

STONECASTLE ADVISORS, LLC

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March 31, 2015

Form ADV Part 2A BROCHURE

This Brochure provides information about the qualifications and business practices of StoneCastle Advisors, LLC (“StoneCastle” or the “Firm”). If you have any questions about the contents of this Brochure, please contact us at **212-354-6500**. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

StoneCastle is a registered investment adviser. Registration of an investment adviser does not imply any level of skill or training. The oral and written communications of an adviser provide you with information about which you determine to hire or retain an adviser.

Additional information about StoneCastle also is available on the SEC’s website at www.adviserinfo.sec.gov.

Item 2 – Material Changes

Please note the following material change from our most recent annual Form ADV Part 2A Brochure, dated March 31, 2014:

Patrick J. Farrell is the Firm's Chief Financial Officer.

At any time, you may view the current Disclosure Brochure on-line at the SEC's Investment Adviser Public Disclosure website at www.adviserinfo.sec.gov. You may also request a copy of this Disclosure Brochure, by contacting our Chief Compliance Officer, Rachel Schatten ("CCO") at (212) 354-6500 or rschatten@stonecastle.com.

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Item 4 – Advisory Business

StoneCastle Advisors, LLC was formed in 2003 and is a wholly-owned subsidiary of Stone Castle Partners, LLC. StoneCastle provides investment advisory services to institutional clients, including managed accounts, securitized asset funds or asset backed investment vehicles (“ABIV”).

StoneCastle offers investment advice only with respect to limited types of investments including fixed income securities (including, without limitation, trust preferred securities, subordinated debt securities and structured finance securities) issued by financial institutions (including, without limitation, banks, thrifts, credit unions or similar financial institutions or holding companies thereof) or special purpose vehicles or corporations, and to a lesser extent, equity securities.

Additionally, StoneCastle acts as collateral manager on the equity and mezzanine tranches of ABIVs collateralized by various asset classes, including capital securities issued by financial institutions, real estate and real estate backed securities, asset-backed securities, term B loans, pro-rata loans, middle market loans or other assets that StoneCastle deems attractive relative value perspective from time to time.

StoneCastle tailors its advisory services according to the individual needs and requests of clients. Additionally, clients may impose restrictions on investing in certain securities or types of securities. All such features and restrictions would be set forth in a client’s written agreement with StoneCastle.

As of December 31, 2014, StoneCastle had discretionary assets under management of approximately \$1,578,370,674.

As of December 31, 2014, StoneCastle had non-discretionary assets under management of \$0.

Item 5 – Fees and Compensation

Generally, StoneCastle charges a base management fee, based on assets under management, and in certain cases, an incentive fee based on the performance of the assets managed. All advisory fees are negotiated on a case by case basis and are set forth in the related advisory contract.

The specific manner in which fees are charged by StoneCastle is established in a client's written agreement with StoneCastle. StoneCastle's base management fee is payable periodically. Generally, performance fees are payable after investors have received a stipulated amount of cash proceeds, but will be determined on a case by case basis and will be set forth in the related advisory contract.

Base management fees and performance fees are disclosed in the offering documents related to each fund or ABIV.

Other potential client fees are negotiated and determined on a case by case basis and are set forth in the related advisory contract.

Whether fees are paid in advance or arrears is negotiated and determined on a case by case basis and is set forth in the related advisory contract. Generally, fees paid in advance would be non-refundable but such feature is negotiated and determined on a case by case basis and is set forth in the related advisory contract.

All investors and clients should review the relevant client advisory contract for complete information on fees and compensation payable to us. Because all of our clients are "qualified purchasers" as defined in the Investment Company Act of 1940, our fee schedule is omitted.

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

Performance fees are negotiated and determined on a case by case basis and will be set forth in the related advisory contract.

Performance-based arrangements may create an incentive for us to recommend investments that are more risky or speculative than those that would be recommended under a different fee arrangement. Performance-based arrangements also create an incentive to favor higher paying accounts over lower paying accounts in the allocation of investment opportunities.

To address the conflicts of interest associated with the allocation of trading and investment opportunities, we adopted an investment allocation policy. Our allocation policy seeks to ensure that we allocate investment opportunities across accounts fairly and equitably over time based upon our policies and procedures.

Item 7 – Types of Clients

StoneCastle currently provides investment management services to institutional clients including other pooled investment vehicles, managed accounts and securitized asset funds. Our investors may also include sophisticated family offices, high net-worth individuals, wealth management firms, banks and other financial institutions in the United States, Europe and Asia.

The terms and conditions of client accounts may vary depending on the type of services provided or the type of client, and these terms and conditions may vary from client to client. Furthermore, certain clients, such as private investment funds, generally impose investment minimums for investors in such funds. These investment minimums may be found in the applicable client documents, and we may reduce or waive such investment minimums.

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

Analysis

As part of its focus on fundamental analysis, StoneCastle selects its investments through rigorous initial and ongoing issuer screening and manages its portfolios using a conservative credit discipline, as supported by the high underlying credit quality of its investments. StoneCastle's emphasis on credit quality is evidenced through its rigorous analysis of the underlying collateral pools.

StoneCastle also believes it should understand every structural detail of a transaction in which it invests. Accordingly, StoneCastle conducts an in-depth review of the transaction documents and trustee reports and reverse engineers the cash flows for a transaction in order to derive an expected return for an investment using conservative assumptions of default rates, calls, etc.

After StoneCastle has identified a potential investment, StoneCastle (i) performs a credit analysis of the issuer or, in the case of an investment in a tranche of an ABIV, a credit analysis of every credit underlying the investment, and (ii) with respect to an investment in an ABIV, reverse engineers the transaction to identify the current expected return and the structural or legal features that may affect returns. In each step in the process, a senior officer of StoneCastle is involved.

After such detailed analysis of the investment is conducted by StoneCastle, our Investment Committee meets to discuss the merits of the investment (which may include the relative

value of the investment and the underlying collateral pool, the asset quality, the structural features, and how the investment contributes to the diversification of the investment portfolio for which the investment is being considered). This process is highly iterative between the committee members, where decisions can swing between buy/don't buy based upon ideas and perspectives that arise as each member discusses the target investment from his or her particular perspective.

Investment Strategies

The investment strategies used to implement any investment advice given to clients include long term purchases (securities held at least a year).

For managed accounts, StoneCastle's strategy is generally a "buy and hold" strategy – buy a security below its intrinsic value creating high cash-on-cash returns relative to the underlying risk. Generally, as long as the security is performing and the credits underlying the security are healthy, StoneCastle will not sell an investment. However, StoneCastle will take advantage of strategic selling opportunities when available.

StoneCastle uses the following as main sources of information: financial newspapers and magazines, inspections of corporate activities, research materials prepared by others, corporate rating services, annual reports, prospectuses, filings with the SEC, and company press releases.

StoneCastle also uses other public data bases (such as those available through FDIC, OTS, OCC and the Federal Reserve) to conduct its analysis.

Risk of Loss

Investing in securities involves risk of loss that clients should be prepared to bear. Stock markets and bond markets fluctuate substantially over time. In addition, as recent global and domestic economic events have indicated, performance of any investment is not guaranteed. As a result, there is a risk of loss of the assets we manage that will be out of our control. We cannot guarantee any level of performance or that you will not experience a loss of your account assets.

Item 9 – Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of StoneCastle or the integrity of StoneCastle management. StoneCastle has no information to disclose applicable

to this Item.

Item 10 – Other Financial Industry Activities and Affiliations

StoneCastle is part of a group of affiliated companies owned by StoneCastle Partners, LLC that engage in the financial services business. In some cases, StoneCastle has business arrangements with its related companies that are material to StoneCastle’s advisory business or to its clients. StoneCastle shares certain officers, supervised persons and physical location with the other StoneCastle affiliates. These arrangements may cause StoneCastle or a related person’s interests to diverge from the best interests of a client.

We refer to advisory affiliates and any person or company that is under common control with StoneCastle as “related persons.”

Neither StoneCastle, nor any of our management persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

StoneCastle is a related person of the following other entities:

- StoneCastle Partners, LLC (Investment Adviser)
- StoneCastle Investment Management, LLC (Investment Adviser)
- StoneCastle Loan Management, LLC (Investment Adviser)
- StoneCastle Cash Management, LLC (Registered Investment Adviser)
- StoneCastle Asset Management LLC (Registered Investment Adviser)
- StoneCastle Financial Corp. (Registered Investment Company)

Related Broker Dealer

Stone Castle is a related person of the following broker dealer:

- StoneCastle Securities, LLC

StoneCastle Securities, LLC (“StoneCastle Securities”), a registered broker-dealer and an affiliate of StoneCastle may, as part of the selling syndicate of the securities of an ABIV for which StoneCastle acts as collateral manager, receive compensation from such ABIV. The role of each of StoneCastle and StoneCastle Securities is disclosed in the Offering Circular for such transactions, and any conflicts of interest are disclosed in the Offering Circulars. Fees received by StoneCastle and StoneCastle Securities are also disclosed in such Offering Circular.

The following officers of StoneCastle are registered representatives of StoneCastle Securities: Joshua Siegel, and Rachel Schatten.

Item 11 – Code of Ethics

StoneCastle has adopted a Code of Ethics for all supervised persons of the Firm describing its high standard of business conduct, and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, restrictions on the acceptance of significant gifts and business entertainment items, and personal securities trading procedures, among other things. All supervised persons at StoneCastle must acknowledge the terms of the Code of Ethics at least annually, or as amended.

The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of StoneCastle will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Employee trading is continually monitored under the Code of Ethics, and to reasonably prevent conflicts of interest between StoneCastle and its clients.

To supervise compliance with its Code of Ethics, StoneCastle requires that access persons provide copies of their personal securities holdings and transaction reports to the Firm's CCO for review. Any individual not in observance of the above may be subject to disciplinary action, up to and including termination of employment.

Conflicts of Interest

StoneCastle is subject to certain conflicts of interest in management. The members of the Investment Committee may also act as the investment committee for other investment vehicles managed by our affiliates. These conflicts will arise primarily from the involvement of StoneCastle and its affiliates in other activities that may conflict with StoneCastle activities. StoneCastle and its affiliates engage in a broad spectrum of activities. In the ordinary course of their business activities, they may engage in activities where their interests or the interests of their clients may conflict with our interests. Other present and future activities of StoneCastle and its affiliates may give rise to additional conflicts of interest which may have a negative impact on StoneCastle and its clients.

Potential conflicts include those relating to allocation of investment opportunities. For example, it is possible that an investment opportunity may be suitable for more than one account managed by StoneCastle, but may not be available in sufficient quantities for all accounts to participate fully. Similarly, there may be limited opportunity to sell an investment held by multiple accounts. A conflict arises where the portfolio manager has an incentive to treat an account preferentially because the account pays StoneCastle or its affiliates a performance-based fee or the portfolio manager, StoneCastle or an affiliate has an ownership or other economic interest in the account. To address these conflicts of interest associated with the allocation of trading and investment opportunities, StoneCastle has adopted an investment allocation policy and trade allocation procedures that govern the allocation of portfolio transactions and investment opportunities across multiple advisory accounts, including affiliated accounts. StoneCastle allocates across accounts fairly and equitably over time based upon its policies and procedures.

StoneCastle acts as collateral manager to ABIVs for which it receives management fees. StoneCastle may recommend to other clients that they buy or sell securities issued by such ABIVs. StoneCastle will disclose its role as collateral manager prior to recommending the purchase of any securities issued by such ABIVs for a client.

As outlined in our Code of Ethics, the interests of client accounts will at all times be placed first and all employee personal securities transactions will be conducted in such a manner as to avoid any actual or potential conflicts of interest.

We will provide a copy of our Code of Ethics to clients or prospective clients upon request. Our contact information appears on the cover page of this Brochure.

Item 12 – Brokerage Practices

Selection of Broker-Dealers

StoneCastle generally has the authority to determine, without obtaining specific client consent, securities to be bought and sold, including the type, amount and price of the securities, the specific brokers used for the trades and the commission rates paid. As an investment adviser, StoneCastle has a fiduciary relationship to its clients. One of the specific duties that flow from this relationship is a duty to seek the best price and execution of client securities transactions when the adviser is in a position to direct brokerage transactions. It is StoneCastle's policy to always seek best execution for client securities

transactions.

The limitations on StoneCastle's authority to determine, without obtaining specific consent, the securities to be bought or sold, or the amount of the securities to be bought or sold, are set forth in the applicable management agreement that is negotiated with each client.

When StoneCastle is directing the purchase of a tranche of an ABIV for a client and such purchase is going to be made from a broker (as opposed to directly from an institutional investor), StoneCastle does not pay a commission. In this market, commissions are not charged. Rather, brokers "mark up" the prices of the securities. The amount of the mark-up is not disclosed to investors. The factors that StoneCastle considers in purchasing a tranche of an ABIV from a broker are the availability of the security (if any) from other sources and the price.

Aggregation and Allocation of Orders

StoneCastle may combine orders on behalf of an account with orders for other accounts for which it or it has trading authority, or in which it has an economic interest. When it does, StoneCastle will allocate the securities across accounts, considering account size, diversification, cash availability, and other factors, including, where appropriate, the value of having a round lot in the portfolio. StoneCastle believes combining orders in this way will be advantageous to all participants over time. However, the average price could be less advantageous to an account than if an account had been the only account effecting the transaction or had completed its transaction before the other participants. When a trade is to be executed for an individual account and the trade is not in the best interests of other accounts, then the trade will only be performed for that account. This is true even if the portfolio manager believes that a larger size block trade would lead to best overall price for the security being transacted.

Internal Cross Transactions

StoneCastle generally utilizes cross trades to address account funding issues and when it specifically deems the practice to be advantageous for each participant. Internal cross transactions involve selling a security in one client's portfolio and buying the same security in another client's portfolio. StoneCastle receives no financial remuneration in cross transactions.

StoneCastle does not currently participate in any soft dollar relationships with other firms for research or any other service.

To date, StoneCastle has not entered into any client directed brokerage arrangements. StoneCastle does not engage in Principal Trading or Agency Cross Transactions.

Item 13 – Review of Accounts

Reviews

The Investment Committee of StoneCastle reviews each account on at least an annual basis. The Investment Committee consists of Joshua Siegel, Managing Partner and CEO, George Shilowitz, Managing Partner and Senior Portfolio Manager, and Ricardo Vilorio, Director.

StoneCastle monitors the assets underlying each ABIV to make sure no credit is deteriorating, as well as to assure that there is no unwarranted concentration of credits across investments. StoneCastle also remodels each investment on a periodic basis to re-forecast future cash flows.

StoneCastle may provide quarterly written reports to investors profiling the flow of funds on a payment date and the status of each asset managed by StoneCastle as of such payment date.

Regular reports are provided to clients on such periodic dates, and with such content, as is negotiated on a case by case basis.

Item 14 – Client Referrals and Other Compensation

On a case-by-case basis, StoneCastle may provide compensation for a client referral. Such compensation may take the form of a one-time fee, or may take the form of a portion of StoneCastle's fees on the account.

Item 15 – Custody

StoneCastle does not maintain physical possession of client cash and/or securities.

Item 16 – Investment Discretion

The limitations on StoneCastle's authority to determine, without obtaining specific consent, the securities to be bought or sold, or the amount of the securities to be bought or sold, are set forth in the applicable management agreement that is negotiated with each client.

Item 17 – Voting Client Securities (i.e., Proxy Voting)

StoneCastle shall vote proxies relating to portfolio voting securities in what StoneCastle perceives to be the best interests of its clients. StoneCastle shall review on a case-by-case basis each proposal submitted to a shareholder vote to determine its impact on portfolio voting securities held by its clients. Although StoneCastle will generally vote against proposals that may have a negative impact, StoneCastle may vote for such a proposal if there is a compelling long-term reason to do so.

StoneCastle's proxy voting decisions are made by the senior officers who are responsible for monitoring portfolio securities. To ensure that StoneCastle's vote is not subject to a conflict of interest, StoneCastle requires that: (1) anyone involved in the decision making process disclose to the CCO any potential conflict that he or she is aware of and any contact that he or she has had with any interested party regarding a proxy vote; and (2) anyone involved in the voting decision making process is prohibited from revealing how StoneCastle intends to vote on a proposal in order to reduce any attempted influence from interested parties.

Conflicts based on a business relationship with StoneCastle or any affiliate will be considered only to the extent that StoneCastle has actual knowledge of such relationships. If StoneCastle determines that voting a particular proxy would create a material conflict of interest between StoneCastle's interests and the interests of clients, StoneCastle may: (1) disclose the conflict to the client and obtain the client's consent before voting the proxy; (2) vote such proxy based on the recommendation of an independent third party; (3) "mirror vote" the proxy in the same proportion as the votes of other non-client proxy holders; or (4) vote in accordance with predetermined decision making criteria.

Investment advisory clients may request a copy of StoneCastle's Proxy Voting Policies and Procedures and/or information concerning how StoneCastle has voted securities in the client's account by contacting StoneCastle. StoneCastle will not disclose proxy votes for one client to other clients or third parties unless requested in writing by the client on whose behalf the proxy was voted.

Item 18 – Financial Information

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about StoneCastle's financial condition. StoneCastle has no financial condition that impairs its ability to meet contractual commitments to clients and has not been the subject of a bankruptcy petition.

StoneCastle does not require prepayment of advisory fees; therefore the Firm is not required to provide an audited financial statement.

Item 19 – Requirements for State-Registered Advisers

Not Applicable.