC serves as the General Partner of the Fund.

Item 10.D.

Not applicable. Keenan does not recommend or select other investment advisers for its clients.

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

Item 11.A.

Keenan has adopted a Code of Ethics (the “**Code**”) under Rule 204A-1 under the Investment Advisers Act of 1940, as amended (the “**Advisers Act**”) that states the requirements of the Firm, its employees, and any related persons, in fulfilling their fiduciary duty to the Fund. The Code requires all employees to act at all times in an honest and ethical manner and with the highest integrity in all dealings with clients and place the interests of the Fund ahead of those of the Firm, its employees, and/or any related persons at all times. Any exceptions to the below policies require the prior approval of the Chief Compliance Officer. Additionally, any violations of the Firm’s Code of Ethics are required to be reported to the Chief Compliance Officer for documentation and remediation.

As outlined in the Code, the Firm’s personnel, including directors, officers, partners, other persons occupying a similar status or performing similar functions and employees are permitted to maintain personal trading accounts subject to the following supervision: all personal accounts must adhere to the disclosure requirements and restrictions stated in the Code, which require personnel to disclose any and all personal reportable securities on an initial and annual basis, request pre-approval for any personal trades in certain securities, and provide to the Chief Compliance Officer, on a quarterly basis, personal transactions in reportable securities. Additionally, the Code details: (i) a statement of the standard of business conduct; (ii) restrictions and reporting requirements regarding the giving or receiving of gifts and/or entertainment to and/or from, among others, current or prospective investors, government officials and union officials, by any of the Firm’s personnel; (iii) restrictions and reporting requirements related to political contributions; and, (iv) the requirement for all employees to acknowledge, in writing, having received and read a copy of the Code. Any exceptions to the above guidelines need prior approval of the Chief Compliance Officer.

A copy of the Code is available to clients or investors and prospective clients or investors upon their individual request.

Items 11.B., 11.C., and 11.D.

Keenan does not engage in principal transactions. Keenan, as a fiduciary, endeavors to always make decisions in the best interest of its clients if a conflict of interest arises between the Firm’s securities transactions on behalf of its clients and those of the Firm’s personnel and related persons. In order to monitor any conflict of interest, Keenan employees are required to pre-clear certain contemplated transactions for a personal account, as outlined in the Code, and must disclose on an initial and annual basis the holdings of all personal accounts, as well as all transactions on a quarterly basis.

Item 12: Brokerage Practices

Item 12.A.1.

Keenan makes investment decisions and arranges for the placement of buy and sell orders and the execution of portfolio transactions for the Fund. Keenan has discretion to execute trades, select broker-dealers and negotiate commissions, and seeks to obtain best execution at favorable prices, on behalf of the Fund. In selecting broker-dealers, the Firm seeks those broker-dealers who can provide best execution of transactions under the circumstances. “Best execution” is not synonymous with the lowest brokerage commission.

Consequently, in a particular transaction the Fund may pay a brokerage commission in excess of that which another broker might have charged for executing the same transaction.

In determining how best to execute a transaction on behalf of the Fund, the Firm may consider, among other things, all or some of the following factors: (i) the experience and skill of the broker's securities traders; (ii) the broker's accessibility to primary markets and quotation services; (iii) for Nasdaq securities, whether a broker makes a market in that security; (iv) a broker's past history of successful, prompt and reliable execution of trades on behalf of the Fund; (v) the financial strength and stability of the broker; (vi) the broker's administrative efficiency; (vii) commission rates; (viii) the overall net economic result to the Fund (involving both price paid or received and any commissions and other costs paid); (ix) the security price and its volatility; (x) the size of the transaction, including the ability to effect the transaction at all where a large block is involved; (xi) the broker's availability to execute possibly difficult transactions in the future; and (xii) any receipt of research services.

Keenan currently does not engage with brokers in "soft dollar" arrangements. If the Firm enters into such arrangements in the future, it would engage in soft dollar arrangements that fall within the limitations and parameters of the safe harbor of Section 28(e) of the Securities Exchange Act of 1934, as amended.

Item 12.A.2.

Not applicable. Keenan does not participate in selecting or recommending broker-dealers in exchange for client referrals.

Item 12.A.3.

Not applicable. Keenan does not permit its clients to provide a directed brokerage instruction and does not recommend, request or require clients to execute transactions through specified broker-dealers.

Item 12.B.

Currently, Keenan manages one client, the Fund, and, therefore, an aggregation and allocation policy is not applicable at this time. In the event that Keenan takes on additional clients and should Keenan purchase securities for more than one client account, the Firm will aggregate orders in such a way that all clients are treated as fairly and equitably as reasonably practicable.

Item 13: Review of Accounts

Items 13.A. and 13.B.

The Firm's Chief Compliance Officer will review the portfolio assets in the Fund and the values of the securities held by the Fund on a periodic basis.

Fund holdings are reviewed on a regular basis to determine their conformity with their risk parameters, investment objectives, and guidelines. Keenan continuously monitors the portfolio investments of the Fund in order to satisfy its fiduciary obligation to evaluate its investment program and portfolio in accordance with set guidelines. Keenan's investment personnel convene regularly to evaluate each position's conformance with the relevant Fund's offering memorandum and any investment limitations, restrictions or risk parameters.

Item 13.C.

The Fund's Administrator provides quarterly statements to investors that include the unaudited capital account balance of the investor's interest in the Fund, net profit/loss and year-to-date performance, as applicable. Keenan delivers to investors an unaudited investor letter on a quarterly basis and audited financial statements (prepared using U.S. GAAP) on an annual basis. The reports described herein are provided in written form.

Item 14: Client Referrals and Other Compensation

Item 14.A.

Not applicable. Keenan does not receive a direct economic benefit from any third party for providing investment advice or other advisory services to the Fund or related to the selection or recommendation of broker-dealers.

Item 14.B.

The Firm currently does not maintain any referral arrangements with individuals or entities that may be compensated, directly or indirectly.

Item 15: Custody

Pursuant to Rule 206(4)-2 under the Advisers Act (the "**Custody Rule**"), Keenan is deemed to have custody of the assets held by the Fund because an affiliate of Keenan serves as the Fund's general partner. In compliance with the Custody Rule, the Fund will be subject to an annual audit by an independent public accountant registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board ("**PCAOB**") and that the audited financial statements of the Fund will be prepared in accordance with generally accepted accounting principles and distributed to the Fund's investors within 120 days of the end of the Fund's fiscal year. Investors should carefully review the audited financial statements of the Fund upon receipt, and should compare these statements to any account information provided by Keenan.

As Keenan's investment program involves some investments in privately offered securities issued by private companies, Keenan generally will be exempt from the requirement that securities be maintained with a "qualified custodian." Keenan anticipates that many of its investments will involve securities that are (i) acquired from the issuer in a transaction or chain of transactions not involving any public offering; (ii) uncertificated, and ownership thereof is recorded only on the books of the issuer or its transfer agent in the name of the client; and (iii) transferable only with prior consent of the issuer or holders of the issuer's outstanding securities.

Publicly traded securities or securities which are otherwise ineligible for an exemption from the qualified custodian requirement of the Custody Rule, will be maintained with a qualified custodian in an account in the name of the Fund or in accounts that contain only funds and securities owned by the Fund, under Keenan's name as agent or trustee for the Fund.

Item 16: Investment Discretion

Keenan has full discretion to manage assets on behalf of the Fund and determine which securities and amounts of securities the Firm buys and sells for clients. This authority is granted in accordance with the authority granted to Keenan by means of the relevant organizational and/or advisory agreements that sets forth the scope of the Firm's discretion with respect to the Fund.

Item 17: Voting Client Securities

Item 17.A.

Keenan, as a matter of policy and as a fiduciary to its clients, is responsible for voting proxies for portfolio securities consistent with the best economic interests of its clients. Rule 206(4)-6 under the Advisers Act places specific requirements on registered investment advisers with proxy voting authority. Because Keenan has discretionary authority over the securities held by the Fund, Keenan is viewed as having proxy voting authority.

The general policy is to vote proxy proposals, amendments, consents or resolutions relating to client securities in a manner that serves the best interests of the client, as determined by Keenan in its discretion, and taking into account relevant factors, including, but not limited to: (i) the impact on the value of the securities; (ii) the anticipated costs and benefits associated with the proposal; (iii) the effect on liquidity; and (iv) customary industry and business practices.

Keenan may abstain from voting (which generally requires submission of a proxy voting card) or affirmatively decide not to vote if the Firm determines that abstaining or not voting is in the best interests of the client.

Although not presently intended to be used on a regular basis, Keenan may retain an independent third party to vote proxies in certain situations (including situations where a material conflict of interest is identified).

Prior to voting any proxies, the Firm's Managing Partner and/or the Director of Operations will determine if there are any conflicts of interest related to the proxy in question. If a conflict is identified, they will then make a determination (which may be in consultation with outside legal counsel) as to whether the conflict is material or not. If a conflict is identified and deemed "material", Keenan will determine whether voting in accordance with the proxy voting guidelines outlined below is in the best interests of affected client. If no material conflict is identified pursuant to these procedures, the Managing Partner or his designee will vote the proxy. Keenan also has the flexibility to abstain from a particular proxy vote when it is determined to be in the best interest of the client.

Clients are not permitted to direct the Firm's vote in a particular proxy solicitation.

Clients may obtain information regarding how Keenan voted its securities by requesting records of the Chief Compliance Officer, who is responsible for retaining all records related to proxy voting. Additionally, clients may obtain a copy of the Firm's Proxy Voting Policies and Procedures upon request of the Chief Compliance Officer.

Item 17.B.

Not applicable. See response to Item 17.A. Keenan has authority to vote client securities.

Item 18: Financial Information

Item 18.A.

Not applicable. Keenan does not require nor solicit pre-payment of more than \$1,200 in fees per client, six months or more in advance.

Item 18.B.

Keenan is not aware of any financial condition that is reasonably likely to impact its ability to meet its contractual commitments to clients.

Item 18.C.

Not applicable. Keenan has not been the subject of a bankruptcy petition at any time during the past ten years