

## **Lightstone Capital Advisers LLC**

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**March 27, 2015**

### **FORM ADV PART 2 BROCHURE**

**This brochure provides information about the qualifications and business practices of Lightstone Capital Advisers LLC. If you have any questions about the contents of this brochure, please contact us at John\_Lightstone@lightstonecapital.com or by phone, at 914-328-4006.**

**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 Lightstone Capital Advisers LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number for Lightstone Capital Advisers LLC is 150350.**

**Lightstone Capital Advisers LLC is a Registered Investment Adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.**

**Lightstone Capital Advisers LLC**  
Form ADV Part 2A  
Brochure

**IARD/CRD No: 150350**  
March 27, 2015

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## Advisory Business

Form ADV Part 2A, Item 4

**THIS SECTION IS REQUIRED. YOU MAY NOT OMIT THIS HEADING. You must answer each item. If an item is not applicable, you must state that it is not applicable.**

A. Describe your advisory firm, including how long you have been in business. Identify your principal owner(s).

**Notes:** (1) For purposes of this item, your principal owners include the persons you list as owning 25% or more of your firm on Schedule A of Part 1A of Form ADV (Ownership Codes C, D or E). (2) If you are a publicly held company without a 25% shareholder, simply disclose that you are publicly held. (3) If an individual or company owns 25% or more of your firm through subsidiaries, you must identify the individual or parent company and intermediate subsidiaries. If you are an SEC-registered adviser, you must identify intermediate subsidiaries that are publicly held, but not other intermediate subsidiaries. If you are a state-registered adviser, you must identify all intermediate subsidiaries.

Lightstone Capital Advisers was formed in March, 2009 to use the quantitative stock selection models developed by Lightstone Capital Management for faith-based strategies (Islamic funds and Catholic funds) and conventional strategies. Strategies have been developed across all equity styles, to allow Muslim and Catholic investors the same choices that are available to conventional investors. Lightstone Capital Advisers also has skills in advising fixed income portfolios. Lightstone Capital Management was founded in 1998 and owns Lightstone Capital Advisers. Lightstone Capital Management is 60% owned by John Lightstone and 40% owned by a trust, with his daughter as beneficiary. The MIZAN Fund and the Stable Value Funds are administered and offered to clients by a trust company. In the future, Islamic and Catholic strategies and conventional strategies may also be offered by Lightstone Capital Advisers.

B. Describe the types of advisory services you offer. If you hold yourself out as specializing in a particular type of advisory service, such as financial planning, quantitative analysis, or market timing, explain the nature of that service in greater detail. If you provide investment advice only with respect to limited types of investments, explain the type of investment advice you offer, and disclose that your advice is limited to those types of investments.

Lightstone Capital Advisers only selects stocks using quantitative selection models. Portfolios are fully invested at all times and there is no use of market timing. All strategies use a proprietary analysis of earnings estimate revisions which has been tested out-of-sample and in different universes of stocks. Also, all strategies are extensively back tested before being offered to investors from the earliest date for which we have data, which is typically 12/31/1986.

Many Islamic and Catholic investors believe that their faith does not allow them to invest in certain kinds of companies. Lightstone Capital Advisers excludes these stocks from the initial selection universe and then applies its quantitative portfolio selection. This is to be distinguished from selecting a conventional portfolio and then taking out stocks from that portfolio that are not allowed under Islamic or Catholic law. Lightstone Capital Advisers also has skills in advising fixed income portfolios.

C. Explain whether (and, if so, how) you tailor your advisory services to the individual needs of clients. Explain whether clients may impose restrictions on investing in certain securities or types of securities.

There is often a widespread agreement among faith-based investors as to the stocks that are not permissible. For example, it is generally agreed that financial services companies are not permissible investments for a traditional Muslim investor. Similarly, it is generally agreed that companies offering birth control products are not permissible investments for a traditional Catholic investor. However in the case of other companies, there may not be agreement as to whether a stock has to be excluded from the selection universe. In this case, Lightstone Capital Advisers has the ability to customize the initial selection universe using its quantitative methodology to take into account the specific needs of a given investor.

D. If you participate in wrap fee programs by providing portfolio management services, (1) describe the differences, if any, between how you manage wrap fee accounts and how you manage other accounts, and (2) explain that you receive a portion of the wrap fee for your services.

Lightstone Capital Advisers does not presently participate in wrap fee programs.

E. If you manage client assets, disclose the amount of client assets you manage on a discretionary basis and the amount of client assets you manage on a non-discretionary basis. Disclose the date "as of" which you calculated the amounts.

**Note:** Your method for computing the amount of "client assets you manage" can be different from the method for computing "assets under management" required for Item 5.F in Part 1A. However, if you choose to use a different method to compute "client assets you manage," you must keep documentation describing the method you use. The amount you disclose may be rounded to the nearest \$100,000. Your "as of" date must not be more than 90 days before the date you last updated your brochure in response to this Item 4.E.

As of 12/31/2014, Lightstone Capital Advisers managed \$29,908,526 on a discretionary basis. The firm did not manage any client assets on a non-discretionary basis.

## ***Fees and Compensation***

Form ADV Part 2A, Item 5

**THIS SECTION IS REQUIRED. YOU MAY NOT OMIT THIS HEADING. You must answer each item. If an item is not applicable, you must state that it is not applicable.**

A. Describe how you are compensated for your advisory services. Provide your fee schedule. Disclose whether the fees are negotiable.

**Note:** If you are an SEC-registered adviser, you do not need to include this information in a brochure that is delivered only to qualified purchasers as defined in section 2(a)(51)(A) of the Investment Company Act of 1940. Lightstone Capital Advisers is paid a fixed fee by the trust company, its client, for each dollar of assets under management, above a certain minimum value of assets under management. Fees are negotiable.

B. Describe whether you deduct fees from clients' assets or bill clients for fees incurred. If clients may select either method, disclose this fact. Explain how often you bill clients or deduct your fees.

Lightstone Capital Advisers does not have custody of client accounts or securities. The trust company remits fees after the end of each quarter.

C. Describe any other types of fees or expenses clients may pay in connection with your advisory services, such as custodian fees or mutual fund expenses. Disclose that clients will incur brokerage and other transaction costs, and direct clients to the section(s) of your brochure that discuss brokerage.

Lightstone Capital Advisors receives no other fees or expenses in connection with its advisory services.

D. If your clients either may or must pay your fees in advance, disclose this fact. Explain how a client may obtain a refund of a pre-paid fee if the advisory contract is terminated before the end of the billing period. Explain how you will determine the amount of the refund. Clients do not pay fees in advance.

E. If you or any of your supervised persons accepts compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds, disclose this fact and respond to Items 5.E.1, 5.E.2, 5.E.3 and 5.E.4.

N/A

### ***Performance-Based Fees and Side-By-Side Management***

Form ADV Part 2A, Item 6

**THIS SECTION IS REQUIRED. YOU MAY NOT OMIT THIS HEADING. You must answer each item. If an item is not applicable, you must state that it is not applicable.**

If you or any of your supervised persons accepts performance-based fees – that is, fees based on a share of capital gains on or capital appreciation of the assets of a client (such as a client that is a hedge fund or other pooled investment vehicle) – disclose this fact. If you or any of your supervised persons manage both accounts that are charged a performance-based fee and accounts that are charged another type of fee, such as an hourly or flat fee or an asset-based fee, disclose this fact. Explain the conflicts of interest that you or your supervised persons face by managing these accounts at the same time, including that you or your supervised persons have an incentive to favor accounts for which you or your supervised persons receive a performance based fee, and describe generally how you address these conflicts.

N/A

## ***Types of Clients***

Form ADV Part 2A, Item 7

**THIS SECTION IS REQUIRED. YOU MAY NOT OMIT THIS HEADING. You must answer each item. If an item is not applicable, you must state that it is not applicable.**

Describe the types of clients to whom you generally provide investment advice, such as individuals, trusts, investment companies, or pension plans. If you have any requirements for opening or maintaining an account, such as a minimum account size, disclose the requirements.

Lightstone Capital Advisers provides investment advice to two funds offered by a trust company.

## ***Methods of Analysis, Investment Strategies and Risk of Loss***

Form ADV Part 2A, Item 8

**THIS SECTION IS REQUIRED. YOU MAY NOT OMIT THIS HEADING. You must answer each item. If an item is not applicable, you must state that it is not applicable.**

A. Describe the methods of analysis and investment strategies you use in formulating investment advice or managing assets. Explain that investing in securities involves risk of loss that clients should be prepared to bear.

Lightstone Capital Advisers only selects stocks using quantitative selection models. Portfolios are fully invested at all times and there is no use of market timing. All strategies use a proprietary analysis of earnings estimate revisions; "we analyze the analysts," so that our analysis is based on the expected future fundamentals of a company. All strategies are extensively back tested before being offered to investors from the earliest date for which we have data, which is typically 12/31/1986, so that Lightstone Capital Advisers can better understand the risk characteristics of a strategy in different market conditions. For example, we evaluate not only the backtested returns of a fund that we are considering offering but we also evaluate its performance in up and down markets by calculating its Upside Capture and Downside Capture Ratios, its Sharpe Ratio and its Information Ratio. The investor is always bearing market risk by investing in a strategy invested in stocks but we also measure the historical risk of the strategy versus its market benchmark. We also strongly believe in diversification as a risk management tool, both across stocks, industries and equity styles. For example, Lightstone Capital Advisers manages the overall investment process for the MIZAN Fund, which is made up of seven different equity styles, with about three hundred and twenty unique stocks in a typical portfolio.

B. For each significant investment strategy or method of analysis you use, explain the material risks involved. If the method of analysis or strategy involves significant or unusual risks, discuss these risks in detail. If your primary strategy involves frequent trading of securities, explain how frequent trading can affect investment performance, particularly through increased brokerage and other transaction costs and taxes.

Lightstone Capital Advisers has backtested its equity strategies from the earliest date for which we have data for a given strategy, which is typically 12/31/1986. We use a research database, employing proprietary software that we have developed in-house. We have observed that over short periods of time, when the market is very volatile and does not take into account the expected fundamentals of companies, our strategies will often underperform. However, in our experience over more than 25 years of back testing, the market quickly returns to normal behavior in which these fundamentals are taken into account. Our strategies do not involve frequent trading.

C. If you recommend primarily a particular type of security, explain the material risks involved. If the type of security involves significant or unusual risks, discuss these risks in detail.

Our stocks are chosen from the Russell 1000 Index and the Russell 2000 Index.

## ***Disciplinary Information***

Form ADV Part 2A, Item 9

**THIS SECTION IS REQUIRED. YOU MAY NOT OMIT THIS HEADING. You must answer each item. If an item is not applicable, you must state that it is not applicable.**

If there are legal or disciplinary events that are material to a client's or prospective client's evaluation of your advisory business or the integrity of your management, disclose all material facts regarding those events.

Items 9.A, 9.B, and 9.C list specific legal and disciplinary events presumed to be material for this Item. If your advisory firm or a management person has been involved in one of these events, you must disclose it under this Item for ten years following the date of the event, unless (1) the event was resolved in your or the management person's favor, or was reversed, suspended or vacated, or (2) you have rebutted the presumption of materiality to determine that the event is not material (see Note below). For purposes of calculating this ten-year period, the "date" of an event is the date that the final order, judgment, or decree was entered, or the date that any rights of appeal from preliminary orders, judgments or decrees lapsed.

Items 9.A, 9.B, and 9.C do not contain an exclusive list of material disciplinary events. If your advisory firm or a management person has been involved in a legal or disciplinary event that is not listed in Items 9.A, 9.B, or 9.C, but nonetheless is material to a client's or prospective client's evaluation of your advisory business or the integrity of its management, you must disclose the event. Similarly, even if more than ten years have passed since the date of the event, you must disclose the event if it is so serious that it remains material to a client's or prospective client's evaluation.

A. A criminal or civil action in a domestic, foreign or military court of competent jurisdiction in which your firm or a management person

1. was convicted of, or pled guilty or nolo contendere ("no contest") to (a) any felony; (b) a misdemeanor that involved investments or an investment-related business, fraud, false statements or omissions, wrongful taking of property, bribery, perjury, forgery, counterfeiting, or extortion; or (c) a conspiracy to commit any of these offenses; No.

2. is the named subject of a pending criminal proceeding that involves an investment-related business, fraud, false statements or omissions, wrongful taking of property, bribery, perjury, forgery, counterfeiting, extortion, or a conspiracy to commit any of these offenses; No.

3. was found to have been involved in a violation of an investment-related statute or regulation; or No.

4. was the subject of any order, judgment, or decree permanently or temporarily enjoining, or otherwise limiting, your firm or a management person from engaging in any investment-related activity, or from violating any investment-related statute, rule, or order. No.

B. An administrative proceeding before the SEC, any other federal regulatory agency, any state regulatory agency, or any foreign financial regulatory authority in which your firm or a management person

1. was found to have caused an investment-related business to lose its authorization to do business; or No.

2. was found to have been involved in a violation of an investment-related statute or regulation and was the subject of an order by the agency or authority



(a) denying, suspending, or revoking the authorization of your firm or a management person to act in an investment-related business; No.

(b) barring or suspending your firm's or a management person's association with an investment-related business; No.

(c) otherwise significantly limiting your firm's or a management person's investment-related activities; or No.

(d) imposing a civil money penalty of more than \$2,500 on your firm or a management person. No.

C. A self-regulatory organization (SRO) proceeding in which your firm or a management person

1. was found to have caused an investment-related business to lose its authorization to do business; or No.

2. was found to have been involved in a violation of the SRO's rules and was: (i) barred or suspended from membership or from association with other members, or was expelled from membership; (ii) otherwise significantly limited from investment-related activities; or (iii) fined more than \$2,500. No.

**Note:** You may, under certain circumstances, rebut the presumption that a disciplinary event is material. If an event is immaterial, you are not required to disclose it. When you review a legal or disciplinary event involving your firm or a management person to determine whether it is appropriate to rebut the presumption of materiality, you should consider all of the following factors: (1) the proximity of the person involved in the disciplinary event to the advisory function; (2) the nature of the infraction that led to the disciplinary event; (3) the severity of the disciplinary sanction; and (4) the time elapsed since the date of the disciplinary event. If you conclude that the materiality presumption has been overcome, you must prepare and maintain a file memorandum of your determination in your records. See SEC rule 204-2(a)(14)(iii).

### ***Other Financial Industry Activities and Affiliations***

Form ADV Part 2A, Item 10

**THIS SECTION IS REQUIRED. YOU MAY NOT OMIT THIS HEADING. You must answer each item. If an item is not applicable, you must state that it is not applicable.**

A. If you or any of your management persons are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer, disclose this fact.

N/A

B. If you or any of your management persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities, disclose this fact.

N/A

C. Describe any relationship or arrangement that is material to your advisory business or to your clients that

you or any of your management persons have with any related person listed below. Identify the related person and if the relationship or arrangement creates a material conflict of interest with clients, describe the nature of the conflict and how you address it.

1. broker-dealer, municipal securities dealer, or government securities dealer or broker
2. investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or "hedge fund," and offshore fund)
3. other investment adviser or financial planner
4. futures commission merchant, commodity pool operator, or commodity trading advisor
5. banking or thrift institution
6. accountant or accounting firm
7. lawyer or law firm
8. insurance company or agency
9. pension consultant
10. real estate broker or dealer
11. sponsor or syndicator of limited partnerships.

Lightstone Capital Advisers manages the selection process for the MIZAN Fund, which is administered and offered by a trust company.

D. If you recommend or select other investment advisers for your clients and you receive compensation directly or indirectly from those advisers that creates a material conflict of interest, or if you have other business relationships with those advisers that create a material conflict of interest, describe these practices and discuss the material conflicts of interest these practices create and how you address them. N/A

### ***Code of Ethics, Participation or Interest in Client Transactions and Personal Trading***

Form ADV Part 2A, Item 11

**THIS SECTION IS REQUIRED. YOU MAY NOT OMIT THIS HEADING. You must answer each item. If an item is not applicable, you must state that it is not applicable.**

A. If you are an SEC-registered adviser, briefly describe your code of ethics adopted pursuant to SEC rule 204A-1 or similar state rules. Explain that you will provide a copy of your code of ethics to any client or prospective client upon request.

Purchase and sale of securities for the MIZAN Fund or any other equity strategy maintained by Lightstone Capital Advisers takes place on a fixed date each month and the securities to be purchased or sold are not known until the quantitative model used to select stocks is run on the Sunday prior to the trade date. No Advisory Person may purchase or sell for his account any securities in the three days before or after the trade date, with the exception that an Advisory Person may purchase or sell shares in the Fund or any other strategy maintained by Lightstone Capital Advisers on the same basis as other investors and may purchase or sell shares in any market index or mutual fund or ETF. Furthermore, the MIZAN Fund is heavily diversified, with more than 300 stocks in the current portfolio, so that conflicts of interest are further minimized.

B. If you or a related person recommends to clients, or buys or sells for client accounts, securities in which you or a related person has a material financial interest, describe your practice and discuss the conflicts of interest it presents. Describe generally how you address conflicts that arise.

Examples: (1) You or a related person, as principal, buys securities from (or sells securities to) your clients; (2) you or a related person acts as general partner in a partnership in which you solicit client investments; or (3) you or a related person acts as an investment adviser to an investment company that you recommend to clients.

See answer to A above.

C. If you or a related person invests in the same securities (or related securities, e.g., warrants, options or futures) that you or a related person recommends to clients, describe your practice and discuss the conflicts of interest this presents and generally how you address the conflicts that arise in connection with personal trading.

See answer to A above.

D. If you or a related person recommends securities to clients, or buys or sells securities for client accounts, at or about the same time that you or a related person buys or sells the same securities for your own (or the related person's own) account, describe your practice and discuss the conflicts of interest it presents. Describe generally how you address conflicts that arise.

**Note:** The description required by Item 11.A may include information responsive to Item 11.B, C or D. If so, it is not necessary to make repeated disclosures of the same information. You do not have to provide disclosure in response to Item 11.B, 11.C, or 11.D with respect to securities that are not "reportable securities" under SEC rule 204A-1(e)(10) and similar state rules. See answer to A above.

## Brokerage Practices

Form ADV Part 2A, Item 12

**THIS SECTION IS REQUIRED. YOU MAY NOT OMIT THIS HEADING. You must answer each item. If an item is not applicable, you must state that it is not applicable.**

A. Describe the factors that you consider in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation (e.g., commissions).

1. Research and Other Soft Dollar Benefits. If you receive research or other products or services other than execution from a broker-dealer or a third party in connection with client securities transactions ("soft dollar benefits"), disclose your practices and discuss the conflicts of interest they create.

**Note:** Your disclosure and discussion must include all soft dollar benefits you receive, including, in the case of research, both proprietary research (created or developed by the broker-dealer) and research created or developed by a third party.

The choice of broker-dealers and the reasonableness of their compensation is determined by the trust company offering the MIZAN Fund.

- a. Explain that when you use client brokerage commissions (or markups or markdowns) to obtain research or other products or services, you receive a benefit because you do not have to produce or pay for the research, products or services.

N/A

- b. Disclose that you may have an incentive to select or recommend a broker-dealer based on your interest in receiving the research or other products or services, rather than on your clients' interest in receiving most favorable execution.

N/A

- c. If you may cause clients to pay commissions (or markups or markdowns) higher than those charged by other broker-dealers in return for soft dollar benefits (known as paying-up), disclose this fact. N/A
- d. Disclose whether you use soft dollar benefits to service all of your clients' accounts or only those that paid for the benefits. Disclose whether you seek to allocate soft dollar benefits to client accounts proportionately to the soft dollar credits the accounts generate. N/A
- e. Describe the types of products and services you or any of your related persons acquired with client brokerage commissions (or markups or markdowns) within your last fiscal year.

**Note:** This description must be specific enough for your clients to understand the types of products or services that you are acquiring and to permit them to evaluate possible conflicts of interest. Your description must be more detailed for products or services that do not qualify for the safe harbor in section 28(e) of the Securities Exchange Act of 1934, such as those services that do not aid in investment decisionmaking or trade execution. Merely disclosing that you obtain various research reports and products is not specific enough.

N/A

- f. Explain the procedures you used during your last fiscal year to direct client transactions to a particular broker-dealer in return for soft dollar benefits you received.

N/A

2. Brokerage for Client Referrals. If you consider, in selecting or recommending broker-dealers, whether you or a related person receives client referrals from a broker-dealer or third party, disclose this practice and discuss the conflicts of interest it creates.

- a. Disclose that you may have an incentive to select or recommend a broker-dealer based on your interest in receiving client referrals, rather than on your clients' interest in receiving most favorable execution.

N/A

- b. Explain the procedures you used during your last fiscal year to direct client transactions to a particular broker-dealer in return for client referrals.

N/A

3. Directed Brokerage.

- a. If you routinely recommend, request or require that a client direct you to execute transactions through a specified broker-dealer, describe your practice or policy. Explain that not all advisers require their clients to direct brokerage. If you and the broker-dealer are affiliates or have another economic relationship that creates a material conflict of interest, describe the relationship and discuss the conflicts of interest it presents. Explain that by directing brokerage you may be unable to achieve most favorable execution of client transactions, and that this practice may cost clients more money. N/A

- b. If you permit a client to direct brokerage, describe your practice. If applicable, explain that you may be unable to achieve most favorable execution of client transactions. Explain that directing brokerage may cost clients more money. For example, in a directed brokerage account, the client may pay higher brokerage commissions because you may not be able to aggregate orders to reduce transaction costs, or the client may receive less favorable prices.

**Note:** If your clients only have directed brokerage arrangements subject to most favorable execution of client transactions, you do not need to respond to the last sentence of Item 12.A.3.a. or to the second or third sentences of Item 12.A.3.b.

N/A

C. Discuss whether and under what conditions you aggregate the purchase or sale of securities for various client accounts. If you do not aggregate orders when you have the opportunity to do so, explain your practice and describe the costs to clients of not aggregating.

N/A

### **Review of Accounts**

Form ADV Part 2A, Item 13

**THIS SECTION IS REQUIRED. YOU MAY NOT OMIT THIS HEADING. You must answer each item. If an item is not applicable, you must state that it is not applicable.**

A. Indicate whether you periodically review client accounts or financial plans. If you do, describe the frequency and nature of the review, and the titles of the supervised persons who conduct the review.

Lightstone Capital Advisers manages the MIZAN Fund, which is administered and offered by a trust company to clients. Lightstone Capital Advisers reviews and manages the MIZAN Fund on a daily and monthly basis. The review of the fund is made by John B. Lightstone, PhD, President.

B. If you review client accounts on other than a periodic basis, describe the factors that trigger a review.

N/A

C. Describe the content and indicate the frequency of regular reports you provide to clients regarding their accounts. State whether these reports are written.

Lightstone Capital Advisers makes available a quarterly report on the performance of the MIZAN Fund. The report is available on the Fund's website. In addition, Lightstone Capital Advisers makes available a detailed report on the performance of the Fund at the end of each quarter to the investment advisory committee of the trust company.

### **Client Referrals and Other Compensation**

Form ADV Part 2A, Item 14

**THIS SECTION IS REQUIRED. YOU MAY NOT OMIT THIS HEADING. You must answer each item. If an item is not applicable, you must state that it is not applicable.**

A. If someone who is not a client provides an economic benefit to you for providing investment advice or other advisory services to your clients, generally describe the arrangement, explain the conflicts of interest, and describe how you address the conflicts of interest. For purposes of this Item, economic benefits include any sales awards or other prizes.

N/A

B. If you or a related person directly or indirectly compensates any person who is not your supervised person for client referrals, describe the arrangement and the compensation. N/A

**Note:** If you compensate any person for client referrals, you should consider whether SEC rule 206(4)-3 or similar state rules regarding solicitation arrangements and/or state rules requiring registration of investment adviser representatives apply.

## ***Custody***

Form ADV Part 2A, Item 15

**THIS SECTION IS REQUIRED. YOU MAY NOT OMIT THIS HEADING. You must answer each item. If an item is not applicable, you must state that it is not applicable.**

If you have custody of client funds or securities and a qualified custodian sends quarterly, or more frequent, account statements directly to your clients, explain that clients will receive account statements from the broker/dealer, bank or other qualified custodian and that clients should carefully review those statements. If your clients also receive account statements from you, your explanation must include a statement urging clients to compare the account statements they receive from the qualified custodian with those they receive from you. Lightstone Capital Advisers does not have custody of client funds or securities.

## ***Investment Discretion***

Form ADV Part 2A, Item 16

**THIS SECTION IS REQUIRED. YOU MAY NOT OMIT THIS HEADING. You must answer each item. If an item is not applicable, you must state that it is not applicable.**

If you accept discretionary authority to manage securities accounts on behalf of clients, disclose this fact and describe any limitations clients may (or customarily do) place on this authority. Describe the procedures you follow before you assume this authority (e.g., execution of a power of attorney). Lightstone Capital Advisers Clients manages the overall investment process of the MIZAN Fund which is administered and offered by a trust company. The stocks are traded and custodied at a major brokerage house. Muslim investors in the Fund expect the fund to exclude stocks not allowed under Islamic law. The rules governing which stocks are excluded are fully disclosed to the client and are incorporated in the quantitative selection process.

## ***Voting Client Securities***

Form ADV Part 2A, Item 17

**THIS SECTION IS REQUIRED. YOU MAY NOT OMIT THIS HEADING. You must answer each item. If an item is not applicable, you must state that it is not applicable.**

A. If you have, or will accept, authority to vote client securities, briefly describe your voting policies and procedures, including those adopted pursuant to SEC rule 206(4)-6. Describe whether (and, if so, how) your clients can direct your vote in a particular solicitation. Describe how you address conflicts of interest between you and your clients with respect to voting their securities. Describe how clients may obtain information from



you about how you voted their securities. Explain to clients that they may obtain a copy of your proxy voting policies and procedures upon request.

Client securities are voted by the trust company offering the MIZAN Fund.

B. If you do not have authority to vote client securities, disclose this fact. Explain whether clients will receive their proxies or other solicitations directly from their custodian or a transfer agent or from you, and discuss whether (and, if so, how) clients can contact you with questions about a particular solicitation.

Client securities are voted by the trust company offering the MIZAN Fund.

## Financial Information

Form ADV Part 2A, Item 18

**THIS SECTION IS REQUIRED. YOU MAY NOT OMIT THIS HEADING. You must answer each item. If an item is not applicable, you must state that it is not applicable.**

**A.** If you require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance, include a balance sheet for your most recent fiscal year.

1. The balance sheet must be prepared in accordance with generally accepted accounting principles, audited by an independent public accountant, and accompanied by a note stating the principles used to prepare it, the basis of securities included, and any other explanations required for clarity. N/A. No prepayment of fees.

2. Show parenthetically the market or fair value of securities included at cost. N/A. No prepayment of fees.

3. Qualifications of the independent public accountant and any accompanying independent public accountant's report must conform to Article 2 of SEC Regulation S-X. N/A. No prepayment of fees.

**Note:** If you are a sole proprietor, show investment advisory business assets and liabilities separate from other business and personal assets and liabilities. You may aggregate other business and personal assets unless advisory business liabilities exceed advisory business assets.

**Note:** If you have not completed your first fiscal year, include a balance sheet dated not more than 90 days prior to the date of your brochure.

**Exception:** You are not required to respond to Item 18.A of Part 2A if you also are: (i) a qualified custodian as defined in SEC rule 206(4)-2 or similar state rules; or (ii) an insurance company. Click here to enter text.

**B.** If you have discretionary authority or custody of client funds or securities, or you require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance, disclose any financial condition that is reasonably likely to impair your ability to meet contractual commitments to clients.

**Note:** With respect to Items 18.A and 18.B, if you are registered or are registering with one or more of the state securities authorities, the dollar amount reporting threshold for including the required balance sheet and for

making the required financial condition disclosures is more than \$500 in fees per client, six months or more in advance. None.

**C.** If you have been the subject of a bankruptcy petition at any time during the past ten years, disclose this fact, the date the petition was first brought, and the current status.  
N/A