



Item 1 – Cover Page
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This Brochure provides information about the qualifications and business practices of KM Capital Management, Ltd. If you have any questions about the contents of this Brochure, please contact us at (512) 697-0290 and/or jfeste@kmcapitalmgt.com. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about KM Capital Management, Ltd. also is available on the SEC's website at www.adviserinfo.sec.gov. The searchable IARD/CRD number for KM Capital Management, Ltd. is 132887.

Any references to KM Capital Management, Ltd. as a registered investment adviser or its related persons as registered advisory representatives do not imply a certain level of skill or training.

Item 2 – Material Changes

There are no material changes to this Brochure since KM Capital Management, Ltd.'s last annual update filed on March 30, 2021.

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Item 4 – Advisory Business

KMC Management, Ltd. (herein referred to as “KMC,” “the Adviser,” or “the Firm”) is a limited partnership established in July of 2004 and is wholly owned by Joseph A. Feste.

KMC is a full-service private wealth management firm that provides a variety of financial services, such as:

- Investment Advisory Services: investment strategy, risk tolerance assessment, portfolio construction, asset allocation, and third-party manager and alternative investment recommendations.
- Bill Pay and Bookkeeping Services: cash flow monitoring and management, budgeting, bill pay, and tax preparation support services.
- Other Financial Services: risk management and insurance planning, large asset purchase assistance, and other concierge and administrative services.

Investment Advisory Services

Investment advisory services are provided on a discretionary or non-discretionary basis to the following clients: (i) separate accounts for high-net-worth individuals and other types of clients (“Managed Account Clients”) and (ii) one privately offered pooled investment vehicle, KM Capital Venture Partners III, L.P. (the “Fund”). Managed Account Clients are generally invested in accordance with the client’s financial goals, tolerance for risk, time horizon, and retirement objectives. Client portfolios will typically be invested in a variety of investment products on a discretionary basis, including but not limited to, exchange traded funds (“ETFs”), mutual funds, stocks, bonds, digital assets, and money market funds or other cash equivalents. If a client experiences any significant changes to his or her financial or personal circumstances, the client must notify KMC so that the Firm can consider such information in managing the client’s investments.

KMC also recommends and monitors private placements in alternative investments for qualified Managed Account Clients. On occasion, KMC may establish a stand-alone private equity vehicle to hold the investment, and the relevant Managed Account Clients will then invest in such a vehicle (“KMC Funds”). Alternatively, KMC will recommend the Managed Account Client to invest directly in the private placement offering (“Direct Private Placement”). All KMC Managed Account Client recommendations in a KMC Fund or Direct Private Placements are offered on a non-discretionary basis to qualified persons.

Bill Pay and Bookkeeping Services

As part of the Firm’s bill pay and bookkeeping services, KMC will help set up new bank accounts and create a Quicken and/or QuickBooks client file, where the Firm will record all checks, credit and debit card charges, wires, journals and transfers. KMC will also move funds as requested and approved by the client, transfer monthly budget amounts, reconcile accounts, provide monthly cash flow reports, review check registers and prepare reconciliation reports (all reports shall be prepared based only upon information processed by KMC and supplied by the client. KMC shall have no obligation to secure any such required documents from any other source). In addition, the Firm will prepare annual financial reports, process bill payments with client approval, and handle any correspondence with client’s vendors to reconcile any discrepancies. The above-mentioned services are based on the service level desired by the client.

Other Financial Services

As needed, KMC will assist clients with obtaining proper insurance coverage, including property and casualty insurance (homeowners, renters, auto, and personal articles), excess liability insurance, disability insurance, and life insurance. The Firm will also assist the client with large asset purchases, such as buying a home or vehicle. The Firm may also assist with other day-to-day needs upon request.

General Information

Clients are advised the investment recommendations and advice offered by KMC are not legal advice nor accounting advice. Clients should coordinate and discuss the impact of financial advice with their attorney and/or accountant.

Advice will be tailored to the individual needs and circumstances of each Managed Account Client based upon KMC's understanding of each client's financial situation, risk tolerance, and retirement goals and objectives. KMC may agree to reasonable investment restrictions imposed by its clients. Fund clients are managed in accordance with the respective offering documents.

KMC does not participate in any wrap fee programs.

As of December 31, 2021, KMC has approximately \$192,969,182 client assets under discretionary management and \$72,192,201 in non-discretionary assets.

Item 5 – Fees and Compensation

Managed Account Advisory Fees

The fees and expenses applicable to each Managed Account Client are set forth in detail in client advisory agreements. KMC maintains a fee schedule for its Managed Accounts that is similar to the table below. However, advisory fees are often negotiated individually and may result in a reduced fee or other fee arrangement, such as, being charged either a flat fee or a fee based on a percentage of assets (including amounts invested directly by the Firm, amounts invested in the Fund, or amounts invested in Direct Private Placements).

Advisory fees are generally billed quarterly in advance. Fees will be debited directly from the client's account within the first ten business days of the first month following the most recently completed calendar quarter. The fee will be calculated based upon the market value of the portfolio, including cash equivalents, determined as of the close of business of the last day of such preceding calendar quarter (or, in the case of new clients, on the day the first portfolio account is opened), as reported by the custodian. Any deposits or withdrawals made during the billing quarter will be pro-rated and billed accordingly.

As described in Item 12, Brokerage Practices, KMC Managed Account Clients may have custodial or brokerage accounts with multiple custodians. As such, the custodians may report different prices for identical bonds. In those situations, KMC typically bills advisory fees based off of the pricing provided by the account custodian. Accordingly, the billable value of a client's portfolio may vary depending on the custodian pricing the assets.

For investments in Direct Private Placements and similar private offerings for which KMC provides advice to clients, KMC will charge advisory fees at the lower of initial cost, par value (if performing), or market for these assets. Pricing and valuations used for fee calculations are based on the valuations of the underlying private placement sponsor, in accordance with the terms and conditions of the respective governing agreement of the investment vehicle. In the event that a quarter-end valuation for a certain asset(s) is unavailable, KMC will use the most recent value known to KMC with respect to such asset(s). There is a risk when relying on third party managers or sponsors to value investments that are not readily marketable valuations, as well as the time lag that KMC receives the valuations, that could negatively (or favorably) affect management fees that KMC charges. KMC believes this risk is mitigated because it charges fees based on “at cost” value (i.e., total capital contributions). In addition, KMC has implemented operational due diligence policies and procedures that, among other things, assesses third-party managers valuation policies and internal reviews for further impairment considerations. On occasion, and in lieu of an asset-based fee for Direct Private Placements, KMC may charge negotiated performance fees, consulting, due diligence, or monitoring fees which is disclosed in writing to each client in advance of the transaction. When a Managed Account Client invests in the KMC Fund or Direct Private Placements where a non-advisory fee is charged, fees will be reduced by any management fees paid as a result of the investment in the KMC Fund, or the Direct Private Placement assets will not be included in fee calculation if a consulting fee has been received to avoid the “double fees”.

Fee Schedule

Account Size	Annual Fee
\$0 to \$999,999	1.50%
\$1,000,000 to \$4,999,999	1.25%
\$5,000,000 to \$9,999,999	1.00%
\$10,000,000 and above	Negotiable

Household accounts will be aggregated to determine the quarterly fee. KMC utilizes the following fee formula for calculating the quarterly fee:

$\% \times \text{Account Value} / 365 \times \text{the number of days in the calendar quarter}$

KMC’s advisory fee payable upon initial implementation of the account and all subsequent periods will be paid through direct debit of client accounts. Authorization for KMC to direct debit the advisory fees from client accounts is contained in the Advisory Services Agreement. Clients will be provided with a fee invoice that identifies the advisory fee, the value of the account and how the fee was calculated. Additionally, clients will be provided with an account statement reflecting the deduction of the advisory fee direct from the account custodian. If the account does not contain sufficient funds to pay advisory fees, KMC has limited authority to sell or redeem securities in sufficient amounts to pay advisory fees. Clients may reimburse the account for advisory fees paid to KMC, except for ERISA and IRA accounts.

In addition to the advisory fees above, clients may pay fees for custodial services, account maintenance fees, transaction fees, and other fees associated with maintaining the account. Such fees are not charged by KMC and are charged by the product, broker/dealer or account custodian. KMC does not share in any portion of such fees. Additionally, clients may pay a proportionate share of the Fund’s management and administrative fees and sales charges, as well as the adviser’s fee of any mutual fund

or private fund they purchase. Such advisory fees are not shared with KMC and are compensation to the fund-manager.

Termination Provisions

Clients may terminate investment advisory services obtained from KMC, without penalty, upon written notice within five (5) business days after entering into the advisory agreement with KMC. Clients will be responsible for any fees and charges incurred from third parties as a result of maintaining the account, such as transaction fees for any securities transactions executed and account maintenance or custodial fees. Thereafter, clients may terminate investment advisory services with a 30-day written notice to KMC. Should a client terminate investment advisory services during a calendar quarter, they will be issued a pro-rated refund of the advisory fee from the date of termination (i.e., 30 days from receipt of written notice) to the end of the calendar quarter.

Bill Pay and Bookkeeping Services

Bookkeeping Fees are based on the client's personal circumstances, financial situation, and the estimated time needed each month to provide the services described within the Bookkeeping Agreement. Fees are invoiced in advance on the 10th of each month and payable by the 25th of the preceding month for services to be performed during that calendar month. The agreed upon fee shall be reflected in the client's executed Bookkeeping Agreement. KMC may negotiate bookkeeping fees at its discretion. Also, clients are responsible for additional service fees charged by banks, such as, ACH, wire, custodial charges, etc. KMC does not receive any portion of these banking fees.

KMC shall have no obligation to perform any services in any month where the compensation has not been received. Such sums shall be due and payable even if the client has failed to submit the necessary documentation in any calendar month. Fees are based on the client's personal circumstances, financial situation, and the estimated time needed each month to provide the services described above.

For Non-Advisory/Concierge Services

Occasionally, KMC charges an administrative flat fee for certain non-advisory/concierge services. For these services, clients are sent monthly invoices detailing the services provided in the previous month and the applicable fee. Clients may authorize KMC in writing to process payment to itself, and in such cases, KMC does not process payment until the client has approved the charges on the monthly invoice.

Private Fund Advisory Fees

Funds are created on case-by-case basis, and the fee arrangements established for such vehicles will vary. In general, asset-based fees related to the Fund are billed and deducted quarterly at the end of the calendar quarter (i.e., in arrears), and pay carried interest compensation to KMC or affiliate general partners. The fees and expenses applicable to the Fund are set forth in detail in the Fund's offering documents. Investors should review all fees charged by KMC and others to fully understand the total amount of fees to be borne by a Fund and, indirectly, by its investors.

Asset-based fees related to the Fund are billed and deducted quarterly at the end of the calendar quarter (i.e., in arrears). KMC or affiliates may choose to reduce or waive management and carried interest fees for certain investors such as employees, affiliates of the general partner, early investors, the management team of the underlying portfolio company, and any strategic co-investors/partners. Also, as described in more detail in Item 10 of this Brochure, certain individuals may receive commissions on sales of insurance products.

Private Fund Expenses

As permitted by the Fund's relevant governing documents, the Fund bears all operational, audit and administration expenses; all expenses incurred with the purchase, proposed purchase, holding, sale or proposed sale of any investment including, without limitation, all travel related expenses and all third party out-of-pocket costs and expenses of custodians, paying agents, registrars, counsel, independent accountants, independent representatives and others, unless such costs or expenses are paid for by the portfolio company; all costs of prosecuting or defending any legal action for or against the managing member or affiliates; principal of, interest on and fees and expenses arising out of any and all permitted borrowings made by the Fund; the costs of any litigation, director and officer liability or other insurance and indemnification or expense or liability relating to the affairs of the Fund; all expenses of liquidating the Fund; and any taxes, fees or other governmental charges and all expenses incurred in connection with any tax audit, investigation, settlement or review of the Private Fund.

Investors should review the confidential offering memorandum of the Fund to fully understand the types of fees and expenses paid for by the relevant Fund. While the Fund is generally responsible for the above expense types pursuant to the relevant governing documents, KMC, in its sole discretion, may determine not to allocate them to the Fund.

Item 6 – Performance-based Fees and Side by Side Management

The Firm, through an affiliated general partner, manages the Fund. Although the offering documents allow for the general partner to receive a performance fee under certain circumstances, none have been billed to date. Performance fees are fees based on a share of capital gains on or capital appreciation of the assets of a client. Upon dissolution of the Fund, KMC's general partner may receive a performance fee if all conditions described within the offering agreements are met.

KMC may receive performance-based fees related to certain private placements made by select clients once a minimum return is met/exceeded. This may create a conflict of interest, including an incentive for the Company to make investment recommendations that it may not otherwise make. However, this conflict is mitigated because KMC's owner, Joseph A. Feste, personally invested in the private placement for which the Company receives performance-based fees and is subject to the same risk and loss as KMC's clients.

Item 7 – Type of Clients

KMC provides advisory services for high-net-worth individuals (i.e., individuals with a net worth of \$2,100,000 or more), as well as other individuals and private pooled investment vehicles (i.e., the Fund). The Adviser's client base also includes a small number of trust and corporate accounts, as well as a nonprofit organization.

KMC generally requires a minimum amount of assets or \$2,500,000 (cash or securities) to be deposited to an account for the purpose of obtaining asset management services. However, KMC may waive the minimum account size requirement at its discretion.

KMC may accept subscriptions from qualified investors, which includes Managed Account Clients. All investors must meet the qualification standards within the offering documents.

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

KMC is focused on wealth preservation and risk management. In our Managed Accounts, the Firm primarily utilizes asset allocation strategies to match clients' risk tolerance and financial objectives. KMC typically invests in low-cost mutual funds and ETFs and holds those securities for at least a year and seeks to limit short term (i.e., securities sold within a year) trading. Additionally, depending on the financial objective, risk tolerance, and suitability factors of the client, the Firm may purchase individual stocks and bonds in Managed Accounts. KMC conducts fundamental analysis when evaluating potential individual investment opportunities. Fundamental analysis generally involves assessing a security's value based on relevant economic (state of the economy and/or industry) and financial (company-specific) factors. KMC generally invests client's cash balances in money market funds to try to achieve the highest return on client's cash balances through relatively low-risk investments.

Clients are advised that investing in securities involves risk of loss, including the potential loss of principal. Therefore, participation in any of the investment strategies offered by KMC will require clients to be prepared to bear the risk of loss and fluctuating performance.

KMC does not represent, warrant, or imply that the services or methods of analysis used by KMC can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to major market corrections or crashes. Past performance is no indication of future performance. No guarantees can be offered that client goals or objectives will be achieved. Further, no promises or assumptions can be made that the advisory services offered by KMC will provide a better return than other investment strategies.

In addition, Managed Account Clients may be invested in third-party investment managers, pooled investment vehicles, or direct private placement investments. KMC conducts independent review of, but may rely upon, the investment materials and other reports produced by those third-party investment managers or sponsors. Investment and operational due diligence are performed initially and periodically thereafter to evaluate third-party managers and sponsored investments.

KMC does not restrict itself to any particular type of security. However, the following discusses some of the more commonly utilized investment products along with a brief description of their potential risks.

Mutual Funds: A mutual fund is a company that pools money from many investors and invests the money in securities such as stocks, bonds, and short-term debt. The combined holdings of the mutual fund are known as its portfolio. Investors buy shares in mutual funds. Each share represents an investor's part ownership in the fund and the income it generates. Please note, all mutual funds carry some level of risk. Those risks include, but are not limited to:

- **Manager Risk:** The risk that an actively managed mutual fund's investment adviser will fail to execute the Fund's stated investment strategy.
- **Market Risk:** The risk that the stock market will decline, decreasing the value of the securities contained within the mutual funds recommended to clients.

- Industry Risk: The risk that a group of stocks in a single industry will decline in price due to adverse developments in that industry, decreasing the value of mutual funds that are significantly invested in that industry.
- Inflation Risk: The risk that the rate of price increases as the economy deteriorates the returns associated with the mutual fund.

Certain KMC clients are invested in DFA mutual funds, which are only available through professional intermediaries such as registered investment advisers. Upon the termination of KMC's services, clients may be restricted in transferring or purchasing additional shares of DFA mutual funds. Additionally, DFA makes available to KMC other products and services that benefit KMC but may not directly benefit its clients' accounts such as seminars and research papers. However, KMC believes this conflict is mitigated because all seminars, research, etc., allow KMC to better serve clients, thereby benefitting them at least indirectly.

Exchange-Traded Funds (ETFs): ETFs are an exchange-traded investment product similar to a mutual fund, in that they offer investors a way to pool their money in a fund that makes investments in stocks, bonds, and/or other assets. Unlike mutual funds, however, ETF shares are traded on a stock exchange at market prices that may or may not be the same as the net asset value of the shares. ETFs also carry risk. A client may lose some or all of the money invested because the securities held by the ETF can go down in value.

Money Market Funds: Money market funds are a type of mutual fund developed as an option for investors to purchase a pool of securities (typically short-term government, municipal, or corporate securities) that generally provide higher returns than interest-bearing bank accounts. These funds invest in high quality, short-term debt securities and pay dividends that generally reflect short-term interest rates.

Stocks: Stocks are a type of security that give stockholders a share of ownership in a company, which entitles the stockholder to his or her share of the company's assets and earnings. Stock prices fluctuate throughout the day. A client can lose some or all of the money invested in a stock due to company-specific reasons as well as the health of the overall stock market. If a company goes bankrupt and its assets are liquidated, stockholders are last in line to share in the proceeds.

Bonds: A bond is a debt security. Borrowers issue bonds to raise money from investors willing to lend them money for a certain amount of time. If a client buys a bond, he or she is lending to the issuer, which could be a government, municipality, or corporation. In return, the issuer promises to pay the investor a specified rate of interest during the life of the bond and repay the principal when it matures. The primary risks of bonds include, credit risk, interest rate risk, inflation risk, and liquidity risk.

Digital Assets: Digital assets, which are also often referred to as "crypto assets", are assets issued and transferred using distributed ledger or blockchain technology and are digital representations of value, but do not have legal tender status. Investments in digital assets include, but are not limited to, the following risks:

- **Volatility**: The prices of digital assets are completely derived by market forces of supply and demand, and digital assets are more volatile than traditional currencies and financial assets, such as stocks and bonds, and market movements can be difficult to predict.
- **Regulatory**: Digital assets could be banned or highly regulated by governments, which could deter investors from buying or holding digital assets.

- **Cybersecurity:** Digital asset exchanges and wallets have been hacked and digital assets have been stolen. This is a significant risk with which clients must be comfortable before recommending an exposure to digital assets to their advisory clients.

Long-term purchases: A long-term investing strategy, commonly known as a “buy and hold” strategy, generally assumes financial markets will appreciate in the long-term, which may not be the case. There is also the risk that the segment of the market or particular investment will go down over time, even if the overall market advances. Purchasing investments long-term may create an opportunity cost - “locking-up” assets that may be better utilized in the short-term in other investments.

Regarding the use of other alternative managers and Direct Private Placements, risks include the possibility of manager turnover, style drift, underperformance, size constraint, tax inefficiency, compliance, and fee changes. In addition, for alternative investments, private offerings, and certain other third-party managers, potential risk factors include lack of liquidity, lack of transparency, layering of fees, and other risks as identified by such managers in their disclosure documents.

Investment in Real Estate: Investing in real estate and real estate-related assets is subject to cyclicity and other uncertainties. The cyclicity and leverage associated with real estate related investments have historically resulted in periods, including significant periods, of adverse performance, including performance that may be materially more adverse than the performance associated with other investments. Real estate-related investments may be susceptible to particular types of risks relating to such factors, including local economy, real estate market conditions, special hazards, and competition. The value of real estate fluctuates depending on conditions in the general economy and the real estate business. The factors that affect the value of real estate investments include, among other things: national, regional, and local economic conditions; the condition of financial markets; developments or trends in a particular industry; competition from other available space; local conditions such as an oversupply of space or a reduction in demand for real estate in the area; management of properties; the development and/or redevelopment of properties; changes in market rental and occupancy rates; the timing and costs associated with property improvements and rentals; changes in operating expenses; the financial condition of tenants; availability of obtaining financing on acceptable terms; fluctuations in interest rates; changes in zoning laws and taxation; government regulation; potential liability under environmental or other laws or regulations; and acts of God, terrorist attacks, social unrest, and civil disturbances. The value of a real estate investments directly in real estate or in debt secured thereby may decline as a result of adverse changes in any of these factors. In addition, adverse changes in the real estate market increases the probability of default, as the equity in the underlying property declines.

Investments in Private Equity: Investments in privately-owned early stage to mid-sized companies may present a greater risk of loss than investments to larger companies. Compared to larger, publicly owned firms, these companies generally have more limited access to capital and higher funding costs, may be in a weaker financial position, and may need more capital to expand or compete. Numerous factors may affect a company’s ability to be profitable, including the failure to meet its business plan or a downturn in its industry. In part because of their smaller size, these companies may (i) experience significant variations in operating results; (ii) be particularly vulnerable to changes in customer preferences and market conditions; (iii) be more dependent than larger companies on one or more major customers, the loss of which could materially impair their business, financial condition and prospects; (iv) face intense competition, including from companies with greater financial, technical, managerial, and marketing resources; (v) depend on the management talents and efforts of a single

individual or a small group of persons for their success, the death, disability, or resignation of whom could materially harm the company's financial condition or prospects; or (vi) have less skilled or experienced management personnel than larger companies. Accordingly, any of these factors could impair a company's cash flow or result in other events, such as bankruptcy, which may lead to losses and decrease revenues, net income and assets in a client portfolio.

Risk Inherent in Venture Capital Investments: Any investments in venture capital investments involve a high degree of risk. In general, financial and operating risks confronting portfolio companies can be significant. The timing of profit realization is highly uncertain. Early-stage and development-stage companies often experience unexpected problems in the areas of product development, manufacturing, marketing, financing and general management, which, in some cases, cannot be adequately solved. In addition, such companies may require substantial amounts of financing which may not be available through institutional private placements or the public markets. In addition, the markets, which such companies target, are highly competitive and in many cases the competition consists of larger companies with access to greater resources. The percentage of companies that survive and prosper can be small. Investments in more mature companies in the expansion or profitable stage involve substantial risks. Such companies typically have obtained capital in the form of debt and/or equity to expand rapidly, reorganize operations, acquire other businesses, or develop new products and markets. These activities by definition involve a significant amount of change in a company and could give rise to significant problems in sales, manufacturing, and general management of these activities.

Investments in Oil and Gas Exploration: Investments in drilling oil and gas wells on select leasehold acreage is highly speculative. The success of the activities will be affected by general economic and market conditions, such as interest rates, commodity prices, and availability of credit, inflation rates, and economic uncertainty, changes in laws and United States and international political circumstances. These factors may affect the level and volatility of prices for mineral leases and the ability to develop and sell the leases and hydrocarbon production. Unexpected volatility or illiquidity could impair profitability and result in losses.

Illiquidity of Investments: Investments in private securities, loans, real estate or other assets for which no (or only a limited) liquid market exists or that are subject to legal or other restrictions on transfer carry certain risks. 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, but not limited to, 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 the obligors on a client's investments. Clients may not be able to sell investments 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 investments often requires more time and results in higher selling expenses than does the sale of securities eligible for trading on national securities exchanges or in the over-the-counter markets. Additionally, illiquid assets are often more difficult to value than more liquid investments, and also such valuations are highly susceptible to the assumptions upon which they are based. As such, a Client's asset value may be subject to a high degree of change from period-to-period as additional information becomes available to assess the value of a given asset.

With respect to alternative investment vehicles recommended by KMC that charge performance fees, the possibility of receiving a performance-based fee may create an incentive for the underlying/third-party manager to make investments that are riskier or more speculative than would be the case in the

absence of such an arrangement. Performance-based fees are disclosed in fund and investment offering documents.

Certain countries, including the United States, have been susceptible to epidemics, such as severe acute respiratory syndrome, avian flu, H1N1/09 flu and most recently, the coronavirus. The outbreak of an infectious disease or any other serious public health concern, together with any resulting restrictions on travel or quarantines imposed, could have a negative impact on the economy, client portfolio performance and business activity in any of the countries in which KMC may invest and thereby adversely affect the performance of such investments.

The computer systems, networks, devices, and service providers used by KMC to carry out routine business operations employ a variety of protections designed to prevent damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches. Despite the various protections utilized, systems, networks, or devices potentially can be breached. Cybersecurity breaches may cause disruptions and impact business operations, potentially resulting in financial losses to a client; impediments to trading; the inability by the Firm and other service providers to transact business; violations of applicable privacy and other laws; regulatory fines, penalties, reputational damage, reimbursement or other compensation costs, or additional compliance costs; as well as the inadvertent release of confidential information.

This is not intended to serve as an exhaustive list or a comprehensive description of all risks and conflicts that may arise in connection with the management and operation of the Managed Account Client or Fund. Clients should review the risk disclosures in each prospectus or other governing documents to further understand the risks and potential conflicts of interest. Investors in the Fund should review the subscription and governing documents provided for further discussions on associated risks and potential conflicts of interest.

Item 9 – Disciplinary Information

Item 9 is not applicable to this Brochure because there are no legal or disciplinary events that are material to a client's or prospective client's evaluation of KMC, its business, or its management persons.

Item 10 – Other Financial Industry Activities and Affiliations

Joseph A. Feste is a 50% owner of KMC Management, GP, LLC which is a General Partner to KM Capital Venture Partners III, LP. Mr. Feste's spouse is the other 50% owner of KMC Management, GP, LLC. Clients of KMC may be solicited to invest in the partnerships.

Mr. Feste, the Managing Member and Chief Compliance Officer of the Adviser, is a licensed insurance agent/broker with various companies. The sale of these products accounts for approximately 5% of his time. Mr. Feste may recommend insurance products and may also, as an independent insurance agent, sell those recommended insurance products to clients. When such recommendations or sales are made, a conflict of interest exists that earning insurance commissions for the sale of those products creates an incentive to recommend such products over other non-commission or lower commission-generating recommendations. Clients are not obligated to use KMC representative for insurance product purchases and may work with any insurance agent they choose. Insurance compensation will be separate and distinct from investment advisory fees charged by KMC. Other insurance agencies may offer a similar insurance product which may cost more or less.

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

KMC has a fiduciary duty to its clients to act in the clients' best interest and always place client interests first and foremost. KMC takes seriously its compliance and regulatory obligations and requires all staff to comply with such rules and regulations, as well as KMC's policies and procedures. Further, KMC strives to protect non-public information from being disclosed to unintended parties. KMC provides clients with the Firm's Privacy Policy. As such, KMC maintains a code of ethics for its advisory representatives, supervised persons, and staff. The Code of Ethics contains provisions for standards of business conduct in order to comply with federal securities laws, personal securities reporting requirements, pre-approval procedures for certain transactions, code violations of the reporting requirements, and safeguarding of material non-public information about client transactions. Further, KMC's Code of Ethics establishes KMC's expectation for business conduct. A copy of KMC's Code of Ethics will be provided upon request.

KMC and its associated persons buy or sell securities identical to those securities recommended to its clients. Therefore, KMC and/or its associated persons may have an interest or position in certain securities that are also recommended and bought or sold to client accounts. KMC and its associated persons may not put their interests before clients' interest. KMC and its associated persons may not trade ahead of client orders or trade in such a way to obtain a better price for themselves than for clients.

Employees of the Firm may invest alongside Managed Account Clients in the Fund and Direct Private Placements. KMC believes this is important alignment of interest with its Managed Account Clients. However, this may create a conflict in situations when there is a limited capacity to participate. KMC has investment allocation procedures designed to allocate investment opportunities among its Managed Account Clients in a fair and equitable manner and to mitigate this conflict. In general, employees can invest up to a set percentage and only can increase that percentage after all eligible and interested Managed Account Clients have been offered (but capacity remains). KMC may exclude Managed Account Clients for various reasons, such as, liquidity, risk tolerance, qualifications, experience in similar investments, ability to execute, existing concentrations, or diversification reasons. KMC seeks to mitigate this conflict by disclosing to Managed Account Clients when employees invest alongside clients and the terms of such investments. As previously discussed, all private placement investments are recommended on a non-discretionary basis and require Managed Account Client approval.

KMC is required to maintain a list of all securities holdings for its associated persons and develop procedures to supervise the trading activities of associated persons who have knowledge of client transactions and their related family accounts at least quarterly. Further, associated persons are prohibited from trading on non-public information or sharing such information.

Item 12 – Brokerage Practices

KMC may recommend that Managed Account Clients establish a brokerage account(s) with TD Ameritrade Institutional ("TDA" or the "Designated Custodian") for custody and brokerage services, however, certain legacy clients or investments may be custodied at other custodians. KMC has evaluated TDA and believes that it will provide clients with a blend of execution services, research, low

commission costs, and professionalism that will help the Firm meet its fiduciary obligations. KMC does not receive any economic benefits from client referrals. Although KMC may recommend that Managed Account Clients establish accounts at the Designated Custodian, it is the client's decision to custody assets at the Designated Custodian. KMC may have the authority to use broker-dealers other than the Designated Custodian to execute trades for client accounts maintained at the Designated Custodian, but this practice may result in additional costs to clients. KMC directs trades away from Custodian for various reasons, including, availability, service, expertise, and access to research. Clients with assets custodied by TDA receive favorable pricing on DFA mutual fund transaction fees due to a strategic relationship between TDA and DFA. While this strategic relationship is beneficial for Clients with assets custodied by the Designated Custodian, it could result in higher transaction fees being charged to certain legacy clients using other qualified custodians for DFA mutual fund transactions recommended by KMC. To mitigate potential conflicts, KMC conducts a periodic best execution review that includes an assessment of the pricing and services received from the preferred Custodian and executing brokers. KMC also conducts periodic best execution reviews that include contemporaneous reviews, comparisons against other executing broker-dealers, and overall assessment to prevent any improprieties.

While KMC does not maintain a formal soft dollar arrangement with the Designated Custodian or other brokers, TDA makes available to KMC other products and services that benefit KMC but may not directly benefit its clients' accounts. These products and services assist KMC in managing and administering client accounts. They include investment research, both TDA's own and that of third parties. KMC may use this research to service all or a substantial number of clients' accounts, including accounts not been maintained at TD Ameritrade. In addition to investment research, TDA also makes available software and other technology that: provides access to client account data (such as duplicate trade confirmations and account statements); facilitates trade execution and allocate aggregated trade orders for multiple client accounts; provides pricing and other market data; facilitates payment of fees from clients' accounts; and assists with back-office functions, recordkeeping, and client reporting.

KMC has a trading relationship with an Ameriprise broker, Bryan Boynton. Mr. Boynton is related to Mr. Feste. KMC may direct trades through Mr. Boynton and Mr. Boynton will be paid commissions for any transactions directed by KMC. Trading costs may be higher or lower at Ameriprise than other broker/dealers. Neither KMC nor Mr. Feste shares, directly or indirectly, in any portion of the compensation received by Mr. Boynton. This is an inherent conflict of interest due to the familial relationship. However, KMC believes that the service, execution, and research made available due to this relationship mitigates the inherent conflict and allows KMC to still achieve best execution.

If a client selects another broker/dealer or account custodian or request trades be directed through another broker, trading costs may be higher, and the client may receive less favorable prices. The client will not be able to participate in any aggregated orders submitted by KMC which often reduce transaction costs and can obtain more favorable pricing.

KMC may aggregate ("block") transactions in the same security on behalf of more than one client in an effort to strive for best execution and to possibly reduce the price per share and/or other costs to clients. However, aggregated or blocked orders will not reduce the transaction costs to participating clients. KMC conducts aggregated transactions in a manner designed to ensure that no participating client is favored over another client. Participating clients will obtain the average price per share for the security executed that day. To the extent the aggregated order is not filled in its entirety and when possible, securities purchased or sold in an aggregated transaction will be allocated on a random basis. Under

certain circumstances, the amount of securities maybe increased or decreased to avoid holding odd-lot or a small number of shares for particular clients.

KMC attempts to minimize trade errors by promptly reconciling confirmations with trade tickets, and by reviewing past trade errors to understand the internal control breakdown that caused the errors. From time to time, KMC may make an error in submitting a trade order on a client's behalf. When this occurs, KMC will seek to correct the error promptly in a way that mitigates any losses. KMC will bear any costs associated with correcting any error. Gains associated with any trade error shall be retained by the affected client(s). The Firm will generally not net gains and losses associated with multiple errors related to separate investment decisions but gains and losses stemming from an interrelated set of errors may generally be netted.

Item 13 – Review of Accounts

KMC performs regular reviews of the accounts it manages on behalf of its clients. Each account is managed collectively by the three principals listed in the Brochure Supplement whose responsibilities include the following:

- review the account's securities for price changes, volume, and relevant news;
- compare the account's allocation with stated goals;
- review holdings and consider alternatives;
- monitor the size of individual securities relevant to their sectors, asset classes, and overall account size;
- analyze an account's composition and performance, income, appreciation, gains/losses, and asset allocation; and
- assess its performance.

These reviews seek to ensure that the account is consistent with the client's investment objectives and guidelines, the investment strategy remains suitable for the client, and any material changes with respect to the account or client have been incorporated.

Clients are advised to notify KMC promptly of any changes to financial goals, objectives or financial situation as such changes may require KMC to review the potfolio allocation and make changes. Clients will be provided monthly, or at least quarterly, statements direct from the account custodian. Upon request, KMC will provide a consolidated report of the managed account. Clients should compare all reports provided by KMC with the statements received directly from the account custodian. Should there be any discrepancy, the account custodian's report will prevail.

A client's investment report may differ from the custodian's statement(s) for various reasons, including: (1) KMC's reports generally are prepared on a trade-date basis, reflecting holdings as of the day transactions are executed, while holdings in custodians' statements generally are reported on a settlement basis, which typically is three to five business days after the trade date; (2) KMC's reports in many cases include assets that it advises on but are not held at the client's custodian (for which KMC receives data and valuations from other sources); and/or (3) KMC's reports in many cases exclude non-managed positions, while the custodians generally must report all client assets held in an account. Also, it not uncommon for various custodians to have slightly different prices for identical bonds. For these reasons, the billable value of a client's portfolio as shown on their investment report may differ from

the value as shown on the custodian's statement(s). For assets not held by a client's main custodian, yet advised on and reported by KMC, pricing and valuations are received from private placement sponsor and/or administrators. In the event that a quarter-end valuation for a certain asset(s) is unavailable, KMC will use the most recent value known to KMC with respect to such asset(s). Valuations and/or performance for a client's interest in a limited partnership, hedge fund, or other similar investment vehicle are subject to change based upon updates received from the underlying managers and administrators.

Item 14 – Client Referrals and Other Compensation

Product or service vendors recommended by KMC may provide monetary and non-monetary assistance with client events, provide educational tools and resources. KMC does not select products as a result of any monetary or non-monetary assistance. The selection of product is first and foremost. KMC's due diligence of a product does not take into consideration any assistance it may receive. Therefore, this is not considered a conflict of interest but a benefit for both the client and also KMC.

KMC may also engage solicitors. Compensation to the solicitor is dependent on the client entering into an advisory agreement with KMC for advisory services. Compensation to the solicitor will be an agreed upon percentage of the advisory fee or a flat fee. The solicitation/referral fee is paid pursuant to a written agreement retained by KMC and the solicitor. The solicitor will be required to provide the client with a copy of this Brochure and the solicitor's client disclosure document detailing the amount KMC will pay the solicitor prior to or at the time of entering into any investment advisory contract with KMC.

Item 15 – Custody

Client assets are held in custody by unaffiliated broker/dealers or banks. However, KMC meets the Advisers Act definition of having custody over certain client accounts. For example, the Firm or its affiliates are General Partners or managers of the Fund and are deemed to have custody of the Fund. To comply with the Advisers Act custody rule (i.e., Rule 206(4)-2) (the "Custody Rule") and to provide meaningful protection to investors, the Fund is subject to an annual financial statement audit by an independent public accountant registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board (PCAOB). The audited financial statements are prepared in accordance with generally accepted accounting principles (GAAP) and are distributed to investors within 120 days of a Fund's fiscal year end. With respect to Managed Account Clients, KMC may access certain clients' funds through the ability to debit advisory fees. In these cases, KMC is considered to have custody of client assets under the Custody Rule. Account custodians send statements directly to the account owners and clients should carefully review these statements, comparing them to any account information provided by KMC. Finally, KMC is deemed to have custody under the Custody Rule of certain Managed Account Client assets as a result of bill pay authorities and standing letters of authorization in place from such clients that allow KMC to direct the client's custodian to send client funds based on the standing letters of authorization. To comply with the Custody Rule in these instances, the Firm has arranged for an annual surprise examination by an independent public accountant to verify client assets.

Item 16 – Investment Discretion

KMC has discretion and authority to manage and direct the investment of capital for a majority of its Managed Account Clients and the Fund. This authority is provided to KMC through an investment advisory agreement signed by clients and custodial agreements. Any limitations on KMC's discretionary authority are included in the investment advisory agreements, Fund offering documents, and/or the Firm's internal compliance policies and procedures. Some Managed Account Clients have an agreement for KMC to provide advisory services on a nondiscretionary or consulting basis. In addition, all Funds and Direct Private Placements are recommended on a non-discretionary basis. In a non-discretionary relationship, KMC typically leads the investment decision-making process with the Managed Account Client as final decision maker.

Item 17 – Voting Client Securities

For Managed Account Clients, KMC does not vote proxies for the securities. Unless a client suppresses proxies, securities proxies will be sent directly to clients by the account custodian or transfer agent. Clients may contact KMC with questions or opinions on how to vote the proxies. However, voting the proxies is solely the client's decision.

KMC has the authority to vote proxies for the Fund. However, due to the nature of the underlying holdings, it is not common to receive traditional proxies. In circumstances where KMC votes a proxy ballot, KMC's policy is to vote in the interest of maximizing value for its clients. To that end, KMC will vote in a way that it believes, consistent with its fiduciary duty, will cause the security to increase the most or decline the least in value. Consideration will be given to both to the short and long-term implications of the proposal to be voted on when considering the optimal vote.

The Firm's complete proxy voting policy and procedures are memorialized in writing and are available for review. Please contact KMC with any questions or wish to review these documents.

Item 18 – Financial Information

KMC is not required to provide financial information in this Brochure because the Firm does not (i) require or solicit prepayment of more than \$1200 in fees per client, six months or more in advance; (ii) is not aware of any financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients; and (iii) has not been the subject of a bankruptcy petition.