

Stonehurst Management LLC

Part 2A of Form ADV: Firm Brochure

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This brochure provides information about the qualifications and business practices of Stonehurst Management LLC. If you have any questions about the contents of this brochure, please contact us by telephone at 212-993-7073 or by email at inquiries@Stonehurst.net. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Stonehurst Management LLC is also available on the SEC website at www.adviserinfo.sec.gov. You can search this site by a unique identifying number, known as a CRD number. Our firm's CRD number is 124784.

Item 2 Material Changes

The SEC adopted "Amendments to Form ADV" in July, 2010. This Firm Brochure, dated March 31, 2012, is our new disclosure document prepared according to the SEC's new requirements and rules. As such, this Brochure is materially different in structure and requires certain information that our previous brochure did not require.

Consistent with the new rules, in the future this section will discuss only specific material changes that are made to the Brochure and provide you with a summary of such changes. We will also reference the date of our last annual update of our brochure. We will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our fiscal year (December 31st). We may provide other ongoing disclosure information about material changes as necessary. We will further provide you with a new Brochure as necessary based on changes or new information without charge. We may, at any time, update this Brochure and will either send you a copy or offer to send you a copy either by electronic means, such as email, or in hard copy format.

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Item 4 Advisory Business

Stonehurst Management LLC (“Stonehurst”) is an SEC-registered investment adviser with its principal place of business located in New York City. We are organized as a limited liability company under the laws of the State of New York and we have been providing investment advisory services since December 2002. We provide investment advice to individuals, families, trusts, estates, charitable organizations, endowments, and business entities. Owen King is the owner of the firm. The following paragraphs describe our services and fees. As used in this brochure, the words “we”, “our” and “us” refer to Stonehurst Management and the words “you”, “your” and “client” refer to you as either a client or prospective client of our firm.

Our investment advice begins with you, the client. We seek to understand your specific circumstances, your current and future needs and goals, your experience and comfort with different types of investments and risks, and the time period over which you plan to invest.

With this information, we develop appropriate asset allocations for your portfolio across traditional and alternative asset classes, consistent with modern portfolio theory and the best industry practices. This is a critical step in the investment process as it drives your portfolio's long-term risk characteristics and potential rewards. Once the strategic allocation for your portfolio is formulated, we determine the appropriate mix of strategies within each asset class to ensure proper diversification using both actively-managed and index-related styles, also considering any investment preferences you may have. As a fee-only independent adviser, our investment recommendations are not limited to any specific product or service offered by any company and will generally include (although not limited to) advice regarding the following securities: mutual fund shares, exchange-traded funds, publicly held securities (including stocks and bonds), municipal securities, United States government securities, and interests in partnerships as we may consider appropriate.

Because all investments involve certain degrees of risk, they will only be implemented or recommended when consistent with your stated investment objectives, tolerance for risk, liquidity needs, and suitability. Account supervision is guided by your stated objectives (examples of such objectives include long-term capital appreciation, income with growth, growth, or income, but may also include other highly specific objectives as desired by the client), as well as tax considerations. We monitor investment portfolios on an ongoing basis and rebalance portfolios as determined by changes in market conditions, outlooks, and/or changes in your specific financial circumstances.

We may also give specific advice on such financial goals and circumstances as retirement, education, and large capital purchases, as well as addressing the particular needs of clients employed in specific areas such as private equity, financial services, and independent businesses, at no additional charge to our investment advisory clients (fees are discussed in section 2, which follows).

Wrap Fee Program

Stonehurst does not engage in a wrap free program.

Assets Under Management

We manage advisory accounts on a discretionary basis. In certain circumstances, we will hold some assets on a non-discretionary basis as a service to our clients. We managed \$70,694,036 as of December 31, 2011. Of this total, \$68,564,412 was discretionary and \$2,129,624 was non-discretionary.

When our firm has discretion we are able to make changes in your investments without your prior approval. When we do not have discretion, we must receive your approval prior to making changes in your investments. Whether accounts are discretionary or non-discretionary, we cannot remove money or securities from your accounts without your specific written approval (with your written approval, we are allowed to debit our investment advisory fees from your accounts). (Fees are discussed in section 2, which follows.) Discretionary authority is typically granted by the investment advisory agreement you sign with our firm, a power of attorney, or trading authorization forms. You may limit our discretionary authority (for example, limiting the types of securities that can be purchased for your account) by providing our firm with your restrictions and guidelines in writing. Clients may impose restrictions on the types of securities we use in implementing their portfolios. We do not participate in wrap fee programs. Our advice may include formation of an investment policy statement, as needed, asset allocation advice, portfolio management services, and investment performance monitoring. In some cases, we may provide asset allocation advice on accounts not held at our recommended custodian, Charles Schwab ("Schwab"). In such cases, we will monitor these accounts on a periodic basis and provide you recommendations, as necessary.

Item 5 Fees and Compensation

Investment Advisory Service

Our fee for portfolio management services is based on a percentage of the assets under management for each client, and ranges from 0.35% to 1.25% annually of those assets. Typically, the annual fee is 1.25% of the first \$2 million, plus 1.00% of the next \$3 million, plus 0.75% of any assets in excess of \$5 million. Fees may be negotiated. Assets under management include the value of cash and of any assets held in money market funds. We may group certain related and family accounts for the purposes of determining the annual and minimum fee. Reduced fees may be offered to not-for-profit organizations, family members, and in other special circumstances.

Fees are pro-rated and paid quarterly, in advance, based upon the market value of the assets on the last business day of the previous quarter. The fee we receive for our services is the only compensation we receive, and we receive no compensation from any of the mutual

funds or exchange-traded funds that we use, or from our custodian, Schwab, for any investments made in any of their funds. Fees are deducted directly from the client accounts. The deduction of fees from your account is done only with written authorization from you as part of our Investment Advisory Agreement and/or the new account documents with Schwab, permitting the fees to be paid directly from your account. The qualified custodian, Schwab, will deliver an account statement to you monthly. These account statements will show all disbursements from your account, including the payment of our fee. You should review all statements for accuracy.

Additional Fees and Expenses

In addition to Stonehurst's advisory fee, clients are also responsible for the fees and expenses imposed by brokerages (as described in Item 12 below). Clients may also pay charges to financial institutions and other third parties such as custodial fees, charges imposed directly by mutual funds (including money market funds) and exchange traded funds, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, fees charged by custodian banks that sponsor ADRs, foreign tax withholding, reorganization fees, redemption penalties of mutual funds, margin expenses, alternative investment fees, and other fees and taxes on brokerage accounts and securities transactions. Stonehurst does not receive any portion of these other fees.

Terminating the Advisory Relationship

A client agreement may be canceled at any time, by either party, and for any reason, upon receipt of 30 days written notice. As disclosed above, certain fees are paid in advance of services provided. Upon termination of any account, any prepaid, unearned fees will be promptly refunded to you. We will pro rate the reimbursement according to the number of days remaining in the billing period compared with the total number of days in such period.

Item 6 - Performance-Based Fees And Side-By-Side Management

Stonehurst does not charge performance-based fees, and, as a result, Stonehurst does not engage in side-by-side management.

Item 7 Types of Clients

We provide investment advice to individuals, families, trusts, estates, charitable organizations, endowments, and business entities. Our clients are located throughout the United States as well as internationally.

Basic Strategy

Stonehurst's Investment Committee meets at least weekly to review asset allocation and security selection decisions for the firm. Stonehurst reviews each client's circumstances, objectives, and risk tolerance to develop appropriate asset allocations for each portfolio across traditional and alternative asset classes, consistent with modern portfolio theory and the best industry practices. We consider academic research, industry practices, mutual fund and other security databases, proprietary optimization and statistical models, industry research, and our own market and economic research in formulating our allocation advice. We then implement that allocation in a broadly diversified portfolio through the use of mutual funds, exchange-traded funds, publicly held securities (including stocks and bonds), municipal securities, United States government securities, interests in partnerships, and other vehicles as appropriate. Interim fluctuations in market value and rates of return may be experienced in order to achieve long term objectives.

Asset Allocation

Diversification tends to smooth out investment results, in that all the investments in the portfolio are not likely to move in the same direction in the same time frame. One risk of asset allocation is that the client may not participate in sharp increases in a particular security, industry or market sector. Another risk is that the mix of investments will change over time due to stock and other market movements and, if not corrected, will no longer be appropriate for the client's goals.

Capital Market Expectations

In determining an appropriate asset allocation for a client, Stonehurst performs an asset allocation analysis based on historical and forward-looking capital markets expectations and correlations among the various asset classes. These expectations are by nature imprecise; it is not possible to predict future performance. There can be no assurance that future returns will approximate the long-term rates of return experienced for each asset class. A historical and potential ranges of returns for a given asset mix are most useful for understanding the trade-off between investment risk and return when comparing various asset mixes; these analyses are not for predicting future results. There is no assurance that future performance of an asset mix will fall within the simulated range of returns or that the modeled return will be achieved.

Rebalancing and Tax Loss Harvesting

Stonehurst may rebalance a client's portfolio and/or perform tax loss harvesting in accordance with the client's asset allocation. Over time, the value of different asset and sub-asset classes of a client's portfolio may rise or fall so that their percentages fall outside the targeted asset allocation range. Periodic rebalancing occurs for the purpose of

reallocating the account in accordance with the strategic asset allocations. Client accounts are reviewed at least quarterly to determine if rebalancing is advisable. Cash inflows and/or outflows will also be deployed in a manner consistent with a client's strategic asset allocation.

Tax loss harvesting is the process of selling selected securities at a loss to offset a capital gains tax liability; it is typically used to limit the recognition of short-term capital gains, which are normally taxed at higher federal income tax rates than long-term capital gains, as well as to minimize the recognition of long-term gains. In order to take advantage of such tax losses, Stonehurst may sell investments and replace those investments with other investments within the same, or another, asset class.

Mutual Fund and/or Exchange-Traded Fund Analysis

We conduct thorough reviews and analyses of funds, their managers, and operations prior to approving them for purchase, in addition to conducting ongoing reviews. Our analysis of mutual funds and exchange-traded funds ("ETF") includes a comprehensive review of the each fund's history as well as that of its manager(s). This review includes their historical performance on both an absolute and relative basis, in addition to relative to their particular asset class and investment style. We may also subject historical returns to statistical analyses to determine the sources of performance, style consistency, and correlations, among other factors. We also conduct interviews of fund managers and staff. We may also review the underlying assets in a mutual fund or ETF in an attempt to determine the consistency in approach of each manager as well as to determine if there is significant overlap in the underlying investments held in other funds in the client's portfolio. We may also use analyses conducted by other parties, such as Charles Schwab Investment Advisory, Inc. and Morningstar, Inc. We also monitor the funds or ETFs in an attempt to determine if they are continuing to follow their stated investment strategy.

A risk of such analysis is that, as in all securities investments, past performance does not guarantee future results. A manager who has been successful may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in a fund or ETF, managers of different funds held by the client may purchase the same security, increasing the risk to the client if that security were to fall in value. There is also a risk that a manager may deviate from the stated investment mandate or strategy of the fund or ETF, which could make the holding(s) less suitable for the client's portfolio.

Risks for All Forms of Analysis

Our securities analysis methods rely on the assumption that the companies whose securities we purchase and sell, the rating agencies that review these securities, and other publicly-available sources of information about these securities, provide accurate and unbiased data. While we are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information.

Risk of Loss

Investing in securities involves risk of loss that you should be prepared to bear. We do not represent or guarantee that our services or methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections or declines. We cannot offer any guarantees or promises that your financial goals and objectives will be met. Past performance is in no way an indication of future performance.

Item 9 Disciplinary Information

We are required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management. Stonehurst Management has been registered and providing investment advisory services since 2002. Neither our firm nor any of our management persons has any reportable legal or disciplinary events.

Item 10 Other Financial Industry Activities and Affiliations

None

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

Our firm has adopted a Code of Ethics which sets forth high ethical standards of business conduct that we require of our employees, including compliance with applicable federal securities laws. Stonehurst and its personnel owe a fiduciary duty towards our clients, and have an obligation to adhere not only to the specific provisions of the Code of Ethics but to the general principles that guide the Code. Our goal is to protect your interests at all times and to demonstrate our commitment to our fiduciary duties of honesty, good faith, and fair dealing with you. Our Code of Ethics includes policies and procedures for the periodic review of securities transactions reports as well as initial and annual securities holdings reports that must be submitted by the firm's access persons. Our code also provides for oversight, enforcement and recordkeeping provisions. Stonehurst's Code of Ethics further includes the firm's policy prohibiting the use of material non-public information. While we do not believe that we have any particular access to non-public information, all employees are reminded that such information may not be used in a personal or professional capacity. A copy of our Code of Ethics is available to our advisory clients and prospective clients. You may request a copy by contacting us at the telephone number or email address on the cover page of this brochure .

Our Code of Ethics is designed to assure that the personal securities transactions, activities and interests of our employees will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts.

Personal Trading Practices

Our firm and/or individuals associated with our firm may buy or sell for their personal accounts securities identical to or different from those recommended to our clients, or may have an interest or position in securities which may also be recommended to a client. To mitigate any potential conflict of interest, it is our policy that we not have priority over your account in the purchase or sale of securities.

We may aggregate our employee trades with client transactions where possible and when compliant with our duty to seek best execution for our clients. In these instances, participating clients will receive an average share price and transaction costs will be shared equally and on a pro-rata basis. In the instances where there is a partial fill of a particular batched order, we will allocate all purchases pro-rata, with each account paying the average price. Our employee accounts will be excluded in the pro-rata allocation.

Item 12 Brokerage Practices

While Stonehurst investment advisory clients are ultimately responsible for selecting the custodian for their investment advisory account(s), Stonehurst generally recommends that they utilize Schwab. Stonehurst is not affiliated with Schwab Advisor Services, but has entered into an agreement whereby Schwab provides Stonehurst with access to its institutional trading and operations services, which typically are not available to Schwab's retail customers.

Factors that Stonehurst considers in recommending Schwab (or any other custodian to clients) include historical relationship with Stonehurst, financial strength, reputation, execution and settlement capabilities, mutual fund and technology platform, pricing, and service. However, in certain situations, a client may pay fees that are higher than another qualified custodian might charge to effect the same transaction. In seeking best execution, the determinative factor for Stonehurst is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the factors listed above. In other words, is the fee reasonable in relation to the value of the services received? Accordingly, although Stonehurst will seek competitive rates, it may not necessarily obtain the lowest possible cost for client account transactions. The transaction fees charged by the designated custodian are exclusive of, and in addition to, Stonehurst's investment advisory fee.

Stonehurst recommends mutual fund vehicles to implement its investment strategies. Mutual funds do not trade like individual securities--they trade at a set price (Net Asset Value) at market close, so no one broker or custodian is able to achieve a better price than any other in a mutual fund trade.

Although not a material consideration when determining whether to recommend that a client utilize the services of a particular custodian, Stonehurst may receive from Schwab (or another custodian) without cost (or at a discount) various support services which assist

Stonehurst to better monitor and service client accounts maintained at such institutions. Stonehurst may also receive other services and benefits intended to help Stonehurst further develop its business. Included within the support services that may be obtained by Stonehurst could be pricing information, market data, software and other technology that provide access to client account data, compliance and/or practice management-related publications, consulting services, attendance (but not travel or lodging) at conferences, meetings, and other educational and/or social events, ability to have investment advisory fees deducted directly from clients' accounts and marketing support. Schwab may make available, arrange and/or pay third-party vendors for various types of services rendered to Stonehurst. Schwab may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third party providing these services to Stonehurst. In evaluating whether to recommend that Stonehurst' clients custody their assets at Schwab, Stonehurst may take into account the availability of some of the forgoing products, services and other arrangements as part of the total mix of factors it considers in addition to the nature, cost or quality of the custody and brokerage services provided by Schwab. This consideration creates a conflict of interest.

To address this, Stonehurst has adopted certain policies and procedures. For example, as part of Stonehurst's fiduciary duty to clients, Stonehurst and its representatives will at all times endeavor to put the interests of clients first, and recommendations will only be made to the extent that they are reasonably believed to be in the best interest of clients. In addition, Stonehurst periodically evaluates the transaction costs and services provided by Schwab with other broker-dealers to evaluate whether overall best qualitative execution could be achieved by using alternative custodian(s). Importantly, the conflict presented by recommending Schwab is disclosed to clients at the time of entering into an advisory agreement by delivery of this ADV Part 2A.

Stonehurst' clients do not pay more for investment transactions effected and/or assets maintained at Schwab as a result of this arrangement. There is no corresponding commitment by Stonehurst to Schwab or any other any entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as result of the above arrangement.

If a client requires that account transactions be effected through a specific broker-dealer, the client will negotiate terms and arrangements for their account with that broker-dealer, and Stonehurst will not seek better execution services or prices from other broker-dealers. As a result, the client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case.

Trade Errors

In all circumstances involving trade errors caused by Stonehurst, clients are "made whole." If the correction of the trade error by the firm results in a loss, Stonehurst is responsible for that loss. If the correction of the trade error by the firm results in a gain, the gain is retained

by the client. In instances where multiple trades are corrected at the same time for the same client, the firm will net the results of each correction against each other. Gains received during these corrections may be used to offset losses resulting from the other corrections within the total trade error correction.

Block Trading

In general, Stonehurst effects client transactions independently (that is without regard to transactions in other client accounts). Where appropriate, Stonehurst will combine client transactions if it decides to purchase or sell the same securities for several clients at approximately the same time (the practice is commonly referred to as “block trading”). Stonehurst combines such orders to: 1) obtain “best execution”, 2) negotiate more favorable commission rates, or 3) allocate differences in prices and commissions or other transaction costs equitably across client accounts. Employee transactions may be combined with client orders. If Stonehurst does not combine transactions when it has the opportunity to do so, clients could pay higher brokerage costs.

Item 13 Review of Accounts

While the underlying securities within individual accounts are continually monitored, the accounts are reviewed at least quarterly in the context of each client's investment objectives and guidelines. The quarterly review confirms that the client allocation is still within the appropriate range for each client, and investment changes are made, after consultation with the client, if the allocation has moved outside the appropriate range. Additional portfolio reviews may be conducted based on various circumstances, including contributions to and withdrawals from your account, year-end tax planning, market moving and/or specific security, economic, or political events, or changes in your circumstances or objectives.

Item 14 Client Referrals and Other Compensation

Stonehurst does not receive any compensation from any third party in connection with providing investment advice to you; however, please refer to the “Brokerage Practices” section above for disclosures on benefits we may receive resulting from our relationship with Schwab. Stonehurst does not pay any referral fees to any firms for introducing clients to us.

Item 15 Custody

We previously disclosed in the "Fees and Compensation" section (Item 5) of this Brochure that our firm directly debits advisory fees from your accounts. As part of this billing process, your custodian is advised of the amount of the fee to be deducted from your account. On at least a quarterly basis (and typically on a monthly basis), the custodian is required to send to you a statement showing all transactions within the account during the

reporting period. Because the custodian does not calculate the amount of the fee to be deducted, it is important for clients to carefully review their custodial statements to verify the accuracy of the fee calculation, among other things. You should contact us directly if you believe there may be an error in your statement. Our firm does not have actual or constructive custody of client accounts.

Item 16 Investment Discretion

When you retain us to provide discretionary asset management services, we place trades in your account without contacting you prior to each trade to obtain your permission. Our discretionary authority includes the ability to do the following without contacting you: determine the security to buy or sell; and/or determine the amount of the security to buy or sell.

You give us discretionary authority when you sign an agreement with our firm.

Item 17 Voting Client Securities

Stonehurst has policies and procedures to ensure that client securities are voted in the best interest of the client and to address conflicts of interest. If Stonehurst has proxy voting authority with respect to an account, it votes on matters including corporate governance, adoption or amendments to compensation plans (including stock options), and matters involving social issues and corporate responsibility. Stonehurst also votes on proxies related to mergers, acquisitions, tender offers, bankruptcy proceedings or other types of events. With respect to mutual funds, Stonehurst votes on matters such as the approval of advisory contracts, distribution plans, and mergers. It is our general policy to vote proxies consistent with the recommendation of the senior management of the issuer.

If a client does not authorize Stonehurst to vote proxies, clients receive their proxies or other solicitations directly from the custodian or, in the case of mutual fund shares, the fund's transfer agent. Clients may contact Stonehurst directly with any questions about a particular solicitation. To obtain information regarding Stonehurst's proxy voting policies and procedures and how Stonehurst voted a proxy, contact us at the telephone number or email address on the cover of this brochure.

Item 18 Financial Information

As an advisory firm that maintains discretionary authority for client accounts, we are also required to disclose any financial condition that is reasonably likely to impair our ability to meet our contractual obligations. Stonehurst has no such financial circumstances to report. Since we do not require or solicit payment of fees in excess of \$1,200 more than six months in advance of services rendered, we are not required to include herein a financial statement. Stonehurst has not been the subject of a bankruptcy petition at any time.