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

**March 21, 2023**

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

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

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

## **Item 2 – Material Changes**

This Item 2 discusses only specific material changes made to this brochure since the last annual update. There were no material changes to this brochure since the last annual update filed on March 18, 2022.

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

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

We may update this brochure at any time.

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### **Appendix A – Privacy Notice**

#### **Item 4 – Advisory Business**

Kinney Asset Management, LLC (the “firm,” “we,” “us,” or “our”) is a registered investment adviser based in Chicago, Illinois. We are organized as a Delaware limited liability company and have been providing investment advisory services since 2003. Peter Kinney is the majority owner of the firm. Peter serves as the managing member of the firm. Gotham Advisers, LLC owns a passive minority stake in the firm, and does not actively participate in daily operations. The firm’s primary focus is providing investment advisory services to a private pooled investment vehicle, Acacia Capital, LP, a Delaware limited partnership organized in February 2003 (the “Fund”), and to separately managed accounts of institutional clients and investment vehicles organized by institutional third parties (each a “separately managed account,” and together with the Fund, each a “client”), including on a sub-advisory basis. We invest primarily in equity securities globally with a value-driven philosophy which focuses on a relatively small number of domestic and international equities that we believe are likely to experience long-term appreciation. The following paragraphs describe our services and fees and how we tailor our advisory services to the individual needs of clients.

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

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

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

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

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

We serve as the general partner to the Fund, which is a U.S. domiciled limited partnership. The Fund has been our primary investment management client since our inception as an investment

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

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

### *Assets Under Management*

As of December 31, 2022, we managed approximately \$553,903,731 in regulatory assets under management on a discretionary basis. We do not currently manage any assets on a non-discretionary basis.

## **Item 5 – Fees and Compensation**

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

### *Separately Managed Accounts*

We generally charge an annual management fee of 1% of an account's assets under management. Our advisory fee is billed and payable either in arrears or in advance, on a quarterly or monthly basis, based on the value of the account at the end of the billing period if billed in arrears, or the value of the account at the end of the previous billing period if billed in advance. If the investment advisory agreement is executed at any time other than the first day of a calendar quarter or calendar month, as applicable, our fees will apply on a pro rata basis, which means that the advisory fee is payable in proportion to the number of days in the billing period for which the agreement was in effect. Where our fees are payable in advance, if an agreement is terminated prior to the end of a billing period, any unearned fees will be returned to the client. Clients are generally also subject to the incentive-based compensation described in Item 6 below.

Clients will receive an invoice showing the value of the account, the amount of fees due, and the change of value for purposes of calculating the incentive-based compensation, if any, unless the client has an administrator which performs these calculations. In that case, we will provide support for the amount due on the invoice. Clients hold ultimate responsibility for remitting payments as we do not deduct fees directly from accounts. We urge clients to review all statements received from their custodian for accuracy.

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

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

The fees and expenses applicable to the Fund are described in the Fund's private offering memorandum and organizational documents. As compensation for our services as general partner,

we generally receive an annual management fee of 1% of the Fund's net assets, which is generally payable quarterly in arrears and calculated before giving effect to any withdrawals and/or any incentive allocation. In addition, we are entitled to receive an incentive allocation in connection with our services to the Fund, generally equal to 20% of net profits achieved over a traditional high water mark. The incentive allocation is generally calculated and paid at the end of each fiscal year. The management fee and the incentive allocation are deducted directly from investors' assets in the Fund. We receive a prorated portion of the management fee and incentive allocation with respect to any partial period. Any prepaid but unearned fees will be refunded.

#### *Additional Fees and Expenses*

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

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

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

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

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

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

In addition to the management fees described in Item 5 above, clients are generally subject to an annual incentive fee or allocation of 20% of net profits (including realized and unrealized gains

and losses) after management fees are deducted. The incentive-based compensation is generally subject to a "high-water mark," that if the account suffers a net loss in any period followed by a net profit, there will not be an incentive fee charged until the net loss has been fully recovered. The "High Water Mark" is the highest level of net profit in respect to the account as of the end of any prior incentive-based compensation calculation period for such investor, or \$0, if no incentive-based compensation has previously been charged.

Incentive-based compensation creates an incentive for our firm to make investments that are riskier or more speculative than would be the case absent an incentive-based compensation arrangement. In addition, the level of asset-based and incentive-based compensation paid to the firm varies across clients. For example, we may receive only a management fee or only incentive-based compensation from certain clients. Accordingly, clients are subject to conflicts of interest by the management of multiple accounts that follow similar or the same investment strategy. Such a conflict creates an incentive for us to favor a client that pays the firm more in overall compensation over another that pays the firm less overall compensation in the allocation of limited investment opportunities. A similar conflict exists from managing accounts containing assets owned by us or our employees. We have policies and procedures in place designed to mitigate these risks. See Item 11 below.

We generally invest in securities that have a market quotation. To the extent we determine the fair value of assets held in a client account, we have a conflict of interest as the calculation of incentive-based compensation and asset-based fees will be based on such valuations. Such compensation arrangements incentivize us to overvalue assets in order to increase the amount of our compensation. To address this conflict, we have adopted policies and procedures governing our determination of "fair value" of any investments that do not have a readily ascertainable value.

#### **Item 7 – Types of Clients**

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

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

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

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

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

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

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

### Risk of Loss

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

With respect to investments in the Fund, the material risks set forth below are qualified in their entirety by the more detailed risk disclosure in the Fund's offering documents.

### Other Risks

- *Concentration.* We may at times concentrate investments by investing a significant portion of client assets in the securities of a single issuer, industry, sector, country



or region. To the extent we concentrate a client's investments in any of these ways, the overall adverse impact on the client of adverse developments in the business of such issuer, such industry or such government could be considerably greater than if we did not concentrate their investments to such an extent.

- *Country Risk.* Domestic events -- such as war, political upheaval, financial troubles, natural disasters or health crises -- may weaken a country's securities markets. Because we may invest a large portion of a client's assets in securities of companies located in any one country, performance may be hurt disproportionately by the poor performance of investments in a single country.
- *Currency Risks.* Purchasing instruments denominated in foreign currencies or engaging in currency trading has certain risks, including illiquidity, blockages by governments, political unrest or other factors, failure or inability to deliver, pressures from speculators, and other factors that can result in losses with respect to such instrument and currencies, notwithstanding any nominal returns or value. In addition, to the extent that currency risk is not hedged, changes in the values between the denominated currency of an account and other currencies can increase or reduce the actual returns from investments denominated in other currencies. An account may at times have significant currency exposure. Therefore, market movements in the underlying currencies could result in substantial losses. In certain situations, we may seek to hedge the currency risk of non-U.S. investments, but are not required to do so.
- *Cybersecurity.* The firm, its clients and their service providers may be prone to operational and information security risks resulting from cyber-attacks. Cyber-attacks include, among other behaviors, stealing or corrupting data maintained online or digitally, denial of service attacks on websites, the unauthorized release of confidential information or various other forms of cybersecurity breaches. Cybersecurity attacks affecting the firm and its service providers may have an adverse impact on clients. For instance, cyber-attacks may interfere with the processing of transactions, cause the release of private information about clients or investors in clients, impede trading, subject the firm to regulatory fines or financial losses, and cause reputational damage. Similar types of cybersecurity risks are also present for issuers of securities in which clients may invest, which could result in material adverse consequences for such issuers, and may cause a client's investment in such issuers to lose value.
- *ETF and Mutual Funds Risk.* Clients may hold interests in exchange traded funds ("ETFs") and mutual funds, which are subject to investment advisory and other expenses that will be indirectly paid by clients. As a result, the cost of the investment strategy will be higher than the cost of investing directly in ETFs or mutual funds. ETFs and mutual funds are subject to specific risks, depending on the nature of the fund.
- *Equity and Equity-Related Instruments.* Stocks and other equity-related instruments may be subject to various types of risk, including market risk, liquidity risk,

counterparty credit risk, legal risk and operations risk. In addition, equity-related instruments can involve significant economic leverage and may, in some cases, involve significant risk of loss. “Equity securities” may include common stocks, preferred stocks, interests in real estate investment trusts, convertible debt obligations, convertible preferred stocks, equity interests in trusts, partnerships, joint ventures or limited liability companies and similar enterprises, warrants and stock purchase rights. Equity securities fluctuate in value, and such fluctuations can be pronounced. In general, stock values fluctuate in response to the activities of individual companies and in response to general market and economic conditions. Accordingly, the value of the stocks and other securities and instruments that a client holds may decline over short or extended periods.

- *Eurozone Risk.* A number of countries in the European Union (“EU”) have experienced, and may continue to experience, severe economic and financial difficulties. In particular, many EU nations are susceptible to economic risks associated with high levels of debt. As a result, financial markets in the EU have been subject to increased volatility and declines in asset values and liquidity. Responses to these financial problems by European governments, central banks, and others, including austerity measures and reforms, may not work, may result in social unrest, and may limit future growth and economic recovery or have other unintended consequences. The risk of investing in securities in the European markets may also be heightened in the event one or more countries abandon the euro and/or withdraw from the EU, placing its currency and banking system in jeopardy. The impact of these actions, especially if they occur in a disorderly fashion, is not clear but could be significant and far-reaching. Clients may have exposure to European markets and may have exposure to transactions tied to the value of the euro; such exposures could negatively affect the value and liquidity of a client’s investments. All of these developments may continue to significantly affect the economies of all EU countries, which in turn may have a material adverse effect on a client’s investments in such countries, other countries that depend on EU countries for significant amounts of trade or investment, or issuers with exposure to debt issued by certain EU countries.

As a result of continued political tensions and armed conflicts, including the Russian invasion of Ukraine in February of 2022, the U.S. has imposed sanctions on certain Russian entities and individuals and certain sectors of Russia’s economy, which may result in, among other things, the devaluation of Russian currency, a downgrade in the country’s credit rating, and/or a decline in the value and liquidity of Russian securities, property or interests. The U.S. and other nations or international organizations may impose additional economic sanctions or take other actions that may adversely affect Russia-exposed issuers and companies in various sectors of the Russian economy and may increase volatility in the markets generally. Sanctions could also result in Russia taking counter measures or retaliatory actions, which may impair the value and liquidity of securities and/or disrupt financial markets globally.

- *Force Majeure.* Global markets are interconnected, and events like hurricanes, floods, earthquakes, forest fires and similar natural disturbances, war, terrorism or threats of terrorism, civil disorder, public health crises, and similar “Act of God” events have led, and may in the future lead, to increased short-term market volatility and may have adverse long-term and wide-spread effects on world economies and markets generally. Clients may have exposure to countries and markets impacted by such events, which could result in material losses.
- *Forward Contract Markets:* The firm may trade forward contracts (and options on forward contracts). These securities are not traded on exchanges and are individually negotiated and therefore can be highly illiquid. The principals in forward contract markets are not required to continue to make such markets or to continue to deal in forward contracts of all currencies and/or commodities. In addition, forward contract markets are subject to significant disruptions, including through the intervention of governmental authorities. Therefore, the firm may experience liquidity or other problems, and may incur substantial losses on such investments.
- *Government Intervention.* The global financial markets have undergone fundamental disruptions that have led to or were caused by unprecedented governmental intervention, including the Dodd Frank Act, the United Kingdom’s withdrawal from the European Union (Brexit) and, more recently, the economic sanctions against Russia and certain Russian individuals, banking entities and companies. Such intervention has in certain cases been implemented on an “emergency” basis, suddenly and substantially eliminating market participants’ ability, at least on a temporary basis, to continue to implement certain strategies or manage the risk of their outstanding positions. In addition — as one would expect given the complexities of the financial markets and the limited time frame within which governments have taken such actions — these interventions typically have been unclear in scope and application, resulting in confusion and uncertainty which in itself has been materially detrimental to the efficient functioning of the markets as well as certain previously successful investment strategies. Significant new regulations could limit a client’s activities and investment opportunities or change the functioning of financial markets, and there is the possibility of a worldwide economic downturn in the future. Consequently, the firm may not be capable of, or successful at, preserving the value of a client’s assets, generating positive investment returns, or effectively managing risks considering such actions.
- *Hedging Risk.* The use of options and futures and other investment techniques for hedging purposes, including currency hedging, involves the risk that changes in the value of a hedging instrument will not match those of the asset or security being hedged. Hedging is the use of one investment to offset the effects of another investment. Imperfect or no correlation of the values of the hedging instrument and the hedged security or asset might occur because of characteristics of the instruments themselves or unrelated factors involving, for example, the markets on which the instruments are traded. As a result, hedging strategies may not always be successful. While hedging strategies can help reduce or eliminate portfolio

losses, they have costs associated with them and can reduce or eliminate portfolio gains. In certain situations, we may seek to hedge certain assets or securities, but are not required to do so.

- *High Cash Balance.* When a client holds a significant cash balance for a sustained period, the benefit to the client of any market upswing will be reduced, and the client's performance will be adversely affected. When the client has a significant cash balance, it may not achieve its investment objective. A significant portion of a client's account may consist of cash and cash equivalents at any point in time.
- *Inflation Risk.* Inflation, deflation and rapid fluctuations in inflation rates have had in the past, and may in the future have, negative effects on economies and financial markets. For example, wages and prices of inputs increase during periods of inflation, which can negatively impact rates of returns on investments.
- *Liquidity Risk.* For investors in the Fund, there is no public market for the interests, nor is any expected to develop. Even if such a market develops, no distribution, resale or transfer of an interest in the Fund will be permitted except in accordance with the restrictions in the partnership agreement. Any transfer of an interest in the Fund will require the firm's consent. Restrictions on the transfer of interests and on withdrawal are explained in more detail in the offering documents of the Fund and are available upon request.
- *Margin Risk.* Margin accounts present special risks because investors can lose more money than the investor deposits in the account. Additionally, the custodian can force the sale of securities in the account and can sell securities without contacting the investor.
- *Non-U.S. Investments.* Investments in securities of non-U.S. issuers and the governments of non-U.S. countries involve special risks not usually associated with investing in securities of U.S. companies or the U.S. government, including political and economic considerations, such as greater risks of expropriation and nationalization, confiscatory taxation, the potential difficulty of repatriating funds, social, political and economic instability and adverse diplomatic developments; the possibility of the imposition of withholding or other taxes on dividends, interest, capital gains or other income; the small size of the securities markets in such countries and the low volume of trading, resulting in potential lack of liquidity and in price volatility; fluctuations in the rate of exchange between currencies and costs associated with currency conversion; and certain government policies that may restrict investment opportunities. In addition, there may be different types of, and lower quality, information available about a non-U.S. company than a U.S. company. There is also less regulation, generally, of the securities markets in many foreign countries than there is in the United States, and such markets may not provide the same protections available in the United States. With respect to certain countries, there may be the possibility of political, economic or social instability, the imposition of trading controls, import duties or other protectionist measures, various laws enacted for the protection of creditors, and greater risks of

nationalization or diplomatic developments which could materially adversely affect investments in those countries. Investment in non-U.S. countries may also be subject to withholding or other taxes, which may be significant and may reduce the investment returns.

In recent years, the U.S. has announced dozens of China-related trade restrictions generally calculated to advance longstanding U.S. policy interests, including protecting U.S. communications networks and sensitive personal data, slowing the advance of China's military capabilities, promoting human rights in China and Hong Kong, and narrowing the bilateral trade deficit. Recently, numerous Chinese firms were added to a trade restriction list published by the U.S. Department of Commerce, thus prohibiting the export of specified items of U.S. origin to such firms without appropriate licensing. Additionally, the U.S. recently announced updated restrictions on the ability of U.S. persons to invest in publicly traded securities of certain companies determined to operate in the defense and related materials sector or the surveillance technology sector of China's economy. The U.S. has also recently ramped up legislative and regulatory efforts to address and punish reported human rights abuses by denying certain goods produced in certain Chinese regions access to the U.S. markets. The U.S. and other nations or international organizations may impose additional trade restrictions that may adversely affect Chinese-exposed issuers and companies in various sectors of both the Chinese and U.S. economies and may increase volatility in the markets generally

- *Options.* The trading of options may be highly speculative and may entail more risk than those present when investing in other types of securities. Prices of options are generally more volatile than prices of other types of securities. When trading in options, an investor may run the risk of losing the entire investment in a relatively short period of time. In more risky options strategies, an investor could theoretically have an unlimited risk of loss.
- *Pandemic Risks.* An outbreak of disease or similar public health threat, or fear of such an event could have a material adverse impact on the performance of client accounts. In addition, outbreaks of disease could result in increased government restrictions and regulation, including quarantines, which could adversely affect our operations. To date, the COVID-19 pandemic has significantly and negatively impacted the global economy, disrupted global supply chains, impacted labor markets and created significant volatility and disruption of financial markets. The extent of the impact of the COVID-19 pandemic on the financial performance of client accounts, including the firm's ability to execute a client account's investment strategy in the expected time frame, will depend on future developments, including the duration and spread of the pandemic and the impact of the pandemic on local, national, and global financial markets, all of which are uncertain and cannot be predicted. An extended period of global supply chain and economic disruption could materially affect the performance of client accounts, results of operations, access to sources of liquidity, and financial condition.

- *Small-Cap Investing.* Small companies tend to be more vulnerable to adverse developments than larger companies. Small companies may have limited product lines, markets, or financial resources, or they may depend on less seasoned management. Their securities may trade infrequently and in limited volumes. As a result, the prices of these securities may fluctuate more than the prices of securities of larger, more widely traded companies. Also, there may be less publicly available information about small companies or less market interest in their securities as compared with larger companies, and it may take longer for the prices of these securities to reflect the full value of their issuers' earnings potential or assets.
- *Stock Market Risk.* There is a risk that stock prices overall will decline. Stock markets tend to move in cycles, with periods of generally rising stock prices and periods of generally falling stock prices.
- *Tax Implications.* Our strategies and investments may have unique and significant tax implications. However, unless we specifically agree otherwise, and in writing, tax efficiency is not our primary consideration in the management of client assets. Regardless of an account size or any other factors, we strongly recommend that clients continuously consult with a tax professional prior to and throughout the investing of client assets.
- *U.S. Government Securities Risk:* Although U.S. government securities are considered among the safest investments, they are not guaranteed against price movements due to changing interest rates. Obligations issued by some U.S. government agencies are backed by the U.S. Treasury, while others are backed solely by the ability of the agency to borrow from the U.S. Treasury or by the agency's own resources.

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

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

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

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

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

We maintain certain exemptions from registration with the U.S. Commodity Futures Trading Commission with respect to certain clients that trade or are deemed to trade in commodity interests.

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

### Description of Our Code of Ethics

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

### Participation or Interest in Client Transactions

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

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

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

We seek to foster a reputation for integrity and professionalism. That reputation is a vital business asset. The confidence and trust placed in us by investors is something that is highly valued and must be protected. As a result, we seek to consider and address any activity that creates any actual or potential conflict of interest, or even the appearance of any conflict of interest.

#### Personal Trading Practices

In appropriate circumstances, consistent with our clients' investment objectives, we may cause certain client accounts to purchase or sell securities in which certain employees and/or our clients (including pooled investment vehicles referenced above) directly or indirectly have a position or interest. All employees are required to comply with our Code of Ethics prior to investing for their own accounts in securities that are recommended and/or purchased for our clients. In addition to certain other limitations set forth in the Code of Ethics, our employees can only trade in securities invested in by our clients after a 48-hour waiting period. The Code of Ethics is designed to assure that the personal security transactions, activities and interests of those individuals will not interfere with making investment decisions in the best interests of our clients. Under our Code of Ethics, personal securities transactions generally must be pre-cleared with our Chief Compliance Officer. However, certain classes of securities (including mutual funds and ETFs) and transactions (including non-volitional stock splits, etc.) are designated as exempt from pre-clearance requirements, based upon a determination that trading in these securities would not materially interfere with the best interest of our clients. Personal trading by employees is monitored under our Code of Ethics to reasonably prevent conflicts of interest with our clients.

#### Cybersecurity Practices

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

### **Item 12 – Brokerage Practices**

We maintain trading relationships with several broker-dealers. For separately managed accounts, while clients may direct us to effect transactions for their account with a particular broker-dealer (see "Directed Brokerage" below), we generally recommend that clients establish an account with a brokerage firm with which we have an existing relationship. Where we have discretion to select broker-dealers to execute client transactions, we seek to ensure that the broker-dealers are doing so in a competitive fashion for our clients. Specifically, in choosing a broker-dealer to execute a transaction, we seek to obtain "best execution" for the affected client's account, meaning a combination of the best net price and execution under the circumstances. We determine which broker-dealer provides best execution by taking into account the following non-exhaustive list of considerations, as applicable: (i) the ability of the broker or dealer to effect prompt and reliable



executions at favorable prices (including the applicable dealer spread or commission, if any), (ii) the operational efficiency with which transactions are effected (taking into account the size of the order and difficulty of execution), (iii) the financial strength, integrity and stability of the broker or dealer, (iv) the quality, comprehensiveness and frequency of available research services considered to be of value, and (v) the competitiveness of commission rates in comparison with other brokers satisfying our selection criteria. In recognition of the value of research services and additional brokerage products and services (discussed further under “Soft Dollar Practices” below), we may pay higher commissions and/or trading costs than those that may be available elsewhere. In addition, although such products and services may generally benefit our firm, they may not directly relate to transactions executed on behalf of a client.

### Soft Dollar Practices

In selecting or recommending a broker-dealer, we will consider the value of research and additional brokerage products and services a broker-dealer has provided or will provide to our clients and our firm. Research products our firm may receive from broker-dealers may consist of economic surveys, data and analyses, financial publications and recommendations or other information about particular companies and industries (through research reports and otherwise).

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

“Soft dollars” refers to the receipt by an investment adviser of products and services that brokers provide, without making any separate cash payments for such products or services, based on the volume of commission revenues generated from securities transactions placed with those brokers on behalf of the adviser’s clients. The products and services available from brokers include both internally generated items (such as research reports prepared by the broker’s employees) as well as items acquired by the broker from third parties (such as quotation equipment). Section 28(e) of the Securities Exchange Act of 1934, as amended, provides a “safe harbor” to investment advisers who use soft dollars generated by their client accounts to obtain investment research and brokerage services that provide lawful and appropriate assistance to the investment manager in the performance of investment decision-making responsibilities. Research products and services that are provided to all investment advisers who utilize a broker are not necessarily considered to be paid for with soft dollars.

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

For the sake of clarification, our firm uses research to assist us in making our investment decisions, not just for those accounts whose commissions may be considered to have been used to pay for such research.

### Directed Brokerage

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

### Aggregation of Orders

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

## **Item 13 – Review of Accounts**

### Review of Accounts

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

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

## Reports to Clients

We may provide periodic performance reports upon request. In addition, separately managed accounts clients will receive written statements directly from the account custodian on at least a quarterly basis.

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

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

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

### **Item 15 – Custody**

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

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

### **Item 16 – Investment Discretion**

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

In all cases, we exercise our discretion in a manner consistent with the stated investment objectives of the account.

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

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

We have adopted proxy voting policies and procedures designed to ensure that proxies are voted in the best interests of our clients. Proxy voting decisions will be made in light of the anticipated impact of the vote on the desirability of maintaining an investment in a company, from the viewpoint of the best interests of the clients, without regard to any other interests. Neither the clients, nor the investors in the clients, may direct our vote in a particular solicitation.

For clients for whom we vote, the firm has retained a third party service provider, ProxyEdge, to assist with the voting of proxies. ProxyEdge is an independent third party that specializes in providing a variety of fiduciary-level proxy-related services to institutional investment managers. The services provided to us include in-depth research, voting recommendations, vote execution and recordkeeping.

At times, the firm and/or ProxyEdge may not be able to vote proxies on behalf of clients when clients' holdings are in countries that restrict trading activity around proxy votes or when clients lend securities to third parties. In furtherance of our voting proxies in the best interest of a client, we seek to identify and address material conflicts of interest, if any, between us and the applicable client with respect to the voting of any proxy on behalf of that client. If a material conflict of interest exists, we will determine whether voting in accordance with our proxy voting policies and procedures is in the best interest of the client or whether an alternative voting method should be implemented. We will maintain a written record of the method used to resolve any material conflict of interest in the voting of any proxy.

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

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

#### **Item 18 – Financial Information**

Item 18 is not applicable to us.

## **PRIVACY NOTICE**

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

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

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

Before we may disclose non-public personal information about you to a non-affiliated third party, other than pursuant to the exceptions described above, we must provide you with an initial privacy policy notice and an opt-out notice. The opt-out notice would describe our planned disclosures and give you a reasonable opportunity to decline permission to make those disclosures. Because we do not disclose non-public personal information to non-affiliated third parties, other than pursuant to the exceptions described above, we are not required to provide you with an opt out notice.

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

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