

DISCLOSURE BROCHURE

Lone Star Investment Advisors, LLC

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This brochure provides information about the qualifications and business practices of Lone Star Investment Advisors LLC. If you have any questions about the contents of this brochure, please contact us at 972-702-7390. 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.

Additional information about Lone Star Investment Advisors LLC is available on the SEC’s website at www.advisorinfo.sec.gov.

Item 2-Material Changes

Lone Star Investment Advisors LLC is providing this brochure as part of an other-than-annual updating amendment for its 2014 ADV. The following are a list of material changes:

- Item 4: Updated to include disclosure of side letters agreements
- Item 5: Updated to include disclosure of side letter or other agreements with specific investors
- Item 10: Updated to disclose principal's position as an equity owner of a limited partner in Lone Star Opportunities Fund V, LP
- Item 11: Updated to include current Chief Compliance Officers, Scott Billings
- Item 16: Updated to include disclosure of side letter or other agreements with limited partners

The information set forth herein is qualified in its entirety by reference to applicable offering and governing documents. In the event of a conflict between the information set forth in this brochure and the information in the applicable governing and/or offering documents, the governing and/or offering documents shall control.

A copy may also be downloaded from the Securities and Exchange Commission website, www.sec.gov.

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Item 4-Advisory Business

Lone Star Investment Advisors LLC (the “Advisor”) is an advisor to five private equity funds: Lone Star Opportunities Fund V LP, Lone Star CRA Fund LP, Lone Star New Markets LP, Lone Star Growth Capital LP, and North Texas Opportunity Fund LP (together, the “Funds” or “Clients”). The Advisor was founded in 2005 and is controlled by Arthur Hollingsworth.

The Advisor, on behalf of the Funds, generally targets for investment middle-market private companies in a variety of industry sectors including manufacturing/industrial, distribution, business and energy/utilities. The Fund’s investments are generally located in low- to moderate-income areas, and create employment opportunities and drive economic growth in their communities. As a result, investment in the Funds qualifies under the Community Reinvestment Act, which is a requirement for many of the Funds’ investors. The Advisor or its related entities also may enter into side letter agreements with certain investors in the Funds, establishing rights under, or supplementing or altering the terms of, the applicable limited partnership agreements, limited liability company agreement, or other charter document and subscription agreements relating to such Funds with respect to such investors. As of December 31, 2013, the Advisor has \$608 million of discretionary regulatory assets under management.

Item 5-Fees and Compensation

For its services to the Funds, the Advisor generally receives a management fee at an annual rate of 2% of capital commitments, or the amount an investor has agreed to invest with the Fund. The fee is billed to investors semi-annually though the general partner of the Funds has the discretion to deduct the fee from distributable cash due investors.

The Funds, and therefore their investors, are also generally responsible for all Fund level expenses, including (i) investment costs, such as investment banking fees and brokerage and underwriting commissions, transfer taxes and finder's commissions; (ii) domestic and foreign taxes payable by the Funds; (iii) fees and disbursements of outside audits; (iv) fees and disbursements of attorneys, consultants and other professionals rendering services to or for the benefit of the Funds, including to the Advisor or the Fund’s general partner for monitoring investments; (v) interest expenses; (vi) lender closing fees and lender legal fees and expenses; (vii) closing fees; (viii) any reasonable expenses of members of investor advisory board to the Fund; and (ix) any expenses related to any annual or special meeting of investors. Once the relevant Fund has been established and commenced operations, such compensation and expenses are generally not negotiable, although the Advisor may, from time to time, enter into side letters or other agreements with specific investors in certain Funds whereby such investors receive reductions of management fees or other compensation otherwise payable with respect to their investments in the Fund.

For a more complete discussion of the Advisor's fees and compensation, investors should refer to the Funds' offering documents, or constituent documents.

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

The Advisor accepts performance-based fees in the form of a carried interest in the Funds. Such fees may create an incentive for the Advisor to recommend an investment that may carry a higher degree of risk to the Funds, and to favor Funds which have a greater performance-based fee. The Advisor has implemented procedures designed to mitigate such incentives, and allocates investment opportunities fairly and equally among the Funds.

For a more complete discussion of the Advisor's performance-based fee arrangements, investors should refer to the Funds' offering documents, or constituent documents.

Item 7-Types of Clients

The Advisor is an investment advisor only to the Funds. The minimum initial investment for the Funds is one million dollars (\$1,000,000), though lesser amounts may be accepted at the sole discretion of the Advisor.

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

Our Investment Strategies

Communities

A key advantage to Advisor strategies is that investments impact low- to moderate-income communities. With over 20 years of experience, the Advisor has been able to identify and target investments that serve the dual bottom line of community development with top quartile returns. The Funds try, where possible, to marry investments with local redevelopment initiatives. The Funds are also able to attract financing from strategic banking partners who utilize the Funds to meet their mandated Community Reinvestment Act requirements for making investments and loans in these targeted areas. Because investments serve locally distressed communities and enhance local businesses, the management team has been recognized in the private equity and business community for its creative and innovative approach to private equity.

Companies

In order to best meet the needs of the targeted communities, the Advisor looks for companies with a strong historical track record and growth profile. It utilizes the investment and operating experience of its management team to identify those companies that have strong fundamentals and can fulfill an employment need in November

targeted communities. The Advisor's management team experience, along with its ability to tap several community and business professionals, enables the Funds to invest in a wide range of companies in various industries. Its due diligence process consists of evaluating overall industry trends, as well as company specific financial data points that support steady revenue growth. In addition, because the Advisor is looking for businesses that will serve as catalysts for community development, it targets businesses whose practices, efficiency, and growth can be optimized to spur sustainable employment.

Strong Management

The Advisor looks for strong management with a proven track record when evaluating potential portfolio acquisitions. Beyond the financial statements of the company, it is looking for leadership in the company that has a commitment to continued growth and performance of the company. While the Funds do provide substantial management support, the Advisor believes the managers of its portfolio companies need to possess the skills and competencies necessary to run efficient day-to-day operations. The Advisor usually looks to provide a substantial equity position to management in an effort to align the performance objectives of the company with those of the Fund.

The Deal

The Advisor's management has conducted over thirty transactions, all with varying business motivations and financial structuring. It has been able, on behalf of the Funds, to quickly deploy capital and close transactions. This is largely due to an innovative partnership structure that eliminates lengthy approval processes and gives management the flexibility to access capital quickly. The Advisor's management's generalist experience is well suited to complete middle market transactions including management recapitalizations, buyouts, round B&C venture capital, and growth financing within the targeted geographic region. It also performs a thorough due diligence process that weighs the risk and return of each transaction on a case-by-case basis.

Ongoing Commitment

The Advisor has a multi-phased approach to supporting portfolio company management in their efforts to grow the business. The first area of this support is to develop individual performance metrics that allow both company and Fund level managers to monitor the weekly progress of the business. This enables portfolio companies to focus on their tactical day-to-day activities and gives Fund managers an avenue to provide strategic guidance for the business. Secondly, the Advisor has an in-house operations specialist who works in a consultative role for specific efficiency initiatives undertaken by Fund portfolio companies. Finally, Advisor management applies their financial skill and

experience, along with their wide banking network, to advise companies on financing and risk hedging techniques.

Exit

The Advisor's ongoing commitment to Fund portfolio companies continues all the way through the exit process. It believes that the commitment of resources to company growth pays returns for all stakeholders: investors, company management, and targeted communities. A successful effort aligns the interests of all parties and provides the best opportunity for enhanced returns. By establishing strong working relationships, the Advisor is able to work with portfolio company management on the best approach to exit. In addition, the Advisor's management's 20-plus years of experience allows the firm to access a vast network of intermediaries to facilitate the sale of companies. Further, because it implements a best practices approach to monitoring portfolio companies, it is able to provide timely and accurate information to facilitate a seamless transaction.

Risk

The following is a summary of risks generally applicable to investors in the Funds. Investors should reference the applicable offering document, or constituent documents of each Fund for a more complete description of the risks specifically applicable to that Fund.

Investments by a Fund in portfolio companies involve a high degree of business and financial risk that can result in substantial losses. Some of these risks include, without limitation, the following: a portfolio company may be in an early stage of development, may not have a proven operating history, may have products that are not yet developed or ready to be marketed or that have no established market, may be reliant on developing unproven technology, may be operating at a loss or have significant fluctuations in operating results, may be engaged in a rapidly changing business with products subject to a substantial risk of obsolescence, may require substantial additional capital to support their operations, to finance expansion or to maintain their competitive position, or may otherwise have a weak financial condition.

A portfolio company may face intense competitive positioning, including competition from companies with greater financial resources, more extensive development, manufacturing, marketing and other capabilities, and a large number of qualified managerial and technical personnel. A portfolio company may also incur leverage that may have important adverse consequences. For example, a portfolio company may be subject to restrictive financial and operating covenants. As a result, a portfolio company may lack the flexibility to respond to changing business and economic conditions or to take advantage of business opportunities.

In addition, the Advisor's investment strategy includes certain other material risks,
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including risks of investing in privately held companies, risks of investing in junior securities of an issuer, potential investment concentration in one industry or one industry segment, possible lack of sufficient investment opportunities, risks associated with the use of leverage by a Fund, and the lack of a readily available market for Fund investments, among others.

Item 9-Disciplinary Information

The Advisor has no disciplinary information to report.

Item 10-Other Financial Industry Activities and Affiliations

The Advisor has no other financial industry activities or affiliations to report.

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

The Advisor has a fiduciary responsibility to treat clients fairly and avoid actual or potential conflicts of interest. The employees of the Advisor have an obligation to act solely in the best interests of clients, and to make full and fair disclosure of all material facts, particularly where the clients' interests may conflict with the interests of the Advisor or its employees.

Fund Advisory Boards

In connection with the Advisor's fiduciary responsibility to its Clients, each Fund has an Advisory Board consisting of members appointed by the Advisor and certain Fund limited partners (referred to herein as the "Advisory Boards"). The Advisory Boards will provide advice and counsel as is requested by the Advisor in connection with the Funds' investments, potential conflicts of interest and other matters related to the Funds. In accordance with each Fund's limited partnership agreements, the Advisor will act on the consent of the Advisory Boards.

Code of Ethics

The Advisor has adopted a Code of Ethics which describes the general standards of conduct that the Advisor expects of all employees and focuses on three specific areas where employee conduct has the potential to adversely affect the Clients: misuse of confidential information, personal securities trading and outside business activities. Failure to uphold the Code of Ethics may result in disciplinary sanctions, including termination of an employee by the Advisor. Any client or prospective client may request a copy of the Advisor's Code of Ethics.

Misuse of Nonpublic Information

The Code of Ethics contains a policy against the use of nonpublic information in conducting business for the Advisor. Employees may not convey nonpublic information nor depend upon it in placing personal securities trades.

Participation or Interest in Client Transactions

The Advisor does not manage a principal account and does not conduct cross trading among the Funds. The Advisor may, to the extent permitted under applicable law, effect client cross- transactions where the Advisor causes a transaction to be effected between the Fund and another account advised by it or any of its affiliates. In the event of such a transaction, the Advisor will comply with the disclosure and consent requirements of Section 206(3) of the Advisors Act.

Personal Securities Trading

The Advisor has adopted personal trading policies and procedures to prevent conflicts of interest with its clients. The Advisor maintains a restricted list of securities that the Advisor and its employees may not trade in order to avoid the misuse of material non-public information or confidential client information. The Advisor's Chief Compliance Officer, Scott Billings, periodically reviews the personal accounts of the Advisor's employees for compliance with these policies and procedures.

Outside Business Activities

The Advisor's Chief Compliance Officer must pre-approve all outside activities conducted by an Advisor employee. If any activities are deemed to be in conflict with the Advisor's clients, such conflicts will be fully disclosed.

Arthur Hollingsworth is an equity owner in Access Bank Texas, a limited partner in Lone Star Opportunities Fund V, LP.

Item 12-Brokerage Practices

As an advisor to private equity funds, the Advisor does not interact with broker-dealers to effect Client transactions.

Item 13-Review of Accounts

The Advisor monitors the Funds' investments in portfolio companies on a daily basis and provides the Funds' limited partners with quarterly unaudited financial information and audited annual financial statements.

Item 14-Client Referrals and Other Compensation

The Advisor does not pay inside or outside parties for referring investors to the Funds.

Item 15-Custody

The Advisor may be deemed under Rule 206(4)-2 of the Advisers Act to have custody of the assets of the Funds by virtue of its control of the General Partner of each Fund. All assets and securities of the Funds are held by qualified custodians with the exception of assets that are considered to be “privately offered securities” under Rule 206(4)-2(b). Fund limited partners receive annual financial statements audited by an independent public accounting firm within 120 days. Fund limited partners are urged to carefully review such statements.

Item 16-Investment Discretion

The Advisor has investment discretion over the Funds’ portfolios. However, the limited partnership agreements of those Funds, between the Funds and the Advisor, contain significant restrictions and require consent from the Funds Advisory Boards on the investments purchased or sold. The Advisor exercises its discretion in a manner consistent with those agreements. Limited partners in the Funds may also negotiate with the general partners in side letters or other written agreements for more specific limitations applicable to the limited partner, such as prohibited investments in specified countries.

Item 17-Voting Client Securities

The Advisor does not generally manage assets that come with proxy voting rights. To the extent it does, it shall vote all such proxies in the best interest of its clients. The Advisor’s written voting policies and procedures, and history of votes are available for review by existing clients upon request.

Item 18-Financial Information

There is no financial condition that is reasonably likely to impair Advisor’s ability to continue to meet its contractual commitments and provide services to its Clients.