

**PART 2A OF FORM ADV**  
**FIRM BROCHURE**



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**This Brochure provides information about the qualifications and business practices of Stonerise Capital Management, LLC (“Stonerise”). If you have any questions about the contents of this Brochure, please contact Kenneth Jones at 415-217-4103 or by email at [kjones@stonerisecapital.com](mailto:kjones@stonerisecapital.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority, and references in this Brochure to Stonerise as a “registered investment adviser” are not intended to imply a certain level of skill or training.**

**Additional information about Stonerise is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

## **ITEM 2 – MATERIAL CHANGES**

This is the first version of Stonerise's Brochure. Accordingly, there are no prior versions of the Brochure and no material changes to be noted.

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## ITEM 4 – ADVISORY BUSINESS

<p><b>Item 4.A</b></p>	<p><b>Describe your advisory firm, including how long you have been in business. Identify your principal owner(s).</b></p> <p>Stonerise was incorporated in Delaware, and began doing business in May of 2007. Stonerise provides discretionary investment advisory services to private investment funds (the “Funds”). At the present, the only clients of Stonerise are the Funds.</p> <p>The principal owners of Stonerise are Jeffrey Cozad, Jose Medeiros and John Walker (the “Principals”).</p> <p>The Funds invest primarily through a master-feeder structure with two feeder funds holding interests in Stonerise Capital Partners Master Fund L.P.; a Cayman Islands exempted limited partnership (the “Master Fund”). The feeder funds are:</p> <ul style="list-style-type: none"> <li>• Stonerise Capital Partners, L.P., a Delaware Limited Partnership (the “Domestic Fund”); and</li> <li>• Stonerise Capital Partners (Offshore), Ltd., an exempted company formed under the laws of the Cayman Islands (the “Offshore Fund” and together with the Domestic Fund, the “Feeder Funds”).</li> </ul> <p>Stonerise is the general partner of the Master Fund and the Domestic Fund.</p>
<p><b>Item 4.B</b></p>	<p><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.</b></p> <p>Stonerise generally has broad and flexible investment authority with respect to the Funds. Each Fund’s investment objectives and strategy is set forth in a confidential offering memorandum. All investors in the Funds are provided with a confidential offering memorandum.</p> <p>Stonerise uses a private equity approach to investing in public companies and in selected private transactions. The Funds’ hybrid strategy allows the Funds to make both “Public Investments” and “Private Investments” (as defined below). The Funds target long-term returns, net of fees and expenses, in excess of the broad market averages, while seeking to minimize the risk of permanent capital loss by investing in businesses believed to be high quality at substantial discounts to their intrinsic value and then, as appropriate, working collaboratively with the leadership of portfolio companies to integrate value-enhancing initiatives. The Funds maintain a relatively concentrated portfolio comprised of approximately 8-to-12 core investments. Value-enhancing initiatives, which may address both business and financial issues, have been and will continue to be pursued in an effort to generate returns in excess of those that would result from a more passive, less concentrated approach. This strategy is also expected to generate returns with a low correlation to the major equity indices.</p> <p>“Public Investments” are investments in assets or securities that are not Private Investments.</p>

	<p>“Private Investments” are investments in assets or securities that, in the discretionary determination of Stonerise: (1) lack a readily ascertainable market value; (2) should be held until the resolution of a special event or circumstance; or (3) are deemed illiquid for any other reason by Stonerise, in its sole discretion.</p>
Item 4.C	<p><b>Explain whether (and, if so, how) you tailor your advisory services to the individual needs of <i>clients</i>. Explain whether <i>clients</i> may impose restrictions on investing in certain securities or types of securities.</b></p> <p>As noted above, the clients of Stonerise are the Funds. Stonerise does not tailor its advisory services to the individual needs of investors in the Funds (“Investors”) and does not accept any sort of investment restrictions as it relates to the Funds other than those set forth in the relevant Fund documents.</p> <p>Notwithstanding the fact that Stonerise has not accepted any sort of investment restrictions for individual Investors, it should be noted that Stonerise has agreed to modify certain rights and privileges for certain Investors which are not available to other Investors (including without limitation, transparency rights, reporting rights, capacity rights, approval rights, investment limits, risk parameters and certain other protections, and the right to receive certain special allocations).</p>
Item 4.D	<p><b>If you participate in <i>wrap fee programs</i> 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.</b></p> <p>Not applicable. Stonerise does not participate in wrap fee programs.</p>
Item 4.E	<p><b>If you manage <i>client</i> assets, disclose the amount of <i>client</i> assets you manage on a <i>discretionary basis</i> and the amount of <i>client</i> assets you manage on a <i>non-discretionary basis</i>. Disclose the date “as of” which you calculated the amounts.</b></p> <p>As of January 31, 2012, Stonerise manages \$205,000,000 of Fund assets on a discretionary basis. Stonerise does not currently manage any Fund assets on a non-discretionary basis.</p>

## ITEM 5 – FEES AND COMPENSATION

Item 5.A	<p><b>Describe how you are compensated for your advisory services. Provide your fee schedule. Disclose whether the fees are negotiable.</b></p> <p>All clients of Stonerise are Qualified Purchasers as defined in section 2(a)(51)(A) of the Investment Company Act of 1940. In addition, each Investor in the Funds must meet certain eligibility provisions: interests/shares in the Funds are generally offered to (A) U.S. Investors who are (i) accredited investors within the meaning of Regulation D of the U.S. Securities Act of 1933, as amended (“Accredited Investors”) and (ii) qualified purchasers within the meaning of Section 2(a)(51) of the U.S. Investment Company Act of 1940, as amended (“Qualified Purchasers”); and (B) non-U.S. Investors. Investors and prospective Investors should refer to the offering documents for the Funds for a detailed description of the fee schedules applicable to an investment in the Funds.</p> <p>It should be noted that the fees paid by Investors are negotiable.</p>
Item 5.B	<p><b>Describe whether you deduct fees from <i>clients</i>’ assets or bill <i>clients</i> for fees incurred. If <i>clients</i> may select either method, disclose this fact. Explain how often you bill <i>clients</i> or deduct your fees.</b></p> <p>Stonerise deducts fees applicable to the Funds (and Investors) directly from the Funds’ assets. Clients and Investors do not have the ability to choose to be billed directly for fees incurred.</p> <p>In general, Stonerise receives a management fee based on a fixed percentage of each Fund’s net assets and a performance allocation. The management fee is payable quarterly in advance and the performance allocation is generally made on an annual basis.</p> <p><b>It is critical that Investors refer to the relevant confidential offering memorandum or other governing documents for a complete understanding of how fees are paid to Stonerise. The information contained herein is a summary only and is qualified in its entirety by such documents.</b></p>
Item 5.C	<p><b>Describe any other types of fees or expenses <i>clients</i> may pay in connection with your advisory services, such as custodian fees or mutual fund expenses. Disclose that <i>clients</i> will incur brokerage and other transaction costs, and direct <i>clients</i> to the section(s) of your <i>brochure</i> that discuss brokerage.</b></p> <p>Stonerise pays all of its overhead expenses including rent, employee compensation, employee benefits, furnishings, and certain office expenses.</p> <p>Each Fund pays all other expenses attributable to the activities of the Fund, or of Stonerise on behalf of each Fund, including, without limitation: (1) expenses incurred in connection with the acquisition, monitoring, or disposition of Fund investments (whether or not consummated), including loan fees, private placement fees, sales commissions, appraisal fees, taxes, research expenses, brokerage fees, and other transaction expenses; underwriting commissions and discounts; legal, accounting, investment banking, consulting, information services, and professional fees; and travel, communications, and all other</p>

	<p>expenses related to investments or proposed investments; (2) expenses incurred in connection with the carrying or management of Fund investments, including interest and related expenses as well as custodial, trustee, record keeping, and other administrative fees and expenses; (3) expenses incurred in connection with any indebtedness of the Funds, including, without limitation, the costs of establishing such indebtedness, the costs of monitoring compliance therewith, and the costs of any placement, commitment, trustee, underwriting, and legal fees and expenses; (4) attorneys' and accountants' fees and disbursements; (5) taxes and other governmental charges levied against the Funds; (6) insurance, regulatory, or litigation expenses; (7) administration fees and related costs; (8) the management fee; (9) expenses incurred in connection with the preparation and delivery of reports of the fund and any meetings with Investors; (10) each Fund's <i>pro rata</i> share of the costs and expenses of the Master Fund; and (11) other similar expenses related to each Fund, as Stonerise determines in its discretion. Please see the disclosure in Item 12 below as it relates to Stonerise's brokerage activities.</p> <p><b>It is critical that Investors refer to the relevant confidential offering memorandum and/or other governing documents for a complete understanding of expenses they may pay through an investment in the Funds. The information contained herein is a summary only and is qualified in its entirety by such documents.</b></p>
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<p><b>Item 5.D</b></p>	<p><b>If your <i>clients</i> either may or must pay your fees in advance, disclose this fact. Explain how a <i>client</i> 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.</b></p> <p>As described in item 5.B, management fees applicable to Investors are paid quarterly in advance.</p> <p>As Stonerise does impose a management fee which is payable in advance and although it is highly unlikely that an Investor would be permitted to withdraw/redeem in such a manner that would warrant a refund, Stonerise has also provided the following information as a summary of the withdrawal/redemptions rights applicable to Investors.</p> <p>With respect to the portion of the fair market value of the Public Investments held for an Investor's account, Investors generally are able to withdraw or redeem a from the Funds, pursuant to written notice to Stonerise 90 days before the withdrawal date.</p> <p>If a Fund has made a capital commitment, for future investments, with respect to a Private Investment, Stonerise may, in its sole discretion, retain sufficient amounts from the withdrawal proceeds of the withdrawing Investors account, to fund such Investors pro rata share of any such capital commitment.</p> <p>Withdrawals or redemptions are subject to significant conditions and restrictions, which are set forth in the relevant Fund's governing documents. Such conditions, restrictions, and limitations may include, without limitation:</p> <ul style="list-style-type: none"> <li>○ The condition that withdrawal or redemption requests be properly submitted in accordance with the relevant Fund documents and in a timely manner;</li> <li>○ Differing terms for withdrawals of amounts with respect to an Investor's portion of Public Investments and Private Investments held for its account;</li> <li>○ Restrictions on the timing of withdrawal/redemption payments (including but not limited to, "lock-up" provisions, minimum account balances, suspension of withdrawals/redemptions, and mandatory withdrawals/redemptions);</li> <li>○ Limitations on the amount paid to a withdrawing or redeeming Investor due to fees, expenses, and/or reserves for certain contingencies, among others; and</li> <li>○ Limitations on the method of withdrawal or redemption payments (i.e., in cash or in-kind).</li> </ul> <p>It should be noted that Stonerise may waive or modify the conditions relating to withdrawals or redemptions for certain Investors.</p> <p><b>It is critical that Investors refer to the relevant confidential offering memorandum or other governing documents for a complete understanding of their withdrawal and/or redemption rights. The information contained herein is a summary only and is qualified in its entirety by such documents.</b></p>
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Item 5.E	<p>If you or any of your <i>Access Persons</i> 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.</p> <p>Not applicable to Stonerise.</p>
Item 5.E.1	<p>Explain that this practice presents a conflict of interest and gives you or your <i>Access Persons</i> an incentive to recommend investment products based on the compensation received, rather than on a <i>client's</i> needs. Describe generally how you address conflicts that arise, including your procedures for disclosing the conflicts to <i>clients</i>. If you primarily recommend mutual funds, disclose whether you will recommend “no-load” funds.</p> <p>Not applicable to Stonerise.</p>
Item 5.E.2	<p>Explain that <i>clients</i> have the option to purchase investment products that you recommend through other brokers or agents that are not affiliated with you.</p> <p>Not applicable to Stonerise.</p>
Item 5.E.3	<p>If more than 50% of your revenue from advisory <i>clients</i> results from commissions and other compensation for the sale of investment products you recommend to your <i>clients</i>, including asset-based distribution fees from the sale of mutual funds, disclose that commissions provide your primary or, if applicable, your exclusive compensation.</p> <p>Not applicable to Stonerise.</p>
Item 5.E.4	<p>If you charge advisory fees in addition to commissions or markups, disclose whether you reduce your advisory fees to offset the commissions or markups.</p> <p><b>Note:</b> If you receive compensation in connection with the purchase or sale of securities, you should carefully consider the applicability of the broker-dealer registration requirements of the Securities Exchange Act of 1934 and any applicable state securities statutes</p> <p>Not applicable to Stonerise.</p>

## ITEM 6 - PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

If you or any of your *Access 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 *Access 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 *Access Persons* face by managing these accounts at the same time, including that you or your *Access Persons* have an incentive to favor accounts for which you or your *Access Persons* receive a *performance-based fee*, and describe generally how you address these conflicts.

As described in Item 5.B above, Stonerise receives performance-based compensation from all its non-affiliated clients (although performance-based fees may be waived or reduced for certain Investors).

It should be noted that the possibility that Stonerise may receive performance-based compensation creates a potential conflict of interest in that it may create an incentive for Stonerise to make investments that are more speculative than in the absence of such performance-based fees.

## ITEM 7 – TYPES OF CLIENTS

**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.**

Stonerise provides investment advisory services to the Funds, as described in Item 4 above.

The minimum initial contribution for Investors is \$1,000,000 and Investors may not reduce their capital accounts below \$250,000, both such provisions are subject to reduction or waiver at the discretion of Stonerise.

## ITEM 8 – METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

Item 8.A	<p><b>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 <i>clients</i> should be prepared to bear.</b></p> <p>Stonerise utilizes a value-oriented investment philosophy which includes: (1) performing extensive due diligence on a limited number of high quality companies; (2) patiently waiting for the right opportunity to make substantial concentrated investments in those companies; (3) maintaining a long-term perspective; and (4) working with the management and/or boards of portfolio companies, as appropriate, to implement strategies that may enhance the equity value of the enterprise. Frequently, Stonerise is of the view that the most attractive investment opportunities occur when high quality companies, which typically trade at high valuations, correct to more compelling valuation levels as a result of entering some phase of “transition.” This transitional state can occur as a result of failed acquisitions, product line transitions, management changes, regulatory impacts, capital market dislocations, or other factors that cause investor uncertainty or alter investor perceptions – and thereby provide the opportunity to accumulate an ownership stake at compelling values.</p> <p>The key building blocks of Stonerise’s investment strategies include the following:</p> <ul style="list-style-type: none"> <li>• <b><u>High Quality Business:</u></b> Businesses generally can distinguish themselves as “high quality” businesses by displaying a number of qualitative and/or quantitative characteristics, such as the ability to: (1) deliver an attractive return on invested capital (ROIC); (2) generate free cash flow on a recurring basis; and (3) sustain an attractive rate of growth that enables equity value to expand over time.</li> <li>• <b><u>Valuation Discipline:</u></b> While high-quality companies typically trade at high valuations, the valuations of public companies frequently fall to levels below the intrinsic value of the enterprise, making them compelling. Stonerise seeks out such situations and maintains a valuation discipline that focuses on: (1) free cash flow versus reported earnings; (2) absolute levels of valuation rather than relative valuations to the overall market or industry; and (3) potential “free” call options that may exist in a business via an underappreciated asset, division, or product.</li> <li>• <b><u>Rigorous Due Diligence:</u></b> In assessing potential investments and evaluating companies, Stonerise seeks to: (1) become the most knowledgeable investor in the company; (2) develop insights outside the typical Wall Street views; and (3) reduce risk through increased knowledge rather than through potentially counter-productive diversification.</li> <li>• <b><u>Long-Term Investment Horizon:</u></b> Stonerise typically evaluates the potential of an investment over a time frame extending two-to-four years or beyond. The shortened investment horizons of many hedge fund and mutual fund investors often lead to anomalies in the valuations of high quality businesses whose growth or performance is anticipated to unfold over a period of years instead of months. Stonerise seeks to capitalize on</li> </ul>
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	<p>these anomalies through its view that an extended investment horizon frequently improves the ability to predict business outcomes.</p> <ul style="list-style-type: none"> <li>• <b><u>Concentrated Portfolio:</u></b> Stonerise generally holds core positions in approximately 8-to-12 companies in order to concentrate capital in only the best investment ideas and to facilitate the devotion of the appropriate amount of time for value enhancing efforts. In addition, a historical benefit to maintaining a concentrated portfolio combined with value enhancing strategies is that portfolio performance has tended to exhibit low correlations with the major stock indices.</li> <li>• <b><u>Activist Approach:</u></b> Stonerise believes that looking at a company and identifying what <i>could</i> be rather than focusing exclusively on what currently is can lead to the identification of initiatives that may substantially improve shareholder value. By actively seeking to formulate value enhancing initiatives and then influence the leadership of a company to implement such strategies, equity value may be highlighted, unlocked and realized, or created. Value-creating initiatives may be operational or financial in nature and frequently impact business line focus, capital structure, or capital deployment.</li> <li>• <b><u>Public and Private Capability:</u></b> Stonerise takes advantage of the flexibility to consummate either public or private investments by seeking to deploy capital toward the opportunity presenting the most attractive potential return. The Principals' experience has demonstrated that by becoming a shareholder in an attractive business, the Funds would be positioned, potentially in proprietary ways, to capitalize on any lack of appreciation for the true value of a company (market myopia) by intelligently pursuing leveraged buyouts, convertible preferred stock investments, or other equity-linked investments to create equity value.</li> </ul> <p>There can be no assurance that Stonerise and the Funds will achieve their investment objectives or that the investment strategies employed by Stonerise will be successful.</p> <p>In reviewing the strategies employed by Stonerise, it should be noted that an investment in the Funds may be deemed speculative and is not intended as a complete investment program. Investments in the Funds are designed only for experienced and sophisticated investors who are able to bear the risk of substantial impairment or total loss of their investment.</p> <p><b>As a general matter, Stonerise utilizes the methods of analysis and investment strategies described in the Funds governing documents provided to all Investors prior to the time of an investment. The information contained herein is a summary only and Investors and prospective Investors should refer to the respective Fund's governing documents for a complete overview of Stonerise's methods of analysis and investment strategies.</b></p>
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Item 8.B	<p><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.</b></p> <p>All investments in securities risk the loss of capital. With respect to the management of the Funds, Stonerise is not limited with respect to the types of investment strategies it may employ or the markets or instruments in which Stonerise may invest. The Funds may hold positions in equity and equity-related securities, as well as debt securities. The Funds' capital is invested in investments that may involve high risk securities, may be illiquid, and may involve highly speculative investment techniques. Furthermore, as part of the investment program, the Funds may utilize leverage and borrow or lend securities, purchase securities on margin, and finance positions and lend funds through repurchase and reverse repurchase agreements. Because the Funds may make different types of investments with different risk, return and market correlation characteristics, it is difficult to predict the risk, return, and market correlation characteristics of an investment in the Funds. Stonerise may make investments in public or private securities and the extent of due diligence and time available for due diligence on such investments may vary widely. Investments may be made gradually over extended periods of time or on an expedited basis with limited information. Depending on conditions and trends in securities markets and the economy generally, Stonerise may pursue other objectives or employ other techniques than those discussed herein that it considers appropriate and in the best interests of the Funds. No guarantee or representation is made that the Funds investment program will be successful.</p> <p><b>Investors and prospective Investors are provided with a confidential offering memorandum that contains a detailed description of the material risks related to an investment in the Funds, and are advised to carefully review <u>all</u> risk factors set forth in the relevant confidential offering memorandum.</b></p>
Item 8.C	<p><b>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.</b></p> <p>Please see the response to Item 8.B above. In addition, Investors and prospective Investors are provided with a confidential offering memorandum that contains a detailed description of the material risks related to the types of securities invested in by the Funds, and are advised to carefully review <u>all</u> risk factors set forth in the relevant confidential offering memorandum.</p>

## ITEM 9 – DISCIPLINARY INFORMATION

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.

Item 9.A	<p>A criminal or civil action in a domestic, foreign or military court of competent jurisdiction in which your firm or a <i>management person</i></p> <ol style="list-style-type: none"> <li>1. was convicted of, or pled guilty or nolo contendere (“no contest”) to (a) any <i>felony</i>; (b) a <i>misdemeanor</i> that <i>involved</i> investments or an <i>investment-related</i> 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;</li> <li>2. is the named subject of a pending criminal <i>proceeding</i> that involves an <i>investment-related</i> business, fraud, false statements or omissions, wrongful taking of property, bribery, perjury, forgery, counterfeiting, extortion, or a conspiracy to commit any of these offenses;</li> <li>3. was <i>found</i> to have been <i>involved</i> in a violation of an <i>investment-related</i> statute or regulation; or</li> <li>4. was the subject of any <i>order</i>, judgment, or decree permanently or temporarily enjoining, or otherwise limiting, your firm or a <i>management person</i> from engaging in any <i>investment-related</i> activity, or from violating any <i>investment-related</i> statute, rule, or <i>order</i></li> </ol> <p style="color: blue;">Not applicable to Stonerise.</p>
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Item 9.B	<p>An administrative <i>proceeding</i> before the SEC, any other federal regulatory agency, any state regulatory agency, or any <i>foreign financial regulatory authority</i> in which your firm or a <i>management person</i></p> <ol style="list-style-type: none"> <li>1. was <i>found</i> to have caused an <i>investment-related</i> business to lose its authorization to do business; or</li> <li>2. was <i>found</i> to have been <i>involved</i> in a violation of an <i>investment-related</i> statute or regulation and was the subject of an <i>order</i> by the agency or authority <ol style="list-style-type: none"> <li>(a) denying, suspending, or revoking the authorization of your firm or a <i>management person</i> to act in an <i>investment-related</i> business;</li> <li>(b) barring or suspending your firm's or a <i>management person's</i> association with an <i>investment-related</i> business;</li> <li>(c) otherwise significantly limiting your firm's or a <i>management person's investment-related</i> activities; or</li> <li>(d) imposing a civil money penalty of more than \$2,500 on your firm or a <i>management person</i>.</li> </ol> </li> </ol> <p>Not applicable to Stonerise.</p>
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Item 9.C	<p><b>A self-regulatory organization (SRO) proceeding in which your firm or a management person</b></p> <ol style="list-style-type: none"> <li>1. was <i>found</i> to have caused an <i>investment-related</i> business to lose its authorization to do business; or</li> <li>2. was <i>found</i> to have been <i>involved</i> in a violation of the <i>SRO's</i> 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 <i>investment-related</i> activities; or (iii) fined more than \$2,500.</li> </ol> <p><b>Note:</b> 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 <i>management person</i> 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 <i>person involved</i> 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).</p> <p><a href="#">Not applicable to Stonerise.</a></p>
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## ITEM 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Item 10.A	<p>If you or any of your <i>management persons</i> are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer, disclose this fact.</p> <p>Not applicable to Stonerise.</p>
Item 10.B	<p>If you or any of your <i>management persons</i> 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.</p> <p>Not applicable to Stonerise.</p>
Item 10.C	<p>Describe any relationship or arrangement that is material to your advisory business or to your <i>clients</i> that you or any of your <i>management persons</i> have with any <i>related person</i> listed below. Identify the <i>related person</i> and if the relationship or arrangement creates a material conflict of interest with <i>clients</i>, describe the nature of the conflict and how you address it.</p> <ol style="list-style-type: none"> <li>1. broker-dealer, municipal securities dealer, or government securities dealer or broker</li> <li>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)</li> <li>3. other investment adviser or financial planner</li> <li>4. futures commission merchant, commodity pool operator, or commodity trading advisor</li> <li>5. banking or thrift institution</li> <li>6. accountant or accounting firm</li> <li>7. lawyer or law firm</li> <li>8. insurance company or agency</li> <li>9. pension consultant</li> <li>10. real estate broker or dealer</li> <li>11. sponsor or syndicator of limited partnerships</li> </ol> <p>Not applicable to Stonerise.</p>

<b>Item 10.D</b>	<p><b>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.</b></p> <p>Not applicable to Stonerise.</p>
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## ITEM 11 – CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

Item 11.A	<p><b>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 <i>client</i> or prospective <i>client</i> upon request.</b></p> <p>Stonerise’s Code of Ethics (the “Code”) is designed to meet the requirements of Rule 204A-1 of the Investment Advisers Act of 1940 (the “Advisers Act”). The Code applies to Stonerise’s “Access Persons.” Access Persons include, generally, any member, officer, or director of Stonerise and any employee or other Access Person of Stonerise who, in relation to the Funds (1) has access to non-public information regarding any purchase or sale of securities, or non-public information regarding securities holdings or (2) is involved in making securities recommendations, executing securities recommendations, or has access to such recommendations that are non-public. All Stonerise employees are deemed to be Access Persons.</p> <p>The Code sets forth a standard of business conduct that takes into account Stonerise’s status as a fiduciary to the Funds and requires Access Persons to place the interests of Funds above their own interests and the interests of Stonerise. The Code requires Access Persons to comply with applicable federal securities laws. Further, Access Persons are required to promptly bring violations of the Code to the attention of Stonerise’s Chief Compliance Officer. All Access Persons are provided with a copy of the Code and are required to acknowledge receipt of the Code upon hire and on at least an annual basis thereafter.</p> <p>The Code also sets forth certain reporting and pre-clearance requirements with respect to personal trading by Access Persons. Access Persons must provide Stonerise’s Chief Compliance Officer with a list of their personal accounts and an initial holdings report within 10 days of becoming an Access Person. In addition, Stonerise’s Access Persons must provide annual holdings reports and quarterly transaction reports in accordance with Advisers Act Rule 204A-1.</p> <p>The Code also describes Stonerise’s duty to protect material non-public information about securities/investment recommendations provided to (or made on behalf of) advisory clients. Underlying these policies and procedures are two primary principles. First, confidential information must be maintained in confidence. Second, employees of Stonerise who possess non-public information, whether or not it is material, must not trade in the securities affected by such information and must not disclose such information to anyone who does not have a legitimate need to know it.</p> <p>Investors or prospective Investors may obtain a copy of the Code by contacting the Chief Compliance Officer at <a href="mailto:kjones@stonerisecapital.com">kjones@stonerisecapital.com</a>.</p>
Item 11.B	<p><b>If you or a <i>related person</i> recommends to <i>clients</i>, or buys or sells for <i>client</i> accounts, securities in which you or a <i>related person</i> has a material financial interest, describe your practice and discuss the conflicts of interest it presents. Describe generally how you address conflicts that arise.</b></p>

	<p><b>Examples: (1) You or a <i>related person</i>, as principal, buys securities from (or sells securities to) your <i>clients</i>; (2) you or a <i>related person</i> acts as general partner in a partnership in which you solicit <i>client</i> investments; or (3) you or a <i>related person</i> acts as an investment adviser to an investment company that you recommend to <i>clients</i>.</b></p> <p>As explained in Item 10.C above, Stonerise serves as the investment manager to the Funds.</p> <p>Stonerise’s principals and employees also invest indirectly and directly in certain of the Funds, but such investments generally are not subject to the management or performance-based fees described in Item 4.C above.</p> <p>The fact that Stonerise’s Principals and employees have financial ownership interests in the Funds creates a potential conflict in that it could cause Stonerise to make different investment decisions than if such parties did not have such financial ownership interests. Such potential conflicts are addressed by the personal securities transaction pre-clearance and reporting requirements described in Item 11.A and 11.C.</p> <p>Stonerise addresses these potential conflicts through regular monitoring of the Funds’ portfolios for consistency with objectives, strategies, and target capacity. Further, the Principals carefully consider the risks involved in any investments and Stonerise provides extensive disclosure to Investors regarding the potential risks that come with an investment with Stonerise. The Code requires Access Persons to place the interests of the Funds over their own or those of Stonerise, and all Access Persons are required to acknowledge their receipt and understanding of the Code.</p> <p>Further, Stonerise receives management and performance-based compensation. The management fees are payable without regard to the overall success or income earned by the Funds and therefore may create an incentive on the part of Stonerise to raise or otherwise increase assets under management to a higher level than would be the case if Stonerise were receiving a lower or no management fee. Performance-based fees may create an incentive for Stonerise to make investments that are riskier or more speculative than in the absence of such performance-based fees.</p>
Item 11.C	<p><b>If you or a <i>related person</i> invests in the same securities (or related securities, e.g., warrants, options or futures) that you or a <i>related person</i> recommends to <i>clients</i>, 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.</b></p> <p>Stonerise’s Access Persons are permitted to make certain securities transactions in their personal accounts. This presents potential conflicts in that an employee could make improper use of information regarding a Fund’s holdings or future transactions or research paid for by the Funds. An Access Person could take for himself or herself an investment opportunity available to a Fund or could engage in “front-running” of a Fund’s trade.</p> <p>Stonerise manages the potential conflicts of interest inherent in Access Person personal trading by rigorous enforcement of its Code, which contains strict pre-</p>

	<p>clearance and reporting guidelines for Access Persons. Access Persons trading in mutual funds and ETF's does not require pre-clearance. Notwithstanding the immediately preceding sentence the Chief Compliance Officer may in his sole discretion grant limited exceptions to this policy, provided that any such exceptions will be documented.</p> <p>Stonerise requires that Access Person's transactions in permitted reportable securities be pre-cleared with the Chief Compliance Officer. Further details are available in the Code which is available to Investors upon request.</p> <p>Stonerise maintains a "Restricted List" with the names of issuers of securities about which Stonerise or its affiliates (including Access Persons) have learned material, non-public information. Access Persons are strictly prohibited from trading securities on the Restricted List.</p> <p>In addition, Stonerise receives transaction and holdings reports in accordance with Advisers Act Rule 204A-1. The Chief Compliance Officer or his designee also reviews Access Persons' personal transaction and holdings reports to make sure each Access Person is conducting his or her personal securities transactions in a manner that is consistent with the Code.</p>
<b>Item 11.D</b>	<p><b>If you or a <i>related person</i> recommends securities to <i>clients</i>, or buys or sells securities for <i>client</i> accounts, at or about the same time that you or a <i>related person</i> buys or sells the same securities for your own (or the <i>related person's</i> own) account, describe your practice and discuss the conflicts of interest it presents. Describe generally how you address conflicts that arise.</b></p> <p><b>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.</b></p> <p>Please refer to Items 11.A, 11.B, and 11.C.</p>

## ITEM 12 – BROKERAGE PRACTICES

Item 12.A.1	<p>Describe the factors that you consider in selecting or recommending broker-dealers for <i>client</i> transactions and determining the reasonableness of their compensation (e.g., commissions).</p> <p><b>1. Research and Other Soft Dollar Benefits.</b> 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.</p> <p><b>Note:</b> 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.</p> <ol style="list-style-type: none"> <li>a. Explain that when you use <i>client</i> 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.</li> <li>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 <i>clients’</i> interest in receiving most favorable execution.</li> <li>c. If you may cause <i>clients</i> 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.</li> <li>d. Disclose whether you use soft dollar benefits to service all of your <i>clients’</i> accounts or only those that paid for the benefits. Disclose whether you seek to allocate soft dollar benefits to <i>client</i> accounts proportionately to the soft dollar credits the accounts generate.</li> <li>e. Describe the types of products and services you or any of your <i>related persons</i> acquired with <i>client</i> brokerage commissions (or markups or markdowns) within your last fiscal year.</li> </ol> <p><b>Note:</b> 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 decision-making or trade execution. Merely disclosing that you obtain various research reports and products is not</p>
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	<p><b>specific enough.</b></p> <p><b>f. Explain the procedures you used during your last fiscal year to direct <i>client</i> transactions to a particular broker-dealer in return for soft dollar benefits you received.</b></p> <p>Stonerise has full discretionary authority to direct client trades. As a result, Stonerise is subject to a duty to obtain best execution for client securities transactions. The SEC has described this requirement generally as a duty to execute securities transactions so that a client's total costs or proceeds in each transaction are the most favorable under the circumstances. The SEC also has stated that when seeking best execution an adviser should consider the full range and quality of a broker-dealer's services in placing trades. Best execution is not determined by the lowest possible commission costs, but by the best qualitative execution. It should be specifically noted that Stonerise is under no obligation to obtain the lowest commission or net price for a particular transaction, nor is Stonerise under any duty to execute any order in a fashion either preferential to any particular Advisory Client. That being said, the SEC has suggested that to ensure continuing compliance with the best execution duty, advisers should periodically and systematically evaluate the execution performance of broker-dealers executing their transactions.</p> <p>Stonerise considers a number of factors in selecting appropriate broker-dealers, including, for example, net price, reputation, financial strength and stability, efficiency of execution, block trading and block positioning capabilities, willingness to execute related or unrelated difficult transactions in the future, research services provided to Stonerise, and other matters ordinarily involved in the receipt of brokerage services generally.</p> <p>Section 28(e) of the U.S. Securities Exchange Act of 1934 provides a safe harbor that permits an investment manager with investment discretion to obtain research or brokerage services from a broker-dealer (either directly or through a relationship with a third party) if the manager determines, in good faith, that the value of the brokerage and research services is reasonable in relation to the amount of commissions paid. The Funds' offering materials permit Stonerise to use soft dollars for products or services that are within the Section 28(e) safe harbor. As of the date of this Brochure, Stonerise does not intend to utilize soft dollars outside of the 28(e) safe harbor.</p>
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Item 12.A.2	<p><b><u>Brokerage for <i>Client</i> Referrals.</u></b> If you consider, in selecting or recommending broker-dealers, whether you or a <i>related person</i> receives <i>client</i> referrals from a broker-dealer or third party, disclose this practice and discuss the conflicts of interest it creates.</p> <ul style="list-style-type: none"> <li>a. Disclose that you may have an incentive to select or recommend a broker-dealer based on your interest in receiving <i>client</i> referrals, rather than on your <i>clients'</i> interest in receiving most favorable execution.</li> <li>b. Explain the procedures you used during your last fiscal year to direct <i>client</i> transactions to a particular broker-dealer in return for <i>client</i> referrals.</li> </ul> <p>Stonerise does not select or recommend broker-dealers based upon client referrals.</p>
Item 12.A.3	<p><b><u>Directed Brokerage.</u></b></p> <ul style="list-style-type: none"> <li>a. If you routinely <u>recommend</u>, <u>request</u> or <u>require</u> that a <i>client</i> direct you to execute transactions through a specified broker-dealer, describe your practice or policy. Explain that not all advisers require their <i>clients</i> 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 <i>client</i> transactions, and that this practice may cost <i>clients</i> more money.</li> <li>b. If you <u>permit</u> a <i>client</i> to direct brokerage, describe your practice. If applicable, explain that you may be unable to achieve most favorable execution of <i>client</i> transactions. Explain that directing brokerage may cost <i>clients</i> more money. For example, in a directed brokerage account, the <i>client</i> may pay higher brokerage commissions because you may not be able to aggregate orders to reduce transaction costs, or the <i>client</i> may receive less favorable prices.</li> </ul> <p>Stonerise does not have directed brokerage arrangements.</p>
Item 12.B	<p><b>Discuss whether and under what conditions you aggregate the purchase or sale of securities for various <i>client</i> accounts. If you do not aggregate orders when you have the opportunity to do so, explain your practice and describe the costs to <i>clients</i> of not aggregating.</b></p> <p>At this time, all of Stonerise's investments for clients are conducted through a single master fund in a master-feeder structure. All investments are allocated to the Master Fund and there is no need to aggregate the purchase or sale of securities for multiple client accounts.</p>

## ITEM 13 – REVIEW OF ACCOUNTS

Item 13.A	<p><b>Indicate whether you periodically review <i>client</i> accounts or financial plans. If you do, describe the frequency and nature of the review, and the titles of the <i>Access Persons</i> who conduct the review.</b></p> <p>Stonerise’s client account is under continuous review by the Principals of Stonerise. Such reviews include a review of investment policy and investment objectives. Stonerise considers, among other things, investment performance, the portfolio’s sensitivity to market changes, and whether anything has changed subsequent to an initial investment decision that impacts the risk or potential return. Further, Stonerise holds weekly investment committee meetings.</p>
Item 13.B	<p><b>If you review <i>client</i> accounts on other than a periodic basis, describe the factors that trigger a review</b></p> <p>Please see Item 13.A. Client accounts are under continuous review.</p>
Item 13.C	<p><b>Describe the content and indicate the frequency of regular reports you provide to <i>clients</i> regarding their accounts. State whether these reports are written.</b></p> <p>Each Investor in the Funds will receive annual audited financial statements and such other information or commentary as the Stonerise deems appropriate. In addition, Stonerise will furnish Investors with annual tax information for the preparation of their tax returns.</p>

## ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION

Item 14.A	<p>If someone who is not a <i>client</i> provides an economic benefit to you for providing investment advice or other advisory services to your <i>clients</i>, 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.</p> <p>Not applicable to Stonerise.</p>
Item 14.B	<p>If you or a <i>related person</i> directly or indirectly compensates any <i>person</i> who is not your <i>Access Person</i> for <i>client</i> referrals, describe the arrangement and the compensation.</p> <p>Not applicable to Stonerise.</p>

## ITEM 15 – CUSTODY

**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.**

Stonerise is deemed to have custody by virtue of their status as investment manager to the Funds. To ensure compliance with Rule 206(4)-2 under the Advisers Act, Stonerise has a reasonable belief that Investors have been provided with audited financial statements for their respective Funds within 120 days of the end of such Funds' fiscal years (i.e., generally by April 30).

Investors in the fund receive statements from the administrator. These statements should be carefully reviewed and should be compared to the information provided to Investors in the audited financial statements provided by the Fund's administrator.

## ITEM 16 – INVESTMENT DISCRETION

**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).**

Stonerise has discretionary authority to manage securities accounts on behalf of the Funds. Stonerise is authorized to make transaction recommendations for the Funds. As explained in Item 4.C above, each Fund's investment strategy is set forth in detail in such Fund's confidential offering memorandum. Investors do not have the ability to impose limitations on Stonerise's discretionary authority. Investors must execute a subscription agreement in which they make various representations, including representations regarding their suitability to invest in a high-risk investment pool. Further, by executing the subscription agreement investors in the Domestic Fund are agreeing to a limited partnership agreement which includes a power of attorney.

## ITEM 17 – VOTING CLIENT SECURITIES

<p><b>Item 17.A</b></p>	<p><b>If you have, or will accept, authority to vote <i>client</i> 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 <i>clients</i> can direct your vote in a particular solicitation. Describe how you address conflicts of interest between you and your <i>clients</i> with respect to voting their securities. Describe how <i>clients</i> may obtain information from you about how you voted their securities. Explain to <i>clients</i> that they may obtain a copy of your proxy voting policies and procedures upon request.</b></p> <p>Stonerise has the authority to vote securities invested in by the Master Fund. Stonerise understands and appreciates the importance of ensuring that its proxy voting procedures are clearly described to clients and Investors. The detailed provisions of Stonerise’s proxy voting policy are described in the Compliance Manual (the “Manual”).</p> <p>Prior to voting a proxy addressed to Master Fund, the Principals review the proxy to determine if there are any conflicts of interest related to the proxy in question in accordance with the general guidelines outlined in the Manual. If a material conflict is identified, the Principals will determine what course of action is in the best interests of the affected Funds (which may include utilizing an independent third party to vote such proxies). Further, Stonerise will determine whether it is appropriate to disclose the conflict to affected Funds and give such Funds (and Investors, if applicable) the opportunity to vote the proxies in question themselves.</p> <p>The Chief Compliance Officer or his designee delivers proxies in accordance with instructions related to such proxy. Stonerise keeps a record of its proxy voting policies and procedures, proxy statements received, votes cast, all communications received and internal documents created that were material to voting decisions, and each client request for proxy voting records and Stonerise’s response for the previous five years.</p> <p>Investors do not have the ability to direct proxy votes.</p> <p>Investors may obtain additional information regarding how Stonerise voted proxies and may obtain a copy of Stonerise’s proxy voting policies and procedures by contacting the Chief Compliance Officer at <a href="mailto:kjones@stonerisecapital.com">kjones@stonerisecapital.com</a>.</p>
<p><b>Item 17.B</b></p>	<p><b>If you do not have authority to vote <i>client</i> securities, disclose this fact. Explain whether <i>clients</i> 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) <i>clients</i> can contact you with questions about a particular solicitation.</b></p> <p>Not applicable to Stonerise.</p>

## ITEM 18 – FINANCIAL INFORMATION

Item 18.A	<p>If you require or solicit prepayment of more than \$1,200 in fees per <i>client</i>, six months or more in advance, include a balance sheet for your most recent fiscal year.</p> <ol style="list-style-type: none"> <li>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.</li> <li>2. Show parenthetically the market or fair value of securities included at cost.</li> <li>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.</li> </ol> <p>Not applicable to Stonerise.</p>
Item 18.B	<p>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.</p> <p>Stonerise is not currently aware of any financial condition that is reasonably likely to impair its ability to meet contractual commitments to Funds or Investors.</p>
Item 18.C	<p>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</p> <p>Stonerise has not been the subject of any such bankruptcy petition.</p>