

Item 1 – Cover Page



Sunstone Advisors, LLC
And its Relying Adviser
Sunstone Venture Partners L.L.C.
18881 Von Karman Avenue
Suite 500
Irvine, CA 92612
Phone: 949-744-7808

March 29, 2024

The Form ADV, Part 2; our “Disclosure Brochure” or “Brochure” is a document between our Clients (“you”, “your”) and Sunstone Advisors, LLC (“Sunstone Advisors”) and Sunstone Venture Partners L.L.C., a relying adviser (“Relying Adviser”) (collectively, “Advisors”, “us”, “we”, “our”). Sunstone Advisors’ IARD firm number is 324002. We provide advisory services solely to institutional clients organized as exempt reporting entities, which we refer to interchangeably throughout this document as “our Clients” or “the Funds.”

This Brochure provides information about our qualifications, business practices and the nature of advisory services that should be considered before becoming our advisory Client. If you have any questions about the contents of this brochure, please contact us at 949-744-7808. 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.

Sunstone Advisors is an investment adviser registered with the SEC. Sunstone Venture Partners is an investment adviser registered with the SEC as a Relying Adviser of Sunstone Advisors. Our registrations as investment advisers do not imply any level of skill or training. Additional information about us is also available on the SEC’s website at www.adviserinfo.sec.gov (click on the link, select “investment adviser firm” and type in our firm name). Results will provide you with both Parts 1 and 2 of our Form ADV or you may contact our Chief Compliance Officer, Heather Lewis at 949-771-1764 or via email at Heather.Lewis@SunstoneInvestment.com.

Item 2 – Material Changes

Since the last filing of our Form ADV Part 2 or “Disclosure Brochure” on May 19, 2023, we have entered into investment advisory agreements with six additional venture capital funds. We have made changes within this brochure to reflect these engagements. In addition, we have made the following changes to this brochure:

- Item 4 – Advisory Business: We have updated our Advisory Business section to reflect that we have been engaged by additional venture capital funds and to report our assets under management.
- Item 4 – Advisory Business: We have amended our Form ADV to report that an affiliated entity, Sunstone Venture Partners L.L.C., has filed to be deemed a Relying Adviser under Sunstone Advisor’s registration with the SEC.
- Item 7 – Types of Clients: We have updated our description of types of clients to reflect our intention to accept subscriptions into our Funds pursuant to the Issuer exemption.
- Item 10 – Other Financial Activities and Affiliations: We have updated this section to reflect that the Adviser has engaged Carolina Financial Services, LLC to act as Solicitor for each of the Funds. In addition, certain individuals who are employed by Sunstone Management, and who are investment adviser representatives of the Adviser, will be dually licensed as registered representatives of the Solicitor.
- Item 12 – Brokerage Practices: We have updated this section to identify our contractual agreement with a broker-dealer firm engaged for the purposes of acting as Solicitor with regard to assisting the Funds with identifying suitable investors.
- Item 13 – Review of Accounts: We have updated this section to disclose that each of the Funds will undergo an annual audit. The audited financial statements will be provided to each Fund investor. In addition, unaudited account statements will be provided to investors on a quarterly basis.

We also made various clarifications throughout this Disclosure Brochure.

For future filings, this section of the Disclosure Brochure will address only those “material changes” that have been incorporated since our last delivery or posting of this Brochure on the SEC’s public disclosure website (IAPD) at www.adviserinfo.sec.gov.

We may, at any time, update this Brochure and send to you an updated copy including a summary of material changes, or a summary of material changes that includes an offer to send you a copy (either by electronic means (email) or in hard copy form).

If you would like another copy of this Disclosure Brochure, please download it from the SEC website as indicated above or you may contact our Chief Compliance Officer, Heather Lewis at 949-771-1764 or via email at Heather.Lewis@SunstoneInvestment.com.

Item 3 – Table of Contents

Item 1 – Cover Page.....	
Item 2 – Material Changes.....	i
Item 3 – Table of Contents.....	ii
Item 4 – Advisory Business	1
Item 5 – Fees and Compensation.....	5
Item 6 – Performance-Based Fees and Side-By-Side Management.....	7
Item 7 – Types of Clients	8
Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss	9
Item 9 – Disciplinary Information.....	13
Item 10 – Other Financial Industry Activities and Affiliations	14
Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.....	16
Item 12 – Brokerage Practices	18
Item 13 – Review of Accounts	19
Item 14 – Client Referrals and Other Compensation	20
Item 15 – Custody	21
Item 16 – Investment Discretion.....	22
Item 17 – Voting Client Securities (i.e., Proxy Voting)	23
Item 18 – Financial Information	24
Item 19 – Requirements for State-Registered Advisers	25

Item 4 – Advisory Business

Sunstone Advisors is a limited liability company formed on September 28, 2022, under the laws of the State of Delaware and wholly owned by Messrs. John Shen, John Keisler, Michael Stone and Ms. Jasmine Jiang, who collectively have 100% ownership interest in Sunstone Advisors.

Sunstone Venture Partners is a limited liability company formed on July 21, 2023, under the laws of the State of Delaware and wholly owned by Messrs. John Shen, John Keisler, Michael Stone, Luis Cifuentes, Mangran Wei and Ms. Jun Jiang, who collectively have 100% ownership interest in Sunstone Venture Partners.

Sunstone Advisors offers investment advisory services to multiple venture capital equity funds and their general partners, other pooled investment vehicles (the “Funds”) and provide investment recommendations to program managers for an Immigrant Investor Program (“EB-5 program”) an institutional Client (collectively, “Clients”). The Relying Adviser offers investment advisory services to one venture capital equity fund. We do not provide investment advisory services to individual investors.

As of December 31, 2023, Sunstone Advisors currently has \$104,918,690 in assets under management of which \$18,710,000 is managed on a non-discretionary basis. In addition, we intend to manage on a non-discretionary basis \$9,000,000 in unfunded capital commitment for the same Client, for a total of \$27,710,000 managed on a non-discretionary basis. We currently offer investment advisory services to one institutional client, seven venture capital funds and one fixed income fund of funds:

- American Lending Center LLC is an affiliated, private non-bank lending institution to whom we provide non-discretionary advisory and management services.
- Sunstone Fixed Income Fund IV, LLC offers a limited number of sophisticated high net worth noteholders access to floating rate and fixed income securities investment primarily in a non-affiliated fund with the objective of generating stable current income.
- Two funds, Sunstone Seatrec I, LLC and Sunstone Seatrec II, LLC are special purpose vehicles open to a limited number of investors for special purpose investing opportunities.
- The remaining venture capital funds, which are limited to Qualified or Accredited Investors, invest in diverse early-stage entrepreneurs who span sectors including information technology, healthcare, consumer products and services, business products and services, financial services, and energy.

We have established an Investment Committee (the “Committee” and, individually, the “Committee Members”) for the purpose of making a determination if a business recommended to us is appropriate for investing in by one or more of our Clients or for presentation to the ALC

Entities for inclusion as an EB-5 opportunity. For more information regarding Methods of Analysis, please see Item 8 below.

On behalf of our Clients, we, or one of our affiliates, may also offer and provide managerial assistance to the portfolio companies of our Client. These services may include monitoring the operations of the portfolio companies, participating in board and management meetings, consulting with and advising officers of the portfolio companies and providing other organizational and financial guidance.

While our Committee may perform the analysis as described in Item 8, no Committee Member has individual authority to take any action or commit capital to any investment without majority consensus from the Investment Committee.

Sunstone Advisors has identified Sunstone Venture Partners L.L.C. as a registered investment adviser as a Relying Adviser under Sunstone Advisors registration with the SEC (collectively, “the Advisors”). Sunstone Venture Partners is an affiliated entity that will serve as an investment adviser to Sunstone Dream Fund, L.P., which will be advised by Sunstone Venture Partners. In satisfaction of the requirements to be designated as a Relying Adviser, the Advisors

- advise only private funds whose accounts pursue investment objectives and strategies that are substantially similar,
- share its principal office and place of business and all of the substantive provisions of the Advisers Act apply to each,
- The Relying Adviser and its employees and persons acting on their behalf are subject to the Sunstone Adviser’s supervision and control,
- The Advisors are both subject to the Advisers Act and both are subject to examination by the SEC, and
- The Advisors operate under a single code of ethics and a single set of written policies and procedures.

As of December 31, 2023, the Relying Adviser currently has \$ \$3,000,000 in pre-seed assets under management of which all are managed on a discretionary basis.

About The Funds

Our Clients are expected to primarily be proprietary pooled investment vehicles (the “Funds”) with offerings exempt from registration pursuant to Rule 506(b) and in some cases Rule 506(c) of the Securities Act of 1933. Our Clients’ investment objectives are focused on diverse, early-stage technology focused private companies that we believe provide new opportunities for economic growth through the creation of public-private partnerships across government, education, and private sectors. Investments in our Clients are deemed to be high risk

investments and for that reason, the offerings are available only to Accredited, Qualified Investors, who can bear the risk of loss of their investment.

This Disclosure Brochure provides only broad summaries of the information which is more fully provided in the offering documents for each of the Funds. Investors should refer to each specific Fund's Offering Document for definitive and more comprehensive information regarding a specific investment concept and the matters described in this Disclosure Brochure.

Each Fund's private placement memorandum (PPM) (combined with the applicable security agreement, and/or other agreements associated with an investment in a Fund) will describe the terms and conditions related to the specific purchase and sale of each investor's interest in the Fund in addition to disclosures related to the risks of investing in a Fund, among other things.

The Funds are offered to investors in reliance upon an exemption from the registration requirements of the Securities Act of 1933, as amended, set forth in Section 4(2) of such act, and are not registered as an investment companies under, or otherwise subject to the provisions of the U.S. Investment Company Act of 1940, as amended (the "Investment Company Act"), either because the vehicles do not meet the definition of "investment company" or in reliance upon an exclusion from the definition of "investment company" provided in the Investment Company Act. Investment guidelines and objectives for each Fund are set forth in the respective Fund's Offering Documents.

Relying Adviser

Sunstone Venture Partners is a Relying Adviser that expects to offer investment advisory services to one fund, Sunstone Dream Fund, L.P., a venture capital equity fund and to their general partners. The Relying Advisor intends to invest in early-stage high-technology companies in the consumer tech, enterprise services, artificial intelligence, robotics, deep-tech and similar sectors and in such other activities as determined by the General Partners.

The EB-5 Program

Sunstone Advisors will also provide non-discretionary advisory services to American Lending Center LLC ("ALC"), a California corporation that is primarily responsible for serving as a regional center under an EB-5 Program established by the Immigrant Investor Program (the "EB-5 Program"). The EB-5 Program is a visa program which allows foreign investors to gain permanent residence in the United States in exchange for a minimum investment into new commercial enterprises ("NCEs") that provide economic development and job creation. The NCE is the investment vehicle into which the foreign investors invest. To the extent that the Private Funds qualify as an NCE, the foreign investors may invest in the Private Funds advised by the Company.

We will also be advising American Lending Center Capital LLC ("ALCC") with regard to the investing of redeployed capital coming out of the EB-5 program and advising American Lending Center ("ALC") with regard to all other companies engaged in the EB-5 process. The advisory services being provided to this Client includes, on a non-discretionary basis, advising on:

- investment activity of the Client's investment activities;
- potential structuring of acquisitions, dispositions and/or terms of investments that suit the Client's investment documents and business purpose;
- coordinating and approving of portfolio fair valuations and performance metrics and benchmarking;
- providing periodic and annual reports on the investment portfolio; and
- providing administrative services, including facilitating communications regarding investments

Sunstone Management, Inc.

Sunstone Management, Inc. ("Sunstone Management"), an affiliated entity, is a private capital sponsor and general partner of the Venture Capital Funds and which invests its time and resources into providing capital and technical assistance to diverse, high-quality individuals and their start-up businesses that they believe advances products, services, and solutions to the business community.

Sunstone Management will identify start-up founders, both equity and debt, to present to Sunstone Advisors to evaluate suitability for recommendation to ALC on its EB-5 investments, including investments into NCEs under the EB-5 Program and for the redeployment of capital under the EB-5 redeployment program.

Item 5 – Fees and Compensation

The Funds

The Funds offer interests or shares, as applicable, only to certain investors and subscription into the Funds is not open to the public. Interests are sold only to qualified investors who are “accredited investors” under Rule 501(a) of Regulation D of the Securities Act of 1933, as amended. Each Fund’s Offering Documents contain a detailed description of the applicable Fund’s fee schedule.

Management Fee

The Advisors are generally paid a monthly or quarterly management fee computed on the value of each Fund’s capital accounts/net asset value. These fees can range from 1% to 2% depending on the Fund or any applicable share class. The respective managing member or general partner of the Fund may, in its sole discretion, waive, reduce or calculate differently the management fee with respect to certain investors. In addition, the General Partner may direct any excess revenue of the Fund in its sole discretion. Please refer to each Fund’s respective offering documents for their specific fee schedule.

Performance Fee or Carried Interest

In addition, the applicable Fund’s managing member or general partner receives an incentive allocation if net profits allocated to the respective Fund’s capital account exceed net losses allocated to that account, subject to a loss carryforward provision. The incentive allocation ranges from 10% to 20% of net profits, depending on the Fund. The respective managing member or general partner may, in its sole discretion, waive, reduce, or calculate differently the incentive allocation with respect to certain investors. The relevant offering documents contain a detailed description of applicable fees.

The Advisors deduct fees from Fund assets. In general, The Advisors receive a quarterly management fee paid in arrears based on the net asset value of the respective Fund, payable as of the first day of each quarter. The incentive allocation, if any, will be determined as of each fiscal year end and, with respect to capital withdrawn/redeemed other than as of a fiscal year end, as of the time of such withdrawal/redemption with respect to the withdrawn/redeemed amount. As noted above, an incentive fee is subject to a loss carryforward provision.

It is critical that investors refer to the relevant offering documents for a complete understanding of how the Advisors are compensated for their advisory services. The information contained in Item 5 is a summary only and is qualified in its entirety by the relevant offering documents for each Advisory Client.

Other Fees

The Advisors shall pay their own expenses such as office rent, supplies, stationery, secretarial expenses, charges for furniture and fixtures, employee insurance, payroll taxes and

compensation of employees. The Funds will be responsible for paying their ordinary fund expenses including legal, third-party accounting, audit and other professional fees and expenses, third-party administration fees and expenses, and research expenses (including research-related travel). The Advisors will pay the organizational expenses of the Funds. The Funds will bear any extraordinary operating expenses included in the operation of the partnership, if any, such as legal or accounting expenses relating to tax examinations or litigation involving the Funds. In addition, the Funds will bear any ordinary transaction fees and expenses related to the Funds' investment activities. It should be noted that the Funds may compensate persons who have been instrumental in the sale of limited partnership interests which compensation may be paid from the Management Fee and/or Incentive Fee. In no event will such compensation be borne by or otherwise charged to the Funds, Limited Partners, or any prospective Limited Partners. The Advisors shall pay their own organizational expenses, including expenses incurred in connection with the initial offer and sale of Interests in the Funds.

The forgoing list is not all inclusive and only highlights primary Fund expenses. Fund Investors are directed to the applicable disclosures in the Offering Documents for a complete listing and description of the fees and expenses related to each specific Fund.

EB-5 Program

Advisory services provided to the ALC Entities will be offered through separate consulting arrangements on a fixed percentage of assets under management fee basis paid quarterly in arrears. Any fee arrangement will be agreed upon and documented. As reflected in such agreement, the ALC Entities may elect to pay the fee by check or by deducting the fee from eligible accounts designated by each Client.

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

As noted in Item 5, the Advisors will receive performance-based compensation or incentive fees from each Fund. Performance-based compensation may be deemed to create a conflict of interest for us as there can be an incentive for us to make investments that are riskier or more speculative than would be the case in the absence of performance compensation. In addition, in situations where certain Funds pay smaller performance compensation (due to the existence of a loss carry-forward, a higher preferred return, different compensation rates and structures or otherwise), there can be an incentive for us to favor those Funds that pay higher performance compensation. However, for Funds that invest in only a single portfolio company, these risks are reduced due to the fact that such Funds are not competing for the same investment and the risk of aggressive investment strategies is limited. In addition, to seek and mitigate this inherent conflict of interest even further, we will implement allocation policies and procedures (when necessary) that seek to ensure that strategy appropriate investments are allocated among the Funds on an equitable basis.

Item 7 – Types of Clients

Our Clients are primarily proprietary pooled investment vehicles with offerings exempt from registration pursuant to Rule 506(b) of the Securities Act of 1933 (collectively, “the Funds”). The Funds’ investment objectives are primarily focused on diverse, early-stage technology focused private companies that we believe provide new opportunities for economic growth through the creation of public-private partnerships across government, education and private sectors. Sunstone Advisors will also provide non-discretionary advisory services to American Lending Center entities (ALC Entities) related to EB-5 Programs established by the Immigrant Investor Program (the “EB-5 Program”). The EB-5 Program is a visa program which allows foreign investors to gain permanent residence in the United States in exchange for a minimum investment into new commercial enterprises (“NCEs”) that provide economic development and job creation.

Sunstone Management, an affiliated entity, is a private capital sponsor that invests its time and resources into providing capital and technical assistance to diverse, high-quality individuals and their start-up businesses that they believe advances products, services, and solutions to the business community. Sunstone Management may identify start-up founders, both equity and debt, and present to the Adviser for consideration for investing by one of the Funds.

Sunstone Advisors and the Relying Adviser do not provide investment advisory services to retail investors. However, the Adviser may facilitate securities transactions as private sales with the issuing Funds under the Issuer Rule, Rule 144 exemptions. Advisory representatives do not receive a selling commission for these transactions.

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

We will only offer the types of investments, methods of analysis and investment strategies that are specified within the investment objectives established for each of our Funds.

Each portfolio will be designed to meet particular investment goals and objectives taking into account availability of invested capital, circumstances, and investment objectives for each Fund. Each Fund may place reasonable restrictions or constraints on the way their account is managed or as to how the invested capital is deployed; however, such restrictions and limitations should be established when the Fund is developed and/or as a part of the execution of the Advisory Agreement with us.

Methods of Analysis and Investment Strategies

The Investment Committee will conduct an evaluation of all potential portfolio companies that have been identified by related parties of the Company to identify those which meet the investment criteria for investing by one of our Funds. The evaluation includes the review and analysis of information, portfolio management team interviews, measurement against selection criteria, valuation and negotiation of the terms of the equity investment. Our Investment Committee will also determine the allocation of opportunities among our Funds based primarily upon the Fund's stated investment strategy, available capital and investing timeline. With regards to the ALC Entities, we will also evaluate the potential of the startup business to create jobs as is a required element of the EB-5 program.

We may also provide the following additional services to our Funds:

- Determining the composition of the Fund's portfolio, the nature and timing of the changes to the Fund's portfolio and the manner of implementing such changes;
- Identifying, evaluating, negotiating and structuring the Fund's investments;
- Performing due diligence on prospective portfolio investments;
- Executing, closing, servicing, and monitoring the investments made by the Fund;
- Determining the securities and other assets that the Fund should purchase, retain or sell;
- Providing the Fund with such other investment advisory, research and related services as may be required in connection with our Fund's capital investments;
- Determine the securities and other assets the Fund shall purchase, retain, or sell and the timing and terms for such investment activity;
- Provide the Fund with such other investment advisory, research and related services as may be required for the investment of their funds;

- Provide our Fund with assistance related to EB-5 responsibilities related to the selection, recommendation, and monitoring of investments for NCEs as identified by the regional center and EB-5 Fund Support including any responsibilities that may be contractually arranged for with regard to EB-5 administration matters; and
- We shall maintain and keep all books, accounts and other records that relate to activities performed by us on your behalf and as may be required by our agreement with you or relevant regulations.

The available capital in the Fund is primarily invested in portfolio companies and not in tradeable securities. However, to the extent it is in your best interest to invest undeployed capital into securities, we may elect to do so. Sunstone Management and its employees may also invest in our Funds; however, we neither recommend to you, nor buy or sell for your accounts, securities in which we (or a related person) have a material financial interest.

Description of Principal Risks

An investment in one or more of the Funds is speculative and involves significant risks not associated with other investment vehicles and is suitable only for persons of adequate financial means who have no need for liquidity in this investment and can afford to lose the entirety of their investments. There can be no assurances or guarantees that (i) a Fund's investment objectives will prove successful, (ii) investors will not lose any portion or all of their investment in a Fund, or (iii) investors who invest directly in small business and consumer loans will not lose any portion or all of their investment.

Investors should consider the Funds as a supplement to an overall investment program and should only invest if they are willing to undertake the risks involved. In addition, investors who are subject to income tax should be aware that an investment in a Fund is likely (if the Fund is successful) to create taxable income or tax liabilities in excess of cash distributions to pay such liabilities. Investors should therefore bear in mind the risk factors before purchasing an interest in any Fund, or in small business and consumer loans directly. Any or all of such risks could materially and adversely affect investment performance, the value of any such investment or any security held in such investment and could cause investors to lose substantial amounts of money.

There are general risks (i.e., General Economic and Market Conditions), Operating Risks (i.e., Reliance on the General Partner management team, Conflicts of Interest), and Regulatory Risks (i.e., Absence of U.S. Regulatory Oversight). The risks also include, but are not limited to, non-diversification of the Fund's investments resulting from a limited number of loans, the unsecured nature of the Notes, limited transferability of the Notes, interest rate risk and the use of leverage. All of these and other important risks are outlined in detail in the Offering Documents for each Fund.

Legal and Regulatory Matters Risks Legal

Legal developments which may adversely impact investing and investment-related activities can occur at any time. “Legal Developments” means changes and other developments concerning foreign, as well as US federal, state and local laws and regulations, including adoption of new laws and regulations, amendment or repeal of existing laws and regulations, and changes in enforcement or interpretation of existing laws and regulations by governmental regulatory authorities and self-regulatory organizations (such as the SEC, the US Commodity Futures Trading Commission, the Internal Revenue Service, the US Federal Reserve and the Financial Industry Regulatory Authority). Our management of accounts may be adversely affected by the legal and/or regulatory consequences of transactions affected for the accounts. Accounts may also be adversely affected by changes in the enforcement or interpretation of existing statutes and rules by governmental regulatory authorities or self-regulatory organizations.

System Failures and Reliance on Technology Risks

Our investment strategies, operations, research, communications, risk management, and back-office systems rely on technology, including hardware, software, telecommunications, internet-based platforms, and other electronic systems. Additionally, parts of the technology used are provided by third parties and are, therefore, beyond our direct control. We seek to ensure adequate backups of hardware, software, telecommunications, internet-based platforms, and other electronic systems, when possible, but there is no guarantee that our efforts will be successful. In addition, natural disasters, power interruptions and other events may cause system failures, which will require the use of backup systems (both on- and off-site). Backup systems may not operate as well as the systems that they back-up and may fail to properly operate, especially when used for an extended period. To reduce the impact a system failure may have, we continually evaluate our backup and disaster recovery systems and perform periodic checks on the backup systems’ conditions and operations. Despite our monitoring, hardware, telecommunications, or other electronic systems malfunctions may be unavoidable, and result in consequences such as the inability to direct investments for or monitor Fund accounts and portfolios. If such circumstances arise, the Investment Committee will consider appropriate measures for Funds.

Cybersecurity Risk

A portfolio is susceptible to operational and information security risks due to the increased use of the internet. In general, cyber incidents can result from deliberate attacks or unintentional events. Cyberattacks include, but are not limited to, infection by computer viruses or other malicious software code, gaining unauthorized access to systems, networks, or devices through “hacking” or other means for the purpose of misappropriating assets or sensitive information, corrupting data, or causing operational disruption. Cybersecurity failures or breaches by third-party service providers may cause disruptions and impact the service providers’ and our business operations, potentially resulting in financial losses, the inability to transact business, violations of applicable privacy and other laws, regulatory fines, penalties, reputational damage, reimbursement, or other compensation costs, and/or additional compliance costs. While we

have established business continuity plans and risk management systems designed prevent or reduce the impact of such cyberattacks, there are inherent limitations in such plans and systems due in part to the everchanging nature of technology and cyberattack tactics.

Pandemic Risks

The recent outbreak of the novel coronavirus rapidly became a pandemic and has resulted in disruptions to the economies of many nations, individual companies, and the markets in general, the impact of which cannot necessarily be foreseen at the present time. This has created closed borders, quarantines, supply chain disruptions and general anxiety, negatively impacting global markets in an unforeseeable manner. The impact of the novel coronavirus and other such future infectious diseases in certain regions or countries may be greater or less due to the nature or level of their public health response or due to other factors. Health crises caused by the recent coronavirus outbreak or future infectious diseases may exacerbate other pre-existing political, social, and economic risks in certain countries. The impact of such health crises may be quick, severe and of unknowable duration. Pandemic and other epidemics and pandemics that may arise in the future could result in continued volatility in the financial markets and could have a negative impact on investment performance.

The foregoing list of risk factors does not purport to be a complete explanation of the risks involved in this offering. Potential investors should read the Offering Documents carefully in its entirety, and consult their own legal, tax and investment advisers before deciding whether to invest in any Fund.

Item 9 – Disciplinary Information

We do not have any legal, financial, or other “disciplinary” item to report. We are obligated to disclose any disciplinary event that would be material to you when evaluating us to initiate a Client / Adviser relationship, or to continue a Client /Adviser relationship with us.

Item 10 – Other Financial Industry Activities and Affiliations

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

In addition, except as disclosed below, neither Sunstone Advisors nor any of our management persons have any relationship or arrangement that is material to us or to our Clients or with a related person that is, a:

- Municipal securities dealer, or government securities dealer or broker;
- Investment company;
- Other investment adviser or financial planner, except for our Relying Adviser;
- Futures commission merchant (or commodity pool operator or commodity trading advisor);
- Accountant or accounting firm;
- Lawyer or law firm;
- Insurance company or agency;
- Pension consultant; or
- Real estate broker or dealer

Carofin, LLC and Carolina Financial Services, LLC

Sunstone Advisors has engaged Carolina Financial Securities, LLC, a North Carolina limited liability company to act as Solicitor for each of the Funds (the “Solicitor”). The Solicitor is a broker/dealer registered with FINRA. The Solicitor has been engaged to provide solicitation of investors. Certain individuals who are employed by Sunstone Management, and who are investment adviser representatives of Sunstone Advisors will be dually licensed as registered representatives of Carofin, LLC, a related broker/dealer of the Solicitor. The Solicitor is responsible for supervising these registered representatives as it relates to their brokerage activities. These representatives will be paid a commission for the subscriptions brought to the Client Funds.

Sunstone Management, Inc.

Sunstone Management is under common control with Sunstone Advisors and is instrumental in the design and vision of the platform. Sunstone Management is the platform sponsor and

spearheads the community outreach initiatives which are integral to the identification of startup business or real estate investment opportunities from which investment opportunities for our Clients may be selected. In addition, Sunstone Management serves as the General Partner of several of our venture capital funds, Sunstone Management has no preferential ownership or priority of capital return in those circumstances. We believe investing alongside the investors in our Funds helps to align the interests of Sunstone Management, our Clients, and their investors.

Sunstone Management and Sunstone Advisors jointly employ our managers, executive officers, and our Committee Members. All persons associated with us are subject to our Code of Ethics, the fiduciary standards and all reporting requirements established thereunder as well as our Conflicts of Interest Policy.

We believe there is alignment of interests between us and the affiliated entities who may be providing services to you, however, conflicts of interest can arise. We have provided training and resources to our employees to recognize when a conflict of interest may present itself. We have developed procedures for the escalation and handling of those matters. We have also created a compliance program which is designed to identify, correct, or mitigate those conflicts of interest. The compliance program is monitored and assessed to verify its effectiveness.

Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

We have in place the Code of Ethics Rules (the “Rules”), which are comprised of the Code of Ethics, Conflicts of Interest and Insider Trading policies and procedures. The Rules are designed to ensure that our personnel (i) observe applicable legal (including compliance with applicable state and federal securities laws) and ethical standards in the performance of their duties; (ii) at all times place your interests first; (iii) disclose all potential conflicts; (iv) adhere to the highest standards of loyalty, candor and care in all matters relating to its Clients; (v) conduct all personal trading consistent with the Rules and in such a manner as to avoid any potential conflict of interest or any abuse of their position of trust and responsibility; and (vi) not use any material non-public information in securities trading. The Rules also establish policies regarding other matters such as outside employment, the giving or receiving of gifts, and safeguarding portfolio holdings information.

Under the general prohibitions of the Rules, our personnel may not: 1) effect securities transactions while in the possession of material, non-public information; 2) disclose such information to others; 3) participate in fraudulent conduct involving securities held or to be acquired by any Client; and 4) engage in frequent trading activities that create a conflict of interest, limit their ability to perform their job duties, or violate any provision of the Rules.

Our personnel are required to conduct their personal investment activities in a manner that we believe is not detrimental to its advisory Clients. Our personnel are not permitted to transact in securities except under circumstances specified in the Code of Ethics. The policy requires all Access Persons (defined as investment personnel, which includes portfolio managers, assistant portfolio managers, research analysts and trading room personnel, our officers, and other designated persons) to report all personal transactions in securities not otherwise exempt under the policy. All reportable transactions are reviewed for compliance with the Code of Ethics. The Ethics Rules are available to you and prospective Clients within a reasonable period of time at the current address of record.

Under the stated limited circumstances, we, or a related person, may invest in the same securities (or related securities, e.g., warrants, options, or futures) that we (or a related person) recommend to you. Additionally, we, or a related person, may recommend securities to you, or buy or sell securities for your accounts, at or about the same time that we (or a related person) buy or sell the same securities for our own (or the related person's own) account. Your transactions will always take precedence over our own or any related persons' transactions. Records will also be maintained of all securities products bought or sold by us, the related persons, or related entities. Such records will be available for inspection upon request.

Files of securities transactions affected for our related persons will be maintained for review should there be a conflict of interest. Our compliance program includes a review of all securities transactions of our related persons to ensure no conflicts exist with Client executions. To prevent conflicts of interest, all our employees must comply with our Code of Ethics and Insider

Trading Policies, which impose restrictions on the purchase or sale of securities for their own accounts and the accounts of certain related persons.

There are inherent conflicts of interest for the individuals who are serving in a dual role as an investment adviser representative of the Advisors and conducting solicitation activities on behalf of the Solicitor. These individuals are provided training with regard to their fiduciary duty to the Funds as a paramount responsibility. In addition, as a result of this conflict of interest, these individuals are limited in their participation in certain advisory activities of the adviser and are precluded from serving as a voting member of the Advisors' Investment Committee.

Item 12 – Brokerage Practices

Sunstone Advisors, and our Related Adviser are not affiliated with a broker-dealer. Our Clients are primarily focused on diverse, early-stage technology focused private companies which are invested in pursuant to exempt private placement offerings. Research and brokerage arrangements typical to securities exchange transactions of investment funds do not apply to these types of investments.

The Adviser has engaged Carolina Financial, LLC. A North Carolina limited liability company to act as Solicitor for each of the Funds (the “Solicitor”). The Solicitor is a broker/dealer registered with FINRA. The Solicitor has been engaged to provide solicitation of investors. Certain individuals who are employed by Sunstone Management, and who are investment adviser representatives of the Adviser will be dually licensed as registered representatives of Carofin, LLC, a related broker/dealer of the Solicitor. The Solicitor is responsible for supervising these registered representatives as it relates to their brokerage activities. These representatives will be paid a commission for the subscriptions brought to the Client Funds.

We do not pay, or receive soft dollar benefits, do not use any broker-dealers to direct Fund transactions and do not have directed brokerage arrangements with any broker-dealer or other third-party. Sunstone Advisor’s has engaged a Solicitor solely for the purpose of solicitation of investors for the Funds. The arrangement with the Solicitor does not obligate Sunstone Advisors to direct brokerage related activities to them. Should the Funds require a broker-dealer separate from the engaged broker-dealer, we will seek best execution of transactions on our Clients’ behalf, which may not necessarily be based on the commission rates being the lowest. The client’s investment needs, the broker-dealer’s trading capabilities, reasonableness of their compensation, investment inventory, financial strength, and our personal experience with that broker-dealer will be considered, among other items, before making a recommendation. In determining best execution, we will consider the ability of the broker to provide quality and appropriate research services as well as efficient trade execution.

Item 13 – Review of Accounts

The Funds' investments are monitored continuously and formally reviewed quarterly, at a minimum, by our Investment Committee. In performing its investment management activities, the Investment Committee allocates its personnel and its personnel's time among the Funds. Although personnel devote the time necessary to conduct such investment management activities, conflicts may arise in the allocation of personnel and their time among such Funds, as certain Funds may require more time and resources than others.

Extraordinary reviews of Fund portfolios are undertaken as necessary, depending on factors such as cash flows, changes in Fund objectives or restrictions, or significant changes in market conditions.

The Advisors are deemed to have custody of Fund assets because the General Partner of the various Funds are affiliated entities of the Advisors. Investors in the Funds will receive annual audited financial statements prepared by an independent accounting firm prepared in accordance with United States generally accepted accounting principles. The Administrator of these funds also provides financial statements for the Funds no less than quarterly. The Administrator, on behalf of the Advisors will distribute quarterly financial statements to the investors, including audited financial statements annually. We provide ongoing support and investment advisory services to ALC, an affiliated institutional Client with regard to the EB-5 program including, on a non-discretionary basis, advising on investment activity, structuring of acquisitions, dispositions and or terms of investments, coordinating fair valuations, performance metrics and benchmarking, providing their investors with periodic and annual reports and providing administrative services, including facilitating communications to investors.

Item 14 – Client Referrals and Other Compensation

Other than our arrangements with our affiliated entities as described in Item 10 above, and through the engagement with the Solicitor, we do not receive an economic benefit from any Client or non-Client for providing investment advice or other advisory services to our Clients, nor do we have any arrangement under which we compensate or receive compensation from another for Client referrals.

Item 15 – Custody

Rule 206(4)-2 promulgated under the U.S. Investment Advisers Act of 1940, as amended (the “Custody Rule”) imposes certain obligations on registered investment advisers that have custody or possession of any funds or securities in which any Client has any beneficial interest. An investment adviser is deemed to have custody or possession of Client funds or securities if the adviser directly or indirectly holds Client funds or securities or has the authority to obtain possession of them (regardless of whether the exercise of that authority or ability would be lawful).

The Custody Rule imposes on advisers with custody of Clients’ funds or securities certain requirements concerning reports to such Clients (including underlying investors) and surprise examinations relating to such Clients’ funds or securities. Sunstone Advisors will not need to undertake such requirements if each limited partnership or pooled investment vehicle: (i) is audited at least annually by an independent public accountant, and (ii) distributes its audited financial statements prepared in accordance with generally accepted accounting principles to its investors within 120 days of its fiscal year-end.

We do not have physical custody of any Client funds or securities. Sunstone Management, Inc. is a related party to us. By virtue of their being a General Partner to certain of our Venture Capital Funds, they will be deemed to have “custody” of Client assets. In order to establish controls for the protection of Client Fund assets, we have engaged unrelated, third-party service providers for the handling and holding of these assets. NAV Consulting has and will be engaged to provide Fund Administrative Services. In addition, Millennium Trust has and will be engaged as a Qualified Custodian that will safeguard your assets in a segregated account in the name of the Client Fund. In addition, the assets of each Client Fund will undergo an annual, independent audit by a PCAOB auditing firm, and the audited financials will be provided to each investor in the Client Fund.

Item 16 – Investment Discretion

EB-5 Program

Sunstone Management will select investments in businesses and real estate, both equity and debt, to present to Sunstone Advisors to evaluate suitability for recommendation to the ALC Entities for their EB-5 investments, including investments into NCEs as well as for the redeployment of capital. We will review businesses identified by Sunstone Management and review their suitability for the EB-5 Program. Our Investment Committee will determine if the business is appropriate to recommend to the ALC Entities as a possible NCE. Sunstone Advisors only provides non-discretionary recommendations to the ALC Entities.

The ALC Entities will select from a list of recommended businesses and to the extent that they approve the business for the EB-5 Program, they will be added as a portfolio company to a new or existing Funds. Investment decisions for EB-5 portfolio companies are made solely by the ALC Entities. We do not provide any additional or ongoing investment advisory services to them.

Funds

Investment decisions are governed by the PPM or other organizing documents of each Fund, and we, with the general partner, co-partner, managing member, manager, or executives of each Fund manage the Fund investment portfolio. Sunstone Advisors has discretionary authority to manage the investments of the Funds. Individual investors in the Funds do not have the ability to impose limitations on our discretionary authority.

Prospective Fund Investors are provided with Offering Documents prior to their investment and are encouraged to carefully review these documents, and to be certain that the proposed investment is consistent with their investment goals and tolerance for risk. Prior to making any investment, prospective Investors should also consult with their legal, tax or other advisors. Prospective Investors must also execute a subscription agreement, in which they make various representations, including representations regarding their suitability to invest in a high-risk investment pool. Each such document constitutes a legal, valid, and binding obligation of the investor, enforceable in accordance with their respective terms.

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

The portfolio companies that we are invested in are private entities and do not conduct proxy voting. To the extent we may have purchased securities with uninvested capital in a public security and there is a proxy solicitation, we will vote the proxy on your behalf in alignment with the management recommendations unless we feel that doing so is not in your best interest and would then vote in a manner we believe to be in your best interest. In such cases, Clients may obtain a copy of the proxy voting record or a copy of our procedures by contacting our office at (949) 744-7808.

Item 18 – Financial Information

As a matter of firm policy and practice, our Firm will not charge or earn advisory fees in excess of \$1,200 more than six months in advance of the services rendered.

Neither we nor our Investment Committee Members have been subject to any bankruptcy proceeding during the last ten years and we are not aware of any financial impairment that would preclude us from fulfilling its obligations to deliver the agreed upon products or services to its Clients.

Item 19 – Requirements for State-Registered Advisers

Sunstone Advisors, LLC is intended to be an SEC registered investment adviser; therefore, this section is not applicable.