

## Uniform Application for Investment Adviser Registration

## OMB APPROVAL

OMB Number: 3235-0049  
 Expires: February 28, 2011  
 Estimated average burden  
 hours per response . . . . .4.07

Name of Investment Adviser:

STONE RUN CAPITAL, LLC

Address: (Number and Street)

600 FIFTH AVENUE

(City)

NEW YORK

(State)

NY

(Zip Code)

10020

Area Code: Telephone number:

(212) 830-5387

This part of Form ADV gives information about the investment adviser and its business for the use of clients.  
 The information has not been approved or verified by any governmental authority.

## Table of Contents

<u>Item Number</u>	<u>Item</u>	<u>Page</u>
1	Advisory Services and Fees . . . . .	2
2	Types of Clients . . . . .	2
3	Types of Investments . . . . .	3
4	Methods of Analysis, Sources of Information and Investment Strategies . . . . .	3
5	Education and Business Standards . . . . .	4
6	Education and Business Background . . . . .	4
7	Other Business Activities . . . . .	4
8	Other Financial Industry Activities or Affiliations . . . . .	4
9	Participation or Interest in Client Transactions . . . . .	5
10	Conditions for Managing Accounts . . . . .	5
11	Review of Accounts . . . . .	5
12	Investment or Brokerage Discretion . . . . .	6
13	Additional Compensation . . . . .	6
14	Balance Sheet . . . . .	6
	Continuation Sheet . . . . .	Schedule F
	Balance Sheet, if required . . . . .	Schedule G

(Schedules A, B, C, and D, are included with Part I of this Form, for the use of regulatory bodies, and are not distributed to clients.)

Potential persons who are to respond to the collection of information contained in this form  
 are not required to respond unless the form displays a currently valid OMB control number.

1. **A. Advisory Services and Fees.** (check the applicable boxes)

For each type of service provided, state the approximate % of total advisory billings from that service. (See instructions below.)

Applicant:

<input checked="" type="checkbox"/>	(1)	Provides investment supervisory services . . . . .	<b>100 %</b>
<input type="checkbox"/>	(2)	Manages investment advisory accounts not involving investment supervisory services . . . . .	<b>0 %</b>
<input type="checkbox"/>	(3)	Furnishes investment advice through consultations not included in either service described above . . . . .	<b>0 %</b>
<input type="checkbox"/>	(4)	Issues periodicals about securities by subscription . . . . .	<b>0 %</b>
<input type="checkbox"/>	(5)	Issues special reports about securities not included in any service described above . . . . .	<b>0 %</b>
<input type="checkbox"/>	(6)	Issues, not as part of any service described above, any charts, graphs, formulas, or other devices which clients may use to evaluate securities . . . . .	<b>0 %</b>
<input type="checkbox"/>	(7)	On more than an occasional basis, furnishes advice to clients on matters not involving securities . . . . .	<b>0 %</b>
<input type="checkbox"/>	(8)	Provides a timing service . . . . .	<b>0 %</b>
<input type="checkbox"/>	(9)	Furnishes advice about securities in any manner not described above . . . . .	<b>0 %</b>

(Percentages should be based on applicant's last fiscal year. If applicant has not completed its first fiscal year, provide estimates of advisory billings for that year and state that the percentages are estimates.)

B. Does applicant call any of the services it checked above financial planning or some similar term? . . . . . Yes ☐ No ☒

C. Applicant offers investment advisory services for: (check all that apply)

- |   |  |
|---|--|
| <input checked="" type="checkbox"/> (1) A percentage of assets under management | <input type="checkbox"/> (4) Subscription fees |
| <input type="checkbox"/> (2) Hourly charges                                     | <input type="checkbox"/> (5) Commissions       |
| <input type="checkbox"/> (3) Fixed Fees (not including subscription fees)       | <input checked="" type="checkbox"/> (6) Other  |

D. For each checked box in A above, describe on Schedule F:

- the services provided, including the name of any publication or report issued by the adviser on a subscription basis or for a fee
- applicant's basic fee schedule, how fees are charged and whether its fees are negotiable
- when compensation is payable, and if compensation is payable before service is provided, how a client may get a refund or may terminate an investment advisory contract before its expiration date

2. **Types of clients** - Applicant generally provides investment advice to: (check those that apply)

- |  |   |
|--|---|
| <input checked="" type="checkbox"/> A. Individuals           | <input checked="" type="checkbox"/> E. Trusts, estates, or charitable organizations         |
| <input type="checkbox"/> B. Banks or thrift institutions     | <input type="checkbox"/> F. Corporations or business entities other than those listed above |
| <input type="checkbox"/> C. Investment companies             | <input checked="" type="checkbox"/> G. Other (describe on Schedule F)                       |
| <input type="checkbox"/> D. Pension and profit sharing plans |   |

**Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1).**

**3. Types of Investments.** Applicant offers advice on the following: (check those that apply)

- |  |  |
|--|--|
| <input checked="" type="checkbox"/> A. Equity securities                                       | <input checked="" type="checkbox"/> H. United States government securities |
| <input checked="" type="checkbox"/> (1) exchange-listed securities                             | <input type="checkbox"/> I. Options contracts on:                          |
| <input checked="" type="checkbox"/> (2) securities traded over-the-counter                     | <input type="checkbox"/> (1) securities                                    |
| <input checked="" type="checkbox"/> (3) foreign issuers  | <input checked="" type="checkbox"/> (2) commodities                        |
| <input checked="" type="checkbox"/> B. Warrants  | <input type="checkbox"/> J. Futures contracts on:                          |
| <input checked="" type="checkbox"/> C. Corporate debt securities (other than commercial paper) | <input type="checkbox"/> (1) tangibles                                     |
| <input checked="" type="checkbox"/> D. Commercial paper  | <input type="checkbox"/> (2) intangibles                                   |
| <input checked="" type="checkbox"/> E. Certificates of deposit                                 | <input type="checkbox"/> K. Interests in partnerships investing in:        |
| <input checked="" type="checkbox"/> F. Municipal securities                                    | <input type="checkbox"/> (1) real estate                                   |
| <input type="checkbox"/> G. Investment company securities:                                     | <input type="checkbox"/> (2) oil and gas interests                         |
| <input type="checkbox"/> (1) variable life insurance   | <input checked="" type="checkbox"/> (3) other (explain on Schedule F)      |
| <input type="checkbox"/> (2) variable annuities  | <input type="checkbox"/> L. Other (explain on Schedule F)                  |
| <input type="checkbox"/> (3) mutual fund shares  |  |

**4. Methods of Analysis, Sources of Information, and Investment Strategies.****A.** Applicant's security analysis methods include: (check those that apply)

- |   |  |
|---|--|
| (1) <input checked="" type="checkbox"/> Charting    | (4) <input type="checkbox"/> Cyclical                      |
| (2) <input checked="" type="checkbox"/> Fundamental | (5) <input type="checkbox"/> Other (explain on Schedule F) |
| (3) <input checked="" type="checkbox"/> Technical   |  |

**B.** The main sources of information applicant uses include: (check those that apply)

- |   |   |
|---|---|
| (1) <input checked="" type="checkbox"/> Financial newspapers and magazines    | (5) <input checked="" type="checkbox"/> Timing services   |
| (2) <input checked="" type="checkbox"/> Inspections of corporate activities   | (6) <input checked="" type="checkbox"/> Annual reports, prospectuses, filings with the Securities and Exchange Commission |
| (3) <input checked="" type="checkbox"/> Research materials prepared by others | (7) <input checked="" type="checkbox"/> Company press releases  |
| (4) <input checked="" type="checkbox"/> Corporate rating services             | (8) <input type="checkbox"/> Other (explain on Schedule F)  |

**C.** The investment strategies used to implement any investment advice given to clients include: (check those that apply)

- |   |  |
|---|--|
| (1) <input checked="" type="checkbox"/> Long term purchases (securities held at least a year) | (5) <input checked="" type="checkbox"/> Margin transactions  |
| (2) <input checked="" type="checkbox"/> Short term purchases (securities sold within a year)  | (6) <input checked="" type="checkbox"/> Option writing, including covered options, uncovered options or spreading strategies |
| (3) <input checked="" type="checkbox"/> Trading (securities sold within 30 days)              | (7) <input type="checkbox"/> Other (explain on Schedule F)   |
| (4) <input checked="" type="checkbox"/> Short sales   |  |

**Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1).**

**5. Education and Business Standards.**

Are there any general standards of education or business experience that applicant requires of those involved in determining or giving investment advice to clients? .....

Yes ☒ No ☐

(If yes, describe these standards on Schedule F.)

**6. Education and Business Background**

For:

- each member of the investment committee or group that determines general investment advice to be given to clients, or
- if the applicant has no investment committee or group, each individual who determines general investment advice given to clients (if more than five, respond only for their supervisors)
- each principal executive officer of applicant or each person with similar status or performing similar functions.

On Schedule F, give the:

- |                 |  |
|-----------------|--|
| • name          | • formal education after high school               |
| • year of birth | • business background for the preceding five years |

**7. Other Business Activities.** (check those that apply)

- ☐ A. Applicant is actively engaged in a business other than giving investment advice.
- ☐ B. Applicant sells products or services other than investment advice to clients.
- ☐ C. The principal business of applicant or its principal executive officers involves something other than providing investment advice.

(For each checked box describe the other activities, including the time spent on them, on Schedule F.)

**8. Other Financial Industry Activities or Affiliations.** (check those that apply)

- ☐ A. Applicant is registered (or has an application pending) as a securities broker-dealer.
- ☐ B. Applicant is registered (or has an application pending) as a futures commission merchant, commodity pool operator or commodity trading adviser.
- C. Applicant has arrangements that are material to its advisory business or its clients with a related person who is a:
- |  |  |
|--|--|
| <input type="checkbox"/> (1) broker-dealer   | <input type="checkbox"/> (7) accounting firm                                       |
| <input type="checkbox"/> (2) investment company  | <input type="checkbox"/> (8) law firm  |
| <input type="checkbox"/> (3) other investment adviser  | <input type="checkbox"/> (9) insurance company or agency                           |
| <input type="checkbox"/> (4) financial planning firm   | <input type="checkbox"/> (10) pension consultant                                   |
| <input type="checkbox"/> (5) commodity pool operator, commodity trading advisor or futures commission merchant | <input type="checkbox"/> (11) real estate broker or dealer                         |
| <input type="checkbox"/> (6) banking or thrift institution   | <input type="checkbox"/> (12) entity that creates or packages limited partnerships |

(For each checked in box in C, on Schedule F identify the related person and describe the relationship and the arrangements.)

- D. Is applicant or a related person a general partner in any partnership in which clients are solicited to invest? Yes ☒ No ☐

(If yes, describe on Schedule F the partnerships and what they invest in.)

**Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1).**

**9. Participation or Interest in Client Transactions.**

Applicant or a related person: (check those that apply)

- ☐ A. As principal, buys securities for itself from or sells securities it owns to any client.
- ☐ B. As broker or agent effects securities transactions for compensation for any client.
- ☐ C. As broker or agent for any person other than a client effects transactions in which client securities are sold to or bought from a brokerage customer.
- ☒ D. Recommends to clients that they buy or sell securities or investment products in which the applicant or a related person has some financial interest.
- ☒ E. Buys or sells for itself securities that it also recommends to clients.

(For each box checked, describe on Schedule F when the applicant or a related person engages in these transactions and what restrictions, internal procedures, or disclosures are used for conflicts of interest in those transactions.)

Describe, on Schedule F, your code of ethics, and state that you will provide a copy of your code of ethics to any client or prospective client upon request.

- 10. Conditions for Managing Accounts.** Does the applicant provide investment supervisory services, manage investment advisory accounts or hold itself out as providing financial planning or some similarly termed services and impose a minimum dollar value of assets or other conditions for starting or maintaining an account? . . . . .

Yes No  
☒ ☐

(If yes, describe on Schedule F)

- 11. Review of Accounts.** If applicant provides investment supervisory services, manages investment advisory accounts, or holds itself out as providing financial planning or some similarly termed services:

- A. Describe below the reviews and reviewers of the accounts. **For reviews**, include their frequency, different levels, and triggering factors. **For reviewers**, include the number of reviewers, their titles and functions, instructions they receive from applicant on performing reviews, and number of accounts assigned each.

The Funds' positions are reviewed daily and all individually managed accounts are reviewed at least once weekly. The reviews assess asset allocation, appropriate level of portfolio risk relative to individual client objectives, the current macroeconomic environment, and specific security selection. While there is a high degree of commonality among SRC's clients, differences exist because of differing objectives, capitalization, flow of capital, need for liquidity, need for income, tax consideration and time the account started under Applicant's management. Account performance is computed weekly and reviewed by the Managing Members.

The reviews are completed by SRC's two managing members, who principally are engaged in security analysis and portfolio management. The goal is to limit financial risk while preserving and growing clients' capital. SRC's two managing members pursue this process together and share responsibility for the accounts.

- B. Describe below the nature and frequency of regular reports to clients on their accounts.

Limited Partners of Alpha Associates, L.P. and Stone Run Capital Partners, L.P. are sent a quarterly letter discussing performance and general economic, political and market conditions and receive audited financial statements of the Fund annually.

Clients with individual accounts are sent monthly statements and quarterly appraisals of their accounts accompanied by a letter reviewing performance.

**Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1).**

**12. Investment or Brokerage Discretion.**

A. Does applicant or any related person have authority to determine, without obtaining specific client consent, the:

- |  | Yes                                 | No                       |
|--|-------------------------------------|--------------------------|
| (1) securities to be bought or sold? .....               | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| (2) amount of the securities to be bought or sold? ..... | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| (3) broker or dealer to be used? .....                   | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| (4) commission rates paid? .....                         | <input checked="" type="checkbox"/> | <input type="checkbox"/> |

B. Does applicant or a related person suggest brokers to clients? .....

Yes No  
☐ ☒

For each yes answer to A describe on Schedule F any limitations on the authority. For each yes to A(3), A(4) or B, describe on Schedule F the factors considered in selecting brokers and determining the reasonableness of their commissions. If the value of products, research and services given to the applicant or a related person is a factor, describe:

- the products, research and services
- whether clients may pay commissions higher than those obtainable from other brokers in return for those products and services
- whether research is used to service all of applicant's accounts or just those accounts paying for it; and
- any procedures the applicant used during the last fiscal year to direct client transactions to a particular broker in return for product and research services received.

**13. Additional Compensation.**

Does the applicant or a related person have any arrangements, oral or in writing, where it:

- |   |  |   |
|---|--|---|
| A. is paid cash by or receives some economic benefit (including commissions, equipment or non-research services) from a non-client in connection with giving advice to clients? ..... | Yes<br><input checked="" type="checkbox"/> | No<br><input type="checkbox"/>            |
| B. directly or indirectly compensates any person for client referrals? .....  | Yes<br><input type="checkbox"/>            | No<br><input checked="" type="checkbox"/> |

(For each yes, describe the arrangements on Schedule F.)

**14. Balance Sheet.** Applicant must provide a balance sheet for the most recent fiscal year on Schedule G if applicant:

- has custody of client funds or securities (unless applicant is registered or registering only with the Securities and Exchange); or
- requires prepayment of more than \$500 in fees per client and 6 or more months in advance

Has applicant provided a Schedule G balance sheet? .....

Yes	No
<input type="checkbox"/>	<input checked="" type="checkbox"/>

**Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1).**

**Schedule F of****Form ADV**

Continuation Sheet for Form ADV Part II

Adviser:

**STONE RUN CAPITAL, LLC**SEC File  
Number:

801- 152078

Date:

5/17/2010

1. Full name of Adviser exactly as stated in Item 1A of Part I of Form ADV:

**Stone Run Capital, LLC**

IRS Empl. Ident. No.:

**27-0991927**Item of Form  
(identify)

Answer

1.D

**Investment Supervisory Services**

Stone Run Capital, LLC ("SRC" or the "Adviser"), a Delaware limited liability company, was founded in October, 2009.

The Adviser provides investment advisory services, relating primarily to equity and fixed income assets, on a discretionary basis to clients that are individuals as well as pooled investment vehicles (each, a "Fund"). SRC's philosophy is oriented toward the preservation of capital and long-term appreciation. SRC focuses on fundamental research to determine a portfolio of stocks that SRC believes will provide superior risk-adjusted returns over a complete market cycle. Money market reserves typically range from 5% to 50% depending on market conditions. Account fees are generally charged quarterly in advance and are based on the value of the account's net assets on the last business day of the preceding quarter.

**Fee Schedules**

The investment management fee for the Funds, Alpha Associates, L.P. and Stone Run Capital Partners, L.P., is .375% quarterly. Generally, fees are neither negotiable nor refundable, however SRC may waive or modify fees for certain strategic investors. The Adviser serves as the sole General Partner to the Funds and currently receives no additional incentive or performance based compensation. In the future, certain limited partners of Stone Run Capital Partners, L.P. will be subject to an incentive allocation equal to 10% of net profits allocated to them in any fiscal year, consistent with the Investment Advisers Act of 1940 ("Advisers Act") and Rule 205-3 thereunder to the extent applicable.

The investment management fee for individually managed accounts is based upon the asset allocation mix of the specific account. Generally, fees for (i) equity assets are .375% quarterly and (ii) for fixed income assets are .25% annually.

Compensation is payable according to the fee schedule. If SRC does not manage a Fund or an Account for a full quarter, the investment management fee charged to such Fund or Account will be pro-rated to reflect such shorter period.

Clients may terminate the agreement for individually managed accounts at any time. Investors in the Funds may generally withdraw capital as of the last day of each quarter on 30 days' prior written notice. Withdrawal rights applicable to investors in the Funds are governed by the limited partnership agreement or other organizational document applicable to each particular entity. The Adviser has the discretion to waive any of the withdrawal terms, including the notice period.

Complete amended pages in full, circle amended items and file with execution page (page 1).

**Schedule F of****Form ADV**

Continuation Sheet for Form ADV Part II

Adviser:

**STONE RUN CAPITAL, LLC**SEC File  
Number:

801- 152078

Date:

5/17/2010

1. Full name of Adviser exactly as stated in Item 1A of Part I of Form ADV:

**Stone Run Capital, LLC**

IRS Empl. Ident. No.:

**27-0991927**Item of Form  
(identify)

Answer

2.G

**Types of Clients**

The Adviser also provides investment advice to foundations (through separate managed accounts) and limited partnerships. Limited partnership investors must satisfy certain minimum eligibility requirements established under applicable securities laws prior to investing. SRC expects each limited partnership to qualify for exemption from the definition of "investment company" under the Investment Company Act of 1940, as amended ("1940 Act"), under either Section 3(c)(1) or 3(c)(7). Information in this document that relates to the private funds is designed to satisfy the requirements of SEC Form ADV only. This document is not an offer of interests in any pooled investment vehicle.

5.

**Education and Business Standards**

Although the Adviser has no formal policy, each member of the investment group has a college degree, advanced educational degree, and prior business experience before joining the Adviser. The Adviser expects to hire individuals either possessing or in the process of pursuing a college degree.

6.

**Education and Business Background**

The education and business backgrounds of the Managing Members of the Adviser:

ROBERT HOERLE, (b. 1933), Managing Member. Mr. Hoerle is a Managing Member of the Adviser since October, 2009, prior to which, he served as investment consultant to Reich & Tang Asset Management, LLC since 1998. Formerly, Mr. Hoerle served as the Chairman for Reich & Tang, Inc. from 1972 - 1998. Prior to joining Reich & Tang, Mr. Hoerle worked at F.S. Smithers & Co. from 1962-1971. Mr. Hoerle has a B.A. from Yale University (1957) and an M.B.A. from Harvard University (1962).

JEFFREY HOERLE, (b. 1967), Managing Member. Mr. Hoerle is a Managing Member of the Adviser since October, 2009. Prior to which, he served as Analyst and Portfolio Manager at Reich & Tang Asset Management, LLC since 2003. Formerly, he worked at Ovid Technologies, Inc. from 1993 in a number of roles including Chief Operating Officer and Chief Financial Officer. Mr. Hoerle worked at Macmillan Publishing from 1991-1993 as a Production Associate and Production Manager. Mr. Hoerle has a B.A. from Yale University (1990) and an E.M.B.A. from Columbia University (1997).

Complete amended pages in full, circle amended items and file with execution page (page 1).



**Schedule F of****Form ADV**

Continuation Sheet for Form ADV Part II

Adviser:

**STONE RUN CAPITAL, LLC**SEC File  
Number:

801- 152078

Date:

5/17/2010

1. Full name of Adviser exactly as stated in Item 1A of Part I of Form ADV:

**Stone Run Capital, LLC**

IRS Empl. Ident. No.:

**27-0991927**Item of Form  
(identify)

Answer

8.D

**Other Financial Industry Activities or Affiliations**

As noted above, the Adviser is the general partner of Alpha Associates, L.P. and Stone Run Capital Partners, L.P., each a New York limited partnership.

9. D, E

**Participation or Interest in Client Transactions**

SRC may act as investment manager to numerous accounts. SRC is not obligated to refrain from investing in securities held in the accounts it manages except to the extent that such investments violate the Code of Ethics (the "Code") adopted by SRC.

From time to time, access persons of SRC may have interests in securities owned by or recommended to clients. As these situations may represent potential conflicts of interest, SRC has implemented procedures relating to personal securities transactions and insider trading that are designed to prevent actual conflicts of interest.

**Code of Ethics****General**

SRC has adopted a Code of Ethics pursuant to Rule 204A-1 under the Advisers Act (the "Code"). All partners, officers and employees of SRC are subject to the Code. In general, the Code is designed to ensure that SRC and its employees comply with applicable federal securities laws and ensure that the Firm meets its fiduciary obligations to its clients. The Code describes the fiduciary obligations of SRC and its personnel, and obligates all SRC partners, officers, and employees (collectively, "Access Persons") to put the interests of Adviser's clients before their own personal interests, and to act honestly and fairly in all respects in their dealings with clients. The Code prohibits the misuse of material non-public information or any action that may create an appearance of misuse. Under the Code, employees are required to report any violations of the Code to SRC's chief compliance officer. On at least an annual basis, each employee is required to certify that he or she has read and understands the Code, and if applicable, has submitted certain reports, as described below.

**Trading**

In general, employees of SRC may buy or sell securities for their own accounts, including securities recommended to clients, securities representing ownership in a client, or securities that are the subject of transactions for client accounts.

Employee orders will not be given preferential treatment over client orders and the intent is to never have personal securities transactions in "covered securities" benefit the Adviser or its employees at the expense of the client. Employees will be charged

Complete amended pages in full, circle amended items and file with execution page (page 1).

**Schedule F of****Form ADV**

Continuation Sheet for Form ADV Part II

Adviser:

**STONE RUN CAPITAL, LLC**SEC File  
Number:

801- 152078

Date:

5/17/2010

1. Full name of Adviser exactly as stated in Item 1A of Part I of Form ADV:

**Stone Run Capital, LLC**

IRS Empl. Ident. No.:

**27-0991927**Item of Form  
(identify)

Answer

their pro rate share of the commissions plus their ticket charges when their orders are aggregated with client orders.

SRC permits its members, officers and employees to purchase and sell securities—some of which may be purchased or currently held in the Funds or other client accounts—for their own accounts. The personal securities transactions of these persons may raise potential conflicts of interest. The Code permits SRC personnel to trade in covered securities under specific provisions. If the personal securities transaction for a covered security is intended to occur on the same day as a client transaction for the same covered security, then the personal securities transaction will be executed as an “average price transaction” so that the client and SRC personnel receive the same purchase or sales price. If a client transaction has already been completed for the covered security, then SRC personnel cannot trade in the covered security unless at a less advantageous price. Trades will not be aggregated if disadvantageous to the client.

**Pre-clearance and Reporting**

The Code also requires that access persons pre-clear trades in certain securities referred to as “covered securities.” In general, covered securities include equity securities that trade in the secondary markets, and securities offered in private placements and initial public offerings. SRC’s access persons must also report their personal securities holdings and transactions quarterly. The firm’s chief compliance officer is responsible for reviewing requests for pre-clearance and for reviewing the personal holdings reports of access persons.

Clients of SRC may, upon request, obtain a copy of the Code by contacting Jeffrey Hoerle, Chief Compliance Officer of SRC at (212) 830-5387 or by email at [jhoerle@stoneruncapital.com](mailto:jhoerle@stoneruncapital.com).

**Insider Trading Policy**

SRC employees may, from time to time, come into possession of material nonpublic and other confidential information, which, if disclosed, might effect an investor’s decision to buy, sell, or hold a security. Under applicable law, access persons may be prohibited from disclosing or using such information for their personal benefit or for the benefit of any other person, regardless of whether such other person is a client. Accordingly, should access persons come into possession of material nonpublic or other confidential information with respect to any company or security, they may be prohibited from communicating such information to, or using such information for the benefit of clients. Further, access persons may be prohibited from the obligation or responsibility to disclose such information to, nor responsibility to use such information for the benefit of clients, when following policies and procedures

Complete amended pages in full, circle amended items and file with execution page (page 1).

**Schedule F of****Form ADV**

Continuation Sheet for Form ADV Part II

Adviser:

**STONE RUN CAPITAL, LLC**SEC File  
Number:

801- 152078

Date:

5/17/2010

1. Full name of Adviser exactly as stated in Item 1A of Part I of Form ADV:

**Stone Run Capital, LLC**

IRS Empl. Ident. No.:

**27-0991927**Item of Form  
(identify)

Answer

10.

designed to comply with law.

The Code contains an insider trading statement adopted in accordance with Advisers Act Section 204A, which establishes procedures to prevent the misuse of material nonpublic information by access persons. Any SRC officer, employee, or other access person who fails to observe the above-described policies risks serious sanctions, including dismissal and personal liability.

**Approval of Outside Business Activities**

The Code prohibits all of its employees from serving as members of the governing board of any other company, except with the written approval of the chief compliance officer.

**Conditions for Managing Accounts**

SRC provides investment supervisory services and seeks to manage accounts that are generally in excess of \$250,000.

The minimum initial investment in the Funds is generally \$250,000.

12.A

**Investment or Brokerage Discretion**

SRC renders advice primarily on a discretionary basis. When SRC has investment discretion, it is authorized to make all investment decisions and to direct the execution of all transactions for the client's account without consulting with the client subject to the investment objectives and investment guidelines applicable to the account.

Except for the general investment guidelines set forth in each client's respective offering memorandum or managed account agreement, there are no limitations on the authority of the Adviser with respect to the matters discussed in Item 12. The Adviser is authorized to determine the broker or dealer to be used for each securities transaction for a client account. In selecting brokers or dealers to execute transactions, the Adviser need not solicit competitive bids and does not have an obligation to seek the lowest available commission cost. It is not the Adviser's practice to negotiate "execution only" commission rates, thus a client may be deemed to be paying for research, brokerage or other services provided by the broker which are included in the commission rate.

Except for services that would be a Fund expense or as otherwise described below, the Adviser will generally limit the use of "soft dollars" to obtain research and brokerage services to services which constitute research and brokerage within the meaning of Section 28(e). Research services within Section 28(e) may include, but are not

Complete amended pages in full, circle amended items and file with execution page (page 1).

**Schedule F of****Form ADV**

Continuation Sheet for Form ADV Part II

Adviser:

**STONE RUN CAPITAL, LLC**SEC File  
Number:

801- 152078

Date:

5/17/2010

1. Full name of Adviser exactly as stated in Item 1A of Part I of Form ADV:

**Stone Run Capital, LLC**

IRS Empl. Ident. No.:

**27-0991927**Item of Form  
(identify)

Answer

limited to, research reports (including market research); certain financial newsletters and trade journals; software providing analysis of securities portfolios; corporate governance research and rating services; attendance at certain seminars and conferences; discussions with research analysts; meetings with corporate executives; consultants' advice on portfolio strategy; data services (including services providing market data, company financial data and economic data); advice from brokers on order execution; and certain proxy services. Brokerage services within Section 28(e) may include, but are not limited to, services related to the execution, clearing and settlement of securities transactions and functions incidental thereto (i.e., connectivity services between an adviser and a broker-dealer and other relevant parties such as custodians); trading software operated by a broker-dealer to route orders; software that provides trade analytics and trading strategies; software used to transmit orders; clearance and settlement in connection with a trade; electronic communication of allocation instructions; routing settlement instructions; post trade matching of trade information; and services required by the SEC or a self regulatory organization such as comparison services, electronic confirms or trade affirmations.

In some instances, the Adviser may receive a product or service that may be used only partially for functions within Section 28(e). In such instances, the Adviser will make a good faith effort to determine the relative proportion of the product or service used to assist the Adviser in carrying out its investment decision-making responsibilities and the relative proportion used for administrative or other purposes outside Section 28(e). The proportion of the product or service attributable to assisting the Adviser in carrying out its investment decision-making responsibilities will be paid through brokerage commissions generated by client transactions and the proportion attributable to administrative or other purposes outside Section 28(e) will be paid for by the Adviser from its own resources.

Research and brokerage services obtained by the use of commissions arising from a client's portfolio transactions may be used by the Adviser in its other investment activities and thus, a client account may not necessarily, in any particular instance, be the direct or indirect beneficiary of the research or brokerage services provided.

Although the Adviser will make a good faith determination that the amount of commissions paid is reasonable in light of the products or services provided by a broker, commission rates are generally negotiable and thus, selecting brokers on the basis of considerations that are not limited to the applicable commission rates may result in higher transaction costs than would otherwise be obtainable. The receipt of such products or services and the determination of the appropriate allocation in the case of "mixed use" products or services creates a potential conflict of interest between the Adviser and its clients.

In selecting brokers and negotiating commission rates, the Adviser will take into account the financial stability and reputation of brokerage firms, the size and type of

Complete amended pages in full, circle amended items and file with execution page (page 1).

**Schedule F of****Form ADV**

Continuation Sheet for Form ADV Part II

Adviser:

**STONE RUN CAPITAL, LLC**SEC File  
Number:

801- 152078

Date:

5/17/2010

1. Full name of Adviser exactly as stated in Item 1A of Part I of Form ADV:

**Stone Run Capital, LLC**

IRS Empl. Ident. No.:

**27-0991927**Item of Form  
(identify)

Answer

the transaction, the difficulty of execution, the ability to handle a block order and the research, brokerage or other services provided by such brokers. The Adviser may place transactions with a broker or dealer that (i) provides the Adviser (or an affiliate) with the opportunity to participate in capital introduction events sponsored by the broker-dealer or (ii) refer clients to the Adviser or other products advised by the Adviser (or an affiliate), if otherwise consistent with seeking best execution; provided the Adviser is not selecting the broker-dealer in recognition of the opportunity to participate in such capital introduction events or the referral of investors.

When appropriate, the Adviser may, but is not required to, aggregate client orders to achieve more efficient execution or to provide for equitable treatment among client accounts. Clients participating in aggregated trades will be allocated securities based on the average price achieved for such trades. Brokerage commission rates are not reduced as a result of such aggregation. In some instances, average pricing may result in higher or lower execution prices than otherwise obtainable by a single client.

**Allocation of Investment Opportunities**

While the Advisor does not generally anticipate facing investment opportunity allocation issues because the Advisor's investment program focuses on highly liquid securities, the policy for allocating investment opportunities prioritizes the Funds first followed by the individually managed accounts. Among the managed accounts, the considerations for priority will include: (i) cash availability and/or liquidity requirements; (ii) the time competing accounts have had funds available for investment or have had securities available for sale; (iii) investment objectives and restrictions; (iv) an account's participation in other opportunities; (v) tax considerations; and, (vi) relative size of portfolio holdings of the same or comparable securities. In general, SRC believes that it is more desirable for a smaller group of clients to hold a meaningful position in a particular security, which SRC views as one percent or more of an account's value, than for a larger group to hold a smaller position. Thus, under certain circumstances, SRC may allocate a disproportionate amount of a trade. When SRC is trading in a highly liquid security, SRC may allocate trades pro rata on the basis of the orders placed.

SRC may make recommendations and take actions with respect to a particular client's account that may be the same as, or different from, recommendations made, or the timing or nature of action taken, with respect to other client accounts or the personal accounts of employees.

**Trade Errors**

If it appears that a trade error has occurred, SRC will review the relevant facts and circumstances to determine an appropriate course of action. To the extent that trade

Complete amended pages in full, circle amended items and file with execution page (page 1).

**Schedule F of****Form ADV**

Continuation Sheet for Form ADV Part II

Adviser:

**STONE RUN CAPITAL, LLC**SEC File  
Number:

801- 152078

Date:

5/17/2010

1. Full name of Adviser exactly as stated in Item 1A of Part I of Form ADV:

**Stone Run Capital, LLC**

IRS Empl. Ident. No.:

**27-0991927**Item of Form  
(identify)

Answer

13.A.

errors and breaches of investment guidelines and restrictions occur, SRC's error correction policy is to ensure that its clients are treated fairly and, following any error correction, are in the same position they would have been if the error had not occurred. If SRC causes a trading error in a client account and SRC is in position to correct the error prior to settlement date by moving the erroneous trade to SRC's error account, it will do so, irrespective of the gain or loss realized in SRC's error account. Generally, if a trading error caused by SRC cannot be corrected prior to settlement, any loss is borne by SRC and any profit on the trade is kept by the client account. However, if a client account is not permitted, as a result of investment guideline or other restrictions, to retain gains from a trading error or if the trading error is of a de minimus amount, the gain from the error will be kept by SRC.

**Brokerage Arrangments – “soft dollars”**

See response to 12.A above.

**Summary of Proxy Voting Policy**

The Adviser has adopted Proxy Voting Policies and Procedures that are designed to ensure that the Adviser votes proxies with respect to client securities in the best interests of its clients. The Procedures also require that the Adviser identify and address conflicts of interest between the Adviser and its clients. If a material conflict of interest exists, the Adviser will determine whether voting in accordance with the guidelines set forth in the Procedures is in the best interests of the client or take some other appropriate action. The Adviser generally votes in favor of routine corporate housekeeping proposals, including election of directors (where no corporate governance issues are implicated).

Generally, the Adviser will vote against proposals that make it more difficult to replace members of a board of directors. For all other proposals, the Adviser will determine whether a proposal is in the best interests of its clients and may take into account the following factors, among others: (i) whether the proposal was recommended by management and the Adviser's opinion of management; (ii) whether the proposal acts to entrench existing management; and (iii) whether the proposal fairly compensates management for past and future performance.

Clients may obtain a copy of the Adviser's Procedures and information about how the Adviser voted a client's proxies by contacting Jeffrey Hoerle, the Adviser's Chief Compliance Officer at (212) 830-5387 or by email at [jhoerle@stoneruncapital.com](mailto:jhoerle@stoneruncapital.com).

Complete amended pages in full, circle amended items and file with execution page (page 1).

**Schedule F of****Form ADV**

Continuation Sheet for Form ADV Part II

Adviser:

**STONE RUN CAPITAL, LLC**SEC File  
Number:

801- 152078

Date:

5/17/2010

1. Full name of Adviser exactly as stated in Item 1A of Part I of Form ADV:

**Stone Run Capital, LLC**

IRS Empl. Ident. No.:

**27-0991927**Item of Form  
(identify)

Answer

**Notice of Privacy Policy**

SRC is committed to maintaining the confidentiality and security of information that we collect from customers. This privacy notice describes the nonpublic personal information ("Information") we collect and the circumstances under which we may share it with others. We may change our privacy policy at any time upon notice to you.

What type of Information does the Firm collect? We collect information directly from you when you apply for and use our financial products and services. For example, the Firm will retain any information that you provide during the account opening process or after you become a customer and any correspondence or communications that you have with the Firm or the third parties that perform services on our behalf. We also will have access to Information about your advisory account, such as your securities positions, account balances and transaction activity.

How does the Firm use the Information we collect? We use all of the Information that we collect, as described above, to provide you with the financial products and services that you request and to fulfill legal and regulatory requirements. We may share your Information with affiliated and unaffiliated persons, including service providers or other third parties that (i) provide business services to, or on behalf of, the Firm; (ii) facilitate the process of transactions that you request; (iii) assist us in servicing your account or offering products and services to you. The Firm may disclose your Information when we believe disclosure is required by law or to protect our rights or property. For example, we may disclose your Information for audit or research purposes, to attorneys or other professionals, or to law enforcement and regulatory agencies. We also may share personal information with your designated agent or other parties that you authorize.

Nothing in this privacy notice is intended to interfere with the ability of the Firm to transfer all or part of its business and/or assets to an affiliated or unaffiliated third party at any time, for any purpose, without any limitation whatsoever.

How does the firm protect your Information? The Firm restricts access to your information to those persons that need the Information to perform the services described above. The Firm also maintains physical, electronic, and procedural safeguards that comply with federal standards to guard your Information.

Whom does this privacy notice apply to? This privacy notice applies to individual customers and former customers who use the financial products and services offered by the Firm primarily for personal, family, or household purposes. The examples contained in this privacy notice are illustrations and are not intended to be comprehensive. You may have additional rights under other foreign or domestic laws that may apply to you.

Complete amended pages in full, circle amended items and file with execution page (page 1).

**Schedule F of****Form ADV**

Continuation Sheet for Form ADV Part II

Adviser:

**STONE RUN CAPITAL, LLC**SEC File  
Number:

801- 152078

Date:

5/17/2010

1. Full name of Adviser exactly as stated in Item 1A of Part I of Form ADV:

**Stone Run Capital, LLC**

IRS Empl. Ident. No.:

**27-0991927**Item of Form  
(identify)

Answer

Who should I contact if I want more information? Please let us know if we can answer any questions you may have regarding our privacy policies. You may contact us via telephone at 212.830.5357.

Complete amended pages in full, circle amended items and file with execution page (page 1).