



Soapstone Management L.P.

5404 Wisconsin Ave, Suite 1000
Chevy Chase, MD 20815

www.soapstonecapital.com

(212) 319-1438

August 10, 2020

This Brochure provides information about the qualifications and business practices of Soapstone Management L.P. ("Soapstone"). If you have any questions about the contents of this Brochure, please contact us at (212) 319-1438. 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.

Soapstone is registered as an investment adviser with the SEC. Registration of an investment adviser does not imply a certain level of skill or training. Additional information about Soapstone is also available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 – Material Changes

This Brochure, dated August 10, 2020, replaces the version dated March 18, 2020 which was our last annual update. Since our last annual update, we have made the following key updates:

- Item 8. Updated section titled Limited Right of Withdrawal to align with Soapstone Capital, L.P.'s offering documents.
- Item 10. Updated to add the terms of Soapstone Capital, L.P.'s agreement with Gotham Asset Management, LLC.

Item 3 – Table of Contents

Item 1 – Cover Page.....	i
Item 2 – Material Changes.....	ii
Item 3 – Table of Contents	iii
Item 4 – Advisory Business	4
Item 5 – Fees and Compensation.....	5
Item 6 – Performance-Based Fees and Side-By-Side Management.....	6
Item 7 – Types of Clients	7
Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss.....	7
Item 9 – Disciplinary Information.....	14
Item 10 – Other Financial Industry Activities and Affiliations.....	15
Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading	16
Item 12 – Brokerage Practices	17
Item 13 – Review of Accounts.....	18
Item 14 – Client Referrals and Other Compensation.....	19
Item 15 – Custody	19
Item 16 – Investment Discretion	19
Item 17 – Voting Client Securities	20
Item 18 – Financial Information.....	20

Item 4 – Advisory Business

Advisory Services

4.A. Advisory Firm Description

Soapstone was formed in September 2005. Jed Nussdorf is the principal owner of Soapstone.

4.B. Types of Advisory Services

Soapstone provides investment advisory and management services on a discretionary basis to Soapstone Capital, L.P. (the "Fund"), a private pooled investment vehicle. The Fund is only open to qualified persons under Section 3(c)(7) of the 1940 Investment Company Act. The Fund principally invests in equity securities, including derivatives and equity-like instruments.

4.C. Client Investment Objectives/Restrictions

Investments for the Fund are managed in accordance with the Fund's specific investment objectives, strategies and restrictions which are found in its Confidential Offering Memorandum. Investments are not tailored to the individualized needs of any particular investor in the Fund (each, an "Investor"). Investors may not impose restrictions on investing in certain securities or certain types of securities.

4.D. Wrap-Fee Programs

Soapstone does not participate in any wrap fee programs.

4.E. Assets under Management

As of December 31, 2019, Soapstone had \$491,565,977 in regulatory assets under management. All assets are managed on a discretionary basis.

Item 5 – Fees and Compensation

5.A. Adviser Compensation

Fees charged to Investors are described in detail in the Fund's offering documents. In addition, Soapstone and the Fund's general partner, Soapstone Partners LLC, have the authority to waive or reduce fees charged to certain Investors.

Asset-Based Compensation

Soapstone is paid a management fee, payable quarterly in advance, of 1% per year of the value of each Investors' interest in the Fund, calculated as of the first day of the calendar quarter. Soapstone may, in its sole discretion, waive or reduce the management fee as to the Interests of one or more Investor.

Performance-Based Compensation

The Fund's general partner, Soapstone Partners LLC, is entitled to receive an annual performance-based allocation equal to 20% of the net capital appreciation credited to each Investor in the Fund, subject to a high water mark. The performance allocation, if any, is generally calculated and determined as of December 31st of each year, but may be calculated on other dates, such as upon the termination of the Fund and the final liquidation of its assets. If an Investor withdraws on a date other than December 31st, the performance allocation will be calculated with respect to the actual change in net capital appreciation through and including the date of withdrawal. Any performance-based compensation complies with Rule 205-3 under the Investment Advisers Act of 1940, as amended (the "Advisers Act").

5.B. Direct Billing of Advisory Fees

Fees and allocations charged are deducted from the Fund's assets. Management fees are paid quarterly in advance. Performance fees and allocations are calculated and payable or allocable annually.

5.C. Other Non-Advisory Fees

The management fee and the performance allocation are exclusive of brokerage commissions, transaction fees, and other related costs and expenses that are incurred by the Fund and indirectly borne by Investors. Item 12 of this Brochure describes the factors Soapstone considers in selecting broker-dealers for Fund

transactions and determining the reasonableness of their compensation (e.g., commissions).

The Fund pays its own operating expenses, including but not limited to: investment expenses such as brokerage commissions, trade execution data and services, clearing and settlement charges, custodial fees, bank service fees, interest expense, and extraordinary expenses; legal expenses; professional fees relating to investments, including consultants and experts; travel expenses related to investigating investment opportunities; accounting and bookkeeping expenses; audit and tax preparation expenses; fees and out-of-pocket expenses of any service company retained to provide accounting, investor, administrative or custodial services for the Fund; and data and information services expenses. The Fund will also bear the organizational expenses of the partnership and any expenses incurred in connection with the offer and sale of limited partnership interests, including printing costs, marketing and legal fees and expenses of the partnership and the general partner and other expenses of the offering of such interests.

5.D. Advance Payment of Fees

As noted in Item 5.B. above, the management fee charged to the Fund is paid quarterly in advance. The management fee is prorated for any period that is less than a full quarter and refunded upon withdrawal from the Fund prior to the quarter-end.

5.E. Compensation for Sale of Securities or Other Investment Products

Neither Soapstone nor its supervised persons accept compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds.

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

Soapstone provides investment advisory and management services to one client account, which is the Fund. An affiliate of Soapstone serves as the general partner of the Fund and receives performance-based compensation. Please see Item 5 above for a more detailed description of the general partner's performance-based compensation.

Item 7 – Types of Clients

Soapstone's only client is the Fund, which is a private pooled investment vehicle organized as a domestic limited partnership. The minimum initial investment in the Fund is \$5,000,000, subject to reduction at the discretion of the general partner of the Fund. The general partner of the Fund, in its sole discretion, may refuse to accept any such initial or additional contributions in whole or in part, or may accept additional capital contributions on other dates. An Investor also may be required to withdraw in whole or in part from the Fund at any time and for any reason. All Investors must be qualified purchasers and accredited investors.

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

8.A. Methods of Analysis and Investment Strategies

Soapstone's investment objective is to produce risk-adjusted returns in excess of the Fund's primary benchmark, the S&P 500 Index. Soapstone principally invests the Fund's assets in equity securities, including derivatives and equity-like instruments, across both developed and emerging markets. The Fund runs a concentrated long portfolio and a diversified short portfolio.

While the investment universe of the Fund is broad, Soapstone targets opportunities within several discrete industry verticals, including, but not limited to, financial services, consumer staples, industrials, and TMT (technology, media, and telecommunications). Soapstone believes this specialized, targeted approach enhances focus, allows for the development of domain expertise, and ultimately, creates competitive advantage.

Across the Fund's investment universe, Soapstone invests the Fund's assets in both long and short investments. On the long side, Soapstone seeks to identify businesses characterized by sustainable, durable competitive advantage, with capable, shareholder-aligned stewardship. Soapstone employs a rigorous, research-driven process to identify investments with these characteristics. Once suitable investment candidates have been identified, Soapstone endeavors to invest with a strong bias towards businesses with the potential to compound value at an attractive internal rate of return, without reliance on multiple expansion. Finally, Soapstone seeks to make long investments only when suitable businesses are available both at a discount to intrinsic value and a discount to historical earnings multiples. Investments with the aforementioned characteristics are available infrequently, so Soapstone invests infrequently, and often such investment windows occur during periods of uncertainty or disruption.

On the short side, Soapstone seeks to identify businesses with unrealistically high forward estimates coupled with deteriorating competitive dynamics. Soapstone has a flexible approach to short selling, including tactical short selling when dislocations appear as a consequence of technical factors like short squeezes, earnings variance, and information vacuums. Soapstone has a bias towards short selling opportunities where a discrete event, or set of events, exists that can catalyze a change in investor perception and assessment of value. In certain cases, Soapstone relies on portfolio or risk factor hedges to augment and supplement the core short portfolio.

Risk management is important to the lifecycle of Soapstone's investment process, and Soapstone considers preservation of capital to be a critical investment objective. Soapstone maintains a continuous focus on security, sector, geographic, and thematic exposures, and attempts to exit investments quickly when a given investment thesis changes in an unfavorable manner. Examples of such changes include, but are not limited to, material adverse revisions to earnings estimates, unfavorable changes in competitive contexts, or inflection points in company management or strategy. Soapstone refers to maintaining an investment, even as the investment thesis unfolds unfavorably relative to expectations, as 'thesis creep,' and seeks to avoid this phenomenon. The Fund may carry substantial cash balances when a dearth of opportunities exists in the marketplace.

Soapstone actively considers the tax treatment of investments and may be influenced to make certain investment decisions based on likely federal income tax treatment. For example, securities may be held until any capital gains realized will be long-term gains, or traded when any capital losses realized will be short term losses, and securities may be acquired and held so as to ensure that any dividends realized will be qualified dividends for purposes of federal income taxation.

There can be no assurance that the Fund will achieve its investment objective. An investment in the Fund involves the risk of loss that an Investor should be prepared to bear.

8.B. Material Risks of Investment Strategies

There is no guarantee that the investment strategies of Soapstone will be successful. The success of the strategies may be adversely affected by general economic and market conditions such as market fluctuation, interest rates, availability of credit, inflation rates, changes in laws and political circumstances.

These factors may affect the level and volatility of security pricing and the liquidity of certain investments. The following material risks are related to Soapstone's investment strategy:

Concentration Risk. A significant portion or a majority of the Fund's investments may be concentrated in only a few securities, industries, countries or geographic regions or may be concentrated in other ways. This concentration may cause a proportionately greater loss than if the Fund's investments were more diversified because the failure of one or a limited number of investments could have a materially adverse effect on the Fund.

Management Risk. Judgments about the value and potential appreciation of a particular security may be wrong and there is no guarantee that individual securities will perform as anticipated. The value of an individual security can be more volatile than the market as a whole and Soapstone's approach may fail to produce the intended results.

Market Risk. The value of equity securities will decline from time-to-time due to daily fluctuations in the securities markets. Stock prices change daily as a result of many factors, including developments affecting the condition of both individual companies and the market in general. The price of a stock may even be affected by factors unrelated to the value or condition of its issuer, such as changes in interest rates, national and international economic and/or political conditions and general equity market conditions. In a declining stock market, prices for all companies may decline regardless of their long-term prospects.

Catastrophic Events Risk. The value of securities may decline as a result of various catastrophic events, such as pandemics, natural disasters, and terrorism. Losses resulting from these catastrophic events can be substantial and could have a material adverse effect on Soapstone's business and the Fund.

Forward Trading. Soapstone also may engage in forward trading. Forward contracts and options, unlike futures contracts, are not traded on exchanges and are not standardized; rather, banks and dealers act as principals in these markets, negotiating each transaction on an individual basis. Forward and "cash" trading is substantially unregulated; there is no limitation on daily price movements and speculative position limits are not applicable. The contract principals are not required to continue to make markets in the currencies or commodities they trade and these markets can experience periods of illiquidity, sometimes of significant duration. There have been periods during which certain participants in these markets have been unable to quote prices for certain currencies or commodities

or have quoted prices with an unusually wide spread between the price at which they were prepared to buy and that at which they were prepared to sell. Disruptions can occur in any market in which Soapstone trades, due to unusually high trading volume, political intervention or other factors. Market illiquidity or disruption could result in major losses.

Options Trading. Trading options is highly speculative and may entail risks that are greater than investing in other financial instruments. Prices of options are generally more volatile than prices of other financial instruments. In trading options, Soapstone speculates on market fluctuations of the underlying financial instrument (e.g., a security, an index, a commodity, exchange rate or other instrument), while only investing a small percentage of value relative to its client's potential exposure.

Short Sales. Short selling, or the sale of securities not owned by clients, necessarily involves certain additional risks. Such transactions expose the Fund to the risk of loss in an amount greater than the initial investment, and such losses can increase rapidly and without effective limit. There is the risk that the securities borrowed in connection with a short sale would need to be returned to the securities lender on short notice. If such request for return of securities occurs at a time when other short sellers of the subject security are receiving similar requests, a "short squeeze" can occur, wherein Soapstone might be compelled, at the most disadvantageous time, to replace borrowed securities previously sold short with purchases on the open market, possibly at prices significantly in excess of the proceeds received earlier. In addition to entering into short sales both for speculative purposes, as Soapstone may cause its clients to do from time to time, and depending on market conditions, Soapstone may cause the Fund to engage in short selling in connection with hedging such clients' existing long and short positions. Hedging activities may involve taking short positions related to particular portfolio positions as well as short positions intended to hedge broader exposures or particular identified risks at an overall portfolio level.

Turnover. Soapstone may invest the Fund's assets on the basis of certain short-term market considerations. The turnover rate within the Fund's investments may be significant, potentially involving substantial brokerage commissions and fees.

Leverage. Soapstone may utilize leverage on behalf of the Fund by borrowing without limitation and using various lines of credit and other forms of leverage, including swaps and repurchase agreements. In addition, due to liquidity of certain investments, leverage may be a significant tool that Soapstone may

employ to pursue its investment objectives. While leverage presents opportunities for increasing total return, it also may generate increased losses beyond what might result without the use of leverage and may magnify any losses in periods where securities held by the Fund are falling in price. Additionally, because Soapstone's investment strategy for the Fund includes both long and short positions, leverage can create a scenario where both long and short positions suffer substantial capital losses. The Fund's margin borrowings and short positions generally will be secured by cash and securities held in the Fund's brokerage accounts, and the use of short-term margin borrowings results in certain additional risks to the Fund.

Accuracy of Public Information. Soapstone selects investments on the basis of information and data filed by issuers with various government regulators or made publicly available by the issuers or through publicly available sources other than the issuers. Although Soapstone evaluates this information and data, Soapstone cannot confirm the completeness, genuineness or accuracy of such information and data, and in some cases, complete and accurate information may not be available.

Federal Income Taxation. Soapstone actively considers the tax treatment of investments and may be influenced to make certain investment decisions based on likely federal income tax treatment. For example, securities may be held until any capital gains realized will be long-term gains or traded when any capital losses realized will be short term losses, and securities may be acquired and held so as to ensure that any dividends realized will be qualified dividends for purposes of federal income taxation. As a result, securities may be traded based on tax considerations rather than solely investment considerations.

8.C. Material Risks of Securities Used in Investment Strategies

Investments in the types of securities Soapstone selects may be more volatile than the overall market. Security values may fluctuate based on events such as technological developments, government regulation, competition and outbreaks of war or terrorist acts that are beyond Soapstone's control. The following risks are associated with the types of securities that are traded by Soapstone:

Equity Risk. The prices of equity securities fluctuate based on overall market and economic conditions. In addition, individual securities rise and fall based on changes in the issuer's financial condition. As a result, equity investments risk a loss of all or a substantial portion of the investment.

Short Positions. A short sale involves the sale of a security that the Fund does not own in the expectation of purchasing the same security (or a security exchangeable for such security) at a later date at a lower price. To make delivery to the buyer, the Fund must borrow the security, and is obliged to return the security to the lender, which is accomplished by a later purchase of the security. A profit or a loss results from a short sale if the price of the security decreases or increases, respectively, between the date of the short sale and the date on which the short position is covered, i.e., the security to replace the borrowed security is purchased. A short sale involves the theoretically unlimited risk of an increase in the market price of the security that would result in a theoretically unlimited loss.

Foreign Investments. Soapstone may invest the Fund's assets in non-U.S. securities, including securities denominated in non-U.S. currencies. Such investments pose currency exchange risks (including blockage, devaluation and non-exchangeability) as well as a range of other potential risks including, depending on the country involved, expropriation, confiscatory taxation, political or social instability, illiquidity, price volatility and market manipulation. In addition, less information may be available regarding non U.S. companies which may not be subject to accounting, auditing and financial reporting standards and requirements comparable to or as uniform as those applicable to U.S. markets. Further, foreign securities markets may not be as liquid as U.S. markets. Transaction costs of investing outside the U.S. are generally higher than in the U.S., including the cost of converting foreign currency to dollars, the payment of fixed brokerage commissions on some foreign exchanges and the imposition of transfer taxes or transaction charges by foreign governments and exchanges. Less government supervision and regulation of exchanges, brokers and issuers generally exist abroad than in the U.S., and it is more difficult to take appropriate legal action in non U.S. courts. In addition, non U.S. markets have different clearance and settlement procedures from U.S. markets. Some foreign markets have at times failed to keep pace with transaction volume, thereby creating substantial delays and settlement failures that could adversely affect the Fund's performance.

Derivatives and Swaps; Counterparty Risks. Soapstone may invest the Fund's assets in complex derivative and swap instruments which seek to modify or replace the investment performance of particular securities, commodities, currencies, interest rates, indices or markets on a leveraged or unleveraged basis. These instruments generally have counterparty risk and may not perform in the manner Soapstone expects, thereby resulting in significant unanticipated loss or gain. These investments are all subject to additional risks that can result in substantial or total loss of all or part of an investment, in particular, interest rate and credit risk volatility, world and local market price and demand, and general

economic factors and activity. Derivatives may have very high leverage embedded in them that could substantially magnify market movements and result in losses greater than the amount of the investment. Some of the markets in which Soapstone may effect derivative transactions may be “over the counter” or “inter-dealer” markets. The participants in such markets are typically not subject to credit evaluation and regulatory oversight as they are members of “exchange based” markets. This exposes the Fund to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of the counterparty’s credit or liquidity problems. Delays in settlement may also result from disputes over the terms of the contract (whether or not bona fide) since such markets may lack the established rules and procedures for swift settlement of disputes among market participants found in “exchange based” markets. These factors may result in losses due to adverse market movements while replacement transactions are executed or otherwise. Such “counterparty risk” is present in all swaps, and is accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where the Fund has concentrated its transactions with a single or small group of counterparties. The Fund is not restricted from dealing with any particular counterparty or from concentrating any or all of its transactions with one counterparty. Moreover, the Fund has no internal credit function which evaluates the creditworthiness of its counterparties. The ability of the Fund to transact business with any one or number of counterparties, the lack of any meaningful and independent evaluation of such counterparties’ financial capabilities and the absence of a regulated market to facilitate settlement may increase the potential for losses by the Fund.

Special Situations. Soapstone may invest the Fund’s assets in companies involved in (or the target of) acquisition attempts or tender offers or in companies involved in or undergoing work-outs, liquidations, spin-offs, reorganizations, bankruptcies or other catalytic changes or similar transactions. In any investment opportunity involving any such type of special situation, there exists the risk that the contemplated transaction either will be unsuccessful, will take considerable time or will result in a distribution of cash or a new security the value of which will be less than the purchase price to the Fund of the security or other financial instrument in respect of which such distribution is received. Similarly, if an anticipated transaction does not in fact occur, Soapstone may sell the Fund’s investment at a loss. Because there is substantial uncertainty concerning the outcome of transactions involving companies in which Soapstone may invest the Fund’s assets, there is a potential risk of loss by the Fund of its entire investment in such companies.

Risks Associated with Investment in a Private Fund

Regulatory Oversight. The Fund is not registered as an investment company under the Investment Company Act of 1940 and, therefore, will not be entitled to the various protections afforded by the Act with respect to the Fund's investments. The Fund's general partner has filed for an exemption from registration as a commodity pool operator, and accordingly, the Fund's general partner is not required to comply the disclosure, reporting and recordkeeping requirements generally applicable to registered commodity pool operators, including delivery of a disclosure document and certified annual report.

Limited Right of Withdrawal. Generally, withdrawals may only be made by an Investor on each December 31, subject to restrictions based on time of investment as described in the Fund's offering documents. Withdrawals also generally require not less than 75 days' prior written notice to the Fund's general partner, as described in the Fund's offering documents. Intra-year redemptions may be processed by the General Partner at its discretion. In the case of a complete withdrawal from the Fund, a portion of withdrawal proceeds will be withheld by the Fund's general partner until after completion of the audit of the Fund's financial statements for the fiscal year in which the withdrawal occurs. Moreover, the withdrawal price payable will be determined as of the date of withdrawal, rather than the date of an Investor's notice requesting that their interest be withdrawn. Additionally, the Fund's general partner may suspend withdrawals during extreme and uncommon conditions, such as the closing of the equity markets. During times when withdrawals are suspended, management fees and performance allocations will not be charged or accrue. The Fund may establish reserves or holdbacks for contingencies that could reduce the amount of a distribution upon withdrawal. Withdrawal requests may not be revoked without the consent of the Fund's general partner, which may be withheld for any reason.

Any Investor who subscribes, or proposes to subscribe to an investment in the Fund must be able to bear the risks involved and must meet the Fund's suitability requirements. No assurance can be given that the Fund's investment objectives will be achieved. Fund investments are typically speculative and involve a substantial degree of risk. For further information regarding the risk factors and conflicts of interest with respect to the Fund, please refer to the Fund's offering documents.

Item 9 – Disciplinary Information

Neither Soapstone nor its employees have been the subject of any disciplinary action, whether criminal, civil or administrative (including regulatory) in any jurisdiction.

Item 10 – Other Financial Industry Activities and Affiliations

10.A. Registered Representatives

Neither Soapstone nor its management persons are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker/dealer.

10.B. Other Registrations

Neither Soapstone nor its management persons are registered or have an application pending to register, as a futures commission merchant, commodity pool operator, commodity trading advisor, or an associated person of the foregoing entities.

10.C. Material Relationships or Arrangements

Soapstone Management GP LLC is Soapstone's general partner. Soapstone Management GP LLC is controlled by Jed Nussdorf. An affiliate of Soapstone, Soapstone Partners LLC serves as the general partner to the Fund. Jed Nussdorf controls the general partner of the Fund.

Gotham Asset Management, LLC ("Gotham") provides certain back office and administrative services such as fund valuation and shareholder services to the Fund for a fee agreed upon by the general partner of the Fund and Gotham. The agreed upon fee is the lesser of \$250,000 per year or an annualized rate of 0.15% of net assets of the Fund calculated at the beginning of each month. Soapstone believes its relationship with Gotham provides value to Investors, and the fees paid are fair. In addition, an affiliate of Gotham owns an interest in Soapstone and in the general partner of the Fund. As a result, Gotham and its affiliates may have information about and access to the Fund and its investments that exceeds information and access available to Investors.

Soapstone leases its office space from another firm which is located in that firm's office suite. Soapstone employs certain privacy measures to protect client and adviser information and to mitigate any potential conflicts of interest.

10.D. Recommendation of Other Investment Advisers

Soapstone does not select or recommend other investment advisers for the management of the Fund.

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

11.A. Code of Ethics

Soapstone has adopted a Code of Ethics (the “Code”) pursuant to Advisers Act Rule 204A-1. A basic principle of the Code is that the collective interests of the Fund’s Investors are always placed first. The Code includes standards of business conduct requiring covered persons to comply with the federal securities laws and the fiduciary duties an investment adviser owes to its clients. The Code also requires that all covered persons comply with ethical restraints relating to clients and their accounts. These restraints include restrictions on personal trading and gifts. They also include provisions intended to prevent violations of insider trading laws. Investors or prospective Investors in the Fund may obtain a copy of the Code by contacting Soapstone at (212) 319-1438.

11.B. Recommendations of Securities and Material Financial Interests

Soapstone and its related persons do not recommend to clients, or buy or sell for client accounts, securities in which Soapstone or a related person has a material financial interest, such as buying or selling, as a principal, securities to or from clients; acting as a general partner in a partnership in which Soapstone solicits client investments; or acting as an investment adviser to an investment company that Soapstone recommends to clients.

11.C. Personal Trading

Soapstone has adopted the Code to ensure that personal investing activities by Soapstone’s employees are consistent with Soapstone’s fiduciary duty to its clients. In order to avoid potential conflicts that could be created by personal trading by Soapstone employees, the Code restricts the purchase and sale by employees for their own accounts. All employees are required to pre-clear with the Chief Compliance Officer any personal securities transaction in specified securities, including IPOs and limited offerings. All employees are required to submit quarterly personal securities transactions and annual holdings reports for review by the Chief Compliance Officer, who will, in turn, review these reports for trading conflicts with the Fund.

11.D. Timing of Personal Trading

Soapstone's employees are prohibited from investing in equities (or related securities, e.g., warrants, options or futures) that are owned or are actively being traded by the Fund or are restricted, without approval by the Chief Compliance Officer. All employees are required to notify the Chief Compliance Officer or his designee in order to pre-clear personal security transactions in equity securities, including options and derivatives, fixed income securities, IPOs and private placements.

Item 12 – Brokerage Practices

12.A. Selection of Broker/Dealers

Soapstone reviews the brokers used and the commissions paid for transactions made on behalf of the Fund in an effort to ensure that the Fund receives the best combination of price and execution with respect to the Fund's portfolio transactions. The best net price, giving effect to brokerage commissions, spreads and other costs, is normally an important factor in this review, but a number of other subjective factors may be considered relevant. In applying these factors, Soapstone recognizes that different broker-dealers may have different execution capabilities with respect to different types of securities. The factors include, but are not limited to:

- price;
- the size of the transaction;
- the nature of the market for the security and the timing and impact of the trades on such market;
- the amount of the commission or size of the spread;
- the ability to fulfill the order in a timely manner;
- the broker-dealer's clearance and settlement capabilities;
- the broker-dealer's trade error rate and ability or willingness to correct errors;
- the timing of the transaction, taking into account market prices and trends;

- the reputation, experience and financial stability of the broker-dealer; and
- the quality of service rendered by the broker-dealer in other transactions.

Research and Other Soft Dollar Benefits

Soapstone does not currently maintain any arrangements where it receives products and services from brokers in connection with client securities transactions. Should Soapstone enter into any arrangements or receive products or services on an ongoing basis from broker/dealers it would limit the use of any "soft dollars" to services that constitute brokerage within the meaning of Section 28(e) of the Securities Exchange Act of 1934.

Brokerage for Client Referrals

Soapstone does not consider whether it or any related person receives client referrals from a broker-dealer in selecting broker-dealers for the Fund.

Directed Brokerage

Soapstone does not accept directed brokerage.

Trade Errors

When a trade error occurs, Soapstone will reasonably determine how to correct the error. In general, if the trade error results in losses, the losses will be covered by the Fund. Documentation of any errors made will be maintained by Soapstone.

12.B. Aggregation of Orders

Soapstone currently only manages the Fund and consequently does not aggregate trades among clients.

Item 13 – Review of Accounts

13.A. Frequency and Nature of Review

The managing member of the Fund's general partner, Jed Nussdorf, regularly monitors the Fund's investments. At least monthly, the Fund's portfolio is reviewed

by Jed Nussdorf to assure conformity with the investment objectives and guidelines.

13.B. Factors That May Trigger an Account Review Outside of Regular Review

The Fund's investments are reviewed on an ongoing basis and may be reviewed specifically with regard to certain factors such as cash flows or in response to market conditions.

13.C. Content and Frequency of Reports

Investors in the Fund receive written reports, including a monthly statement of net asset value from the Fund's administrator, a quarterly letter discussing results, and annual, audited financial statements.

Item 14 – Client Referrals and Other Compensation

Soapstone does not compensate any third parties for client referrals. If Soapstone were to enter into an arrangement with a third party, it would do so in accordance with Rule 206(4)-3 of the Advisers Act.

Item 15 – Custody

Soapstone is deemed to have custody of client assets because an affiliate serves as general partner to the Fund. Soapstone complies with Rule 206(4)-2 of the Advisers Act, as amended, by meeting the conditions of the pooled vehicle annual audit provision. The Fund is subject to an annual audit by an independent public accountant that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board, and the audited financial statements are distributed to each Investor. The audited financial statements will be prepared in accordance with generally accepted accounting principles and distributed within 120 days of the Fund's fiscal year end.

Item 16 – Investment Discretion

Soapstone provides advisory services to the Fund and is responsible for executing the Fund's investment program on a day-to-day basis. Soapstone is authorized to make the following decisions according to the Fund's specified investment objectives:

- which securities to buy or sell;
- the broker or dealer through whom securities are bought or sold;
- the total amount of securities to buy or sell;

- the commission rates at which securities transactions for the Fund's account are affected and
- the prices at which securities are to be bought or sold, which may include dealer spreads or mark-ups and transaction costs.

Investments for the Fund are managed in accordance with the Fund's investment objectives, strategies and restrictions, and are not tailored to the individualized needs of any particular Investor in the Fund. Therefore, Investors should consider whether the Fund meets their investment objectives and risk tolerance prior to investing. Information about the Fund can be found in its offering documents, which are available to current and qualified prospective Investors only through Soapstone.

Item 17 – Voting Client Securities

It is Soapstone's policy to vote proxies on behalf of the Fund in accordance with Soapstone's proxy voting policies and procedures. Soapstone will vote such securities for the exclusive benefit, and in the best economic interest, of the Fund and its Investors, as determined by Soapstone in good faith. It is not possible for Investors in the Fund to direct votes made by Soapstone on behalf of the Fund.

Soapstone may not vote proxies depending on circumstances. Soapstone acknowledges its responsibility for identifying material conflicts of interest related to voting proxies. If a conflict may exist which cannot be otherwise addressed, Soapstone may choose one of several options including "echoing" or "mirroring" voting the proxies in the same proportion as the votes of other proxy holders that are not Soapstone clients. A copy of Soapstone's proxy voting policies and procedures and records of how Soapstone voted are available upon request.

Soapstone is further authorized to direct the Fund's participation in class actions. Soapstone will complete class action lawsuit documents when it believes that doing so would be in the best interests of the Fund. Soapstone may abstain from attempting to participate in a class action lawsuit when it believes that the potential cost of participating outweighs the potential benefit or when Soapstone otherwise believes it is not in the best interest of the Fund to participate.

Item 18 – Financial Information

Soapstone is not required to provide a balance sheet in response to the Item and is not subject to any financial condition that is reasonably likely to impair our ability to meet our financial obligations to the Fund or its investors.