

**Form ADV - Part 2A: Firm Brochure**

**3/30/2015**

**Stone Run Capital, LLC  
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This brochure provides information about the qualifications and business practices of Stone Run Capital, LLC. If you have any questions about the contents of this brochure, please contact Donna Martineau, Operations Manager at Stone Run Capital at 647-701-6087, dmartineau@stoneruncapital.com, or Jeff Hoerle, Chief Compliance Officer, at jhoerle@stoneruncapital.com.

The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority but has been filed with the United States Securities and Exchange Commission.

Stone Run Capital, LLC is a registered investment adviser. Registration of an Investment Adviser does not imply a certain level of skill or training. The oral and written communications of an Adviser provide you with information which you would use for determining whether to hire or retain an Adviser.

Additional information about Stone Run Capital, LLC (CRD #152078) is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2 – Material Changes**

Our Brochure dated March 21, 2014 has been amended dated, March 30, 2015.

The Securities and Exchange Commission (“SEC”) adopted “Amendments to Form ADV” in July 2010. This Firm Brochure is our disclosure document prepared according to the SEC’s requirements and rules.

In the past we have delivered information about our qualifications and business practices to clients on at least an annual basis. Pursuant to new SEC rules, we will ensure that you receive a summary of any material changes to this and subsequent brochures within 120 days of the close of the business’ fiscal year. We may further provide other ongoing disclosure information about material changes as necessary. We will further provide you with a new brochure as necessary based on changes or new information, at any time, without charge.

Currently, this Brochure may be requested by contacting Stone Run Capital, LLC at 646-701-6087 or by email at [dmartineau@stoneruncapital.com](mailto:dmartineau@stoneruncapital.com).

### Item 3 – Table of Contents

Item 1 – Cover Page .....	i
Item 2 – Material Changes .....	ii
Item 3 – Table of Contents .....	iii
Item 4 – Advisory Business .....	1
Item 5 – Fees and Compensation .....	3
Item 6 – Performance-Based Fees and Side-By-Side Management .....	3
Item 7 – Types of Clients .....	3
Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss .....	3
Item 9 – Disciplinary Information .....	5
Item 10 – Other Financial Industry Activities and Affiliations .....	5
Item 11 – Code of Ethics .....	5
Item 12 – Brokerage Practices .....	6
Item 13 – Review of Accounts .....	6
Item 14 – Client Referrals and Other Compensation .....	7
Item 15 – Custody .....	7
Item 16 – Investment Discretion .....	7
Item 17 – Voting Client Securities .....	7
Item 18 – Financial Information .....	7
Item 19 – Requirements for State-Registered Advisors .....	7
Form ADV - Part 2B: Brochure Supplement .....	8

The supplement shown below is not applicable to Stone Run Capital, LLC. Therefore, Stone Run Capital, LLC is not required to include the supplement in this brochure.

- Part 2A, Appendix 1: The “Wrap Brochure” – Stone Run Capital, LLC does not sponsor a wrap fee program. Therefore, Part 2A, Appendix 1 is not applicable to Stone Run Capital.

## Item 4 – Advisory Business

Stone Run Capital, LLC (“SRC”) is an investment firm located in New York, NY. The firm’s principals, Robert Hoerle and Jeff Hoerle, founded the business in 2009.

The business of SRC consists of investment advisory services relating primarily to equity and fixed income assets on a discretionary basis to individual clients. We also offer pooled investment vehicles in the form of Partnership Funds. The minimum investment amount for each fund, as stated below, may be waived at the discretion of the General Partner.

SRC’s investment philosophy is oriented toward the preservation of capital and long-term appreciation. We focus on secular growth companies that possess leadership positions in niche markets. We strive to invest in these businesses when they trade at a discount to our view of intrinsic worth as determined by asset replacement cost and future growth in revenues and cash flows. To attain this objective, SRC’s portfolio managers and analysts focus on three elements:

1. **Asset Allocation:** We align each client’s specific needs and risk profile with our view of an appropriate asset allocation.
2. **Fundamental Research:** We pursue in-depth intensive fundamental research focusing on small and mid-capitalization companies. We believe this work provides proprietary insights to equity selection and the timing of buy and sell decisions.
3. **Macroeconomic Analysis:** We track and follow global economic data in order to assess our view of risk in the overall equity and fixed income markets.

We describe these three elements below.

### Asset Allocation

SRC offers a number of financial products through which we work to align a specific asset allocation framework with the client’s risk profile.

These products include two pooled investment vehicles, “Alpha Associates, L.P.” and “Stone Run Capital Partners, L.P.” (SRCP), which are actively managed equity funds with an emphasis on tax-efficient long-term capital appreciation. We principally manage “Alpha” and “SRCP” as long-only investment vehicles and adjust equity exposure through the percentage of assets allocated to cash. Typically, the Funds have 5% to 15% of assets in cash, though we may choose to increase this percentage based on our assessment of market risk as well as individual equity risk.

We also offer individually managed equity portfolios. These follow similar guidelines and procedures as with “Alpha” and “SRCP” above. Equity selection and allocation may differ slightly based upon a specific client’s financial risk profile.

Finally, we offer individually managed investment portfolios comprised of both equity securities and fixed income. Typically, these portfolios are more focused on investment yield and dividend income. The equity selection follows the same approach as the two offerings above, while the fixed income investments comprise a larger portion of the client portfolio.

### Fundamental Research

SRC’s investment team pursues a disciplined approach in finding and researching investment opportunities. We often develop our understanding of a company over a period of years before choosing to invest in the business. Our key investment criteria are:

- Market share leadership in specific niche markets
- High or improving returns on capital
- Strong cash generation
- A proven leadership team with a history of success in capital allocation

Our process incorporates the following:

- We pursue broad investment themes based upon our judgment of long-term secular growth opportunities. This helps focus the research challenge.
- Once we select a company for research, we pursue and integrate an approach that is both qualitative and quantitative.
  - o Our qualitative assessment includes in-depth review of a company's products, industry, and competitors; meetings with senior management; and thorough review of three to five years of SEC filings, conference calls, and presentations.
  - o Our quantitative assessment includes financial analysis of the company's historic balance sheets, cash flow statements, and income statements. In conjunction with analysis of the financial results of competing companies, we develop proprietary financial models to refine our views of a company's financial outlook and opportunity.
- We complete a written report on the company that lays out the investment opportunities and risks. This report and accompanying financial statements spur discussion and debate on the merits of an investment.

## Macroeconomic Analysis

We incorporate analysis of global economic, political, and social trends in both assessing potential investment opportunities and reviewing existing investment selections. Our pursuit of macroeconomic issues emphasizes:

- Analysis of financial data including GDP growth; private and public debt; and unemployment in the United States, developed world, and emerging economies
- Following trends in inflation, commodity prices, foreign currency exchange rates, and global securities markets
- Reviewing key political events and their myriad ramifications to local and global economic growth
- Understanding major events and their impact on the investment challenge

As of December 31, 2014 SRC had approximately \$180 million in discretionary assets under management.

The pooled investment vehicles ("Funds") of Stone Run Capital, LLC include:

**Alpha Associates, L.P.** – The investment objective of the Partnership is to generate attractive, tax-efficient returns over the course of a business cycle by investing primarily in small- and mid-cap United States equities. The Fund may choose to invest in large-cap companies as well. We seek to invest in growth companies at a reasonable price. Robert Hoerle and Jeff Hoerle are the Portfolio Managers of Alpha Associates, L.P. with assets as of February 27, 2015 totaling approximately \$89 million. The minimum investment in this partnership is \$250,000. Stone Run Capital, LLC serves as General Partner of the Fund.

**Stone Run Capital Partners, L.P.** – The Partnership seeks growth of capital over the long term. The Fund focuses on investing in small- and mid-cap United States equities. We seek to invest in growth companies at a reasonable price. Jeff Hoerle is the Portfolio Manager of Stone Run Capital Partners, L.P. with assets as of February 27, 2015 totaling approximately \$2 million. The minimum investment in this partnership is \$100,000. Stone Run Capital, LLC serves as General Partner of the Fund.

Investors in each of our funds may contribute capital on the first day of each month. Investors may withdraw capital from each of our funds at the end of each month after providing 30 days prior irrevocable written notice. The Adviser has the discretion to accept redemptions with less notice. There are no separate fees for the

addition or withdrawal of capital. Payment for a partial withdrawal of capital will be made within 30 days after the applicable effective date without any interest. Payment for a complete withdrawal from the funds will be made in two portions: (1) 90% of the withdrawing Partner's partnership interest as estimated by the General Partner will be paid within 30 days after the applicable effective date without any interest; and, (2) the balance of the withdrawing Partner's partnership interest as of the applicable effective date will be paid without any interest within a reasonable time following completion of the annual audit of the Fund's financial statements. At the discretion of SRC, the holdback balance amount could be less than 10%, depending upon the effective date of the complete withdrawal.

## **Item 5 – Fees and Compensation**

SRC charges an investment management fee for its client accounts. For the fund products including "Alpha Associates, L.P." and "Stone Run Capital Partners, L.P.," the fee is 0.375% quarterly and is charged based on assets as of the first day of the quarter. Generally, fees are neither negotiable nor refundable; however SRC may waive or modify these fees for certain strategic investors. SRC serves as the sole General Partner to the Funds and currently receives no additional incentive- or performance-based compensation. 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 0.375% quarterly, and (ii) for fixed income assets are 0.25% 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 the Fund or Account will be pro-rated to reflect the shorter period.

Clients may terminate the agreement for individually managed accounts at any time. As stated above, investors in the Funds may generally withdraw capital as of the last day of each month 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. SRC has the discretion to waive any of the withdrawal terms, including the notice period. Accounts initiated or terminated during a calendar quarter will be charged a pro-rated fee. Upon termination of any account, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable.

Stone Run Capital, LLC fees are exclusive of brokerage commissions, transaction fees, certain charges imposed by our custodian such as wire and electronic fund fees, and other related costs and expenses. In the Funds, these fees shall be incurred by the limited partners as a whole.

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

SRC does not charge performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client).

In the future, if SRC develops a new product with a performance or incentive fee arrangement, it will do so as subject to Section 205(a)(1) of the Investment Advisers Act of 1940 (The Advisers Act) in accordance with the available exemptions, including the exemption set forth in rule 205-3.

## **Item 7 – Types of Clients**

SRC provides investment advice to individuals, 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). A client's minimum investment amount for each of our Funds is noted in Item 4.

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.

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

SRC builds equity and fixed income portfolios that reflect the objectives and risk tolerances of its clients. Investing in securities involves risk of loss that clients are prepared to bear. As described above in "Item 4 – Advisory Business," SRC selects an asset allocation strategy for each client and product, and pursues a fundamental research approach.

Investment portfolios may contain a measured mix of cash, equities, and corporate or government bonds. Core positions typically are in mid-capitalization companies with superior financial characteristics as measured by above average profit margins and returns on capital, and limited financial leverage. We may also include smaller positions in special situation companies where we feel our assessment of the specific growth opportunity warrants purchase.

The security analysis methods include fundamental and technical strategies. Information sources include an array of internet content sources, newspapers, and magazines. In addition, we review company activities and press releases, meet with management teams, and attend company investor events and earnings conference calls. SRC portfolio managers and analysts work to review company annual reports, prospectuses, and all filings with the Securities and Exchange Commission.

SRC invests in equity securities (exchange-listed securities, securities over-the-counter, and foreign issuers), warrants, and option contracts. SRC's investment strategies include long-term purchases (securities held at least one year), short-term purchases (securities sold within one year), trading (securities sold within 30 days), short sales, and option writing, which generally includes covered options.

Trading of securities can affect investment performance, particularly through increased brokerage and other transaction costs and taxes. SRC intends to hold investments for the long term and does not have a short-term trading investment model.

### **Investment Risks**

Investments in our funds and individual accounts carry inherent risks associated with investment in securities as well as risks associated with concentration in a limited number of companies. Investors face the risk of loss for all capital invested. While the General Partner works to mitigate these risks, there can be no assurance that the investment and trading activities will be successful or that investors will not suffer losses. The following discussion sets forth some of the more significant risks associated with the Funds' proposed activities.

### **General Economic and Market Conditions**

The success of the investment activities may be affected by general economic and market conditions, such as interest rates, availability of credit, inflation rates, economic uncertainty, changes in laws and national and international political circumstances. These factors may affect the level and volatility of securities prices and the liquidity of the adviser's investments. Unexpected volatility or illiquidity could impair investment profitability or result in losses.

## **Concentration of Investments**

The investment agreement with the adviser does not limit the amount of client capital that may be committed to any single investment, industry, or sector. SRC works to allocate capital across a range of equities securities, generally 30-40 investments, in order to reduce the risk of concentration. Losses incurred in individual positions could have a materially adverse effect on a client's overall investment results.

## **Prior Performance**

Prior performance is not necessarily indicative of future performance, and there can be no assurance that SRC's prior performance will be indicative of its future performance.

## **Item 9 – Disciplinary Information**

There have been no disciplinary actions taken against SRC or any of its representatives by the Securities and Exchange Commission or any United States organization. Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of SRC or the integrity of management.

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

SRC and certain individuals associated with SRC provide investment management advice to a number of external organizations, including pension funds and school endowments. SRC does not receive compensation directly or indirectly from these activities.

The advisory advice provided through these activities is consistent with the investment philosophy pursued by SRC.

## **Item 11 – Code of Ethics**

SRC has adopted a Code of Ethics for all employees of the firm describing its high standard of business conduct; fiduciary duty to its clients; compliance with laws, rules, and regulations; dealing with material non-public information; and personal trading of securities. Its policies and procedures relating to personal investment activities are below. On a quarterly and annual basis, each SRC employee is required to certify that he or she has read and understands the Code, and has abided by all SRC designated procedures.

**Confidentiality:** SRC does not share or sell client information.

**Conflicts of Interest:** From time to time, employees 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.

SRC receives research from and attends investment conferences organized by brokerage partners. These services enhance our investment process. SRC pays for these services through trading commissions, and does not receive direct economic benefit other than the research insights that contribute to investment performance.

**Trading:** In general, employees of SRC may buy or sell securities for their own accounts, including securities recommended to clients, 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 never to have personal securities transactions in "covered securities" benefit SRC or its employees at the expense of the client. Employees will



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

**Fiduciary Duty:** SRC has a fiduciary duty to its clients. SRC's Code of Ethics involves the confidentiality of client information; a prohibition on insider trading; restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items; and guidelines on personal securities trading procedures.

**Non-Public Information Policy:** SRC has adopted a material, non-public information policy to prevent the misuse of information. The policy forbids any of its employees from:

- (i) Trading either personally, or on behalf of others, on material, non-public information
- (ii) Communicating material, non-public information to others in violation of the law
- (iii) Knowingly assisting someone engaged in these activities.

In addition, the Chief Compliance Officer reviews employees' and family members' brokerage accounts monthly.

**Records:** SRC retains records of all trading activity for its accounts. In the case of aggregated orders, the trade order specifying each participating account is completed prior to the entry of the aggregated order. Completed orders will be allocated as specified in the initial trade order. Partially filled orders will be allocated on a pro rata basis. Any exceptions will be explained on the order. SRC will not cross trades between client accounts.

## **Item 12 – Brokerage Practices**

SRC's accounts are held at Pershing Advisor Solutions, LLC, a BNY Mellon Company. Pershing Advisor Solutions is custodian and prime broker for SRC.

SRC is authorized to determine the broker or dealer to be used for each securities transaction for a client account. These securities transactions in client accounts contribute to a commission pool, which is comprised of "soft dollars." SRC uses these soft dollars to receive proprietary research from brokerage firms, which may include research developed by a third party. SRC evaluates soft dollar commissions paid to brokerage firms based on the quality of research services provided, competitiveness, and execution, and not necessarily on cost.

Research services may include research reports, attendance at certain seminars and conferences, discussions with research analysts, meetings with corporate executives, data services, advice from brokers on order execution, and certain proxy services.

SRC receives a benefit from client brokerage commissions as the research provided enhances our own proprietary research.

## **Item 13 – Review of Accounts**

Client accounts are reviewed daily. Review includes assessment of overall asset allocation, recent performance, and, as needed, specific review of portfolio holdings based on equity price action, news events, or both.

In the case of the managed fund products, "Alpha Associates, L.P." and "Stone Run Capital Partners, L.P.," clients receive a quarterly statement of investment performance. Each of the partnerships has fiscal year ends of December 31<sup>st</sup>. In addition, within 90 days after the end of the each fiscal year, our external audit firm, Sanville & Company, audits "Alpha Associates, L.P." and "Stone Run Capital Partners, L.P." and produces the K-1 tax document required for client tax returns.

In the case of the individual managed accounts, clients receive a monthly statement from our custodian, Pershing Advisor Solutions.

SRC clients receive a quarterly report reviewing investment performance, a discussion of select portfolio investments, and our view of the overall investment environment.

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

SRC does not pay for referrals and does not have any agreements with independent solicitors.

#### **Item 15 – Custody**

SRC does not have custody of client funds. Pershing Advisor Solutions, LLC, a BNY Mellon company, is our broker dealer and maintains clients' investment assets. Pershing provides monthly statements for the individual accounts and we urge clients to review these statements.

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

SRC receives discretionary authority from the client at the outset of an advisory relationship. Investment discretion includes the selection and amount of securities to be bought or sold. In all cases, such discretion is to be exercised in a manner consistent with SRC's stated investment objectives for the specific client account.

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

SRC has the authority to vote proxies on behalf of its advisory clients. The client must indicate SRC's authority to vote proxies on behalf of the client by designating such authority in the Client Agreement.

Clients may obtain a copy of SRC's complete proxy voting policies and procedures upon request. Clients may also obtain information as to how SRC voted any proxies on behalf of their account(s).

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

Registered investment advisers are required to provide certain financial information or disclosures about SRC's financial condition. SRC has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.

#### **Item 19 – Requirements for State-Registered Advisers**

SRC is registered in the state of Delaware.

State-registered investment advisers are required to provide certain additional information regarding compensation of performance-based advisory fees. SRC does not charge performance-based fees. State-registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to a client's evaluation of SRC or the integrity of SRC's management. Please see Disciplinary Information on page 5.

**Form ADV – Part 2B**  
**“Brochure Supplement”**

**Dated 3/30/2015**

This brochure supplement provides information about our full time staff and supplements the Stone Run Capital, LLC (SRC) brochure. You should have received a copy of SRC’s brochure. Please contact Donna Martineau, Operations Manager, if you did not receive SRC’s brochure or if you have any questions about the contents of this supplement.

The principal officers of SRC are co-founders Robert Hoerle and Jeff Hoerle. They spend the majority of their time managing the client portfolios, reviewing existing investments, and researching potential new investments.

Additional information about SRC is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 1**

### **Robert Hoerle**

Stone Run Capital, LLC - 551 Fifth Avenue - Suite 3300 - New York, NY 10176  
646-701-6085 – rhoerle@stoneruncapital.com

## **Item 2 Education Background and Business Experience**

Robert Hoerle is Managing Partner and Portfolio Manager of Stone Run Capital, LLC. Mr. Hoerle has a B.A. from Yale University (1957) and an M.B.A. from Harvard University (1962). Prior to starting SRC, Robert Hoerle worked at Reich & Tang Asset Management from 1972 – 2009 in a number of roles including Chairman and Chief Investment Officer. Robert Hoerle was born in 1933.

## **Item 3 Disciplinary Information**

Robert Hoerle has had no disciplinary events in his professional career.

## **Item 4 Other Business Activities**

Robert Hoerle provides investment management advice to a number of external organizations, including pension funds and school endowments. Neither he nor SRC receives compensation directly or indirectly from these activities. The advisory advice provided through these activities is consistent with the investment philosophy pursued by SRC.

## **Item 5 Additional Compensation**

None

## **Item 6 Supervision**

The Registrant provides investment advisory and supervisory services in accordance with the Registrant's policies and procedures manual. The primary purpose of the Registrant's Rule 206(4)-7 policies and procedures is to comply with the requirements of supervision requirements of Section 203(e)(6) of the Investment Advisor's Act ("Act"). The Registrant's Chief Compliance Officer, Jeffrey A. Hoerle, is primarily responsible for the implementation of the Registrant's policies and procedures and overseeing the activities of the Registrant's supervised persons. Should an employee or investment adviser representative of the Registrant have any questions regarding the applicability/relevance of the Act, the Rules thereunder, any section thereof, or any section of the policies and procedures, he/she should address those questions with the Chief Compliance Officer. Should a client have any questions regarding the Registrant's supervision or compliance practices, please contact Mr. Hoerle at (646) 701-6086.

## **Item 1**

### **Jeff Hoerle**

Stone Run Capital, LLC - 551 Fifth Avenue - Suite 3300 - New York, NY 10176  
646-701-6086 – jhoerle@stoneruncapital.com

## **Item 2 Education Background and Business Experience**

Jeff Hoerle is Managing Partner, Portfolio Manager, and Chief Compliance Officer of Stone Run Capital, LLC. Mr. Hoerle has a B.A. from Yale University (1990) and an E.M.B.A. from Columbia University (1997). Prior to starting SRC, Jeff Hoerle worked at Reich & Tang Asset Management from 2003 as an investment analyst and portfolio manager. Formerly, he worked at Ovid Technologies, Inc. from 1993 in a number of roles including Chief Operating Officer and Chief Financial Officer. Jeff Hoerle was born in 1967.

## **Item 3 Disciplinary Information**

Jeff Hoerle has had no disciplinary events in his professional career.

## **Item 4 Other Business Activities**

Jeff Hoerle provides investment management advice to a nonprofit organization, the Foundation for Ichthyosis and Related Skin Types (FIRST). Neither he nor SRC receives compensation directly or indirectly from this activity. The advisory advice provided through this activity is consistent with the investment philosophy pursued by SRC.

## **Item 5 Additional Compensation**

Mr. Hoerle does not receive compensation for advisory services from anyone other than SRC clients.

## **Item 6 Supervision**

The Registrant provides investment advisory and supervisory services in accordance with the Registrant's policies and procedures manual. The primary purpose of the Registrant's Rule 206(4)-7 policies and procedures is to comply with the requirements of supervision requirements of Section 203(e)(6) of the Investment Advisor's Act ("Act"). The Registrant's Chief Compliance Officer, Jeffrey A. Hoerle, is primarily responsible for the implementation of the Registrant's policies and procedures and overseeing the activities of the Registrant's supervised persons. Should an employee or investment adviser representative of the Registrant have any questions regarding the applicability/relevance of the Act, the Rules thereunder, any section thereof, or any section of the policies and procedures, he/she should address those questions with the Chief Compliance Officer. Should a client have any questions regarding the Registrant's supervision or compliance practices, please contact Mr. Hoerle at (646) 701-6086.

**Item 1****Donna Martineau**

Stone Run Capital, LLC - 551 Fifth Avenue - Suite 3300 - New York, NY 10176  
646-701-6087 – [dmartineau@stoneruncapital.com](mailto:dmartineau@stoneruncapital.com)

**Item 2 Education Background and Business Experience**

Donna Martineau is Operations Manager of Stone Run Capital, LLC. Ms. Martineau has a B.A. from Lehigh University (1985) and a M.B.A. from Baruch College - Zicklin School of Business (1997). Prior to joining SRC, Donna Martineau worked at BNY Mellon in Alternative Investment Services. Formerly, she worked at AMS Capital, Inc. as Manager of Operations and Settlements; Bear Stearns Asset Management Inc. as VP; International Fund Services as Global Operations Manager; Merrill Lynch as AVP Global Operations; and at Lehman Brothers as Trade Analyst Supervisor in Derivative Finance Middle Office. Donna Martineau was born in 1963.

**Item 3 Disciplinary Information**

Donna Martineau has had no disciplinary events in her professional career.

**Item 4 Other Business Activities**

Ms. Martineau is not actively engaged in any other business activities.

**Item 5 Additional Compensation**

None

**Item 6 Supervision**

The Registrant provides investment advisory and supervisory services in accordance with the Registrant's policies and procedures manual. The primary purpose of the Registrant's Rule 206(4)-7 policies and procedures is to comply with the requirements of supervision requirements of Section 203(e)(6) of the Investment Advisor's Act ("Act"). The Registrant's Chief Compliance Officer, Jeffrey A. Hoerle, is primarily responsible for the implementation of the Registrant's policies and procedures and overseeing the activities of the Registrant's supervised persons. Should an employee or investment adviser representative of the Registrant have any questions regarding the applicability/relevance of the Act, the Rules thereunder, any section thereof, or any section of the policies and procedures, he/she should address those questions with the Chief Compliance Officer. Should a client have any questions regarding the Registrant's supervision or compliance practices, please contact Mr. Hoerle at (646) 701-6086.

**Item 1****Artem Borchakovski**

Stone Run Capital, LLC - 551 Fifth Avenue - Suite 3300 - New York, NY 10176  
646-701-6099 – [aborchakovski@stoneruncapital.com](mailto:aborchakovski@stoneruncapital.com)

**Item 2 Education Background and Business Experience**

Artem Borchakovski joined Stone Run Capital in September, 2012 as an Analyst. Mr. Borchakovski attended Baruch College in New York, graduated with a B.B.A., and was a member of the Beta Alpha Psi Honors Society. Prior to starting at SRC, Mr. Borchakovski was at Investors Capital Corporation. Artem Borchakovski was born in 1988.

**Item 3 Disciplinary Information**

Artem Borchakovski has had no disciplinary events in his professional career.

**Item 4 Other Business Activities**

Mr. Borchakovski is not actively engaged in any other business activities.

**Item 5 Additional Compensation**

None

**Item 6 Supervision**

The Registrant provides investment advisory and supervisory services in accordance with the Registrant's policies and procedures manual. The primary purpose of the Registrant's Rule 206(4)-7 policies and procedures is to comply with the requirements of supervision requirements of Section 203(e)(6) of the Investment Advisor's Act ("Act"). The Registrant's Chief Compliance Officer, Jeffrey A. Hoerle, is primarily responsible for the implementation of the Registrant's policies and procedures and overseeing the activities of the Registrant's supervised persons. Should an employee or investment adviser representative of the Registrant have any questions regarding the applicability/relevance of the Act, the Rules thereunder, any section thereof, or any section of the policies and procedures, he/she should address those questions with the Chief Compliance Officer. Should a client have any questions regarding the Registrant's supervision or compliance practices, please contact Mr. Hoerle at (646) 701-6086.

# STONE RUN CAPITAL, LLC

## Privacy Policy

March 2015

### *Protecting the Privacy of Client Records and Information*

Stone Run Capital, LLC is committed to upholding the interests of our clients. For this reason, we keep personal information as confidential as possible for the general welfare of our clients. Stone Run Capital, LLC will not disclose personal information to anyone unless it is:

- Required by law
- At the direction of the clients
- Necessary for providing the best service to the client

Stone Run Capital, LLC has not and will not sell personal client information to anyone for any reason.

### *Client Profile Information*

In order to manage our client accounts properly, Stone Run Capital, LLC collects and maintains certain types of information, including the following:

- Information we receive from the client upon opening an account
- Information we generate to service our client accounts
- Information related to the allocation of gains and losses, and fees and income generation
- Information we receive from third parties with respect to our client accounts, such as trade confirmations from brokerage firms

### *Who Receives Information*

In order to manage our client accounts properly, Stone Run Capital, LLC may also disclose limited aspects of a client's personal information to the following:

- The Securities and Exchange Commission and/or other government or regulatory entities (all records subject to examination during audits)
- Brokers (for trading purposes)
- Stone Run Capital, LLC auditor and attorneys (in reviewing billing and receivables, contracts, etc.)
- Consultants and other intermediaries upon client request or approval

### *Protection of Information*

Stone Run Capital, LLC maintains certain safeguards to ensure that our clients' personal information is protected now as well as into the future, including closed accounts. These safeguards include enforcing policies that physically and electronically keep client information safe, and allowing only those employees needing personal information for their job completion to have access to it, with the understanding that it is to be regarded in strictest confidence.

In compliance with SEC Regulation S-P, a copy of this privacy statement is provided to each client upon entering into an advisory or limited partnership agreement with Stone Run Capital and is provided to all clients on an annual basis. Anyone with questions or requests for additional information may contact: Donna Martineau, Operations Manager, at 646-701-6087 or [dmartineau@stoneruncapital.com](mailto:dmartineau@stoneruncapital.com).

**Stone Run Capital, LLC**  
**551 Fifth Avenue**  
**New York, NY 10176**



# STONE RUN CAPITAL, LLC

## **Business Continuity Planning**

Stone Run Capital, LLC (SRC) has developed a Business Continuity Plan that details our strategy for responding to events significantly disruptive to our business. Since the timing and impact of disasters and disruptions is unpredictable, we will be flexible in responding to actual events as they occur. This document highlights our strategy and our full plan is available by request.

**Contacting Us** – Stone Run Capital’s emergency contacts are Donna Martineau and Jeff Hoerle. If after a significant business disruption, you cannot contact us at 646-701-6087 or by email at [dmartineau@stoneruncapital.com](mailto:dmartineau@stoneruncapital.com), please call our alternative numbers 917-862-1196 or 914-450-4292, or go to our website at [www.stoneruncapital.com](http://www.stoneruncapital.com).

**Business Continuity Plan** – Our policy is to respond to a significant business disruption by safeguarding employees’ lives and firm property, insuring all customer records and accounts are secure, making a financial and operational assessment, and quickly recovering and resuming operations. Our business continuity plan is designed to permit Stone Run Capital to resume operations as quickly as possible, given the scope and severity of the business disruption. Jeff Hoerle, principal of SRC, is responsible for approving the plan and for conducting the required annual review.

Our plan addresses: assuring our customers’ prompt access to their funds and securities if we are unable to continue our business; data backup and recovery; all mission critical systems; financial and operational assessments; alternative communications with customers, employees, and regulators; alternate physical location of employees; critical supplier, contractor, bank, and counter-party impact; and regulatory reporting.

SRC works with our custodian and prime broker, Pershing Advisor Solutions, LLC, a BNY Mellon Company in planning for any potential business disruption issues. Our main contact at Pershing is: Nicole DePaola, 201-761-5150, [NDePaola@pershing.com](mailto:NDePaola@pershing.com).

**Varying Disruptions** – Significant business disruptions can vary in their scale. Disruption could impact only Stone Run Capital, the building housing our company, the business district where our firm is located, the city where we are located, or the whole region. Within each of these areas, the severity of the disruption can also vary from minimal to severe. In a disruption impacting only Stone Run Capital, or a building housing our firm, we will transfer our operations to a local site if needed, and expect to recover and resume business within 4-8 hours. In a disruption affecting our business district, city, or region, we will transfer our operations to a site outside of the affected area, and recover and resume business within 24-48 hours. In either situation, we plan to continue in business via electronic means, and will notify you through our website [www.stoneruncapital.com](http://www.stoneruncapital.com). We will leave our customer emergency number on our voicemail message at 646-701-6087.

**For Further Information** – If you have questions about our business continuity planning, you can contact us at 646-701-6087 or [dmartineau@stoneruncapital.com](mailto:dmartineau@stoneruncapital.com).

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**551 5<sup>th</sup> Avenue**  
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