



Stone Creek Capital Management, LLC

a Registered Investment Adviser

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This brochure provides information about the qualifications and business practices of Stone Creek Capital Management, LLC (“Stone Creek”). If you have any questions about the content of this brochure, please contact us at 609-688-8701. 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.

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

Material Changes

Effective January 1, 2019, Timothy J. Ralph, Managing Partner and COO has obtained a 10% ownership in Stone Creek.

Stone Creek has not had any other material change to its advisory services or personnel since the filing of its ADV Amendment in 2018.

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Item 4. Advisory Business

Stone Creek has partnered with its' broker-dealer custodians and negotiated low interest rate margin loans to be offered to its clients. In this program, Stone Creek is engaged as a consultant on a fixed fee basis to assist in procuring the margin loan between the client and the broker-dealer custodian. Stone Creek provides ongoing consulting and other related services to these accounts as requested by the client.

Stone Creek was founded in June 2016 and is owned and managed by Daniel Tyler Vernon and Timothy J. Ralph.

Item 5. Fees and Compensation

Stone Creek offers its services on a fee basis, which may include fixed fees, as well as an asset-based fees. For all services, Stone Creek's fee is exclusive of, and in addition to brokerage commissions, transaction fees, and other related costs and expenses which are incurred by the client. Stone Creek does not, however, receive any portion of these commissions, fees, and costs.

Stone Creek will consult and assist in securing low rate margin loans with its broker-dealer custodians while also providing research and other advice to their clients. Stone Creek does not take discretionary authority for any accounts within this program. For this service, Stone Creek's fees are negotiable, but generally range from \$2,000 to \$50,000 per year depending on the quantity of work and consulting needed.

Fees Charged by Financial Institutions

Stone Creek generally recommends that clients utilize the brokerage and clearing services of Charles Schwab & Co., Inc. ("*Charles Schwab*"), TD Ameritrade Inc. ("*TD Ameritrade*"), MKM Partners, LLC ("*MKM*"), Cantor Fitzgerald & Co. ("*Cantor Fitzgerald*"), and Meridian Capital Partners ("*Meridian*") Stone Creek may also recommend Equity Trust Company ("*Equity Trust*") for custodial services for alternate investments.

Stone Creek may only implement a brokerage and clearing after the client has furnished Stone Creek with all information and authorization regarding accounts with appropriate financial institutions. Financial Institutions include, but are not limited to, *Charles Schwab*, *TD Ameritrade Inc.*, *MKM*, *Cantor Fitzgerald*, *Meridian* and *Equity Trust* and any other broker-dealer recommended by Stone Creek, broker-dealers directed by client, trust companies, banks etc. (collectively referred to herein as the "*Financial Institutions*")

Clients may incur certain charges imposed by the *Financial Institutions* and other third parties such as fees charged by *Independent Managers* (as defined below), custodial fees, charges imposed directly by a mutual fund or ETF in the account, which are disclosed in the fund's prospectus (e.g., fund management fees and other fund expenses), deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Additionally, for assets outside of any wrap fee programs, clients may incur brokerage commissions and transaction fees. Such charges, fees and commissions are exclusive of and in addition to Stone Creek's fee.

Stone Creek's *Agreement* and the separate agreement with any *Financial Institutions* may authorize Stone Creek to debit the client's account for the amount of its fee and directly remit to Stone Creek. Any *Financial Institutions* recommended by Stone Creek have agreed to send a statement to the client, at least quarterly, indicating all amounts disbursed from the account including the amount of management fees paid directly to Stone Creek. Alternatively, clients may elect to have Stone Creek send an invoice for payment.

Fees for Partial Quarters of Service

The *Agreement* between Stone Creek and the client will continue in effect until terminated by either party pursuant to the terms of the *Agreement*. Stone Creek's fees are prorated through the date of termination and any remaining balance is charged or refunded to the client, as appropriate. Clients may make additions to and withdrawals from their account at any time, subject to Stone Creek's right to terminate an account. Additions may be in cash or securities provided that Stone Creek reserves the right to liquidate any transferred securities or decline to accept particular securities into a client's account. Clients may withdraw account assets on notice to Stone Creek, subject to the usual and customary securities settlement procedures.

Item 6. Performance-Based Fees and Side-by-Side Management

Stone Creek does not charge a performance-based fee.

Item 7. Types of Clients

Stone Creek provides its services to individuals, pension and profit sharing plans, trusts, estates, charitable organizations, corporations and business entities.

Minimum Account Size

As a condition for starting and maintaining a relationship, Stone Creek generally imposes a minimum portfolio size of a minimum of \$250,000 for its Stone Creek Program. Stone Creek, in its sole discretion, may accept clients with smaller portfolios based upon certain criteria including anticipated future earning capacity, anticipated future additional assets, related accounts, account composition, pre-existing client, account retention, and *pro bono* activities.

Stone Creek may aggregate the portfolios of family members to meet the minimum portfolio size. Additionally, certain *Independent Managers* may impose more restrictive account requirements and varying billing practices than Stone Creek.

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

Methods of Analysis

Stone Creek's primary methods of analysis are fundamental and technical:

Fundamental analysis involves the fundamental financial condition and competitive position of a Company or asset class. Stone Creek, upon the unsolicited request from a client, may analyze the financial condition, capabilities of management, earnings, new products and services, as well as the company's or asset class' markets and position amongst its competitors. The primary risk in using

fundamental analysis is that while the overall health and position of a company or asset class may be good, market conditions may negatively impact the security

Technical analysis involves the analysis of past market data rather than specific company data. Technical analysis may involve the use of charts to identify market patterns and trends which may be based on investor sentiment rather than the fundamentals of the company. The primary risk in using technical analysis is that spotting historical patterns may not help to predict such patterns in the future. Even if the pattern will eventually reoccur, there is no guarantee that Stone Creek will be able to accurately predict such a reoccurrence.

Investment Strategies

Stone Creek does not recommend specific investment strategies to its clients. Upon request, Stone Creek will furnish research and specific market views to clients.

Risks of Loss

Market Risks

The profitability of any investment position will depend to a great extent upon correctly assessing the future course of price movements of stocks and bonds. There can be no assurance that Stone Creek will be able to predict those price movements accurately.

General Risk of Loss

Investing in securities involves the risk of loss. Clients should be prepared to bear such loss.

Item 9. Disciplinary Information

Stone Creek is required to disclose the facts of any legal or disciplinary events that are material to a client's evaluation of its advisory business or the integrity of management. Stone Creek does not have any required disclosures to this Item.

Item 10. Other Financial Industry Activities and Affiliations

Stone Creek is required to disclose any relationship or arrangement that is material to its advisory business or to its clients with certain related persons. Stone Creek has described such relationships and arrangements below.

Stone Creek and Biltmore Capital Advisors are affiliated advisory firms since they are both wholly owned by the same person, Tyler Vernon. Stone Creek and Biltmore Capital share office space and supervisory personnel. In the event clients of Stone Creek desire investment management services, they will be referred to Biltmore Capital and will enter into a new contractual arrangement with Biltmore Capital.

Item 11. Code of Ethics

Stone Creek and persons associated with Stone Creek ("Associated Persons") are permitted to buy or sell securities that it also recommends to clients consistent with Stone Creek's policies and procedures. Stone Creek has adopted a code of ethics that sets forth the standards of conduct expected of its associated persons and requires compliance with applicable securities laws ("*Code of Ethics*"). In accordance with Section 204A of the Investment Advisers Act of 1940 (the "Advisers Act"), its *Code*

of Ethics contains written policies reasonably designed to prevent the unlawful use of material non-public information by Stone Creek or any of its associated persons.

The *Code of Ethics* also requires that certain of Stone Creek's personnel (called "*Access Persons*") report their personal securities holdings and transactions and obtain pre-approval of certain investments such as initial public offerings and limited offerings. Unless specifically permitted in Stone Creek's *Code of Ethics*, none of Stone Creek's *Access Persons* may effect for themselves or for their immediate family (i.e., spouse, minor children, and adults living in the same household as the *Access Person*) any transactions in a security which is being actively purchased or sold, or is being considered as such on behalf of Stone Creek's clients. When Stone Creek is purchasing or considering for purchase any security on behalf of a client, no *Access Person* may effect a transaction in that security prior to the completion of the purchase or until a decision has been made not to purchase such security. Similarly, when Stone Creek is selling or considering the sale of any security on behalf of a client, no *Access Person* may effect a transaction in that security prior to the completion of the sale or until a decision has been made not to sell such security. These requirements are not applicable to: (i) direct obligations of the Government of the United States; (ii) money market instruments, bankers' acceptances, bank certificates of deposit, commercial paper, repurchase agreements and other high quality short-term debt instruments, including repurchase agreements; (iii) shares issued by mutual funds or money market funds; and (iv) shares issued by unit investment trusts that are invested exclusively in one or more mutual funds.

Clients and prospective clients may contact Stone Creek to request a copy of its *Code of Ethics*.

Item 12. Brokerage Practices

As discussed above, in Item 5, Stone Creek generally recommends that clients utilize the brokerage and clearing services of *Charles Schwab*, *TD Ameritrade*, *MKM*, *Cantor Fitzgerald*, and *Equity Trust*, collectively referred to herein as "*Custodians*"). Factors which Stone Creek considers in recommending the *Custodians* or any other broker-dealer to clients include their respective financial strength, reputation, execution, pricing, research and service. *Charles Schwab* and *TD Ameritrade* enable Stone Creek to obtain many mutual funds without transaction charges and other securities at nominal transaction charges. The commissions and/or transaction fees charged by the *Custodians* may be higher or lower than those charged by other *Financial Institutions*.

The commissions paid by Stone Creek's clients comply with Stone Creek's duty to obtain "best execution." Clients may pay commissions that are higher than another qualified *Financial Institution* might charge to effect the same transaction where Stone Creek determines that the commissions are reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a *Financial Institution's* services, including among others, the value of research provided, execution capability, commission rates, and responsiveness. Stone Creek seeks competitive rates but may not necessarily obtain the lowest possible commission rates for client transactions.

Stone Creek periodically and systematically reviews its policies and procedures regarding its recommendation of *Financial Institutions* in light of its duty to obtain best execution. The client may direct Stone Creek in writing to use a particular *Financial Institution* to execute some or all transactions

for the client. In that case, the client will negotiate terms and arrangements for the account with that *Financial Institution*, and Stone Creek will not seek better execution services or prices from other *Financial Institutions* or be able to “batch” client transactions for execution through other *Financial Institutions* with orders for other accounts managed by Stone Creek. As a result, the client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case. Subject to its duty of best execution, Stone Creek may decline a client’s request to direct brokerage if, in Stone Creek’s sole discretion, such directed brokerage arrangements would result in additional operational difficulties or violate restrictions imposed by other broker-dealers (as further discussed below).

To the extent Stone Creek determines and is able to aggregate client orders for the purchase or sale of securities, including securities in which Stone Creek’s *Supervised Persons* may invest, Stone Creek generally does so in accordance with applicable rules promulgated under the Advisers Act and no-action guidance provided by the staff of the U.S. Securities and Exchange Commission. Stone Creek does not receive any additional compensation or remuneration as a result of such aggregation.

In the event that Stone Creek determines that a prorated allocation is not appropriate under the particular circumstances, the allocation will be made based upon other relevant factors, which may include: (i) when only a small percentage of the order is executed, shares may be allocated to the account with the smallest order or the smallest position or to an account that is out of line with respect to security or sector weightings relative to other portfolios, with similar mandates; (ii) allocations may be given to one account when one account has limitations in its investment guidelines which prohibit it from purchasing other securities which are expected to produce similar investment results and can be purchased by other accounts; (iii) if an account reaches an investment guideline limit and cannot participate in an allocation, shares may be reallocated to other accounts (this may be due to unforeseen changes in an account’s assets after an order is placed); (iv) with respect to sale allocations, allocations may be given to accounts low in cash; (v) in cases when a pro rata allocation of a potential execution would result in a *de minimis* allocation in one or more accounts, Stone Creek may exclude the account(s) from the allocation; the transactions may be executed on a pro rata basis among the remaining accounts; or (vi) in cases where a small proportion of an order is executed in all accounts, shares may be allocated to one or more accounts on a random basis.

Consistent with obtaining best execution, brokerage transactions may be directed to certain broker-dealers in return for investment research products and/or services which assist Stone Creek in its investment decision-making process. Such research generally will be used to service all of Stone Creek’s clients, but brokerage commissions paid by one client may be used to pay for research that is not used in managing that client’s portfolio. The receipt of investment research products and/or services as well as the allocation of the benefit of such investment research products and/or services poses a conflict of interest because Stone Creek does not have to produce or pay for the products or services.

Software and Support Provided by Financial Institutions

Stone Creek and/or its affiliated firm, Biltmore Capital may receive from *Charles Schwab and/or TD Ameritrade*, without cost, computer software and related systems support, which allow Stone Creek to better monitor client accounts maintained at *Charles Schwab* and/or *TD Ameritrade*. Stone Creek may receive the software and related support without cost because Stone Creek’s affiliate renders

investment management services to clients that maintain assets at *Charles Schwab and/or TD Ameritrade*. The software and related systems support may benefit Stone Creek, but not its clients directly. In fulfilling its duties to its clients, Stone Creek endeavors at all times to put the interests of its clients first. Clients should be aware, however, that such an arrangement may influence Stone Creek's choice of broker-dealer(s) over another broker-dealer that does not furnish similar software, systems support, or services.

Item 13. Review of Accounts

Stone Creek does not provide specific investment management but does monitor portfolios as part of an ongoing process to ensure clients are not assuming inordinate risks. Such reviews are conducted by Stone Creek's investment adviser representatives.

Unless otherwise agreed upon, clients are provided with transaction confirmation notices and regular summary account statements directly from the broker-dealer or custodian for the client accounts.

Item 14. Client Referrals and Other Compensation

Stone Creek is required to disclose any relationship or arrangement where it receives an economic benefit from a third party (non-client) for providing advisory services. Stone Creek may receive economic benefits from non-clients for providing advice or other advisory services to clients. This type of relationship poses a conflict of interest and any such relationship is disclosed in response to Item 12, above.

Stone Creek does not have any referral arrangement in which it pays compensation to a third party for client referrals.

Item 15. Custody

Stone Creek does not maintain physical custody client assets. Stone Creek engages several qualified, nationally recognized SEC registered broker-dealers to custody and safe keep client assets. Stone Creek's *Agreement* and/or the separate agreement with any *Financial Institution* may authorize Stone Creek through such *Financial Institution* to debit the client's account for the amount of Stone Creek's fee and to directly remit that management fee to Stone Creek in accordance with applicable custody rules. The *Financial Institutions* recommended by Stone Creek have agreed to send a statement to the client, at least quarterly, indicating all amounts disbursed from the account.

Item 16. Investment Discretion

Stone Creek does not maintain authority to exercise discretion on behalf of clients.

Item 17. Voting Client Securities

Stone Creek does not vote proxies on behalf of clients. With respect to shareholder class action litigation and similar matters, Stone Creek generally will not make any filings in connection with any shareholder class action lawsuits involving securities currently or previously held in clients' accounts but will forward these notices to clients when received. Stone Creek recommends that its clients promptly review such materials, as they identify important deadlines and may require action on the client's part. Stone Creek will not be required to notify third party custodians or clients who utilize third party custodians of shareholder class action lawsuits and similar matters.

Item 18. Financial Information

Stone Creek does not require or solicit the prepayment of more than \$1,200 in fees six months or more in advance. Stone Creek is required to disclose any financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients. Stone Creek has no disclosures pursuant to this Item. Stone Creek has not been the subject of any bankruptcy petition.