

Form ADV - Part 2A: Firm Brochure

March 28, 2024

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This brochure provides information about the qualifications and business practices of Stone Run Capital, LLC (“We,” “Us,” “Our,” or “SRC”). If you have any questions about the contents of this brochure, please contact Donna Martineau, Operations Manager at SRC 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 (the “SEC”) or by any state securities authority but has been filed with the SEC.

SRC is a registered investment adviser. Registration of an investment adviser does not imply a certain level of skill or training.

We will provide you with a brochure at any time, without charge. Additional information about SRC (CRD #152078) is available on the SEC’s website at www.adviserinfo.sec.gov.

Item 2 - Material Changes

SRC has made routine updates to the brochure since the last annual updating amendment of the brochure dated March 31, 2023.

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Item 4 - Advisory Business

Stone Run Capital, LLC (“We,” “Us,” “Our,” or “SRC”) is an investment firm headquartered in New York, NY, and with a number of satellite offices. SRC’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 in separately managed accounts (the “Managed Accounts”). We also advise pooled investment vehicles in the form of limited partnerships.

SRC’s investment philosophy is oriented toward the preservation of capital and long-term appreciation. We focus on companies we believe are secular growth businesses and possess leadership positions in niche markets. We strive to invest in these businesses when we think 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. (“Alpha”) and Stone Run Capital Partners, L.P. (“SRCP” and together with “Alpha”, the “Funds”), 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 advise 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 advise 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 with respect to investment research as the Funds and individually managed equity portfolios that we advise, while the fixed income investments may 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

SRC's pooled investment vehicles ("Funds")

Alpha Associates, L.P. – The investment objective of Alpha is to generate attractive, tax-efficient returns over the course of a business cycle by investing primarily in United States equities. Alpha seeks to invest in growth companies at a reasonable price. Robert Hoerle and Jeff Hoerle are the Portfolio Managers of

Alpha. Additional information on Alpha can be found in the Offering Memorandum for Alpha. SRC serves as general partner of Alpha.

Stone Run Capital Partners, L.P. – The investment objective of SRCP is to generate attractive, tax-efficient returns over the course of a business cycle by investing primarily in United States equities. SRCP seeks to invest in growth companies at a reasonable price. Jeff Hoerle is the Portfolio Manager of SRCP. Additional information on SRCP can be found in the Offering Memorandum for SRCP. SRC serves as general partner of SRCP.

Assets Under Management

The Managed Accounts and the Funds are managed on a discretionary basis. As of December 31, 2023, SRC had approximately \$309,560,188 in regulatory assets under management, all of which was managed on a discretionary basis.

Item 5 - Fees and Compensation

We receive the following types of fees for our advisory services.

As discussed in Item 4 above, we typically provide asset management services for clients on an asset-based fee basis. We generally charge a management fee ranging between 0% and 1.5% per annum of assets under management (on a prorated basis) in advance on the first day of every calendar quarter, debited directly from the client's account. Management fees are based on the fair market value of each client's assets under management as of the opening date of each calendar quarter (January 1, April 1, July 1, October 1) after all fees (other than the management fee) and brokerage commissions. In the event that a new client account is established, a client terminates the investment management agreement or an addition or withdrawal is made from a client account during a calendar quarter, the management fee will be prorated as applicable based on the assets under management as of the establishment, termination, addition or withdrawal date, as applicable. Generally, fees are not negotiable; however SRC may waive or modify these fees for certain strategic investors.

In addition to the asset-based management fee described above, (i) the Funds will bear all other expenses relating to its existence and operations, including without limitation brokerage commissions and charges, transfer taxes, interest, legal and auditing expenses and the advisory fee, and (ii) the Managed Accounts will pay brokerage commissions, transaction fees, certain charges imposed by custodians such as wire and electronic fund fees, and other related costs and expenses.

SRC has adopted an expense allocation policy which it utilizes in determining the types of expenses that are appropriate to be allocated to and borne by its clients. In connection therewith, SRC seeks to ensure that expenses (the "Permissible Expenses") allocated to and paid by its clients are consistent with, and permissible under, the applicable advisory contracts, governing agreements, Offering Memoranda and other operative documents governing such clients and that shared Permissible Expenses are allocated among SRC's clients in a manner intended by SRC to be fair and equitable to its clients, such that no client is consistently advantaged or disadvantaged in relation to any other client, or disadvantaged in relation to SRC.

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).

SRC manages multiple client accounts, including accounts with different fee arrangements. The management of multiple client accounts creates a conflict of interest because SRC may have an incentive to favor one client account over another. Accordingly, SRC has adopted and implemented policies and procedures intended to address conflicts of interest that may arise relating to the management of multiple client accounts. In particular, SRC reviews investment decisions for the purpose of ensuring that all accounts with substantially similar investment objectives are treated equitably. The performance of similarly managed accounts is also regularly compared to determine whether there are any unexplained significant discrepancies. In addition, SRC's procedures relating to the allocation of investment opportunities generally provide that eligible client accounts with the same or substantially similar investment mandates and strategies participate in investment opportunities pro rata based on the relative value of the assets of each participating account to all participating accounts; provided, however that SRC may allocate investment opportunities to such accounts on a non-pro rata basis due to a consideration of factors including but not limited to the portfolio manager's assessment of the risk profile of the investment and the risk profile of the specific account. To the extent orders are aggregated, the client orders are price-averaged and allocated in accordance with the aggregated order; provided, that the aggregated order may be allocated on a different basis for reasons including but not limited to partially filled orders and to avoid odd lots or excessively small allocations. Finally, SRC's procedures also require the objective allocation for limited opportunities (such as initial public offerings and private placements) to ensure fair allocation among accounts. These areas are monitored by SRC compliance staff ("SRC Compliance").

It is our policy, to the extent practicable, to allocate investment opportunities among our clients, over a period of time, on a fair and equitable basis. We have adopted a Trade Allocation Policy that we believe will realize that objective and mitigate the conflicts discussed above. SRC has adopted policies and procedures that require its employees to perform a suitability analysis of each prospective client's investment objectives, financial circumstances and sophistication, before recommending a sponsored investment strategy.

Item 7 - Types of Clients

SRC provides investment advice to the Managed Accounts of individuals, high net worth individuals, charitable organizations, and the Funds.

The minimum Managed Account size is \$100,000, however, SRC may set higher or lower standards for minimum Managed Account sizes, or establish a minimum Managed Account size based on, among other things, the type of Managed Account, or the expectation of future additions to the Managed Account. Assets in related Managed Accounts (e.g. Managed Accounts beneficially owned by an affiliated person or institution) may also be aggregated for purposes of calculating Managed Account sizes and management fees.

Minimum investment requirements for the Funds are set forth in their respective offering memorandums. SRC reserves the right to waive the minimum investment amount in either Fund at its sole discretion. Limited partnership investors must satisfy certain minimum eligibility requirements established under applicable securities laws prior to investing.

Information in this document that relates to the Funds is intended to satisfy the requirements of Form ADV only. This brochure is not an offer to sell or the solicitation of an offer to purchase interests in any pooled

investment vehicle which may only be made at the time a qualified offeree receives a confidential private placement memorandum and other offering documentation.

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

SRC seeks to build equity and fixed income portfolios that reflect the objectives and risk tolerances of its clients. Investing in securities involves risk of loss that clients must be prepared to bear. As described above in Item 4, 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.

Public 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 SEC.

SRC invests in equity securities (exchange-listed securities, over-the-counter securities, and foreign issuer securities), warrants, option contracts, and fixed income. 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

We use fundamental securities analysis to select investments for our clients' portfolios. Please note that investing in securities involves risk of loss that clients should be prepared to bear.

Investments in our Funds and Managed 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 of all capital invested. While SRC 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 summary identifies the material risks related to SRC's significant investment strategies and should be carefully evaluated before making an investment with SRC; however, the following does not intend to identify all possible risks of an investment with SRC or provide a full description of the identified risks. Investors and potential investors in pooled investment vehicles should refer to the offering memorandum for the pooled investment vehicle for a further discussion of the applicable risks.

Material Risks

There are a number of risks associated with an investment in our investment products. The following is a non-exhaustive list of some of the risks that a client should consider carefully before investing in any of our investment products. Clients should also review the offering materials, and other literature concerning

SRC or the Funds which have additional discussion or detail concerning applicable risks including, but not limited to, those summarized herein.

General Risks Associated with All Our Investment Products

Past Performance. There can be no assurance that a strategy will achieve its investment objectives. The past investment performance of a strategy is not necessarily indicative of the future results of such strategy or of an investment in any Fund or Managed Account. Our investment program should be evaluated on the basis that there can be no assurance that our assessments of the short-term or long-term prospects of investments will prove accurate.

Overall Investment Risk. All securities investments risk the loss of capital. The nature of the securities to be purchased and traded by a client and the investment techniques and strategies to be employed by SRC may increase such risk. The identification of investment opportunities is a difficult task, and there can be no assurance that such opportunities will be successfully recognized. While SRC will devote its best efforts to the management of a client's portfolio, there can be no assurance that a client will not incur losses. Returns generated from a client's investments may not adequately compensate the client (or investor in a Fund) for the business and financial risks assumed. A client should be aware that it may lose all or part of its investment in a Managed Account or Fund. Many unforeseeable events, including actions by various government agencies and domestic and international economic and political developments, may cause sharp market fluctuations which could adversely affect a client's portfolio and performance.

Competition. The varied investment strategies and techniques engaged in by SRC are not unique and involve a degree of risk. Clients will compete with many firms, including firms which have substantially greater financial resources and research staffs.

General Economic and Market Conditions. The success of a client's 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 a client's investments. Unexpected volatility or illiquidity could impair investment profitability or result in losses.

Concentration of Investments. The investment agreements between clients and SRC do 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 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.

Market Volatility. The profitability of the Funds and Managed Accounts depends upon SRC correctly assessing the future price movements of stocks. There can be no assurance that SRC will be successful in accurately predicting such price movements.

Investment Concentration. A client may have a high concentration of its assets in a single investment or the securities of a limited number of issuers. Such lack of diversification could magnify potential losses (or gains). Accordingly, the investment portfolio of a client may be subject to more rapid change in value than would be the case if a client were subject to more stringent requirements with respect to diversification among companies, securities and types of securities, as well as other types of investments.

Economic Results. All investments risk the loss of capital. There can be no assurance that the investment program of the client will succeed and thus SRC does not represent that any particular economic results

will occur. Clients are dependent upon the success of SRC as it shall act as the investment adviser to the client.

Market Risk. Clients generally engage in an investment strategy concentrating primarily on investing in common stocks, but at times a client may invest in cash equivalents and bonds when they appear to offer better value than stocks. The securities business is speculative, prices are volatile, and market movements are difficult to predict. Supply and demand for securities change rapidly and are affected by a variety of factors, including interest rates, merger activities and general economic trends.

Illiquidity. Because of limitations on withdrawal rights and the fact that limited partnership interests are not tradeable, an investment in a Managed Account and/or Fund is a relatively illiquid investment and involves a high degree of risk. An investment in a Managed Account and/or Fund should be considered only by persons financially able to maintain their investment and who can afford a loss of a substantial part of such investment.

Diversification. Since a client's portfolio will not necessarily be diversified, the investment portfolio of the client may be subject to more rapid change in value than would be the case if the client were required to maintain a wide diversification among companies, securities and types of securities.

Small to Medium Cap Stocks. At any given time, a client may have significant investments in smaller-to-medium sized companies with market capitalizations of less than \$2 billion. These securities often involve greater risks than the securities of larger, better-known companies.

Options. Purchasing put and call options, as well as writing such options, while generally only utilized to hedge investments, are highly specialized activities and entail greater than ordinary investment risks. Because an option represents the right but not the obligation to buy or sell the underlying property for a specified time and at a particular price, the purchaser of an option is at risk only for the amount of the premium paid for such option. In addition to purchasing options, a client may also write options on a "covered" or "uncovered" basis. If an option is written on a covered basis, the writer is subject to the market risk of the underlying property less the premium received by the writer for the option. If the option is written on an uncovered basis, the writer is theoretically exposed to unlimited liability since, if such option is exercised, the writer will have the obligation to obtain and deliver the property called for by the option, and the writer may not be in a position to do so or may be in a position to do so only at extreme cost. Accordingly, the writing of an option runs the risk of causing significant losses to the client in a relatively short period of time.

Short Sales. Selling securities short, while generally only utilized to hedge investments, runs the risk of losing an amount greater than the initial investment therein in a relatively short period of time.

Leverage. While the use of borrowed funds can substantially improve the return on invested capital, their use may also significantly increase the risk to which the investment portfolio of the client may be subject.

Fixed Income Securities. The market values of fixed income securities tend to vary inversely with the level of interest rates: when interest rates rise, their values generally will tend to decline; when interest rates decline, their values generally will tend to rise. Long-term instruments are generally more sensitive to these changes than short-term instruments. The market value of fixed income securities and therefore their yield is also affected by the perceived ability of the issuer to make timely payments of principal and interest. Non-U.S. securities markets also may be less liquid, more volatile and less subject to governmental supervision than in the United States. Such investments could be affected by other factors not present in the United States, including lack of uniform accounting, auditing and financial reporting standards and potential difficulties in enforcing contractual obligations.

Custody and Brokerage Risk. There are risks involved in dealing with the custodians or prime brokers who settle client trades. A client maintains custody accounts with its broker and clearing custodian (the “Brokers”). Although SRC monitors the Brokers and believes that they are appropriate custodians, there is no guarantee that the Brokers, or any other custodian that the client may use from time to time, will not become bankrupt or insolvent. While both the U.S. Bankruptcy Code and the Securities Investor Protection Act of 1970 seek to protect customer property in the event of a bankruptcy, insolvency, failure, or liquidation of a broker-dealer, there is no certainty that, in the event of a failure of a broker-dealer that has custody of client assets, the client would not incur losses due to its assets being unavailable for a period of time, the ultimate receipt of less than full recovery of its assets, or both.

The client and/or the Brokers may appoint sub-custodians in certain non-U.S. jurisdictions to hold the assets of the Fund. The Brokers may not be responsible for cash or assets which are held by sub-custodians in certain non-U.S. jurisdictions, nor for any losses suffered by the client as a result of the bankruptcy or insolvency of any such sub-custodian. The client may therefore have a potential exposure on the default of any sub-custodian and, as a result, many of the protections that would normally be provided to a fund or account by a custodian may not be available to the client. Under certain circumstances, including certain transactions where the client’s assets are pledged as collateral for leverage from a non-broker-dealer custodian or a non-broker-dealer affiliate of the client’s broker, or where the client’s assets are held at a non-U.S. custodian, the securities and other assets deposited with the custodian or broker may not be clearly identified as being assets of the client and hence the client could be exposed to a credit risk with regard to such parties. Custody services in certain non-U.S. jurisdictions remain undeveloped and, accordingly, there is a transaction and custody risk of dealing in certain non-U.S. jurisdictions. Given the undeveloped state of regulations on custodial activities and bankruptcy, insolvency, or mismanagement in certain non-U.S. jurisdictions, the ability of the client to recover assets held by a sub-custodian in the event of the sub-custodian's bankruptcy or insolvency could be in doubt, as the client may be subject to significantly less favorable laws than many of the protections that would be available under U.S. laws. In addition, there may be practical or time problems associated with enforcing the client’s rights to its assets in the case of a bankruptcy or insolvency of any such party.

Counterparty Creditworthiness. A client may engage in securities and financial instruments transactions that involve counterparties. Under certain conditions, a counterparty to a transaction could default or the market for certain securities or financial instruments may become illiquid. In any case, the client could experience liquidity problems.

Securities Lending. Consistent with its investment objective and policies, a client may lend its portfolio securities in order to realize additional income. It is anticipated that any such loan will be continuously secured by collateral at least equal in value to the value of the securities loaned. The risk of loss on such transactions is mitigated because, if a borrower were to default, the collateral should satisfy the obligation. However, as with other extensions of secured credit, loans of portfolio securities involve some risk of loss of rights in the collateral should the borrower fail financially. There is also a risk of loss of value if the collateral is invested.

Systemic Risk. World events and/or the activities of one or more large participants in the financial markets and/or other events or activities of others could result in a temporary systemic breakdown in the normal operation of financial markets. Such events could result in the client’s losing substantial value caused predominantly by liquidity and counterparty issues (as noted above) which could result in a client incurring substantial losses.

Trading Limitations. For all securities, including options, the relevant securities exchange generally has the right to suspend or limit trading under certain circumstances. Such suspensions or limits could render certain strategies difficult to complete or continue and subject a client to loss.

Turnover. A client's capital may be invested on the basis of short term market considerations. The portfolio turnover rate of those investments may be significant, potentially involving substantial brokerage commissions and fees. These commissions and fees will, of course, reduce a client's net profits or increase a client's net loss.

Private Company Investments. SRC invests in private companies on a very limited basis. Investments in private companies at various stages in their development involve a high degree of business and financial risk. Private companies with limited operating history may require substantial additional capital to support expansion or to achieve or maintain a competitive position, may produce substantial variations in operating results from period to period or may operate at a loss. Private companies typically have modest revenues (and in the case of some companies, no revenue) and may or may not be profitable. Private companies may require additional capital to develop technologies and markets, acquire customers and achieve or maintain a competitive position. This capital may not be available at all, or on acceptable terms. Further, the technologies and markets of such companies may not develop as anticipated, even after substantial expenditures of capital. Such companies may face intense competition, including competition from established companies with much greater financial and technical resources, more extensive development, manufacturing, marketing and service capabilities, and a greater number of qualified managerial and technical personnel.

Risk Relating to Prime Brokers, Brokers, Custodians and Counterparty Insolvencies. A client is subject to a number of risks relating to the insolvency, administration, liquidation or other formal protection from creditors of a prime broker, broker and custodian providing prime brokerage, brokerage or custodian services to a client and other counterparties that may have possession of assets of a client. These risks will vary based on the relevant jurisdiction and legal regime governing the prime broker, broker, custodian or relevant counterparty (each, a "custodian entity") and the specific contractual terms negotiated with each such custodian entity and may include, without limitation: the loss of all cash held with the relevant custodian entity which is not being treated as client money subject to the applicable customer protection laws or otherwise segregated or protected by the rules of the applicable jurisdiction; the loss of all cash which the relevant custodian entity has failed to treat as client money in accordance with applicable procedures; the loss of all securities in respect of which the relevant custodian entity has exercised its contractual rights to borrow, lend, take legal and beneficial ownership of or otherwise use for its own purposes whether exercised in compliance with or in breach of any agreed limits on such rights of use or applicable regulatory restrictions; the loss of some or all of any securities held on trust or client money held by or with the relevant custodian entity in connection with a reduction to pay for administrative costs of the insolvency of the custodian entity and/or the process of identifying and transferring the relevant trust assets and/or client money or for other reasons according to the particular circumstances of the custodian entity's insolvency; losses of some or all assets due to the incorrect operation of the brokerage, custody or other accounts by the relevant custodian entity; and losses caused by prolonged delays in receiving transfers of balances and regaining control over the relevant assets. In addition, where securities are held with a sub-custodian of a custodian entity or are held in the name of a sub-custodian, such securities may not be as well protected as they would be if they were held directly by the custodian entity.

An insolvency of a custodian entity or sub-custodian could cause severe disruption to the trading of a client's account. In some circumstances, this could cause a Fund to declare a suspension of net asset value calculations and/or suspend or limit withdrawals. While SRC monitors its counterparties and seeks to manage such insolvency risks, no assurance can be given that the risks and adverse events described above will not occur.

Cybersecurity. The information and technology systems of SRC, key service providers to SRC and its clients, including banks, broker-dealers, custodians, administrators and their affiliates and portfolio companies may be vulnerable to damage or interruption from computer viruses, network failures, computer

and telecommunication failures, infiltration by unauthorized persons and security breaches, denial-of-service attacks on websites (i.e., efforts to make network services unavailable to intended users), usage errors by their respective professionals, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquakes. For instance, cyber-attacks may interfere with the processing or execution of SRC's transactions, cause the release of confidential information, including private information about clients, subject SRC or its affiliates to regulatory fines or financial losses, or cause reputational damage. Additionally, cyber-attacks or security breaches (e.g., hacking or the unlawful withdrawal or transfer of funds), affecting any of SRC's key service providers, may cause significant harm to SRC, including the loss of capital. Similar types of cybersecurity risks are also present for issuers of securities in which SRC may invest. These risks could result in material adverse consequences for such issuers, and may cause SRC's investments in such issuers to lose value. Although SRC has implemented various measures designed to manage risks relating to these types of events, if these systems are compromised, become inoperable for extended periods of time or cease to function properly, it may be necessary for SRC to make a significant investment to fix or replace them and to seek to remedy the effect of these issues. The failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in the operations of SRC or its client accounts and result in financial losses, violations of applicable privacy and other laws and a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information relating to investors (and the beneficial owners of investors), which may result in identity theft.

Risk Management Failures. Although SRC attempts to identify, monitor and manage significant risks, these efforts do not take all risks into account and there can be no assurance that these efforts will be effective. Moreover, many risk management techniques, including those employed by SRC, are based on historical market behavior, but future market behavior may be entirely different and, accordingly, the risk management techniques employed on behalf of clients may be incomplete or altogether ineffective. Similarly, SRC may be ineffective in implementing or applying risk management techniques. Any inadequacy or failure in risk management efforts could result in material losses to clients.

Systems and Operational Risk. SRC relies on certain financial, accounting, data processing and other operational systems and services that are employed by SRC and/or by third party service providers, including prime brokers, the third-party administrator, market counterparties and others. Many of these systems and services require manual input and are susceptible to error. These programs or systems may be subject to certain defects, failures or interruptions. For example, SRC and its clients could be exposed to errors made in the confirmation or settlement of transactions, from transactions not being properly booked, evaluated or accounted for or related to other similar disruptions in the clients' operations. In addition, despite certain measures established by SRC and third-party service providers to safeguard information in these systems, SRC, clients and their third party service providers are subject to risks associated with a breach in cybersecurity which may result in damage and disruption to hardware and software systems, loss or corruption of data and/or misappropriation of confidential information. Any such errors and/or disruptions may lead to financial losses, the disruption of the client trading activities, liability under applicable law, regulatory intervention or reputational damage.

Effects of Health Crises and Other Catastrophic Events. Health crises, such as pandemic and epidemic diseases, as well as other catastrophes that interrupt the expected course of events, such as natural disasters, war or civil disturbance, acts of terrorism, power outages and other unforeseeable and external events, and the public response to or fear of such diseases or events, have and may in the future have an adverse effect on clients' investments and SRC's operations. For example, any preventative or protective actions that governments may take in respect of such diseases or events may result in periods of business disruption, inability to obtain raw materials, supplies and component parts, and reduced or disrupted operations for client portfolio companies. In addition, under such circumstances the operations, including functions such as trading and valuation, of SRC and other service providers could be reduced, delayed, suspended or

otherwise disrupted. Further, the occurrence and pendency of such diseases or events could adversely affect the economies and financial markets either in specific countries or worldwide.

Item 9 - Disciplinary Information

On February 15, 2022, the SEC instituted an administrative proceeding against SRC pursuant to Sections 203(e), 203(f), and 203(k) of the Investment Advisers Act of 1940 (“Advisers Act”) alleging that SRC willfully violated Section 204 of the Advisers Act and Rules 204-1 and 204-5 thereunder by failing to file with the SEC and deliver to retail investor clients its Form CRS. On February 15, 2022, the SEC issued an order (the “SEC Order”) accepting an offer of settlement from SRC. Pursuant to the settlement, SRC neither admitted nor denied the findings of the SEC Order. SRC was both censured and ordered to cease and desist from committing or causing any violations and any future violations of Advisers Act Section 204 and Rules 204-1 and 204-5 thereunder and SRC was ordered to pay a civil money penalty of \$25,000.

Item 10 - Other Financial Industry Activities and Affiliations

At times, we may recommend that a Managed Account client consider also investing in a Fund. As stated in this Brochure, SRC serves as general partner and investment manager to each Fund. SRC will provide the client with a copy of the offering memorandum of the Fund(s) in which the client is considering an investment. Each such offering memorandum discloses the respective fees and allocations to which an investor in the Funds is subject, and describes such Fund’s investment methodology and risks, the conflicts of interest that may arise out of the relationship between the Fund and SRC, as well as other pertinent information. We will not cause a client’s assets to be used to purchase Fund interests unless we have received explicit written instructions signed by the client authorizing and directing SRC to do so. SRC and its related persons attempt to resolve any conflicts of interest in a manner that we believe is fair to each party involved.

Jeff Hoerle serves as a Director for AssayQuant Technologies for which he is compensated with stock options in the company. Separately, he has also invested in AssayQuant Technologies and has recommended that clients of SRC invest in AssayQuant. Jeff is not compensated for referring clients to invest in AssayQuant Technologies.

Principals associated with SRC provide investment management advice to a number of external organizations, including nonprofit organizations, pension funds and school endowments. The principals do 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 on behalf of its clients.

Item 11 - Code of Ethics

SRC has adopted a Code of Ethics (the “Code”) for all employees of SRC 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. The Code obligates SRC and its related persons to put the interests of SRC’s clients before its own interests and to act honestly and fairly in all respects in their dealings with clients. In addition to compliance with SRC’s policies and procedures, all of SRC’s personnel are required to comply with applicable federal securities laws. Clients or prospective clients may obtain a copy of the Code by contacting SRC’s Chief Compliance Officer by email at jhoerle@stoneruncapital.com or by telephone at 646.701.6086.

See below for further provisions of the Code as they relate to the preclearing and reporting of securities transactions by SRC's related persons. 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.

SRC and its related persons may give and/or receive gifts, services or other items to/from any person or entity that does business with or potentially could conduct business with or on behalf of SRC. SRC has adopted policies and procedures governing gifts and business entertainment, which includes pre-clearance by the Chief Compliance Officer prior to giving/receiving gifts above a de minimis threshold or business entertainment above a reasonable value.

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 order to minimize the conflicts stemming from situations where the contemporaneous trading results in an economic benefit for SRC or its related person to the detriment of the client, SRC has adopted the procedures described below. 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.

In an effort to prevent any personal securities transactions from benefitting SRC or its employees at the expense of a client, employees are required to obtain the pre-clearance of SRC Compliance prior to engaging in transactions in a reportable security (as defined by the Code) in personal accounts. SRC Compliance generally will not approve a personal trade request (i) for any security of an issuer on SRC's restricted list or (ii) that may be deemed, in the Chief Compliance Officer's discretion, to be based on confidential information regarding a past or pending client trade.

To comply with the Code requirements, employees must submit quarterly statements and annual holdings reports. In addition, the Chief Compliance Officer reviews employees' and family members' brokerage accounts for compliance with the Code.

SRC's related persons may, and currently do, invest in the Funds and, in certain cases, in the aggregate, hold a substantial portion of a Fund's assets. Such investments pose a risk that SRC or related persons who are in a position to control the allocation of investment opportunities to SRC's client accounts will favor a Fund in which SRC or related persons invest or have a greater investment relative to their investments in other Funds, particularly in the case of limited opportunities (such as initial public offerings and private placements) or other investments that are otherwise subject to limited capacity. SRC's procedures require the objective allocation for limited opportunities to ensure fair allocation among accounts. SRC's related persons have access to information that is not available to other investors in such Funds.

Fiduciary Duty: SRC has a fiduciary duty to its clients. SRC's Code 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, or its related persons, in the course of their investment management and other activities (e.g., board service), may come into possession of confidential or material nonpublic information about issuers, including issuers in which SRC or its related persons have invested or seek to invest on behalf of clients. SRC is prohibited from improperly disclosing or using such information for its own benefit or for the benefit of any other person, regardless of whether such other person is a client. SRC maintains and enforces written policies and procedures that prohibit the communication of such information to persons who do not have a legitimate need to know such information and to assure that SRC is meeting its obligations to its clients and remains in compliance with applicable law. In certain circumstances, SRC may possess certain confidential or material, nonpublic information that, if disclosed, might be material to a decision to buy, sell or hold a security, but SRC will be prohibited from communicating such information to the client or using such information for the client's benefit. In such circumstances, SRC will have no responsibility or liability to the client for not disclosing such information to the client (or the fact that SRC possesses such information), or not using such information for the client's benefit, as a result of following SRC's policies and procedures designed to provide reasonable assurances that it is complying with applicable law.

SRC has adopted a material, non-public information policy to prevent the misuse of material, non-public 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; and
- (iii) Knowingly assisting someone engaged in these activities.

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

Client accounts are held at the Brokers, which act as custodians and prime brokers for clients.

SRC is authorized to select brokers and dealers to execute securities transactions for our clients. Pursuant to such authority, as a general matter in executing portfolio transactions, we may employ or deal with such brokers or dealers as may, in our best judgment, provide prompt and reliable execution of the transaction at favorable security prices and reasonable commission rates. In selecting or recommending brokers or dealers, we will consider all relevant factors, including the price (including the applicable brokerage commission or dealer spread), size of the order, financing costs, nature of the market for security, timing of the transaction, the reputation, experience and financial stability of the broker-dealer, the quality of service, difficulty of execution and operational facilities of the firm involved, the ability to effect the transaction where a large block or other complicating factors are involved, and the availability of the broker to stand ready to execute possible difficult transactions in the future. We have no obligation to deal with any broker or group of brokers in the execution of portfolio transactions.

We may allocate brokerage to broker-dealers that provide us with research and other services, even though such broker dealers may charge commissions which exceed those other broker-dealers may have charged for the same transactions. Such allocations may occur to the extent that we view the commissions as

reasonable in relation to the value of the brokerage and/or research services provided by the broker-dealer, viewed in terms of either the particular transaction or our overall responsibilities with respect to the accounts as to which we exercise investment discretion, without any requirement to demonstrate that any such factor is of a direct benefit to a particular client. Research and other services furnished by brokers through which we effect securities transactions for a particular client may be used by us in advising other clients. We do currently have in effect third party soft dollar commitments pursuant to which we receive research or other services (attend seminars and conferences, discussions with research analysts, meetings with companies' management, data services, advice from brokers on order execution, and certain proxy services) in exchange for commissions. We understand that our receipt of the research and other services is part of our overall relationship with the broker-dealers and we do not believe that we are "paying up" for such research and other services. While we endeavor to use such additional benefits to service all of our clients' accounts equitably, you should note that such arrangements provide an incentive for us to select or recommend a broker-dealer based on an interest in receiving the research or other products or services, rather than on the clients' interest in receiving most favorable execution. Furthermore, such arrangements may nevertheless cause clients to pay commissions (or markups or markdowns) higher than those charged by other broker-dealers in return for such benefits (known as paying-up).

SRC will limit the use of soft dollars to obtain research and brokerage services to services that constitute research and brokerage within the meaning of Section 28(e). When SRC uses client commissions to obtain Section 28(e) eligible research and brokerage products and services, SRC Compliance meets periodically to review and evaluate its soft dollar practices and to determine in good faith whether, with respect to any research or other products or services received from a broker-dealer, the commissions used to obtain those products and services were reasonable in relation to the value of the brokerage, research or other products or services provided by the broker-dealer. This determination will be viewed in terms of either the specific transaction or SRC's overall responsibilities to the accounts or portfolios over which SRC exercises investment discretion.

The use of client commissions (or markups or markdowns) to obtain research and brokerage products and services raises conflicts of interest. For example, SRC will not have to pay for the products and services itself. This creates an incentive for SRC to select or recommend a broker-dealer based on its interest in receiving those products and services. To address these conflicts of interest, SRC will execute client trades through broker-dealers that provide research and brokerage products to SRC only if it is determined by SRC Compliance that client trades with such broker-dealers are otherwise consistent with seeking best execution.

SRC may cause clients to pay commissions (or markups or markdowns) higher than those charged by other broker-dealers in return for soft dollar benefits (known as paying-up), resulting in higher transaction costs for clients.

Research and brokerage services obtained by the use of commissions arising from a client's portfolio transactions may be used by SRC in its other investment activities, including, for the benefit of other client accounts. SRC does not seek to allocate soft dollar benefits to client accounts proportionately to the soft dollar credits the accounts generate.

During SRC's last fiscal year, as a result of client brokerage commissions (or markups or markdowns), SRC and/or its related persons acquired research reports (including market research), certain financial newsletters and trade journals, attendance at certain seminars and conferences, discussions with research analysts, meetings with corporate executives, and services related to execution, clearing and settlement of securities transactions and functions incidental thereto.

In determining whether to direct client brokerage transactions to particular broker-dealers, SRC Compliance periodically reviews and evaluates the soft dollar practices of SRC and to determine in good faith whether, with respect to any research or other products or services received from a broker-dealer, the commissions used to obtain those products and services were reasonable in relation to the value of the brokerage, research or other products or services provided by the broker-dealer.

SRC has relationships with certain broker-dealers who execute trades on behalf of client accounts. In particular, SRC may invest client assets in securities issued by such broker-dealers or their affiliates. Such relationships pose a potential conflict of interest in the selection of broker-dealers to execute trades in client accounts. To address this conflict of interest, SRC will execute client trades through broker-dealers with which SRC has such relationships only if it is determined by SEC Compliance that client trades with such broker-dealers are otherwise consistent with seeking best execution.

SRC may recommend that clients use certain brokers for brokerage and custodial services. SRC has entered into arrangements with these firms pursuant to which they provide brokerage, custodial and other services to certain of SRC's Managed Account clients. SRC's receipt of such benefits from these firms presents a conflict of interest because it creates an incentive for SRC to recommend these firms based on its interest in receiving the products and services from the firms rather than the client's interest in obtaining the highest quality brokerage and custodial services. To address this conflict of interest, SRC will execute client trades through these firms only if it is determined by SRC Compliance that client trades with these firms are otherwise consistent with seeking best execution.

SRC often purchases or sells the same security for more than one client contemporaneously/at or near the same time, and using the same executing broker. It is SRC's practice, where appropriate, to aggregate client orders for the purchase or sale of the same security submitted contemporaneously/at or near the same time for execution using the same executing broker. SRC will also aggregate in the same transaction, the same securities for accounts where SRC has brokerage discretion. Such aggregation may enable SRC to obtain for clients a more favorable price or a better commission rate based upon the volume of a particular transaction. SRC may not include a client account in an aggregated order in certain circumstances, including when the client has placed a trading or investment restriction on the account precluding the account from participating in an aggregated order; or the account is subject to trade away fees charged by the custodian for using a broker other than the custodian to execute securities transactions and SRC determines that the imposition of such fees for participating in the aggregated order is disproportionate relative to the value of participating in the aggregated order.

SRC's procedures relating to the allocation of investment opportunities generally provide that eligible client accounts with the same or substantially similar investment mandates and strategies participate in investment opportunities pro rata based on the relative value of the assets of each participating account to all participating accounts; provided, however that SRC may allocate investment opportunities to such accounts on a non-pro rata basis due to a consideration of factors including but not limited to the portfolio manager's assessment of the risk profile of the investment and the risk profile of the specific account.

In cases where the client has negotiated the commission rate directly with the broker and has requested SRC trade exclusively through that broker, SRC will not be able to obtain more favorable commission rates based on an aggregated trade. In such cases, the client will be precluded from receiving the benefit of any possible commission discounts that might otherwise be available as a result of the aggregated trade. In cases where trading or investment restrictions are placed on a client's account, SRC may be precluded from aggregating that client's transaction with others. In such a case, the client may pay a higher commission rate and/or receive less favorable prices than clients who are able to participate in an aggregated order. SRC seeks to avoid the application of multiple trade away fees for accounts participating in an aggregated order, including multiple trade away fees for orders requiring more than one day to complete. Accordingly, in

order to avoid multiple trade away fees, certain accounts subject to such fees may receive their full allocation of securities prior to or after other accounts that are not subject to such fees.

When an aggregated order is completely filled, SRC allocates the securities purchased or proceeds of sale pro rata among the participating accounts, based on the purchase or sale order. Adjustments or changes may be made under certain circumstances, such as to avoid odd lots or excessively small allocations. If the order at a particular broker is filled at several different prices, through multiple trades, generally all such participating accounts will receive the average price and pay the average commission, subject to odd lots, rounding, and market practice. To the extent an order is price-averaged, a client account participating in the trade may pay a higher price than if SRC did not aggregate the order. If an aggregated order is only partially filled, SRC's procedures provide that the securities or proceeds are to be allocated in a manner deemed fair to clients. Depending on the investment strategy pursued and the type of security, this may result in a pro rata allocation to all participating clients.

SRC employs a wide range of investment objectives and strategies for its clients. These differing objectives and strategies raise potential conflicts of interest. For example, SRC may buy a security for one client account while it is selling that security for another client account. In addition, SRC may cause one client account to buy a particular security long and another client account to sell that same security short.

SRC or its related persons may also participate in an aggregated order to the extent consistent with the Code.

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 Fund products, Alpha and SRCP investors receive a quarterly statement of investment performance. SRC uses a third-party administrator, IFM, to perform the fund accounting and produce investor statements for Alpha and SRCP. Each of the Funds has a fiscal year end of December 31st. In addition, an external audit firm audits the financial statements of Alpha and SRCP annually.

In the case of the Managed Accounts, clients receive a monthly or quarterly statement from our custodians; depending on the account, from the relevant Broker(s).

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

This Item is not applicable as SRC does not pay for referrals and does not have any agreements with independent solicitors.

Item 15 - Custody

SRC is deemed to have custody of the assets of the Funds because SRC is also the General Partner of the funds. SRC is also deemed to have custody because we direct debit fees from client accounts. SRC complies with Rule 206(4)-2 (the "Custody Rule") under the Advisers Act, by meeting the conditions of the Custody Rule's pooled vehicle annual audit provision.

For any Managed Accounts that are not pooled investment vehicles for which SRC is deemed to have custody pursuant to the Custody Rule (other than Managed Accounts where SRC is deemed to have custody solely as a consequence of its authority to make withdrawals from the account to pay fees), SRC will arrange for a surprise examination of such accounts, and such clients will receive at least quarterly account statements from the qualified custodians for their accounts. Clients should carefully review such account statements. If clients should also receive account statements from SRC, clients should compare those statements with those they receive from qualified custodians.

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. Clients may place restrictions on our discretionary authority, but it must be done in writing. Placing any restrictions on our discretionary authority may result in missed opportunities and higher commission and sale prices.

Prior to assuming full discretion in managing a client's assets, SRC enters into an investment management agreement or other agreement that sets forth the scope of SRC's discretion.

Unless otherwise instructed or directed by a discretionary client, SRC has the authority to determine (i) the securities to be purchased and sold for the client account (subject to restrictions on its activities set forth in the applicable investment management agreement and any written investment guidelines), and (ii) the amount of securities to be purchased or sold for the client account. Because of the differences in client investment objectives and strategies, risk tolerances, tax status and other criteria, there may be differences among clients in invested positions and securities held. SRC's portfolio managers submit an allocation statement to SRC's trading desk describing the allocation of securities to (or from) client accounts for each trade/order submitted. The portfolio managers may consider the following factors, among others, in allocating securities among clients: (i) a client's investment objectives and strategies; (ii) risk profiles; (iii) tax status and restrictions placed on a client's portfolio by the client or by applicable law; (iv) size of the client account; (v) nature and liquidity of the security to be allocated; (vi) size of available position; (vii) current market conditions; (viii) account liquidity, account requirements for liquidity and timing of cash flows; and (ix) amount of trade away fees or other transaction fees. Although it is SRC's policy to allocate investment opportunities to eligible client accounts on a pro rata basis (based on the value of the assets of each participating account relative to value of the assets of all participating accounts), these factors may lead a portfolio manager to allocate securities to client accounts in varying amounts. Even client accounts that are typically managed on a pari passu basis may from time to time receive differing allocations of securities based on total assets of each account eligible to invest in the particular investment type (e.g., equities) divided by the total assets of all accounts eligible to invest in the particular investment.

Allocations will be made among client accounts eligible to participate in initial public offerings (IPOs) and secondary offerings on a pro rata basis, except when SRC determines in its discretion that a pro rata allocation is not appropriate, which may include a client's investment guidelines explicitly prohibiting participation in IPOs or secondary offerings and a client's status as a "restricted person" under applicable regulations.

Securities acquired by SRC for its clients through a limited offering will be allocated pursuant to the procedures set forth in SRC's allocation policy. The policy provides that each portfolio manager will determine the proposed allocation of limited offering securities after considering the factors described

above with respect to general allocations of securities and determining those client accounts eligible to hold such securities. Eligibility will be based on the clients' investment objectives and strategies.

SRC may provide certain clients or investors in a private fund with the opportunity to co-invest in certain investments to which SRC has access. Participation in such opportunities may be limited to a select number of clients or investors based on SRC's consideration of factors, including but not limited to: (i) whether the potential co-investor has expressed an interest in participating in co-investment opportunities; (ii) SRC's evaluation of the potential co-investor's size and financial resources; (iii) the ability of the potential co-investor to expeditiously participate in the investment opportunity without harming or otherwise prejudicing the other clients participating; (iv) SRC's perception of whether the investment opportunity may subject the potential co-investor to legal, regulatory or other burdens that make it less likely that the potential co-investor would accept the investment opportunity; (v) whether SRC believes that allocating the investment opportunity to a potential co-investor will help establish, recognize or strengthen relationships that may provide indirectly longer-term benefits to current or future clients or to SRC; (vi) any confidentiality concerns SRC has that may arise in connection with providing the potential co-investor with specific information regarding an investment opportunity in order to allow it to evaluate the opportunity; and (vii) other factors deemed relevant by SRC. Co-investment opportunities may not be available to all of SRC's clients or investors.

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 investment management agreement or other governing documents of a client account.

Proxy voting is an important right of shareholders and reasonable care and diligence must be undertaken to ensure that such rights are properly and timely exercised. When SRC has discretion to vote the proxies of its clients, it will vote those proxies in the best interest of its clients and in accordance with these policies and procedures.

All proxies received by SRC will be sent to a third-party proxy voting service provider, which will keep a record of each proxy received and voted.

In the absence of specific voting guidelines from the client, SRC will instruct the third party proxy voting service to vote proxies in the best interests of each particular client, which may result in different voting results for proxies for the same issuer. SRC believes that voting proxies in accordance with the following guidelines is in the best interests of its clients.

- Generally, SRC will vote in favor of routine corporate housekeeping proposals, including election of directors (where no corporate governance issues are implicated), selection of auditors, and increases in or reclassification of common stock.
- Generally, SRC will vote against proposals that make it more difficult to replace members of the issuer's board of directors, including proposals to stagger the board, cause management to be overrepresented on the board, introduce cumulative voting, introduce unequal voting rights, and create supermajority voting.

For other proposals, SRC shall determine whether a proposal is in the best interests of its clients and may take into account the following factors, among others:

- whether the proposal was recommended by management and SRC's opinion of management;

- whether the proposal acts to entrench existing management; and
- whether the proposal fairly compensates management for past and future performance.

SRC will abstain from voting or affirmatively decide not to vote if SRC determines that abstention or not voting is in the best interests of the client in light of the scope of services to which SRC and the client have agreed. In making this determination, SRC will consider various factors, including, but not limited to, (i) the costs associated with exercising the proxy (e.g., translation or travel costs); and (ii) any legal restrictions on trading resulting from the exercise of a proxy. SRC may determine not to vote proxies relating to securities in which clients have no position as of the receipt of the proxy (for example, when SRC has sold, or has otherwise closed, a client position after the proxy record date but before the proxy receipt date).

If a material conflict of interest between SRC and a client exists, SRC will determine whether voting in accordance with the guidelines set forth in its proxy voting policies and procedures is in the best interest of the client or some other appropriate action.

Our written proxy voting policy and procedures are available for clients' review. In addition, our complete proxy voting record is available exclusively to clients. A copy of the policies and the proxy voting record relating to the respective client may be obtained by contacting us at 646-701-6087 or by email at dmartineau@stoneruncapital.com.

Item 18 - Financial Information

This item is not applicable as SRC does not require prepayment of fees over \$1,200 and six months in advance and therefore is not required to supply an audited financial statement.

SRC is not subject to any financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients.