

Kestrel Investment Management Corp.  
**Form CRS- Client Relationship Summary – June 30, 2020**

Item 1. Introduction

Kestrel Investment Management Corp. is registered with the U.S. Securities and Exchange Commission (“SEC”) as an investment adviser. Clients and prospective clients should be aware that brokerage and investment advisory services and fees differ, and it is important for retail investors to understand the differences. Free and simple tools are available to research firms and financial professionals at [Investor.gov/CRS](http://Investor.gov/CRS), which also provides educational materials about broker-dealers, investment advisers, and investing.

Item 2. Relationships and Services

**What investment services and advice can you provide me?**

**Services:** We provide fee-based, separate account investment management services directly to high net worth individuals, along with trusts, charitable organizations, and other institutional investors, on a discretionary basis. Our firm engages in no business activities other than fee-based investment management. Our services are offered primarily through your financial advisor and the account you maintain with your broker-dealer, bank, investment advisory firm, or other financial institution. We do not custody or take possession of your assets. Your financial advisor works with you to examine your current financial situation and financial goals, to understand your risk tolerance and investment time horizon, and to develop your overall financial plan/investment strategy. As part of your overall strategy, you (or your financial advisor) may employ our strategy with respect to a portion of your assets. We will monitor your separately managed account and will purchase and sell securities in the account, consistent with our small cap value investment strategy. If you use a financial advisor, we typically only communicate with your financial advisor or financial institution and have no direct contact with you. However, we also offer services directly to clients (if you do not use a financial advisor).

**Requirements to open and maintain an account:** We generally require separately managed accounts to have a minimum initial account value of \$10,000,000.

**Additional Information:** Additional information on relationships, fees and services can be found in our Form ADV, Part 2A which is available on the SEC’s website at [adviserinfo.sec.gov/firm/summary/106789](http://adviserinfo.sec.gov/firm/summary/106789).

**Conversation Starter – Ask your financial professional:**

Given my financial situation, should I choose an investment advisory service? Why or why not?  
How will you choose investments to recommend to me? What is your relevant experience, including your licenses, education, and other qualifications? What do these qualifications mean?

Item 3. Fees, Costs, Conflicts and Standard of Conduct

**What fees will I pay?**

**Principal Fees and Costs:** Our fees are based on a percentage of the value of the assets in your separately managed account for which we are providing services (as agreed in your contract with us). A general fee schedule for investment advisory services provided directly to clients is included in our Form ADV, Part 2A which is available on the SEC’s website at [adviserinfo.sec.gov/firm/summary/106789](http://adviserinfo.sec.gov/firm/summary/106789). Because fees are negotiable, the actual percentage amount you pay may be different than that shown on the schedule. Our fees are generally paid quarterly, in advance, although this is negotiable. Clients are billed directly for fees, Kestrel will not directly deduct fees from separate accounts.

Our fees are exclusive of charges imposed by custodians, brokers, and other third parties, such as custodial fees, markups and markdowns on principal transactions, brokerage commissions, transactions fees, sales charges, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Kestrel does not receive any portion of these charges.

**Additional Information:** You will pay fees and costs whether you make or lose money on your investments. Fees and costs will reduce any amount of money you make on your investments over time. Please make sure you understand what fees and

costs you are paying. Additional information can be found in our Form ADV, Part 2A which is available on the SEC's website at [adviserinfo.sec.gov/firm/summary/106789](http://adviserinfo.sec.gov/firm/summary/106789).

**Conversation Starter – Ask your financial professional:**

Help me understand how these fees and costs might affect my investments. If I give you \$100,000 to invest, how much will go to fees and costs, and how much will be invested for me?

**Conflicts and Standard of Conduct**

**What are your legal obligations to me when acting as my investment adviser? How else does your firm make money and what conflicts of interest do you have?**

When we act as your investment adviser, we are required to act in your best interest and not put our interest ahead of yours. At the same time, the way we make money creates some conflicts with your interests. You should understand and ask us about these conflicts because they can affect the investment advice we provide you. Here are some examples to help you understand what this means:

- (1) We have discretion to select broker-dealers to execute transactions. Form ADV, Part 2A describes the conflicts of interest we have with respect to broker-dealers that provide us research and brokerage services.
- (2) Kestrel clients that pay different fees buy or sell the same security. Form ADV, Part 2A describes the conflict of interest we have with managing accounts with different fees. Our Code of Ethics, describes our standards of business conduct, potential conflicts of interest, and fiduciary duties.

**Conversation Starter – Ask your financial professional:**

How might your conflicts of interest affect me, and how will you address them?

**Additional information:** Additional information on conflicts of interest can be found in our Form ADV, Part 2A which is available on the SEC's website at [adviserinfo.sec.gov/firm/summary/106789](http://adviserinfo.sec.gov/firm/summary/106789).

**How do your financial professionals make money?**

We are 100% owned by our two principals, David Steirman and Abbott Keller. The firm's owners are ultimately paid based on the long-term performance of our business, which is based on the long-term performance of our strategies as well as the overall profitability of the firm. Employees are compensated with a base salary and a discretionary bonus based on the firm's profitability.

Item 4. Disciplinary History

**Do you or your financial professionals have legal or disciplinary history?**

No. We have no legal or disciplinary history to report. You can visit [Investor.gov/CRS](http://Investor.gov/CRS) for free and simple search tools to research us and our financial professionals.

**Conversation Starter – Ask your financial professional:**

As a financial professional, do you have any disciplinary history? For what type of conduct?

Item 5. Additional Information

If you have any questions about our services or if you wish to request a copy of the relationship summary, please contact us at 650-572-9469 or [service@kestrelinvestment.com](mailto:service@kestrelinvestment.com). Additional information is also available on the SEC's website at [adviserinfo.sec.gov](http://adviserinfo.sec.gov).

**Conversation Starter – Ask your financial professional:**

Who is my primary contact person? Is he or she a representative of an investment adviser or broker-dealer? Who can I talk to if I have concerns about how his person is treating me?