FORM ADV
PART 2A

FIRM BROCHURE

KDI Capital Partners, LLC

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This brochure provides information about the qualifications and business practices of KDI Capital Partners, LLC. If you have any questions about the contents of this brochure, please contact us at 919-573-4124. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the "SEC") or by any state securities authority.

Additional information about KDI Capital Partners, LLC also is available on the SEC's website at www.adviserinfo.sec.gov

Registration as an investment adviser with the SEC or by any state securities authority does not imply a certain level of skill or training.

Item 2 Material Changes

This version of Form ADV Part 2A dated December 30, 2020 replaces the last version dated March 24, 2020 which was our last annual amendment. Item 4 Advisory Business has been updated to remove the general partnership as a Private Fund which KDI manages. The Highly Concentrated management fee in Item 5 has been changed to 0.3125% quarterly. Item 12 Brokerage Practices – Research and Soft Dollars was changed to document certain Separately Managed Accounts generate "soft dollars" through brokerage commissions which may be used to acquire soft dollar benefits such as research brokerage services. The soft dollars will not always be utilized by KDI for the Separately Managed Account that generated the soft dollars.

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Item 4 Advisory Business

A. Description of Your Advisory Firm, Including How Long You Have Been in Business and Principal Owner(s)

KDI Capital Partners, LLC ("KDI" or the "Firm") traces its roots to 1991 when John Day, Managing Member, joined with Investors Management Corporation ("IMC"), the parent company of Golden Corral Corporation, to invest in publicly traded restaurant companies. Mr. Day combined his investment experience with IMC's knowledge and experience in the food service industry to invest in publicly traded equity securities when the stock prices offered an attractive risk vs. reward situation to enhance the returns on IMC's available cash. The investment activities were structured as a partnership in order to better track the investment returns.

In 1996 Maynard Capital Partners, LLC ("MCP") was formed to manage equities for investors outside the IMC organization, attracted by the partnership's performance. The name reflected the founding involvement of James Maynard, the Chairman and CEO of IMC and Golden Corral. In 2004, Sheldon Fox joined the growing firm, becoming a member in 2007. Also, in 2007, MCP changed its name to KDI Capital Partners, LLC to highlight the firm's core operating principles of knowledge, discipline and integrity. KDI is owned 55.4% by John Day, Chief Investment Officer ("CIO"), 23.0% by Sheldon Fox, Partner, 19.6% by IMC and 2% by Colin Kelly, Portfolio Manager and is under the management and control of John Day and Sheldon Fox.

KDI specializes in value investing. KDI utilizes two long-only strategies, Core Equities and Highly Concentrated. Additional description of these strategies is provided below. In addition, other information regarding these strategies and other strategies offered by KDI may be available from KDI.

"Core Equities" (formerly known as Concentrated All Cap Equities) is KDI's principal investment strategy and traces its history back to 1991. When KDI implements the Core Equities strategy, a portfolio usually maintains 20-25 positions. KDI offers two versions of the Core Equities strategy—one for taxable accounts and another for tax-exempt accounts.

"Highly Concentrated" is KDI's newest investment strategy which was seeded in January 2019. A portfolio will hold up to 15 positions.

In certain circumstances, KDI offers additional investment alternatives on a limited basis, including investments in passive equities strategies through ETFs and in fixed income securities.

B. Types of Advisory Services

Discretionary Management Services

KDI currently provides discretionary management services to privately placed investment funds ("Private Funds"), which are organized as domestic limited partnerships. (These private funds are sometimes known as "hedge funds".) KDI also provides discretionary portfolio management services to separately managed accounts ("SMAs") of clients with whom KDI has entered into an investment advisory agreement. Each of these service categories are discussed in further detail below.

1. Private Funds

KDI manages two Private Funds, both U.S. limited partnerships (the "Limited Partnerships"). KDI serves as the general partner of the Limited Partnerships.

The Limited Partnerships are not tailored to the specific needs of any investor in the Private Fund ("underlying investors"). Specifics regarding investment objectives, strategies, and guidelines are described in detail in the offering documents and agreements of each Private Fund. Each of the Private Funds operate under the same objectives and strategies. KDI does not provide individualized advice to underlying investors in its Private Funds, so each potential investor should evaluate whether the Private Fund meets their investment objectives and risk level before investing in the Private Fund.

2. SMAs

The SMAs are managed according to investment objectives, strategies and guidelines as described in the investment advisory agreement between the client ("SMA Client") and KDI. KDI may tailor the investment strategy of the SMA to specific needs of the individual SMA Client. Furthermore, where authorized by the SMA Client, KDI may obtain sub-advisory services from another investment adviser to manage certain assets of the SMA.

Financial Planning Services

KDI offers fee-based financial planning services, which generally begins with extensive data gathering and defining the economic goals the client wishes to obtain. KDI may analyze the client's present financial situation, including but not limited to a review of assets and liabilities; current and projected income; and any existing investment portfolio, if appropriate. KDI will then provide a written or verbal analysis and plan for managing the assets. This analysis will consider the clients needs and objectives. KDI may provide advice on issues relating to income, investments retirement planning, life insurance, college funding, tax planning, estate planning, securities, risk management issues, family governance, philanthropic objectives and general business issues. Information gathered for review and assessment may include: wills, trust agreements, fringe benefit programs (including life, disability and medical), past and current investments (including

cost basis, present financial goals, names and relationships of other advisors (e.g. attorney, accountant, banker, etc.), family background and composition, and circumstances which may have an effect on the client's financial situation.

C. Individual Needs of Clients

KDI does not tailor its advisory service to the individual needs of underlying investors in its Private Funds. KDI will tailor its advisory services to the individual needs of the SMA Clients when appropriate, and SMA Clients may impose restrictions on investing in certain securities or types of securities. Financial Planning Services will be tailored to the individual needs of the client.

D. Wrap Fees

KDI does not participate in wrap fee programs.

E. Discretionary Client Accounts

KDI has discretionary authority over all the assets it manages on behalf of its Private Funds and SMA Clients. As of November 30, 2020, KDI managed approximately $342,235,000.

Item 5 Fees and Compensation

A. Compensation and Advisory Services

1. Private Funds

With regard to the Private Funds, KDI charges an annual "management fee" based upon the net asset value of each Private Fund's assets, which is paid quarterly in arrears. The Private Funds are only offered for the Core Equities Strategy. KDI's current management fee for its Private Funds is generally 1% annually, paid quarterly in arrears. KDI may, at its discretion, waive or reduce the management fee with respect to certain underlying investors in the Private Funds. Thus, different underlying investors in the Private Funds may pay different management fees based on the investment date or waivers/reductions by KDI.

2. SMAs

With respect to SMAs, KDI generally charges a management fee based upon the net asset value of the applicable SMA Account's assets, which is paid quarterly in arrears. For fixed income securities, KDI does not charge a fee; however, a sub-advisory fee is generally incurred for

investments in fixed income securities of approximately 0.20% annually, which the SMA Client pays directly to the applicable sub-adviser.

KDI's current fees for SMAs are generally as set forth in the table below; however, KDI may, at its discretion, waive or reduce the management fee with respect to certain SMA Clients. Thus, different SMA Clients may pay different management fees based on the investment date or waivers/reductions by KDI.

Strategy	**Management Fee**
Core Equities	0.25% quarterly, paid in arrears.
Highly Concentrated	0.3125% quarterly, paid in arrears.
ETFs	0.025% quarterly, paid in arrears. Additionally, ETFs have an expense charge to cover the underlying manager fee and other expenses. The expense charge is expected to range from 0.05% to 0.50%.
Fixed Income	None. (Clients typically pay a 0.05% quarterly sub-advisory management fee directly to a sub-adviser, paid in arrears.)

3. Financial Planning Accounts

With respect to Financial Planning clients, KDI will either charge a retainer for its advisory services or be compensated through management fees for its various investment options as discussed above.

B. Payment of Fees

KDI, as general partner of the Private Funds, may deduct fees from the Private Funds with respect to the payment of management fees. KDI may either fax or e-mail a letter to the Private Fund's prime broker requesting to have the fees wired to KDI's account.

Typically, SMA Clients will authorize the custodian to pay the management fee from the applicable account to KDI. KDI is generally authorized to invoice the custodian directly for its fees. Each SMA Client agrees to instruct the custodian to pay such fees directly to KDI unless KDI agrees to another means of payment by the SMA Client.

Financial Planning clients who have a retainer fee contractual arrangement will be billed by KDI and pay via check, ach or wire transfer.

C. Other Fees

In addition to the management and retainer fees discussed above, clients will incur other expenses and fees, such as investment expenses (*e.g.*, brokerage commissions, clearing and settlement charges, interest expense) and custodial fees. Clients will be solely responsible for all commissions, transaction fees and any other charges relating to trading and custody of securities in the client's account. Please see the response to Item 12 for additional information about brokerage expenses. Additional expenses may also be incurred such as bank fees, research related expenses, government charges, taxes and duties, legal expenses, accounting, auditing and tax preparation expenses, and sub-advisory fees for fixed income securities.

Certain clients may invest in mutual funds, including money market funds and ETFs. In those situations, the client will also indirectly bear a proportionate share of the mutual fund's fees and expenses. These fees and expenses are in addition to any fees payable to KDI.

Underlying investors in Private Funds will also bear a pro rata share of any expenses charged the Private Funds. Such expenses may include legal and audit fees, custodial fees and other administrative expenses. A discussion of each Private Fund's expenses can be found in the Private Fund's offering documents.

D. Advanced Fees

Not applicable. KDI does not charge fees in advance.

E. Compensation for Sales of Securities

KDI representatives involved in the delivery of Financial Planning services may be compensated directly in relation to retainer fees or management fees received by KDI from Financial Planning clients of KDI.

Item 6 Performance-Based Compensation

KDI currently does not charge performance fees to its Clients. Investment personnel may receive compensation from KDI based on the performance of its clients. KDI and its investment personnel manage clients that are charged an asset-based fee, which is a non-performance-based fee. In addition, certain clients may have higher asset-based fees than other accounts.

KDI has procedures designed and implemented to ensure that all clients are treated fairly and equally, and to prevent this conflict from influencing the allocation of investment opportunities among the clients.

Item 7 Types of Clients

Please see the response to Item 4B above. KDI provides investment advisory services to Private Funds and to SMAs in accordance with their investment objective, strategies and guidelines. SMA accounts may include individuals, IRA/SEP IRA's, other retirement plans, trusts, foundations, endowments, corporations, family offices, etc. KDI also provides financial planning services to individuals, trusts, foundations, family offices, and corporations.

KDI generally requires a minimum investment of $250,000 for SMAs. The Highly Concentrated strategy requires a minimum investment of $5,000,000. The minimum investment for each Private Fund is set forth in the Private Fund's offering documents. KDI reserves the right to reduce the minimum amount for certain underlying investors in the Private Funds and SMA Clients.

This Brochure should not be considered to be an offer of interests in any of the Private Funds or any other interest in securities. It should not be relied on in determining whether to invest in any of the Private Funds or any other securities. It is not an offer of, or agreement to provide, advisory services directly to any recipient of the Brochure. This Brochure is designed solely to provide compliance information about KDI with regard to obligations under the Advisers Act. It responds to relevant regulatory requirements under the Advisers Act and may be different from the information provided in the offering documents for any of the Private Funds or the advisory agreement for the SMAs. If there are differences between the Brochure and the offering documents for the funds, the offering documents will govern. Similarly, if there are differences between the Brochure and any investment advisory agreement between a client and KDI, the terms of the investment advisory agreement will prevail.

Item 8 Methodologies of Analysis, Investment Strategies and Risk of Loss

A. Methods of Analysis and Investment Strategies

KDI employs two investment strategies which are described in this Brochure. The strategies are guided by several investment beliefs:

- Over the long term, business gains equal investment gains and stocks, over time, tend to be priced at intrinsic business value.
- Investment returns from equities are a combination of a stock's current premium or discount to intrinsic business value plus future business gains or losses.
- Leadership/Management is a major determinant of business gains, and thus investment gains.
- A company's ability to earn high returns on capital is essential to achieving above-average business gains, and thus above-average investment returns.

- Companies that generate larger amounts of free cash flow generally produce greater business gains.

The strategy generally implements the following principles:

- Invest only when it is believed that the risk of loss is limited and the opportunity for significant returns is present.
- Reduce the risk of owning equities through gaining an in-depth knowledge of the company and the industry.
- Adhere to objective, measurable and conservative disciplines when making investment decisions.

The detailed due diligence process includes some or all of the following elements:

- One-on-one meetings with management.
- Pricing models based on historic valuation metrics to establish expected future returns.
- Store, warehouse and other site visits.
- Company presentations at industry conferences.
- Insights from Private Fund investors and SMA Clients with relevant industry background.
- Other contacts including competitors, former employees, franchisees, vendors, customers, etc.
- Sell-side investment research.
- Third-party research.
- Economic analysis and government policy.
- Network of industry experts.

The due diligence process is ongoing and trading decisions may be made at any point during the process.

Below is a summary of each of KDI's primary investment strategies:

1. Core Equities

KDI's core investment strategy is the Core Equities strategy. The principal focus is on U.S. equities, with potential limited investments in equity securities of European and/or Canadian companies.

The firm employs the Core Equities to manage its unleveraged, long-only Private Funds and its similarly managed SMAs. This strategy typically holds 20-25 positions. Utilizing the flexibility to invest across all market caps, the firm seeks to identify attractive risk-reward situations,

concentrating clients' capital in exceptional opportunities that provide them a good margin of safety and the opportunity to exceed the returns of index funds over time. KDI offers two variations on the Core Equities strategy. One variation is generally for taxable accounts and the other is generally for tax exempt accounts.

2. Highly Concentrated

The firm employs the Highly Concentrated strategy to manage SMA's targeting foundations, corporations, family offices and endowments. The strategy will hold up to 15 intensely researched large and highly liquid mid-cap stocks and ADR's. Highly Concentrated strategy seeks to identify companies and industries changing due to the impact of technology and to invest in those companies that will benefit from those changes.

3. Other Strategies

As a complement to the primary equities strategies discussed above, KDI offers additional investment alternatives on a limited basis, including investments in passive equities strategies through ETFs and in fixed income securities.

The fixed income strategy is generally conducted through a sub-advisory agreement with a third-party sub-advisor.

B. Material Risks Involved for Significant Strategies and Methods of Analysis

With all investments there is a risk of loss of capital. KDI believes that its investment strategies and due diligence techniques are designed to moderate the risk of loss of capital through the precise selection of securities. KDI makes no guarantee or representation that the investment strategies will be successful or that a client will not lose money, and no assurance can be given that the clients will achieve their investment objectives. Past performance is no guarantee of future results. Investments in the Private Funds or through an SMA Account, like any equity investment, may be deemed highly speculative, involve significant risk and should be purchased only by persons who can afford to lose the money invested. The Private Funds or various strategies of KDI are not intended to be a complete investment program.

Limited Diversification. The portfolios of clients typically contain between 15 and 25 securities. As a consequence, Client returns as a whole may be adversely affected by the unfavorable performance of even a single investment. In some instances, the clients may hold as much as ten percent (10%) or more of its portfolio funds in a single investment.

Calculated Value. The investment strategy is based in part on the estimated value of various publicly traded securities, as determined by KDI. The formulae used to estimate value,

including price to earnings, return on equity, and other ratios and indicators, are meant merely to approximate a company's economic worth, and are not intended to determine a company's actual current or future value, which may be subject to a variety of subjective, as well as objective, factors over which a company's management, not to mention KDI, may have little or no foreknowledge or control.

Accuracy of Public Information. KDI may select investments, in part, on the basis of information and data filed by issuers with various government regulators or made directly available to the adviser by the issuers or through sources other than the issuers. Although KDI evaluates all such information and data and ordinarily seeks independent corroboration when KDI considers it is appropriate and reasonably available, KDI is not in a position to confirm the completeness, genuineness or accuracy of such information and data, and in some cases, complete and accurate information is not available.

Economic Risk. Changes in economic conditions, including, for example, changes in interest rates, inflation rates, employment conditions, competition, technological developments, political and diplomatic events and trends, and tax laws may adversely affect the business prospects or perceived prospects of the companies in which the clients invest. None of these conditions is within the control of KDI and no assurances can be given that KDI will anticipate these developments. Accordingly, adverse economic changes may cause the client to suffer losses.

C. Risks Involved with Types of Securities

Options Transactions. The purchase or sale of an option involves the payment or receipt of a premium payment by the investor and the corresponding right or obligation, as the case may be, to either purchase or sell the underlying security or other instrument for a specific price at a certain time or during a certain period. Purchasing options involves the risk that the underlying instrument does not change price in the manner expected, so that either the option expires worthless and the investor loses its entire investment in the option, or the option is later sold at a substantial loss. Over-the-counter options also involve counterparty solvency risk.

The client, through KDI's management, may engage in transactions in options that are traded on a recognized securities exchange, over-the-counter or are privately negotiated. The client may write (*i.e.*, sell) covered and uncovered call options, which give the purchaser the right to buy the underlying security covered by the option from the client at the stated exercise price. A "covered" call option means that so long as the client is obligated as the writer of the option, it will own (i) the underlying securities subject to the option, or (ii) securities convertible or exchangeable without the payment of any consideration into the securities subject to the option. An "uncovered" (*i.e.*, naked) call option means any call option that is not covered. The client will receive a premium from writing call options. The client will be subject to substantial risks with respect to any call options that it writes.

The client, through KDI's management, may also write (*i.e.*, sell) both covered and uncovered put options. By selling a put option, the client incurs an obligation to buy the security underlying the option from the purchaser of the put at the option's exercise price at any time on or before the option's expiration date, at the purchaser's election (certain options written by the client will be exercisable by the purchaser only on a specific date). Generally, a put option is "covered" if the client maintains cash, U.S. government securities or other high-grade debt obligations equal to the exercise price of the option or if the client holds a put option on the same underlying security with a similar or higher exercise price. Conversely, a put option is "uncovered" or "naked" if the client does not have a corresponding short stock position or does not have cash, U.S. government securities or other high-grade debt obligations equal to the exercise price of the option. The client will be subject to substantial risk of loss with respect to any put options that it writes. When the client writes a put option, it will bear the risk of loss if the value of the underlying security declines below the exercise price. The loss could be substantial if the decline is substantial.

Short Sales. The client, through KDI's management, may from time to time sell securities short in anticipation of the realization of a gain if the securities sold short should decline in market value. A short sale is affected by selling a security that the client does not own or selling a security which the client owns but which it does not deliver upon consummation of the sale. In order to make delivery to the buyer of a security sold short, the client must borrow the security. In so doing, it incurs the obligation to replace that security, whatever its price may be, at the time it is required to deliver it to the lender. The client must also pay to the lender of the security any dividends or interest payable on the security during the borrowing period and may have to pay a premium to borrow the security. This obligation must, unless the client then owns or has the right to obtain, without payment, securities identical to those sold short, be collateralized by a deposit of cash and/or marketable securities with the lender. A short sale of a security involves the risk of a theoretically unlimited increase in the market price of the security, which could result in an inability to cover the short position and a theoretically unlimited loss to the client.

KDI will not otherwise employ any hedged investment strategies, which typically seek to reduce or eliminate equity or fixed income exposure during periods of general or specific decline.

Foreign Securities Risk. The client, through KDI's management, may invest in securities of foreign domiciled companies ("foreign securities") that trade on U.S. national exchanges or over-the-counter domestic exchanges; foreign securities represented by American Depository Receipts ("ADRs"), as described below; and foreign securities traded on foreign exchanges. The client may also invest in foreign currency-denominated fixed-income securities. Investing in securities issued by companies whose principal business activities are outside the United States may involve significant risks not present in domestic investments. For example, there is generally less publicly available information about foreign companies, particularly those not subject to the disclosure and reporting requirements of the U.S. securities laws. Foreign issuers are generally not bound by uniform accounting, auditing, and financial reporting requirements and standards of

practice comparable to those applicable to domestic issuers. Investments in foreign securities also involve the risk of possible adverse changes in investment or exchange control regulations, expropriation or confiscatory taxation, limitation on the removal of cash or other assets of the client, political or financial instability, or diplomatic and other developments which could affect such investments. Further, economics of particular countries or areas of the world may differ favorably or unfavorably from the economy of the United States. Foreign securities often trade with less frequency and volume than domestic securities and therefore may exhibit greater price volatility. Changes in foreign exchange rates will affect the value of those foreign securities which are denominated or quoted in currencies other than the U.S. dollar. Therefore, to the extent a foreign security is denominated or quoted in a currency other than the U.S. dollar, there is the risk that the value of such foreign security will decrease due to changes in the relative value of the U.S. dollar and the foreign security's underlying foreign currency. Additional cost associated with an investment in foreign securities traded on foreign exchanges may include higher custodial fees than would apply to domestic custodial arrangements, and transaction costs of foreign currency conversions. Certain foreign governments levy withholding taxes on dividend and interest income. Although in some countries it is possible to recover a portion of these taxes, the portion that cannot be recovered will reduce the income that the client receives from its investments.

ADRs provide a method whereby the client may invest in securities issued by companies whose principal business activities are outside the United States. ADRs are receipts typically issued by a U.S. bank or trust company evidencing ownership of the underlying securities and may be issued as sponsored or unsponsored programs. In sponsored programs, an issuer has made arrangement to have its securities trade in the form of ADRs. In unsponsored programs, the issuer may not be directly involved in the creation of the program. Although regulatory requirements with respect to sponsored and unsponsored programs are generally similar, in some case it may be easier to obtain financial information from an issuer that has participated in the creation of a sponsored program.

Exchange-Traded Funds (ETFs). The client, through KDI's management, may invest in ETFs. Investments in ETFs are subject to risks associated with the markets in which they invest. In addition, the success of any ETF will be dependent on the skills of the ETF's managers and their performance in managing the ETF. ETFs are also subject to risks due to regulatory restrictions applicable to registered investment companies under the Investment Company Act of 1940. Further, investing in ETFs will subject the client to paying client's proportional share of the fees and expenses charged by the ETFs, which are in addition to fees paid to KDI.

The market value of an ETF's shares may differ from its net asset value ("NAV"). This difference in price may be due to the fact that the supply and demand in the market for ETF shares at any point in time is not always identical to the supply and demand in the market for the underlying basket of securities. Accordingly, there may be times when an ETF trades at a premium (creating the risk that a client's portfolio pays more than NAV for an ETF when making a

purchase) or discount (creating the risk that a portfolio's value is reduced for undervalued ETFs it holds and that the portfolio receives less than NAV when selling an ETF).

Additionally, index-based ETFs in which KDI-managed portfolios may invest may not be able to replicate exactly the performance of the indices they track because the total return generated by the securities will be reduced by transaction costs incurred in adjusting the actual balance of the securities. In addition, these ETFs may incur expenses not incurred by their applicable indices.

Fixed Income and Debt Securities. The client may invest in fixed income and debt securities. Investment in fixed-income and debt securities such as bonds, notes and asset-backed securities, subject a client's portfolios to the risk that the value of these securities overall will decline because of rising interest rates. Similarly, portfolios that hold such securities are subject to the risk that the portfolio's income will decline because of falling interest rates. Investments in these types of securities will also be subject to the credit risk created when a debt issuer fails to pay interest and principal in a timely manner, or that negative perceptions of the issuer's ability to make such payments will cause the price of that debt to decline. Lastly, investments in debt securities will also subject the investments to the risk that the securities may fluctuate more in price, and are less liquid than higher-rated securities because issuers of such lower-rated debt securities are not as strong financially, and are more likely to encounter financial difficulties and be more vulnerable to adverse changes in the economy.

Interest Rate Risk. Interest rate risk is the risk of losses attributable to changes in interest rates. The price of a fixed income and debt security is dependent upon interest rates. A rise in interest rates will generally cause the value of fixed income and debt securities to decrease. Fixed income and debt securities may be subject to greater risk of rising interest rates due to the current period of historically low interest rates. Interest rate changes may have different effects on the values of mortgage-related securities because of prepayment and extension risks.

Counterparty Risk. The client's assets will be deposited with banks, brokerage firms, financial institutions and other counterparties, including a custodian. The assets might be held in street name. The bankruptcy of any of such entities, mismanagement of deposits, default in transactions with the client, or fraud could result in the loss of client assets. If there is a failure or default by the counterparty to such a transaction, the client may have limited contractual remedies pursuant to the agreements related to the transaction. The client seeks to minimize such counter-party risk through the selection of financial institutions and the types of transactions employed. However, the client's operational requirements may involve counterparty and other risk elements that may create unforeseen exposures. KDI disclaims any liability for any negligence, errors, acts or omissions, fraud or dishonesty by any such counterparties.

Market Risks. Stock prices fluctuate in response to many factors, including the activities of individual companies and general market and economic conditions. Regardless of any one

company's particular prospects, a declining stock market may produce a decline in stock prices for all companies. Stock market declines may continue for an indefinite period of time, and underlying investors in the Private Funds and SMA Clients should understand that from time to time during temporary or extended bear markets, the value of the client's assets could decline. In addition, the profitability of a significant portion of the client's investment program depends to a great extent upon correctly assessing the future course of movements in interest rates, currencies, equities and other investments. There can be no assurance that KDI will be able to predict accurately these price movements.

Item 9 Disciplinary Information

Not applicable. There are no legal or disciplinary events that would be material to any client or prospective client's evaluation of KDI's advisory business or the integrity of KDI's management.

Item 10 Other Financial Industry Activities and Affiliations

A. Broker-dealer

Neither KDI nor any management persons are registered or pending registration as a broker-dealer or registered representative of a broker-dealer.

B. Other Registrations

Neither KDI nor any management persons are registered or pending registration as a futures commission merchant, commodity pool operator, a commodity trading advisor or an associated person of the foregoing entities.

C. Relationship with Related Persons

Neither KDI nor any management persons have relationships or arrangements with anyone in the listed categories. However, KDI is the majority owner of Clearview by KDI, LLC, which has a primary business of facilitating the sharing of investment information from foundations and endowments.

D. Selection of Other Advisers for Your Clients and Receipt of Compensation

Not applicable. KDI does not select advisers for its clients and receive compensation for the service.

Item 11 Code of Ethics

A. Code of Ethics Description

KDI created a Code of Ethics ("Code") to ensure that its clients' interests come first. KDI has a fiduciary duty to act solely for the benefit of its clients. In recognition of KDI's fiduciary duty and its desire to maintain its high ethical standards, the Code contains provisions designed to prevent improper personal trading, identifies potential conflicts of interest and provides a means to resolve any actual or potential conflicts in favor of KDI's clients. Employees are prohibited from trading any security without the approval of the Compliance Officer.

Employees are required to report transactions and holdings to KDI's Chief Compliance Officer relating to all personal securities accounts. A copy of the Code is available to any client or prospective client upon request.

B. Cross Trading

From time to time, KDI may direct a "cross trade" of securities between client accounts, whereby KDI arranges for one client account to purchase (the purchaser) a security directly from another client (the seller). KDI may have a conflict of interest given the obligation to seek the best price and most favorable execution for each client involved in the cross trade. KDI will direct a cross trade when KDI believes that the transaction is in the best interest of both clients, that neither client will be disfavored by the transaction, and that the transaction receives the best execution. KDI will conduct any cross trades consistent with the investment objectives and policies of the accounts of each client participating in the cross trade and in compliance with applicable law. In addition, in connection with any cross trades, KDI will seek to obtain a price for the security from one or more independent sources. KDI is not a broker-dealer and receives no compensation from cross trading; however, the broker-dealer facilitating a cross trade will normally charge administrative fees to the clients' accounts.

C. Participation or Interest in Client Transactions

1. Performance Fees

KDI does not charge performance fees. Please see response to Item 6 regarding performance fees.

2. KDI Owner and Employee Participation

The owners of KDI participate in the Private Funds' investments, *pro rata*, in accordance with their capital accounts. For their investment in the Private Funds the owners receive the same pro rata allocation of assets and liabilities for their investment in the Private Funds as the other underlying investors. Additionally, the owners are also SMA Clients of KDI and therefore may invest in the same securities as other SMA Clients.

Employees of KDI may own the same securities in their personal accounts that are owned by the clients. Please see response to Item 11A above. Employees of KDI may have investments in securities owned by or recommended to the clients. KDI may purchase or sell for the clients securities in which KDI, its affiliates or employees also have a position or interest. The employees must obtain prior approval before trading any security and will not be granted ability to trade any security that KDI has or is considering buying or selling within a two-day period for the clients. The Chief Compliance Officer may make an exception to the two-trading day blackout period if it is determined that there would be no adverse impact on the clients.

Since this situation may represent a potential conflict of interest, KDI has implemented procedures relating to personal securities transactions that are designed to prevent actual conflicts of interest.

Item 12 Brokerage Practices

A. Factors in Selecting Brokers and Their Compensation

KDI places all buy and sell orders with the primary objective of seeking to obtain the best combination of price and execution. KDI has a high standard of quality regarding execution services and believes that it has selected brokers to work with who can meet that standard.

In addition to the best price and execution, KDI also considers factors such as the following: transaction costs; the nature of the security being traded; the size and type of transaction; the desired timing of the trade; the quality of research; access to personnel and to company management; access to conferences; and responsiveness of the broker-dealers.

1. Research and Soft Dollars

In allocating brokerage, KDI will consider the receipt of research and brokerage services ("soft dollar benefits") in a manner consistent with (i) the "safe harbor" provided by Section 28(e) of the Securities Exchange Act of 1934 ("Exchange Act") and (ii) the objective of seeking to achieve best execution in connection with each transaction.

Broker-dealers typically provide a bundle of services including research and execution of transactions to their customers. The research provided can be either proprietary (created and provided by the broker-dealer, including tangible research product as well as access to analysts and traders) or third-party (created by a third party but provided by the broker-dealer). Broker-dealers generally do not charge separate fees for this research or other brokerage services. Rather, advisers can use brokerage commissions (known as "soft dollars") to acquire soft dollar benefits such as research brokerage services.

Currently, KDI uses soft dollars generated on behalf of the Private Funds and SMA Client accounts custodied at Goldman Sachs & Co. ("GSCO" and such accounts, "GSCO SMA Accounts")—but not SMA Client accounts custodied at TD Ameritrade—to acquire research brokerage services. However, research obtained with soft dollars will not always be utilized by KDI for the specific Private Fund or GSCO SMA Account that generated the soft dollars. Because KDI aggregates transactions for the Private Funds and GSCO SMA Accounts, brokerage commissions are aggregated to brokers and therefore the research received from each broker may not be specifically tied to the Private Fund or GSCO SMA Account that generated the soft dollars. KDI does not allocate the relative costs or benefits of research among the Private Funds and SMA Clients because it believes that the research they receive generally benefits all of the Private Funds and SMA Clients. In addition, the research obtained with soft dollars generated by the Private Funds and GSCO SMA Accounts may be used for the benefit of all SMA Clients, regardless of whether they are custodied at GSCO or TD Ameritrade.

KDI's use of soft dollars in exchange for research benefits KDI by giving KDI a supplement to its own research and analysis activities from research staffs of other securities firms. It also gives KDI access to individuals with expertise in specific companies, industries, and economic and market conditions. These research services are received primarily in the form of written reports, telephone contacts and one-on-one meetings with analysts and are used to aid KDI in making investment decisions. KDI may also use soft dollars generated with its prime broker to pay for other research services including historical company financial data and real time price quotes, information regarding stock transactions and ownership levels of management of companies that KDI owns or is considering purchasing. In addition, KDI may use soft dollars to pay for access to large networks of experts.

Receipt of soft dollar items benefits KDI in that KDI does not pay for the items with its own funds. However, this creates a conflict of interest in that KDI has an incentive to select a broker-dealer based on receiving such soft dollar benefits rather than on the interests of the Private Funds and GSCO SMA Accounts in receiving the most favorable execution.

KDI cannot place a specific dollar value on research services or other soft dollar benefits KDI receives from broker-dealers for executing transactions. Because of this, KDI may pay broker-dealers commissions for executing transactions in excess of amounts other broker-dealers would have charged for executing similar transactions. This will be done only if KDI determines in good faith that these amounts are reasonable in relation to the value of the brokerage and/or research services provided by those broker-dealers.

KDI's CIO evaluates the brokerage commissions paid for securities transactions based primarily on his professional opinion in collaboration with the opinions of the trader. Their opinions are formed using their experience in the securities industry and information in the market concerning the commissions being paid by other investors of the same size and type.

2. Brokerage for Client Referrals

There is a possibility that prime brokers or other executing brokers through their capital introduction groups with whom KDI directs trades could introduce potential investors to the Private Funds or as SMA Clients. As a result, there would be the potential for conflicts of interest from KDI's relationship with such brokers. KDI would evaluate each such relationship and consider any conflicts of interest which may result from these relationships to ensure (i) KDI gets the best execution for client transactions and (ii) KDI will not favor any such brokers over other comparable brokers that do not introduce clients.

3. Directed Brokerage

The underlying investors of the Private Funds do not direct KDI as to which brokers to use. The discretion as to the brokers used is completely controlled by KDI. SMA Clients may from time to time direct KDI which brokers to use.

B. Aggregation of Orders

KDI aggregates buy and sell orders of the clients in an effort to receive best price and execution for the funds. KDI will generally follow the guidelines set forth below in aggregating client orders for securities, including the orders placed for private investment vehicles:

- no investment advisory client will be favored over any other investment advisory client;
- each client that participates in an aggregated order will participate at the average share price for all KDI's transactions in that security on a given business day and transaction costs will be shared pro rata based on each client's participation in the transaction;
- if the aggregated order is filled in its entirety, it will be allocated among clients in accordance with KDI's policies and procedures;
- if the aggregated order is partially filled, it will be allocated among clients pro rata;
- transactions involving a small number of shares will be allocated in any manner deemed appropriate by KDI under the circumstances.

KDI places market, limit price or volume weighted average price (VWAP) trade orders depending on the price target of the Chief Investment Officer or Portfolio Manager. Market and limit price orders will be placed at the same time for all clients (Private Funds and SMAs). VWAP orders will be placed for the largest clients first, currently the Private Funds and GSCO SMA Accounts. As trades on the VWAP orders are executed for the largest clients, trades will be placed pro-rata throughout the trading day for smaller clients to follow the trades of the largest clients.

Initial Public Offerings will be allocated according to the policy, to those clients who are able to participate in such offerings. In the event KDI is only allotted a small number of shares, value of which would be 0.1% of total assets under management or less, and KDI does not believe there will be an opportunity to purchase additional shares based on valuation, KDI may choose to allocate the shares in another manner for example, to the client with the largest cash/total assets ratio.

Notwithstanding the foregoing, an aggregated order may be allocated on a basis different from that specified in the allocation statement if the reason for the different allocation is explained in writing. Reasons for allocation on a basis different from that specified in the allocation statement may include; a client's investment guidelines and restrictions; available cash; liquidity requirements; pending withdrawals; legal regulatory reasons; or to avoid odd lots.

KDI participates in the TD Ameritrade Institutional program solely for some of its SMA Clients. TD Ameritrade Institutional is a division of TD Ameritrade, Inc. ("TD Ameritrade") member FINRA/SIPC. TD Ameritrade is an independent and unaffiliated SEC-registered broker-dealer. TD Ameritrade offers to independent investment advisers, services which include custody of securities, trade execution, clearance, and settlement of transactions. KDI receives some benefits from TD Ameritrade through its participation in the program. (Please see the disclosure under Item 14 below.)

It is the policy of KDI that the utmost care is taken in making and implementing investment decisions of behalf of clients. However, on those occasions when an error does occur, KDI will reasonably determine how to correct the error. If the trade error results in a loss that is determined to be material, KDI will reimburse the client for such loss. KDI defines "material" as .025% of Net Assets. KDI will generally not reimburse clients for losses deemed non "material".

Item 13 Review of Accounts

A. Frequency of Review

Each Private Fund and SMA Account is periodically, no less than quarterly, reviewed by the CIO. Changes in the portfolio may be triggered by things such as, discussions with company management, analysts or industry experts, changes in company fundamentals, general market/economic conditions, news and press releases and KDI's assessment of the impact of current events.

B. Factors Triggering Review

All of the factors listed in Item 13A above would lead to a review of the client's portfolio.

C. Reports to Clients

KDI provides monthly statements to the underlying investors of the Private Funds. The statements include current Net Asset Value, current portfolio of the fund, return percentages and estimated tax information. The statements are prepared by KDI's fund administrator and sent by KDI to each of the underlying investors. KDI is available to meet with any client upon request. KDI also provides to the underlying investor a Form K-1 for tax purposes and a copy of the annual audited financials of the fund are sent within 120 days following year end. The custodian will provide monthly statements to the SMA Clients as well as trade confirmations. The statements will include current account holdings, purchases and sales all valued at appropriate market prices. KDI also provides quarterly statements to the SMA Clients. Financial Planning Services may result in the preparation of a one-time or recurring financial report, customized to the specifics of the client's Financial Planning needs.

Item 14 Client Referrals and Other Compensation

A. Other Compensation

KDI does not receive an economic benefit from anyone who provides investment advice or other advisory service to its clients.

B. Client Referrals

Neither KDI nor its affiliates compensate any person for client referrals.

As disclosed under Item 12 above, Adviser participates in TD Ameritrade's institutional customer program and KDI may recommend TD Ameritrade to clients for custody and brokerage services. There is no direct link between Adviser's participation in the program and the investment advice it gives its clients, although Adviser receives economic benefits through its participation in the program that are typically not available to TD Ameritrade retail investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate client statements and confirmations; research related products and tools; consulting services; access to trading desk serving Adviser participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client's accounts); the ability to have advisory fees deducted directly from client accounts; access to an electronic communications network for client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and compliance, marketing, research, technology, and practice management products or services provided to KDI by third-party vendors without cost or at a discount. TD Ameritrade may also have paid for business consulting and professional services received by Adviser's related person and/or systems that assist the Adviser with back-office functions, recordkeeping and client reporting. Some of the products and services made available by TD Ameritrade through the

program may benefit Adviser but may not benefit its client accounts. These products or services may assist Adviser in managing and administering client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help Adviser manage and further develop its business enterprise. The benefits received by Adviser or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of its fiduciary duty to clients, Adviser endeavors at all times to put the interests of its clients first. clients should be aware, however, that the receipt of economic benefits by Adviser or its related persons in and of itself creates a potential conflict of interest and may indirectly influence KDI's choice of TD Ameritrade for custody of brokerage services.

Item 15 Custody

See the responses to Item 5 and Item 13C. Monthly statements are sent to the underlying investors of the Private Funds. The monthly statements are prepared by KDI's fund administrator and sent by KDI to each of the underlying investors. Annual audited financials are also sent to the underlying investors within 120 days following year end. Monthly statements are sent to the SMA Clients. The monthly statements are prepared by the custodian and sent to each SMA Client. KDI also provides quarterly statements to the SMA Clients. KDI urges each SMA Client to compare the account statement received from the Custodian to the statement received from KDI and report any differences to KDI.

Item 16 Investment Discretion

KDI has discretionary authority to manage the Private Funds as laid out in the fund documents. The partnership agreement grants discretionary investment authority to KDI as the general partner. KDI has discretionary authority to manage the SMAs as laid out in the Investment Advisory Agreement. Investments for SMAs are managed in accordance with stated objectives, strategies, restrictions and guidelines.

Item 17 Proxy Voting

KDI has adopted proxy voting policies and procedures designed to prevent conflicts of interest from influencing proxy voting decisions it makes on behalf of the clients. The policies and procedures are also in place to ensure that the decisions made are in accordance with KDI's fiduciary obligation to act in the best interest of the clients.

Generally, KDI will vote in favor of routine corporate housekeeping proposals, including election of directors (where no corporate governance issues are implicated), selection of auditors, and increases in or reclassification of common stock. Other issues will be evaluated, and a decision will be made depending on the impact to shareholder value. A copy of KDI's Proxy Voting Policy

and Procedures as well as the voting records are available to any client upon request. A client may direct the vote upon request.

Item 18 Financial Information

Not applicable. KDI does not require prepayment of fees six months or more in advance. KDI has not been the subject of a bankruptcy petition at any time during the past 10 years.