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Form ADV, Part 2A Brochure

This Brochure describes the qualifications and business practices of EmStone Advisers, LLC ("EmStone"). If you have any questions about the contents of this Brochure, please contact us at [484.254.5400](tel:484.254.5400) or mkrahe@emstoneadvisers.com. This Brochure and its contents have not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

EmStone is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of EmStone should be considered carefully in your decision to hire or retain us to provide advisory services. Additional information about EmStone is also available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 – Material Changes

Material Developments at EmStone

Since the date of our last annual ADV amendment in March 2018, there have been the following material developments in our business:

On October 1, 2018, Emerald Asset Management PA, LLC (“Emerald PA”), the parent company to Emerald Advisers, LLC (collectively “Emerald”), a 38% owner of EmStone, consummated an agreement pursuant to which a subsidiary of 1251 Capital Group, Inc. acquired 51% of the equity of Emerald PA. Current Emerald management continues to run the company and maintain operating independence in the day-to-day decisions, including but not limited to investment process and function. 1251 principals lend their expertise joining the parent company’s board of directors. All senior Emerald managers have signed employment contracts. Emerald believes that this partnership significantly strengthens Emerald and positions the Company for continuing future success and stability. In conjunction with this transaction, Emerald Advisers, Inc. has been reorganized into Emerald Advisers, LLC.

Future Disclosures

In the future, this section of the Brochure will address only “material changes” since our last delivery or posting on the SEC’s public website. In the past we have offered or delivered information about our qualifications and business practices to clients at least annually. Going forward, we will ensure that you receive a summary of all material changes to this Brochure within 120 days of our fiscal year-end or more frequently if necessary.

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Item 4 – Advisory Business

Who We Are

EmStone Advisers, LLC (“EmStone”) is an investment management and advisory firm specializing in U.S. dollar-denominated fixed income and marketplace lending portfolios. We provide discretionary advisory services to institutional clients and high net-worth individuals. EmStone assets under management were \$103 million as of December 31, 2018.

Our Fixed Income strategy applies a conservative, disciplined investment approach and seeks to outperform benchmark indices through a combination of ‘quantitative’ and ‘fundamental’ tools. Our investment programs include:

- Fixed Income Core-Government/Credit
- Fixed Income Core-Aggregate
- Fixed Income Intermediate
- Fixed Income Short Government
- Fixed Income Liquidity Reserve

We also use a number of other strategies that stem from the primary strategies listed above including inflation-protected portfolios, custom portfolios, liability driven portfolios, and balanced portfolios utilizing ETFs as the equity component.

Our Marketplace Lending strategy specializes in advising our clients about, and facilitate the investment of our clients in whole loans, loan certificates, promissory notes and interests in promissory notes (collectively “Note(s)”) underwritten, issued by, or connected with, one or more operators of internet-based lending platforms (“Platforms”), or special purpose vehicles organized by these Platforms. Platforms enable borrowers to apply for fully-amortizing, short-term, unsecured and secured loans that are purchased or funded by investors and lenders like EmStone in an open, transparent marketplace. Each Note (as appropriate) is collateralized by a whole or fractional interest in an underlying loan.

Our portfolio management team includes experienced professionals who have worked together at the three contributing firms for an of average 25 years, serving institutional investors and high net worth individuals.

Ownership History

EmStone is a partnership between Beltraith Capital, LLC and Emerald Advisers, LLC. Beltraith is the principal owner of EmStone. Emerald Advisers, LLC. is an SEC-registered investment adviser. Emerald Asset Management PA, LLC is the parent company of Emerald Advisers, LLC. Previously, certain management employees of Stoneridge PMG owned a minority interest in EmStone (then named Emerald Fixed Income Advisers) and Emerald Advisers, LLC was the principal owner.

Please refer to Item 8 which describes our investment philosophy and portfolio strategies in greater detail.

Item 5 – Fees and Compensation

Our Fees

EmStone fees are based on the market value of assets under management and are billed quarterly for services performed in the previous quarter. Asset-based fees represent the sole form of compensation we receive.

Our current annual fee schedule is as follows:

Core-Government/Credit, Intermediate, and Core-Aggregate Fixed Income:

0.375% on the first \$10million

0.325% on the next \$25 million

0.25% on the excess over \$25 million

Short Government Fixed Income:

0.25% on the first \$10 million

0.20% on the next \$25 million

0.15% on the excess over \$25 million

Customized Liquidity Reserve Solution:

0.30% on all assets

Marketplace Lending:

0.50% per quarter on the first \$2 million

0.475% per quarter on the next \$8 million

0.375% per quarter on the excess over \$10 million

Account Minimums and Fee Variation

The minimum account size is \$10 million for Core-Government/Credit, Intermediate and Short Government fixed income portfolios. The minimum account size is \$20 million for Core-Aggregate portfolios; the minimum for this strategy is higher to ensure proper diversification of assets which include mortgage-backed securities. The minimum account size for Marketplace Lending portfolios is \$10 million. We do make exceptions and accept new accounts with assets below the stated minimum; in these cases, fees are subject to negotiation. We also negotiate fees for accounts that meet stated account minimums based on special circumstances.

Factors that we consider in the negotiation process include client service requirements, complexity of investment strategy, and initial or potential size of the account. Fee variances may also reflect account inception dates or the entirety of the client's relationship with EmStone and its investment partners. In all cases, we strive to charge fair and market competitive fees.

EmStone Fee Arrangements

Stoneridge PMGA Advisors is a subsidiary of Beltraith Capital, principal owner of EmStone. Under the contractual terms of this relationship, certain employees of Stoneridge PMGA provide investment management services to EmStone and their fixed income clients, who are predominately public funds and municipalities. Stoneridge PMG and EmStone fee schedules are the same, guided by a fee sharing agreement between both firms subject to reevaluation on an annual basis. These duplicative fee arrangements are also in effect between Emerald Direct Lending Advisers (an affiliate of minority owner Emerald Advisers, LLC) and EmStone. The fee agreements do not impact the advisory services or fees paid by clients whose assets are managed under this arrangement.

Please see Item 10 for more information about the EmStone relationship.

Brokerage Commissions and Other Account Fees

In addition to EmStone advisory fees, clients pay brokerage commissions, transaction fees, and other related costs and expenses. In rare circumstances, we may use Exchange Traded Funds (“ETFs”) for certain custom portfolios which may involve additional fees. ETFs are investment funds traded on stock exchanges. An ETF holds assets such as stocks, commodities, or bonds, and trades close to its net asset value over the course of the trading day. Most ETFs track an index, such as the S&P 500.

Clients may also incur certain charges imposed by their custodians such as custodial fees, transfer taxes, wire transfer and electronic fund fees, among other fees and taxes. Marketplace Lending clients may be assessed fees by marketplace platforms (such as Prosper and Lending Club) or automated purchase engines (such as NSR Invest). These charges and fees are in addition to EmStone’s fee, and are not controlled by or paid to EmStone.

Account Billing Terms

Fees are generally billed on a quarterly basis in arrears; in some cases, fees are billed one quarter in advance. Fees are prorated for each capital contribution and withdrawal made during the calendar quarter (with the exception of de minimis contributions and withdrawals). All fees are billed directly to the client; under no circumstances is EmStone authorized to deduct fees directly from client accounts.

Each written client advisory agreement describes fee arrangements. If fees are payable in advance, a pro-rated portion is returned if the advisory agreement between EmStone and the client is terminated before the expiration of the current quarter. The advisory agreement may be terminated by either party at any time with 30 days advanced notice. Clients may terminate our services without fee or penalty within five business days of the execution of the advisory agreement.

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

Performance-Based Fees Performance-based fees are based on a share of capital gains on or capital appreciation of the assets held within a client account. EmStone does not charge any performance-based fees; all fees are based on the market value of assets under management.

Side-by-Side Management

All current EmStone client portfolios are separately managed accounts. We do not currently offer mutual fund or hedge fund investment programs but may do so in the future.

Item 7 – Types of Clients

Clients We Serve

We provide fixed income and marketplace lending asset management services to institutional clients and high net-worth individuals. Institutional clients include, but are not limited to, pension and profit sharing plans, public funds, charitable institutions, hospitals, municipalities, government agencies, and insurance companies.

Ongoing Client Service

Our fixed income and marketplace lending products are managed by each strategy's respective Investment Committee, however each client portfolio is assigned to a designated lead portfolio manager to ensure adherence to specific client guidelines. Ongoing communication is vital to successful, long-term client relationships and our ability to discharge our fiduciary duties. All clients receive reports quarterly and we meet with clients on a regular basis to ensure that we adhere to their objectives.

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

Investment Strategies

I. Fixed Income Strategies

We manage four primary investment strategies. Each strategy is guided by a unique duration target range and performance benchmark. Duration is the “length” of a fixed income security best explained as a weighted-average measurement to maturity of the bond's cash flows. Each interest payment on the bond is assigned a present value which in total comprises a percentage of the bond's full price.

Years ago, Salomon Brothers first explained duration using a see-saw analogy. Picture a series of tin cans equally spaced on a see-saw; each can represents a scheduled interest payment for a bond while the contents of each can represents the cash flow associated with the payment. Duration would be the distance to the fulcrum that would balance the see-saw. In general, the weighted average distance from the fulcrum (duration) increases as the stated maturity of a security is extended on the yield curve. Duration, as a measure of risk, decreases as coupon payments are increased and/or the yield of the bond rises.

Our primary investment strategies include:

- **Fixed Income Core-Government/Credit** - highly liquid, investment grade portfolios benchmarked against the Barclays Government/Credit Index. Duration ranges from 4 to 6 years and sector allocations are based on technical analysis and relative performance models.
- **Fixed Income Core-Aggregate** - highly liquid, investment grade portfolios benchmarked against the Barclays Aggregate Index. Duration ranges from 3.5 to 5.5 years and sector allocations are based on technical analysis and relative performance models.
- **Fixed Income Intermediate** - highly liquid, investment grade portfolios benchmarked against the Barclays Intermediate Government/Credit Index. Duration ranges from 3 to 4.5 years and sector allocations are rotated based on technical and relative performance analysis.
- **Fixed Income Short Government** - U.S. Treasury and U.S. Agency portfolios benchmarked against the Barclays 1-3 Year Government Index. Duration ranges from 1 to 3 years and maximum maturity of individual securities is typically under five years.
- **Customized Liquidity Reserve Solution** - An actively managed short-term fixed income strategy that emphasizes current return, liquidity, quality, and stability of principal using a wide-array of short-term obligations. Average duration of the portfolio is approximately 2 years. The portfolio is customized to take into account, near-term liquidity needs of the client. A portion of the portfolio may be invested in the marketplace lending sector through a collective investment trust.

We also use a number of other strategies that stem from the primary strategies listed above that include inflation protected portfolios, custom portfolios, liability driven portfolios, and balanced portfolios utilizing ETFs as the equity component. Details of these strategies follow:

- **Fixed Income Intermediate Broad Market:** highly liquid, investment grade portfolios benchmarked against the Barclays Intermediate Aggregate Index. Duration ranges from 2.5 to 4.5 years and sector allocations are rotated based on technical and relative performance analysis.
- **Fixed Income Intermediate High Grade:** highly liquid, investment grade portfolios benchmarked against the Barclays Intermediate A+ Government/Credit Index. Duration ranges from 2.5 to 4.5 years and sector allocations are rotated based on technical and relative performance analysis.
- **Fixed Income Low Duration:** U.S. Treasury and U.S. Agency portfolios benchmarked against the Barclays 1-3 Year A+ Government/Credit Index. Duration ranges from 1 to 3 years with maximum maturity of individual securities typically under 5 years.
- **Fixed Income Inflation Protected:** portfolios benchmarked against the Barclays U.S. Government Inflation-Linked Bond Index. Portfolios within the composite will normally have an average duration that is plus or minus 25 percent of the benchmark.
- **Balanced:** the fixed income portion of portfolios is comprised of highly liquid, investment grade securities benchmarked against the Barclays Intermediate Government/Credit Index. Duration ranges from 3 to 4.5 years and sector allocations

are rotated based on technical and relative performance analysis. The equity portion of portfolios is comprised of I shares of the Russell 1000 ETF.

In 2010, we changed the name of the Core Fixed Income strategy to the Core-Government/Credit Fixed Income strategy, and the Broad Fixed Income strategy to the Core-Aggregate Fixed Income strategy. The purpose of these product name changes was to allow easy comparison to competitive offerings in the marketplace. We made no changes to product strategies, benchmarks, or risk profiles.

Our Investment Philosophy

We believe that the role of a fixed income portfolio in an asset allocation model is to act as an "anchor" to the overall risk profile, provide a deflation hedge, and achieve returns above the benchmark index with similar volatility. We have developed a conservative, disciplined approach to managing fixed income investments which meets those needs. We base investment decisions on proprietary analysis of trends in the fixed income markets. We avoid extreme duration bets, complex derivative securities, and non-investment grade securities. All EmStone fixed income investment strategies are considered "long only" which means that we do not engage in the practice of selling securities short. We do not use margin or derivatives.

Active Management

EmStone is an active fixed income manager which means that we may buy and sell securities frequently if necessary to adjust the risk profile of each client portfolio. Although each portfolio maintains core investments held longer than one year, we do actively trade a portion of most client portfolios in line with the parameters of client mandates. Average annual portfolio turnover for actively managed client accounts typically exceeds 100%. Frequent trading may detract from investment returns in the short run by increasing transaction-based fees. We believe these short-term costs are more than offset by long-term principal protection.

Our Investment Process - Methods of Analysis

We use a conservative, disciplined investment approach and seek to outperform benchmark indices through a combination of 'fundamental' and 'quantitative' tools. We apply fundamental analysis to determine the most favorable portfolio structure. Fundamental analysis is a function of monetary and fiscal policy as exercised by the Federal Reserve Bank and Congress, respectively. Together they influence the level of interest rates in the capital markets over time. We also use fundamental analysis to determine a sector or security's value by focusing on underlying factors that affect a sector or company's business and future prospects. We then identify quantitative trends in the marketplace to guide interest rate and sector allocation decisions. Quantitative or technical analysis is based upon extensive statistical study of market data over time, primarily price and volume patterns. This is a dynamic process and portfolios are actively re-balanced to leverage changing market trends.

Portfolio strategy is based on current market conditions, not forecasts. We utilize economic and price momentum models and relative performance analysis of the fixed income markets together with fundamental analysis of the global economy, domestic/foreign monetary policy, and inflation expectations to determine:

1. **Portfolio interest rate risk** - We normally vary the portfolio's duration within a year of the benchmark index.
2. **Sector weightings** - We over/under weight sectors (U.S. Treasury, U.S. Agency, Agency mortgage-backed, Corporate, etc.) in the portfolio versus the benchmark based on the relative value of each sector.
3. **Security selection** - We utilize only investment grade securities and perform our own internal credit review in selecting specific issuers and security structures.
4. **Yield curve positioning** - We utilize 'bullet', 'barbell', and 'ladder' maturity structures to capture relative changes in the yield curve. More information about these strategies is available upon request.

All of the above tools allow us to actively manage client portfolios to achieve above-benchmark returns with limited swings in portfolio prices. Although the Investment Committee manages all investment strategies, each client portfolio is assigned to a Managing Director to ensure adherence to specific client guidelines. Each client portfolio is structured to meet unique client objectives associated with risk tolerance, investment time horizon, liquidity requirements, and other client-directed portfolio guidelines.

Cash Management

EmStone generally holds a cash position of less than 5% in client portfolios. Idle cash is swept overnight into a money market fund selected by the client at the time they enter into an agreement with the custodian.

Cash or cash equivalents may be used as part of a duration strategy. In cases of an inverted yield curve, or extremely low or negative real interest rates, cash (or a U.S. Treasury Bill) may be used as a part of a barbell strategy. Normally, the shortest securities we own in client portfolios are one year maturities.

We manage custom portfolios that only permit investments in cash equivalent securities rather than a money market account. These investments include U.S. Treasury Bills, and U.S. Agency, and Corporate securities maturing in 18 months or less. EmStone does not use repurchase agreements in client portfolios.

How EmStone Fixed Income Strategies Help Clients Manage Risk

We recognize that our clients have a wide array of investment managers to choose from. Our goal is to consistently deliver positive relative investment returns and minimize risk while helping our clients achieve their investment objectives.

The following factors help us manage risk in client portfolios:

- 1) **We are specialists** –our primary focus is managing fixed income portfolios;
- 2) **Quality focus** – our investment portfolios are concentrated in high quality, highly liquid securities;
- 3) **Diversification** – we rely on tested asset allocation models and proven security selection processes to achieve diversification;

- 4) **Self reliance** – We maintain singular focus upon our clients and rely predominantly on internal research and proprietary technology to make investment decisions;
- 5) **Team approach** – we collaborate as an investment team to deliver our very best thinking;
- 6) **Long history** – our fixed income investment professionals have been managing client portfolios for an average of 28 years during diverse economic environments over many business cycles;
- 7) **Relationship driven** – we communicate regularly with clients to ensure ongoing need awareness;
- 8) **Constant attention** – we monitor client portfolios on a continuous basis;
- 9) **Conservative** – we take a cautious approach to all aspects of our business from investment management to operations and compliance.

Risk of Loss

We believe that clients face three primary levels of risk when investing in the capital markets:

- **Resource selection** – risks associated with investment manager selection
- **General market risk** – risks of participating in the capital markets
- **Specific risk** – risks associated with selecting asset classes, sectors, and security types

Despite our risk management experience, investing in securities involves risk of loss. Below we highlight the primary risks of investing in the capital markets in general and fixed income securities in particular. There may be other investment risks not mentioned below.

- *Risk of Loss* - Investing in securities involves risk of loss that clients should be prepared to bear.
- *No guarantee* - Performance of any investment is not guaranteed. There is a risk of loss of the assets we manage that may be out of our control.
- *Market Fluctuation* - Financial markets and the value of investments vary substantially over time, which may lead to realized and unrealized losses in the value of client portfolios, especially in the short run.
- *Fixed Income Securities* - Investments in fixed income (debt or bond) securities typically decrease in value when interest rates rise. This risk is usually greater for longer-maturity debt securities. Investments in debt securities with lower credit ratings (and non-rated credits) are subject to a greater risk of loss to principal and interest than those with higher credit ratings.
- *Credit Risk* - Also called default risk, credit risk quantifies the likelihood of non-repayment of principal and/or interest as scheduled by the bond issuer.
- *Income Risk* - Risk that an investment strategy designed to generate a sufficient income stream fails to produce adequate income, resulting in the inability to sustain a desired cash flow and/or the need to sell assets to produce desired income.
- *Liquidity Risk* - Risk that investors may not have full access to their funds if assets cannot be converted into cash according to normal market settlement standards. Liquidity risk is generally higher for small capitalization stocks, alternative assets, and private placement securities.
- *Prepayment Risk* - Risk associated with early payment of principal and interest by the issuer. This risk may be reflected in mortgage-backed securities wherein the owner of underlying assets may prepay principal and interest, thereby shortening its duration or

stated maturity. For callable bonds, if interest rates fall, a bond issuer may decide to pay off (or "call") outstanding bonds and issue new bonds that pay a lower rate.

- *Mortgage-backed Securities* - A mortgage-backed security (MBS) is an asset-backed security or debt obligation that represents a claim on the cash flows from mortgage loans through a process known as securitization. The monthly cash flow of an MBS is not known in advance, and therefore presents risk to MBS investors of early prepayment.
- *Company Risk* - Risk that the business plan of a company in whose securities we invest is poorly conceived or poorly executed by senior management, or that the company fraudulently misleads the investment community as to its financial condition, either historically or prospectively.
- *Exchange Traded Funds ("ETFs")* - The market price of an ETF's shares may trade at a discount to net asset value, an active secondary trading market may not exist, or trading may be halted by the exchange on which it trades. These factors may hinder our ability to timely sell an ETF at a fair price. ETFs also have embedded fees and expenses which are borne by the investor. ETFs may be used in balanced portfolios.

II. Marketplace Lending Strategies

EmStone's marketplace lending strategy's approach is to advise its clients about, and facilitate the investment of its clients in whole loans, loan certificates, promissory notes and interests in promissory notes (collectively "Note(s)") underwritten, issued by, or connected with, one or more operators ("Platform Operators") of internet-based lending platforms ("Platforms"), or special purpose vehicles ("SPVs") organized by these Platforms. Platforms enable consumer borrowers to apply for fully-amortizing, one to five year term, unsecured loans and lender members, including parties advised by EmStone (or "the Adviser") to lend money to borrowers in an open, transparent marketplace. Each Note will be collateralized (as appropriate) by a whole or fractional interest in an underlying loan. EmStone seeks to invest in Notes that provide opportunities to generate risk adjusted returns which are superior to most short-term fixed income securities.

Primary Investment Strategies

EmStone's marketplace lending strategy's principal business is to advise the purchase of Notes issued by one or more Platform Operators of Platforms or SPVs organized by these Platforms that allow members to lend money to borrowers in an open, transparent marketplace. Each Note will be collateralized by a whole or fractional interest in an underlying loan. EmStone may elect to advise its clients as to the purchase of individual Notes, groups of Notes meeting certain criteria, or a percentage of all Notes originated by certain Platforms. EmStone develops and maintains its own credit standards and establishes gross yield criteria and expected loan default parameters with which it analyzes various Platforms and the loans and Notes offered by them.

Consumer Lending: Driven by technological innovation, the rapid proliferation of Internet usage across broad segments of the U.S. population, and multiple diverse economic trends, various innovative business models have proliferated in the credit markets. Notably, EmStone seeks to capitalize on the disintermediation of traditional sources of consumer

credit, and lend directly to borrowers thereby participating in high risk adjusted returns otherwise captured by banks and credit card companies.

Platforms: A growing number of Platforms originate and price fully-amortizing, unsecured and secured term loans to borrowers after performing various credit evaluations and fraud checks and facilitate an open and transparent marketplace where various investors bid to purchase fractional interests in these loans which are represented by Notes. Platforms also service the loans they originate by billing and collecting the monthly payments of interest and other charges along with the return of principal from borrowers. EmStone will initially focus on Internet lending platforms that allow investors to lend money to individual borrowers in an open, transparent marketplace. Platform Operators have grown rapidly since 2005. New entrants are anticipated to enter the market, creating an additional supply of Notes.

How Platforms Work: A Platform is an online marketplace that typically enables borrower members to borrow money and lender members to purchase promissory notes, the proceeds of which facilitate the funding of specific loans made to borrower members. Listings on the Platform are posted by individual consumer borrower members requesting individual consumer loans, which are referred to variously as “borrower listings”, “listings” or “borrower loans.” In the beginning of Internet lending, Platforms did not provide credit ratings for borrowers and the resulting credit default rates and lender member returns were adversely affected. Today, all Platforms have their own internal credit rating process.

Borrower Listing: Each borrower listing sets forth the desired loan amount, interest rate and corresponding yield percentage, the minimum amount of total bids required for the loan to fund, the Rating (as defined below) and estimated loss rate for the listing, debt-to-income ratio, certain credit information from the borrower’s credit report, the borrower’s numerical credit score range, the borrower’s self-reported annual income range, occupation and employment status, and the borrower’s group affiliation, if known.

Borrower Loans: All borrower loans are unsecured obligations of individual borrower members with a fixed interest rate set by the Platforms and a loan term currently set at one, three or five years. Lender members may access the Platforms and bid by indicating that they are willing to purchase Notes relating to the borrower loan in the principal amounts of their respective bids. If at the end of the bidding period the listing has received bids equal to or exceeding the minimum amount required for the loan to fund, a loan will be made to the borrower in an amount equal to the total amount of all winning bids, at the interest rate set by the Platforms.

Rating: Each borrower listing is assigned a proprietary credit rating by Platform Operators, referred to as the “Rating.” The Rating is a letter that indicates the level of risk associated with a listing and corresponds to an estimated average annualized loss rate range for the listing. Each Platform Operator has their own unique Rating, but this, as well as the loss ranges associated with each, may change over time. The estimated loss rate for each borrower listing is based on unique criteria for each Platform Operator which typically includes a consumer reporting agency score and custom score calculated using the historical performance of previous borrower loans with similar characteristics. EmStone currently anticipates that it will not invest client funds in borrower loans where the FICO credit rating at the time of purchase is lower than 650. EmStone anticipates that the average borrower loan weighted by loan amount will have an average FICO score of 680 or higher at the time of purchase.

Verification and other Borrower Information: Each Platform Operator has its own unique method of verifying self-reported borrower information and publically available information. Most Platform Operators verify a borrower's credit score range and information obtained from a credit report, such as number of accounts delinquent, public records, and other such borrower credit information. Information such as the borrower's income, financial status, or self-reported credit history may or may not be verified by the Platforms. Platform Operators typically indicate whether such information has been verified. Borrower listings may include the borrower's narrative description of why the loan is being requested and the borrower's financial situation.

Pricing: Platform Operators typically set the interest rates for borrower loans based on their proprietary credit rating process, as well as additional factors, such as estimated loss rates, loan terms, group affiliations, the general economic environment and competitive conditions. The yield percentage on each series of Notes is equal to the interest rate on the related borrower loan, minus each Platform's servicing fee.

Origination Fees: The typical Platform charges borrowers an origination fee on successfully funded loans. Origination fees vary up to 5% of the initial borrowed amount based on credit score, size of loan, term length, and other unique criteria.

Bidding Process: Typically, lender members bid on individual Notes or a group of Notes with certain characteristics. In certain cases, a Fund or other client account will directly bid for Notes in this manner. In other cases, a Fund or other client account may negotiate with Platform Operators to purchase a pre-determined percentage of each Note meeting EmStone's investment criteria.

Collateral & Securitization: Some Platforms permit certain investors to hold a fractional "whole loan interest" in a larger borrower loan. Other Platforms sell registered "Borrower Payment Dependent Notes" issued in the name of the Platforms, which are dependent for payment on payments the Platforms receive on the corresponding borrower loans. The Borrower Payment Dependent Notes are special, limited obligations of the Platforms or their SPVs only and not obligations of any borrower. The Notes are unsecured and holders of the Notes do not have a security interest in the corresponding borrower loans or the proceeds of those corresponding borrower loans. If the Platforms were to become subject to a bankruptcy or similar proceeding, the holder of Borrower Payment Dependent Notes would generally have a general unsecured claim against the Platforms that may or may not be limited in recovery to such borrower payments.

Loan Servicing: Typically, borrower loans are serviced by each originating Platform Operator. The Platform Operators pay principal and interest on each series of Notes in an amount equal to each such Note's pro rata portion of the principal and interest payments, if any, the Platforms receives on the corresponding borrower loan, net of the Platform Operators servicing fee, which is typically 1% subject to change in certain circumstances. Typically, the Platforms pay lender members any other amounts they receive on each corresponding borrower loan, including late fees and prepayments, subject to the servicing fee, except that they will not pay to lender members any non-sufficient funds fees for failed borrower payments or collection fees they or a third-party collection agency charge. Lender members must enter into a lender member registration agreement with a Platform Operator, which agreement governs all sales of the Platform Operator's Notes to lender members. Under the lender member registration agreement, in the event of a material default under a series of Notes due to verifiable identity theft of the named borrower's identity, the Platform

Operator will typically repurchase the Notes from the lender members. In the event the Platform Operator breaches any of its other representations and warranties in the lender member registration agreement pertaining to the Notes, and such breach materially and adversely affects a series of Notes, it will indemnify the lender members, repurchase that series of Notes or cure the breach.

Funding: Platforms are not banks. In all cases, borrower loans are funded by an independent bank with whom a Platform has a negotiated agreement. To date, most Platforms utilize WebBank, a Federal Deposit Insurance Corporation ("FDIC") insured, Utah-chartered industrial bank. After funding a loan, WebBank sells and assigns the loan to the respective originating Platforms, without recourse to WebBank, in exchange for the principal amount of the borrower loan. WebBank has no obligation to purchasers of the Notes.

Collections, Bad Debt, and Defaults: Each Platform has its own process for collecting on borrower loans which are past due. In most cases, Platforms continue to attempt to collect from borrowers until 120 days after a loan becomes past due. Thereafter, the loan is typically charged off as a default. Some Platforms handle collections in house and other Platforms use third party consumer debt collection firms. All servicing arrangements are currently in compliance with various federally-mandated loan origination and collection procedures.

Holding Period and Exit Strategy: EmStone intends to advise its clients to purchase Notes from Platforms with maturity dates between three and five years. Thus the projected holding period for an advisory client for any given Note is three to five years. Given that each borrower payment reflects both principal and interest, an advisory client taking a full distribution (principal and interest) each month could receive back approximately 40% of their original investment by the end of the first year. This figure represents EmStone's goal based on its investment strategy, however, the actual returns earned and paid to advisory clients could vary greatly due to market and other conditions, many of which are outside of EmStone's control.

An investment made in an EmStone advised separate account cannot be viewed as a liquid investment nor should an investor anticipate any accelerated liquidity in case of emergency. Neither EmStone nor any other party can guarantee or imply that the invested amount would be available to the investor in any schedule other than the principal and interest repayment schedule discussed above.

Should an investor in an EmStone advised separate account wish to request an early distribution of principal, they may do so by submitting a written letter requesting such a distribution with an explanation of the reason or cause for the request. EmStone has no obligation to meet such a request, but will consider the request and may, in its sole discretion, choose to offer an accelerated payout. Such a payout would be based on a variety of factors and as such no probability of acceptance can be implied. Investors should be sure they have sufficient liquid assets available to them in order to meet all cash flow needs.

Investing Involves Risk: As with any investment strategy, there is no guarantee that our strategies will be successful. EmStone makes no guarantees or promises that our market analysis will be accurate or the investment strategies we use will be successful.

The marketplace lending investments EmStone recommends can involve a high degree of uncertainty and may be considered speculative. Purchase of an Interest in an EmStone advised separate account is not intended as a complete investment program. EmStone's

investment strategies are for sophisticated investors who can accept a high degree of risk in their investment and can accept a potential loss of a substantial portion of their investment. Each prospective Investor should make such investigation and evaluation of such risks as it concludes is appropriate.

EmStone exercises its discretionary authority to invest in products that it believes are appropriate for its clients, based on our understanding of our clients' risk tolerances and investment objectives. We have generally summarized below what we feel are relevant risks broadly relating to the types of investments we primarily invest in for client accounts; however, products may be subject to additional risks that are specific to that product or issuer, and we cannot and do not attempt to cover all risks that clients may be exposed to within their portfolios. Clients are strongly encouraged to review the disclosures and offering documents relating to the products held in their portfolios if they have any questions, as these documents discuss in more detail the risks relating to the particular product. Clients with questions regarding a particular security or other product should contact EmStone or the custodian.

Specific Security Risks

Risks of Investing in Notes

Investments Primarily in Notes: Other than cash investments, EmStone expects that the accounts its advise (or account portions thereof) will invest exclusively in (a) Notes, or (b) other similar Platform originated or directly originated securities, loans, notes, or other commercial obligations generating currently payable interest income with a full repayment term of no more than five years.

Limited Diversification: As noted above, other than cash investments, EmStone expects that the accounts its advise (or account portions thereof) EmStone will invest primarily in Notes. Accordingly, a client's portfolio will not be diversified beyond Notes and cash investments. Therefore, the client's portfolio may be subject to more risk than would be the case if EmStone maintained a wider diversification among types of securities.

Illiquidity of Notes: The Notes will not be listed on any securities exchange. Notes will be held by a Platform Operator's lender members (in the case of Fund clients advised by EmStone, by the qualified custodians of such Funds). The Notes will not be transferable except through a Platform Operator's Note trader platform and there can be no assurance that a market for Notes will continue to develop on the Note trader platform, or that the Note trader platform will continue in operation. Therefore, each client must be prepared to hold its Notes to maturity.

Notes Not Directly Secured by Collateral, Guaranteed or Insured: In certain circumstances, the Notes may not represent an obligation of borrowers or any other party except the applicable Platform Operator, and are special, limited obligations of such Platform Operator. In other circumstances, the Notes may represent an obligation of an SPV organized by a Platform Operator to own borrower loans and issue related Notes, and are special,

limited obligations of such SPV. Neither the Notes nor the underlying loans are secured by any collateral and they are not guaranteed or insured by any governmental agency or instrumentality or any third party. The client, as a Note holder, will not, except under certain circumstances, have a security interest in the borrower loans or the right to payment thereunder.

Limited Historical Performance Data: A Platform Operator may be in the early stages of its development and may have a limited operating history. As a result of a limited operational history, a Platform Operator may not have significant historical data regarding the performance of the Platform Operator's borrower members under the borrower loans, and the Platform Operator will not yet know what the long-term loan loss experience will be. The estimated loss rates a Platform Operator displays on its website and the estimated loss rates a Platform Operator uses to determine the Platform Operator's rating have been developed from the Platform Operator's loss histories. Moreover, some of the information a Platform Operator has on the historical loss rates under the borrower loans occurred prior to the recent contraction in the global financial and credit markets and significant downturn in the U.S. economy. Accordingly, borrower loans originated on a Platform may default more often than similar loans have defaulted in the past, which increases the risk to the client of investing in the Notes.

Item 9 – Disciplinary Information

As an SEC-registered investment adviser, we are required to disclose all material facts about any legal or disciplinary events that would be material to your evaluation of EmStone or the integrity of our management team. EmStone has no disciplinary information to report.

Item 10 – Other Financial Industry Activities and Affiliations

Arrangements with Other Advisers

Emerald Advisers, LLC, is a minority owner of EmStone, and is an affiliated adviser of Emerald Direct Lending Advisers. Stoneridge PMG Advisors is a subsidiary of Beltraith Capital, principal owner of EmStone. Under the contractual terms of these relationships with EmStone, certain employees of Emerald Advisers, LLC, Emerald Direct Lending Advisers and Stoneridge PMG Advisors provide investment management services to EmStone and their clients consistent with their other day-to-day activities. A fee sharing agreement between firms is subject to reevaluation each year. The fee agreement does not impact the advisory fees paid by clients under this arrangement.

Conflicts of Interest

EmStone receives an economic benefit (fees) due to our affiliation with the third party advisers and broker-dealers noted above. Upon disclosing these conflicts of interest to you, we manage them by: (1) applying a standard fee schedule to ensure that client fees are fair across all channels; (2) using a trade allocation process so clients managed under the same investment strategy receive equal percentage allocations of securities regardless of channel; (3) employing a portfolio review and client service model which treats all clients individually

and fairly across all channels; and (4) following a rigorous compliance program to meet our fiduciary duties for all client accounts.

Item 11 – Code of Ethics

Ethical Standards of Conduct

We value client trust and place our fiduciary responsibilities to each client first and foremost in all aspects of our business. EmStone has adopted a Code of Ethics for all employees which outlines our high standard of business conduct, and reinforces each employee's role in discharging the firm's fiduciary duty to clients. The EmStone Code of Ethics includes provisions for maintaining confidentiality of client information, prohibitions on insider trading, restrictions on the acceptance of material gifts, requirements to report certain gifts and business entertainment items, and procedures for personal securities trading, among others. All employees must acknowledge in writing each year their commitment to the terms of the Code of Ethics.

Personal Trading

EmStone employees generally refrain from buying or selling for their personal accounts the fixed income or marketplace securities that we buy and sell for our clients. Nonetheless, under the terms of the Code of Ethics, EmStone employees may trade for their own accounts in securities which are recommended to and/or purchased for clients. The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of our employees do not interfere with (a) making decisions in the best interest of advisory clients and (b) carrying out such decisions while still allowing employees to invest for their own accounts. Though rare, there is a possibility that employees might benefit from market activity by a client in a security held by an employee. Employee trading is continually monitored under the Code of Ethics to reasonably prevent conflicts of interest between EmStone and our clients.

Related Accounts

EmStone does not manage 'related accounts' for the benefit of the firm or any of our employees.

To receive a copy of our Code of Ethics, contact Mitch Krahe, Esq. by phone at 216-357-7412 or e-mail mkrahe@emstoneadvisers.com.

Item 12 – Brokerage Practices

I. Fixed Income Strategies

Broker Selection

For most client portfolio transactions, we have discretion to select brokers and negotiate commissions. Exceptions do apply under directed brokerage arrangements and for accounts managed under broker-sponsored investment programs.

EmStone maintains a list of approved broker-dealers with whom the Trading Desk may transact business across all trading venues, including electronic platforms. All changes to the broker-dealer list must be approved in advance of trade execution by a designated officer or the Chief Compliance Officer. Each year, an outside research firm independently reviews broker-dealers to evaluate their best execution capabilities. This review considers:

- Financial statements
- Public reports
- Historical fixed income trade volume reports
- Perceived contribution to successful implementation of EmStone's investment strategy
- Regulatory trade execution reports
- EmStone's operational settlement and clearance experience

Electronic Trading

For corporate fixed income trade execution, we use the MarketAxess trade platform. This electronic system is comprised of more than 20 dealers who simultaneously respond to trade inquiries. In seeking best execution, we submit transaction inquiries directly into the system and separately contact a select group of regional brokers who do not participate on the MarketAxess platform. Our Trading Desk also uses Bloomberg BondTrader, an electronic multi-dealer system for government and agency trading. Market conditions and transaction type (block size, sector, and security type) influence trade execution decisions on a day-to-day basis. The Trading Desk follows a written trade policy to ensure that we consistently do what is best for our clients.

Trade Aggregation and Rotation

EmStone trades all accounts managed to the same style as a 'bunched' trade whenever possible. Trades are allocated pro-rata based on a target percentage, which allows all accounts, both large and small, to benefit equally. In most cases, trade aggregation improves transaction prices and lowers commission rates. We seek the best combination of price and execution for each transaction. To determine the broker's overall best qualitative execution capabilities we consider, among other things: (1) order size; (2) broker's ability to effect and settle trades promptly and efficiently; and (3) broker's reliability, integrity, and financial condition.

Where possible, we aggregate wrap and non-wrap client trades to achieve best execution, in which case wrap accounts may not always pay commissions. When trading corporate bonds, we generally 'step out' wrap transactions (meaning we trade away from the wrap sponsor), allowing us to aggregate wrap and non-wrap transactions to achieve best execution. If aggregation is not possible, we strive to trade wrap and non-wrap transactions simultaneously to achieve equitable pricing and minimize performance differences across accounts.

We generally execute trades on an ‘all-or-none’ basis so that no account is disadvantaged in the trade allocation process. If necessary, however, the Managing Director is authorized to reallocate an original trade order to protect the best interests of clients. Trade aggregation does not interfere with EmStone’s ability to comply with client account restrictions.

Soft Dollars

In allocating trades and commission dollars to brokers, EmStone also considers their research services. We are permitted by law and with certain restrictions to cause a client to pay a broker or dealer providing us with brokerage and research services, commission fees in excess of the amount other brokers would charge for the same transaction. Sometimes we use brokers who provide useful research services even though a lower commission may be charged by another broker who does not offer research. Therefore, transactions will not always be executed at the lowest available price or commission when we consider these other qualitative factors. These excess commissions are known as ‘soft dollar commissions.’ We only use soft dollars if we determine in good faith that the greater commission is warranted in terms of either a particular transaction or our overall responsibility to clients.

A combination of hard and soft dollars is used to pay for research services that directly benefit our clients. As measure over the course of a year, we execute approximately 15% of trades on a soft dollar basis. We currently use the following soft dollar research services: Moody’s Investors Service Corporate Credit Rating Services, Standard & Poor’s Ratings Direct, Stone & McCarthy Research Associates Market Focus, Bloomberg, Elliot Wave International, and Gimme Credit Publications High Grade Credit information. Soft dollar research services are subject to change as we refine portfolio construction tools over time to best serve our clients.

We have adopted strict compliance policies to ensure that our use of soft dollars is consistent with our duty to obtain the best available execution and that research services represent fair and measurable value for our clients. Some, but not all soft dollar research services benefit the accounts which pay the commission to the broker providing such services. EmStone does not attempt to direct a transaction in a particular account; instead, research services are obtained from brokers that we believe add value to a broad range of accounts, although perhaps not useful to every account in every case.

Our use of soft dollar commissions represents a conflict of interest to the extent that we might otherwise pay for such research services out of pocket with fee revenues rather than with client commissions. To minimize this conflict of interest, the Investment Policy Committee and Chief Compliance Officer regularly review commission rates to affirm their reasonableness.

Directed Brokerage

Certain clients may instruct us to trade all or a portion of their portfolio transactions with a designated broker-dealer. This practice is known as ‘directed brokerage.’ EmStone accepts client directed brokerage as long as this arrangement does not materially undermine our ability to provide best qualitative execution for these clients. EmStone does not negotiate commissions or volume discounts for clients under directed brokerage arrangements, and therefore clients must negotiate commission rates on their own behalf. These arrangements

may disadvantage clients to the extent they pay a higher commission rate or receive less favorable execution than they would if EmStone had full discretion to select brokers.

Under our trade policy, directed brokerage trades are executed after all discretionary trades are completed in the same security. During volatile markets, this delay in the timing of trade execution will result in trade price disparities versus aggregated client trades. At the present time, only a small percentage of clients request that we direct their business to a specific broker. Directed brokerage represents a conflict of interest to the extent that the broker directs clients to use services in exchange for the client's brokerage commissions. To fulfill our fiduciary duty for directed brokerage accounts, we compare trade execution prices and commission rates to all other accounts to evaluate fair treatment. Circumstances which put directed brokerage clients in a disadvantaged position are discussed with clients.

Principal and Cross Agency Transactions

In keeping with our mission to deliver unbiased advice, we do not trade for our own account, otherwise known as principal trading. It is our policy to refrain from engaging in agency cross transactions. An agency cross transaction occurs when the investment adviser acts as broker for the advisory client and the other party to the trade. EmStone does not cross trades between client accounts. Agency cross transactions may also arise if an adviser is or affiliates with a broker-dealer. EmStone is not a broker-dealer and has no broker-dealer affiliates.

II. Marketplace Lending Strategies

A discussion of brokerage practices is not applicable as Emerald DLA does not select or recommend any broker-dealers for client transactions and its primary business – transactions in loans – does not currently involve orders placed with or through any broker-dealer. Emerald's portfolio managers and Marketplace Lending Investment Policy Committee perform substantial due diligence in selecting lending platforms and automated purchasing engines, seeking to provide our clients with best execution in all trading / transactions.

Item 13 – Review of Accounts

Account Reviews

We review client portfolios on a daily basis for appropriateness of individual securities. Diversification and asset allocation reviews are conducted monthly, or more often as dictated by market events. We review client portfolios if there is a significant change to client investment guidelines or significant cash flow.

Account Review Responsibilities

Our fixed income and marketplace lending products are managed by strategy-specific Investment Committees. Each client is assigned to a portfolio team comprised of a lead portfolio manager and an associate with primary responsibility for account reviews and maintenance. Portfolio teams rely on experienced support personnel to help fulfill these oversight duties. Portfolio managers are available by telephone at any time to discuss

investment strategies, portfolio construction, and client needs. Accounts are reviewed formally with clients in person on an agreed schedule.

Client Reports

EmStone issues quarterly client reports which include portfolio holdings, performance, and investment strategy summaries. Asset Listings show current portfolio holdings by asset class and asset prices at market and cost. Performance reports compare client investment returns to recognized market performance Indices (e.g., Barclays Government/Credit Intermediate Bond Index, etc.). Clients may receive special reports on request. In addition to our reports, clients receive custodial reports from their custodians.

Portfolio Valuation

We review portfolio security prices on an ongoing basis to ensure accuracy. Portfolio security valuations directly impact our ability to meet client guidelines (such as those that limit exposure to a single security, sector, or asset class), fee calculations, tax liabilities, and buy and sell price points. Portfolio valuation represents a conflict of interest to the extent that EmStone asset-based fees rise when valuations rise. To ensure accuracy and minimize conflicts of interest, we follow written procedures for portfolio valuation, which include the use of multiple independent pricing sources when available, and separate price reviews by the EmStone Portfolio Managers and Chief Compliance Officer. More information about our valuation procedures is available upon request.

Item 14 – Client Referrals and Other Compensation

Use of Solicitors

We employ a dedicated sales and marketing staff to manage our marketing and client service efforts. EmStone may enter into written agreements with certain persons pursuant to which we pay a non-supervised person a cash referral fee for soliciting clients on our behalf. This is in accordance with Rule 206 (4)-3 of the Investment Advisers Act. If we pay a referral fee, the client is informed under separate disclosure that includes the following:

- The Solicitor's name and relationship to the firm;
- That the Solicitor is being paid a referral fee;
- The amount of the fee;
- The effect the Solicitor's fee will have on the client's fee.

We follow strict policies to ensure compliance with all aspects of these rules, including those governing compensation. As permitted, we pay a portion of the management fee generated by the referred account for a period of time which tends to vary on a case by case basis. In all cases the referral fee is not paid by the client and does not impact the overall fee paid by referred clients.

Broker-Dealer Referred Accounts

Fixed income clients are referred to us by broker-dealers wherein EmStone receives written client approval to place brokerage transactions through the referring broker. In these cases, clients must negotiate brokerage commission rates with the broker as EmStone will not

negotiate these rates on behalf of clients. As with other client directed brokerage arrangements, these practices present inherent conflicts of interest. Clients referred by broker-dealers may pay higher commissions and receive less favorable execution than otherwise might be the case; these practices may result in our inability to obtain volume discounts on certain transactions and may cause differences in charges among accounts. To fulfill our fiduciary duty for broker-dealer referred accounts, we compare trade prices and commissions to other accounts to evaluate fair treatment. Circumstances which put directed brokerage clients in a disadvantaged position are discussed with clients.

Item 15 – Custody

Custody occurs when an adviser or related person directly or indirectly holds client funds or securities, or has the ability to obtain possession of them. EmStone does not maintain custody over client funds or securities. Clients are responsible for selecting custodians to hold funds and securities within investment accounts managed on their behalf. Our clients work with various banks, broker-dealers, and other qualified custodians who provide monthly or quarterly statements of all securities and funds held.

EmStone prepares quarterly client account reports showing holdings, portfolio characteristics, and performance figures. We urge clients to carefully review and compare our quarterly reports to the account statements provided by their custodian, as custodial account statements are considered the official record for client accounts. EmStone client reports may vary from custodial statements due to factors such as accounting procedures, reporting dates, and/or security valuation methods.

Item 16 – Investment Discretion

Clients generally delegate discretionary authority for investment decisions to EmStone at the outset of an advisory relationship. In all cases, we exercise discretion in line with our high standards of fiduciary duty.

Client advisory agreements specify the level of discretion delegated to EmStone. Most accounts are managed on a fully discretionary basis where we retain full decision making authority for investment decisions within the parameters outlined in the written client advisory agreement and the designated investment strategy. Client investment objectives, policies, limitations, and restrictions must be provided to us in writing.

If clients impose limits on our investment discretion, trade timing, prices, and performance results may deviate from other EmStone accounts. To lessen these risks, we work closely with clients at the inception of the relationship and ongoing to accommodate their decision making involvement without negative impact on performance returns. We discuss with clients any circumstance in which we believe client discretion puts them at a disadvantage.

Item 17 – Voting Client Securities

At the present time, EmStone does not buy or sell equity securities. Therefore, we do not have any authority to vote, nor do we vote proxies on behalf of our clients. Furthermore, we do not handle class actions on behalf of clients.

Item 18 – Financial Information

As an SEC-registered investment adviser, we are required to disclose information about EmStone's financial condition. We are pleased to report that EmStone has no financial obligation that impairs the firm's capacity to meet contractual and fiduciary commitments to our clients, nor has the firm been the subject of a bankruptcy proceeding. An independent accounting firm prepares our financial statements and conducts account performance audits.

EmStone Advisers, LLC

201 King of Prussia Road
Suite 200
Radnor, PA 19087
484.254.5400
www.emstoneadvisers.com

December 31, 2018



Form ADV, Part 2B Brochure Supplement

Individuals covered by this Supplement:

Anthony J. Basile
Richard A. Zackroff
Gail M. Habecker, CFA
Natalie P. Adler
Craig A. Moyer, CFA

Folu O. Abiona
Steven L. Sanders
Andrew Smith
Steven E. Russell, Esq.

This brochure supplement provides information about Anthony J. Basile , Richard A. Zackroff , Gail M. Habecker, CFA , Natalie P. Adler , Craig A. Moyer, CFA , Folu O. Abiona , Steven L. Sanders, Andrew Smith and Steven Russell that supplements the EmStone Advisers, LLC ("or "EmStone") brochure. You should have already received a copy of that brochure. Please contact us at 484-254-5400 if you did not receive our brochure or if you have any questions about the contents of this supplement.

Additional information about EmStone advisory personnel is available on the SEC's website at www.adviserinfo.sec.gov.

Steven L. Sanders

Chief Executive Officer

Chief Investment Strategist

Educational Background and Business Experience

- Howard University B.B.A.
- EmStone Advisers, LLC, Chief Executive Officer and Chief Investment Strategist - 9/15 to Present
- StoneRidge PMG Advisors, LLC, Chief Executive Officer and Chief Investment Strategist - 7/15 to Present
- StoneRidge Investment Partners, LLC, Chief Executive Officer and Chief Investment Strategist - 5/09 to Present

Steven L. Sanders has over 25 years of experience in the financial services industry. In 1986, Mr. Sanders served as a partner in Hunt & Sanders Investment Advisors which specialized in investment strategies for small pension plan sponsors and high net worth clients. Its success led to the formation of Advent Capital Management Partners which provided investment management to larger retirement plan sponsors. In 1996, Mr. Sanders merged Advent Capital into MDL Capital and helped grow the firm to over \$4.5 billion in assets under management. He was responsible for macro-economic analysis, equity portfolio management and new business development. Prior to joining StoneRidge Investment Partners, Mr. Sanders co-founded and served as Chairman and CEO of First Genesis Financial Group a division of CFG Asset Management where he served as Chief Investment Strategist. In 2008, Steven Sanders formed Beltraith Capital, LLC for the purpose of acquiring a controlling interest at StoneRidge Investment Partners. In May 2009, Mr. Sanders was named CEO & Chief Investment Strategist at StoneRidge Investment Partners and Beltraith now owns a 73% ownership interest. Mr. Sanders serves on several corporate and civic boards: The Philadelphia Foundation, chairman of the investment committee; Children's Hospital of Philadelphia, member of investment committee; and Pennsylvania Academy of Fine Arts. Mr. Sanders is also a member of the board of two non-profit organizations: The National Foundation for Teaching Entrepreneurship and To Our Children's Future with Health. Mr. Sanders holds a B.B.A. in Risk Management from Howard University.

Craig A. Moyer, CFA
Senior Portfolio Manager

Educational Background and Business Experience

- Pennsylvania State University -- B.A.
- EmStone Advisers, LLC, Portfolio Manager - 9/15 - Present
- StoneRidge PMG Advisers, LLC, Deputy CIO and Sr. Portfolio Manager-- 7/15 to Present
- StoneRidge Investment Partners, Partner & Head of Fixed Income -- 08/07 to 7/15
- National Penn Bank-Senior Fixed Income Manager and Consultant -- 9/05-8/07
- Swathmore Group Senior Fixed Income Manager-- 8/03-9/05
- Providence Investment Advisors , Partner and Sr. Fixed Income Manager -- 5/02-8/03
- RRZ Investment Management Company, Senior Fixed Income Manager -- 5/97-5/02
- Meridian Investment Company , Senior Fixed Income Manager-- 4/76 to 5/97

Disciplinary Information

None

Other Business Activities

Mr. Moyer engages in other business activities and is a shareholder of StoneRidge Investment Partners (SRIP). SRIP is an affiliate of EmStone, and Mr. Moyer is the Senior Fixed Income Portfolio Manager of the balanced accounts. Please refer to Item #10 Other Financial Industry Activities and Affiliations in Form ADV Part 2A above for more details.

Additional Compensation

None

Supervision

Mr. Moyer is Senior Portfolio Manager, and member of the Fixed Income Investment Policy Committee. Chief Compliance Officer James Meehan, Associate Compliance Officer Mitch Krahe, Esq., CEO and CIO Steven Sanders and fellow members of the Investment Policy Committee collaborate with him to ensure that he and EmStone are at all times fulfilling their fiduciary duty to clients. Mr. Moyer certifies annually to his compliance with EmStone policies, procedures, and Code of Ethics.

Other Information - CFA Designation

In 1980, Mr. Moyer received the Chartered Financial Analyst ("CFA") designation issued by the CFA Institute. CFA candidates must meet one of the following requirements: (1) undergraduate degree and four years of professional experience involving investment decision-making, or (2) four years qualified work experience (full time, but not necessarily investment related). To receive the CFA designation, candidates must complete the CFA Program which is organized into three levels, each requiring 250 hours of self-study and each culminating in a six-hour exam. There are no ongoing continuing education or experience thresholds necessary to maintain the CFA designation. More information about the CFA is available at www.cfainstitute.org.

Anthony “Buck” Basile

Portfolio Manager

Educational Background and Business Experience

- Butler University -- B.A.
- Drexel University and University of Minnesota – graduate studies
- EmStone Advisers, LLC, Portfolio Manager - 12/05 - Present
- StoneRidge PMG Advisors, LLC, Managing Director and CIO- 7/15 to Present
- PMG Advisors LLC, Managing Director and Portfolio Manager -- 01/96 to 7/15
- Anthony James Basile, Investment Counselor -- 1/96 to 06/96
- Cashman, Farrell & Associates, General Partner -- 1/91 to 3/96
- Cashman, Farrell & Associates, Portfolio Manager -- 7/88 to 3/96

Disciplinary Information

None

Other Business Activities

Mr. Basile engages in other business activities specifically EmStone Advisers, and other subadvisor relationships. Please refer to Item #10 Other Financial Industry Activities and Affiliations in Form ADV Part 2A above for more details.

Additional Compensation

None

Supervision

Mr. Basile is a Portfolio Manager of EmStone and a member of the Fixed Income Investment Policy Committee. Chief Compliance Officer James Meehan, Associate Compliance Officer Mitch Krahe, Esq., CEO and CIO Steven Sanders and fellow members of the Investment Policy Committee collaborate with him to ensure that he and EmStone are at all times fulfilling their fiduciary duty to clients. Mr. Basile certifies annually to his compliance with EmStone policies, procedures, and Code of Ethics.

Richard A. Zackroff
Portfolio Manager

Educational Background and Business Experience

- Drexel University -- B.S.
- Drexel University -- M.B.A.
- EmStone Advisers, LLC, Portfolio Manager - 12/05 - Present
- StoneRidge PMG Advisors, LLC, Managing Director & Sr. Portfolio Manager--7/15 to Present
- PMG Advisors LLC, Managing Director and Portfolio Manager -- 01/96 to 7/15
- Anthony James Basile, Investment Counselor -- 12/95 to 06/96
- Cashman, Farrell & Associates, General Partner -- 7/94 to 3/96
- Cashman, Farrell & Associates, Portfolio Manager -- 7/90 to 7/94

Disciplinary Information

None

Other Business Activities

Mr. Zackroff engages in other business activities specifically EmStone Advisers, and other subadvisor relationships. Please refer to Item #10 Other Financial Industry Activities and Affiliations in Form ADV Part 2A above for more details.

Additional Compensation

None

Supervision

Mr. Zackroff is a Portfolio Manager of EmStone and a member of the Fixed Income Investment Policy Committee. Chief Compliance Officer James Meehan, Associate Compliance Officer Mitch Krahe, Esq., CEO and CIO Steven Sanders and fellow members of the Investment Policy Committee collaborate with him to ensure that he and EmStone are at all times fulfilling their fiduciary duty to clients. Mr. Zackroff certifies annually to his compliance with EmStone policies, procedures, and Code of Ethics.

Gail M. Habecker, CFA

Economist and Research Director

Educational Background and Business Experience

- Juniata College -- B.A.
- University of Pennsylvania, Wharton School of Business – B.B.A.
- EmStone Advisers, LLC, Portfolio Manager - 12/05 - Present
- StoneRidge PMG Advisors, LLC, Director of Research -- 7/15 to Present
- PMG Advisors LLC, Analyst & Portfolio Manager -- 01/96 to 7/15
- Cashman, Farrell & Associates, Analyst & Portfolio Manager -- 4/89 to 12/95

Disciplinary Information

None

Other Business Activities

Ms. Habecker engages in other business activities, specifically EmStone Advisers, and other subadvisor relationships. Please refer to Item #10 Other Financial Industry Activities and Affiliations in Form ADV Part 2A above for more details.

Ms. Habecker serves as Treasurer of the Board of Trustees of Juniata College and is a member of the Investment and Audit Committees of Juniata College.

Additional Compensation

None

Supervision

Ms. Habecker is an Economist and Research Director of EmStone and a member of the Fixed Income Investment Policy Committee. Chief Compliance Officer James Meehan, Associate Compliance Officer Mitch Krahe, Esq., CEO and CIO Steven Sanders and fellow members of the Investment Policy Committee collaborate with her to ensure that she and EmStone are at all times fulfilling their fiduciary duty to clients. Ms. Habecker certifies annually to her compliance with EmStone policies, procedures, and Code of Ethics.

Other Information - CFA Designation

In 1992, Ms. Habecker received the Chartered Financial Analyst ("CFA") designation issued by the CFA Institute. CFA candidates must meet one of the following requirements: (1) undergraduate degree and four years of professional experience involving investment decision-making, or (2) four years qualified work experience (full time, but not necessarily investment related). To receive the CFA designation, candidates must complete the CFA Program which is organized into three levels, each requiring 250 hours of self-study and each culminating in a six-hour exam. There are no ongoing continuing education or experience thresholds necessary to maintain the CFA designation. More information about the CFA is available at www.cfainstitute.org.

Natalie P. Adler
Portfolio Manager

Educational Background and Business Experience

- Temple University -- B.A.
- EmStone Advisers, LLC, Portfolio Manager - 12/05 - Present
- StoneRidge PMG Advisers, LLC, Compliance Officer & Portfolio Manager -- 7/15 to Present
- PMG Advisers LLC, Analyst & Fixed Income Trader -- 01/96 to 7/15
- Cashman, Farrell & Associates, Trader -- 7/90 to 1/96

Disciplinary Information

None

Other Business Activities

Ms. Adler engages in other business activities, specifically EmStone Advisers, and other subadvisor relationships. Please refer to Item #10 Other Financial Industry Activities and Affiliations in Form ADV Part 2A above for more details.

Additional Compensation

None

Supervision

Ms. Adler is a Portfolio Manager of EmStone and a member of the Fixed Income Investment Policy Committee. Chief Compliance Officer James Meehan, Associate Compliance Officer Mitch Krahe, Esq., CEO and CIO Steven Sanders and fellow members of the Investment Policy Committee collaborate with her to ensure that she and EmStone are at all times fulfilling their fiduciary duty to clients. Ms. Adler certifies annually to her compliance with EmStone policies, procedures, and Code of Ethics.

Folu O. Abiona

Portfolio Manager

Educational Background and Business Experience

- University of Ife, Nigeria -- B. Sc.
- Temple University-- M.B.A.
- EmStone Advisers, LLC, Portfolio Manager - 9/15 - Present
- StoneRidge PMG Advisors, LLC, Portfolio Manager --7/15 to Present
- StoneRidge Investment Partners, Sr. Vice President and Portfolio Manager -- 02/12 to 7/15
- Brandywine Global Investment LLC, Fixed Income Product Expert --08/10-8/12
- First Union Bank N.A., Associate Director Evergreen Funds-- 8/03-9/05
- Corestates Bank N.A.

Disciplinary Information

None

Other Business Activities

Ms. Abiona engages in other business activities, specifically that EmStone is an affiliate of StoneRidge Investment Partners (SRIP), and she manages the fixed income portion of balanced accounts with other members of EmStone's investment committee. Please refer to Item #10 Other Financial Industry Activities and Affiliations in Form ADV Part 2A above for more details.

Additional Compensation

None

Supervision

Ms. Abiona is a Portfolio Manager of EmStone and a member of the Fixed Income Investment Policy Committee. Chief Compliance Officer James Meehan, Associate Compliance Officer Mitch Krahe, Esq., CEO and CIO Steven Sanders and fellow members of the Investment Policy Committee collaborate with her to ensure that she and EmStone are at all times fulfilling their fiduciary duty to clients. Ms. Abiona certifies annually to her compliance with EmStone policies, procedures, and Code of Ethics.

Andrew A. Smith

Portfolio Manager

Member – Marketplace Lending Investment Committee

Educational Background and Business Experience

- Year of Birth 1972
- Alvernia University – Reading, PA - Bachelor of Arts in Business Administration and Marketing - 1994
- Lebanon Valley College – Annville, PA – MBA – 1999
- UGI Energy Services, Inc., Regional Sales Manager and Energy Trader/Coordinator – 11/95 through 7/00
- Emerald Asset Management, Assistant Portfolio Manager and Senior Research Analyst - 08/00 to 7/09
- Emerald Separate Account Management, Assistant Portfolio Manager and Senior Research Analyst – 7/09 to present
- Emerald Direct Lending Advisers, Portfolio Manager and Research Analyst – 7/13 – present
- EmStone Advisers, LLC, Portfolio Manager - 9/15 - Present

Disciplinary Information

There are no existing disciplinary actions against Andrew Smith.

Other Business Activities

Mr. Smith is also a portfolio manager and senior research analyst for EmStone affiliate Emerald Separate Account Management, LLC and a portfolio manager for EmStone Affiliate Emerald Direct Lending Advisers, LLC. Please refer to Item #10 Other Financial Industry Activities and Affiliations in Form ADV Part 2A above for more details.

Additional Compensation

None.

Supervision

Mr. Smith is a Portfolio Manager of EmStone and a member of the Marketplace Lending Investment Policy Committee. Chief Compliance Officer James Meehan, Associate Compliance Officer Mitch Krahe, Esq., CEO and CIO Steven Sanders and fellow members of the Investment Policy Committee collaborate with him to ensure that he and EmStone are at all times fulfilling their fiduciary duty to clients. Mr. Russell certifies annually to his compliance with EmStone policies, procedures, and Code of Ethics.

Steven E. Russell, Esq.

Portfolio Manager

Member – Marketplace Lending Investment Committee

Educational Background and Business Experience

- Year of Birth 1968
- Morehouse College, Bachelor of Arts in Banking and Finance - 1991
- Temple University, JD & MBA - 1995
- Pennsylvania Public School Employees' Retirement System, Senior Private Equity Analyst, Manager - Developmental Fund Program, Portfolio Manager - Absolute Return Fund - 1996-1998
- Emerald Advisers, LLC - Vice President and Portfolio Manager - 1998 - 2002
- Emerald Venture Capital - Principal - 2000 - 2002
- iNetworks, LLC - Principal and Managing Director - 2002-2003
- Greenwood Advisors, LLC - President and Chief Investment Officer - 2003-2005
- Emerald Advisers, Inc. – 2005 – Present (Senior Research Analyst 2005 – Present; Portfolio Manager 2011 - Present)
- Emerald Direct Lending Advisers, Portfolio Manager 7/14 – Present
- EmStone Advisers, LLC, Portfolio Manager - 9/15 - Present

Disciplinary Information

There are no existing disciplinary actions against Steven Russell.

Other Business Activities

Mr. Russell is also a portfolio manager and senior research analyst for EmStone affiliate Emerald Advisers, LLC. and a portfolio manager for EmStone Affiliate Emerald Direct Lending Advisers, LLC. Please refer to Item #10 Other Financial Industry Activities and Affiliations in Form ADV Part 2A above for more details.

Additional Compensation

None.

Supervision

Mr. Russell is a Portfolio Manager of EmStone and a member of the Marketplace Lending Investment Policy Committee. Chief Compliance Officer James Meehan, Associate Compliance Officer Mitch Krahe, Esq., CEO and CIO Steven Sanders and fellow members of the Investment Policy Committee collaborate with him to ensure that he and EmStone are at all times fulfilling their fiduciary duty to clients. Mr. Russell certifies annually to his compliance with EmStone policies, procedures, and Code of Ethics.