

## PART 2A OF FORM ADV: FIRM BROCHURE



### STABLE ASSET MANAGEMENT LP

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This “Brochure” provides information about the qualifications and business practices of Stable Asset Management LP. If you have any questions about the contents of this Brochure, please contact our Chief Compliance Officer (the “CCO”), Eric Wortman, by email at [enw@stableam.com](mailto:enw@stableam.com), or by telephone at +1 212 808 2062. The information contained in this Brochure has not been approved or verified by the U.S. Securities and Exchange Commission (the “SEC”) or by any state securities authority.

Additional information about Stable Asset Management LP is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Registration as an investment adviser with the SEC does not imply that Stable Asset Management LP, or any of its principals or employees, possess a particular level of skill or training.

This Brochure does not constitute an offer to sell or the solicitation of an offer to purchase any security or investment products.

## **Item 2: Material Changes**

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This Brochure is Stable Asset Management LP's update to its initial Form ADV Part 2A, which was submitted with its application for registration with the SEC. Since that initial filing, Stable Asset Management LP has filed an umbrella registration to include the following affiliated investment advisory entities as relying advisers: (i) Stable Asset Management Ltd; and (ii) Stable Asset Management Investments, Ltd. In addition, Stable Asset Management LP has made certain routine updates and clarifying changes to this Brochure.

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## Item 4: Advisory Business

### *General Description of the Advisory Firm*

Stable Asset Management LP (the “**Investment Adviser**”) is an investment management firm that was formed under the laws of the State of Delaware in March 2015 and became registered with the SEC on October 21, 2020. Its principal place of business is located in New York, New York. The Investment Adviser is a wholly-owned subsidiary of Stable Holdings, Ltd., a Cayman Islands exempted company. The majority owner of Stable Holdings, Ltd. is Mr. Erik Serrano Berntsen.

The Investment Adviser provides non-discretionary investment sub-advisory services to Stable Asset Management, Ltd. (“**SAM Ltd.**”), a United Kingdom based affiliate of the Investment Adviser, in respect of the three pooled investment funds set forth in the table below (collectively, the “**Stable Seed Funds II**”).

<b>Stable Seed Funds II</b>	
Stable Seed Fund Master II L.P.	A Cayman Islands exempted limited partnership (the “ <b>Stable Seed Master Fund II</b> ”).
Stable Seed Fund Offshore II L.P.	A Cayman Islands exempted limited partnership that invests substantially all of its assets in Stable Seed Master Fund II (the “ <b>Stable Seed Offshore Feeder II</b> ”).
Stable Seed Fund US II L.P.	A Delaware limited partnership that invests substantially all of its assets in Stable Seed Master Fund II (the “ <b>Stable Seed U.S. Feeder II</b> ”).

The investment manager of each of the Stable Seed Funds II is Stable Asset Management Investments, Ltd. (“**SAMI Ltd.**”), a Cayman Islands exempted company affiliated with the Investment Adviser and SAM Ltd.

The general partner of each of the Stable Seed Funds II is Stable Seed Fund II GP, Ltd. (“**SSF II GP**”), a Cayman Islands exempted company that is a wholly-owned subsidiary of SAMI Ltd.

SAMI Ltd. entered into an agreement with SAM Ltd. pursuant to which SAM Ltd. provides non-discretionary investment sub-advisory services to SAMI Ltd. in respect of the Stable Seed Funds II. SAM Ltd., in turn, entered into a separate agreement with the Investment Adviser pursuant to which the Investment Adviser provides non-discretionary investment sub-advisory services to SAM Ltd. The Investment Adviser, SAM Ltd. and SAMI Ltd are collectively referred to in this Brochure as “**Stable**”.

Stable pursues a “fund-of-funds” investment strategy on behalf of the Stable Seed Funds II pursuant to which the Stable Seed Funds II hold a portfolio of other investment funds. In particular, utilizing its extensive due diligence process, Stable seeks to achieve the investment objective of the Stable Seed Funds II by investing their capital in: (i) private investment funds (the “**Underlying Funds**”) managed, sponsored and/or advised by third-party investment managers (the “**Portfolio Managers**”); and/or (ii) separate accounts managed by the Portfolio Managers (the “**Managed Accounts**”, and collectively with the Stable Seed Funds II’s investments in Underlying Funds, the “**Seed Investments**”).

The Stable Seed Funds II primarily invest with “start-up” Portfolio Managers pursuing a variety of investment strategies that have either not commenced operations or that otherwise have not yet raised large pools of capital. Stable seeks to enhance returns to investors in Stable Seed Funds II by various methods, including, without limitation, by attempting to negotiate fee reductions, capacity rights and other favorable terms from Portfolio Managers in connection with the Seed

Investments. Stable may also: (i) seek to cause the Stable Seed Funds II to acquire revenue participations, or other economic interests, in Portfolio Managers in connection with the Seed Investments (any such amounts with respect to a Portfolio Manager, a **“Profit Interest”**); and (ii) negotiate rights related to a buyout, sale or other realization of a Profit Interest, whether by the related Underlying Fund, the related Portfolio Manager or another person (any such rights with respect to a Portfolio Manager, an **“Exit Interest”**).

### ***Other Advisory Activities of the Investment Adviser’s Affiliated Group Entities***

SAM Ltd. and SAMI Ltd. also provide investment advisory services to the three pooled investment funds set forth in the table below (collectively, the **“Stable Seed Funds I”**). The Stable Seed Funds I pursue an investment objective and strategy that are substantially the same as those pursued by the Stable Seed Funds II. The Stable Seed Funds I and the Stable Seed Funds II are collectively referred to in this Brochure as the **“Stable Seed Funds”**.

<b>Stable Seed Funds I</b>	
Stable Seed Fund Master L.P.	A Cayman Islands exempted limited partnership (the <b>“Stable Seed Master Fund I”</b> ).
Stable Seed Fund Offshore, Ltd.	A Cayman Islands exempted company that invests substantially all of its assets in the Stable Seed Master Fund I (the <b>“Stable Seed Offshore Feeder I”</b> ).
Stable Seed Fund US LP	A Delaware limited partnership that invests substantially all of its assets in the Stable Seed Master Fund I (the <b>“Stable Seed U.S. Feeder I”</b> ).

In addition, SAM Ltd. and SAMI Ltd. provide investment advisory services to Stable Sunrise Ltd. (the **“Sunrise Fund”**), a Cayman Islands exempted company. The Sunrise Fund employs a “fund-of-funds” investment strategy pursuant to which the Sunrise Fund invests its capital in Underlying Funds managed, sponsored and/or advised by Portfolio Managers that pursue a variety of investment strategies, and primarily focuses on making investments with emerging Portfolio Managers who have either not commenced operations or who otherwise have not yet raised large pools of capital. The Sunrise Fund seeks to enhance returns to its sole shareholder by employing various methods, including, without limitation, by attempting to negotiate fee reductions, capacity rights and other favorable terms from Portfolio Managers in respect of their Underlying Funds.

The Sunrise Fund and the Stable Seed Funds are collectively referred to in this Brochure as the **“Funds”**, and the investors in the Funds are collectively referred to herein as the **“Investors”**. Investment decisions and advice with respect to the Funds are subject to each Fund’s investment objectives and guidelines, as set forth in each Fund’s offering documents (collectively, the **“Offering Documents”**).

SAM Ltd. also provides non-discretionary investment recommendations to certain of its clients that pursue “fund-of-funds” investment strategies (such clients, the **“Advisory Clients”**). The Advisory Clients and the Funds are collectively referred to in this Brochure as the **“Clients”**.

### ***Regulatory Assets Under Management***

As of November 30, 2020, Stable had approximately \$1,648,763,336 regulatory assets under management. As of that date, Stable managed \$621,047,795 on a discretionary basis and \$1,027,715,541 on a non-discretionary basis.

### *Availability of Tailored Services for Individual Clients*

Stable provides advice to Client accounts based on their respective specific investment objectives and strategies. Under certain circumstances, SAM Ltd and SAMI Ltd will agree to tailor advisory services to the individual needs of its Advisory Clients in accordance with the terms of its investment advisory agreements with those Advisory Clients. Stable generally does not tailor its advisory services to the individual needs of Investors in the Funds; however, the Offering Documents may contain certain investment restrictions (*e.g.*, the amount of capital that may be invested in any single Seed Investment).

### *Wrap Fee Programs*

Stable does not participate in wrap fee programs.

## **Item 5: Fees and Compensation**

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### *Management Fees and Performance-Based Compensation*

The fees payable to Stable by the Funds are summarized below and set forth in further detail in each Fund's Offering Documents. The fees payable to SAM Ltd. by the Advisory Clients are individually negotiated and set forth in SAM Ltd.'s investment advisory agreements with those Advisory Clients.

In consideration for the services SAMI Ltd. renders to the Stable Seed Funds II, the Stable Seed Funds II pay SAMI Ltd. a monthly management fee, payable quarterly in advance, in an amount equal to 0.125% (*i.e.*, 1.5% per annum) of each Investor's aggregate capital contributions to the Stable Seed Funds II (the "**Stable Seed Funds II Management Fee**"). The Stable Seed Funds II Management Fee will be prorated for any period that is less than a full month. SAMI Ltd. may, in its sole discretion, waive or modify the Stable Seed Funds II Management Fee for persons affiliated with Stable and certain other Investors in the Stable Seed Funds II. SSF II GP (and/or its designee(s)) is entitled to performance compensation from the Stable Seed Funds II in the form of carried interest in an amount equal to 20% of the distributions made by the Stable Seed Funds II of proceeds attributable to the Profits Interests and/or Exit Interests, subject to a loss carryforward provision.

In consideration for the services SAMI Ltd. renders to the Stable Seed Funds I, the Stable Seed Funds I pay SAMI Ltd. a monthly management fee, payable quarterly in arrears, with respect to each Investor in the Stable Seed Funds I in amounts generally ranging from 0.0833% (*i.e.*, 1.0% per annum) to 0.125% (*i.e.*, 1.5% per annum), depending on the amount of each Investor's capital contributions to the Stable Seed Funds I (the "**Stable Seed Funds I Management Fee**"). SAMI Ltd. may, in its sole discretion, waive or modify the Stable Seed Funds I Management Fee for persons affiliated with Stable and certain other Investors in the Stable Seed Funds I. In addition, SAMI Ltd. (and/or its designee(s)) is entitled to performance compensation from the Stable Seed Funds I in the form of carried interest in an aggregate amount equal to 20% of distributions made by the Stable Seed Funds I of proceeds attributable to the Profits Interests and/or Exit Interests, subject to a loss carryforward provision.

The Sunrise Fund, which is a fund customized for a single Investor, pays SAMI Ltd. a management fee and an incentive allocation on such terms, as negotiated and agreed to between SAMI Ltd. and such Investor and set forth in the Offering Documents of the Sunrise Fund.

The management fees described above are generally deducted from each Fund account by the relevant Fund's administrator upon SAMI Ltd.'s proper instructions.

In the event that any person affiliated with Stable receives any directors fees, consulting fees, advisory fees, management fees, transaction fees, closing fees, monitoring fees or break-up fees from a counterparty in connection with a Fund's investment activities, net of any related expenses (collectively, "**Transaction Fees**"), then an amount equal to one hundred percent (100%) of those Transaction Fees will offset and reduce the amount of the management fees otherwise payable to Stable by the Fund with respect to the period immediately following the receipt of such fees.

### ***Other Expenses***

The expenses borne by the Advisory Clients are individually negotiated and set forth in SAM Ltd.'s investment advisory agreements with those Advisory Clients.

In addition to paying management fees and performance-based compensation, each Fund will pay (or reimburse Stable) for other expenses in accordance with its Offering Documents, which expenses may include the following:

- (i) the legal fees and other expenses incurred in connection with the Investment Adviser's initial registration as an investment adviser with the SEC any and all costs and expenses (including legal fees and expenses) incurred to comply with any law or regulation related to the activities, business, operations and/or holdings of the Fund (including, without limitation, expenses relating to the preparation and filing of Form PF with respect to the Fund's assets, reports to be filed with the Commodity Futures Trading Commission, other regulatory filings of Stable and anti-money laundering compliance expenses);
- (ii) expenses incurred in connection with the organization of the Fund and any alternative investment vehicles established by Stable, including, without limitation, legal, accounting, administrative and other expenses relating to the offer and sale of the Fund's interests or shares (including Form D and "blue sky" filing costs and fee and expenses related to negotiating agreements with prospective and existing Investors (including side letters));
- (iii) Costs and expenses incurred in connection with the evaluation, negotiation, acquisition, monitoring or disposition of investments, whether or not consummated, including, without limitation, loan fees, private placement fees, sales commissions, appraisal fees, taxes, brokerage fees, research fees, interest and commitment fees, transfer taxes and premiums, underwriting commissions and discounts, and legal, accounting, consulting, information services and professional fees, reimbursements to Portfolio Managers and/or their principals for certain expenses deemed advisable by Stable and research related-travel, communications and all other expenses related to the discovery, investigation, development, monitoring, making and disposition of investments and any Profits Interests and/or Exit Interests related thereto;
- (iv) Costs and expenses incurred in connection with the carrying or management of investments, including computer and reporting systems (including risk or other software systems or data subscriptions for monitoring purposes), interest and related expenses and custodial, trustee, record keeping and other administrative fees and expenses;
- (v) Costs and expenses incurred in connection with the incurrence of indebtedness, including, without limitation, borrowings, credit facilities, margin financing and the costs of establishing such indebtedness, the costs of monitoring compliance therewith, and the costs of any commitment, trustee and legal fees and expenses, and any principal, interest, fees, expenses and other amounts due and owing in connection with such indebtedness;

- (vi) Costs and expenses incurred in connection with the preparation and delivery of the Fund's financial statements, reports, tax returns or similar schedules;
- (vii) Costs and expenses incurred in connection with any meetings with Investors;
- (viii) Fees and disbursements of attorneys, accountants and other professional advisors relating to Fund matters;
- (ix) Taxes and other governmental charges that may be incurred or payable by the Fund;
- (x) Insurance premiums or expenses in connection with the activities of the Fund, including errors, omissions, fidelity, directors' and officers' liability and similar coverage for any person acting on behalf of the Fund and/or Stable;
- (xi) Costs and expenses (including legal fees and expenses) incurred in connection with the Offering Documents or similar written agreements or arrangements and any other related documentation; costs and expenses incurred in connection with any litigation or governmental inquiry, investigation or proceeding involving the Fund, including the amount of any judgments, settlements or fines paid in connection therewith; and any legal, accounting and auditing expenses incurred in preparing, printing and delivering all reports;
- (xii) Costs and expenses incurred in connection with any restructuring or amendments to the constituent documents of the Fund and related entities;
- (xiii) Costs and expenses incurred in connection with the winding-up, dissolution, liquidation or termination of the Fund;
- (xiv) Costs and expenses incurred in connection with computing the value of the Fund's assets;
- (xv) Costs and expenses incurred in connection with any meeting of Investors relating to the Fund;
- (xvi) Expenses related to the Fund's indemnification obligations and other extraordinary expenses, such as all expenses relating to any litigation and other actions, suits or proceedings involving the Fund;
- (xvii) Fund administrator and other service provider fees and expenses;
- (xviii) Fees paid to the independent members of the Fund's board of directors;
- (xix) Expenses incurred in connection with the activities of any Investor advisory committee established by Stable;
- (xx) Redemption expenses;
- (xxi) All transaction and investment-related costs and fees, including, without limitation, custodial and banking fees, registrar and transfer agent fees, and bank service fees;
- (xxii) Expenses of any alternative investment vehicles through which the Fund invests; and
- (xxiii) Other reasonable expenses related to the purchase, sale or transmittal of the Fund's assets.

Further, in the case of an unsuccessful Fund investment (*i.e.*, a "broken deal"), all expenses, including diligence, legal and related transactional expenses will be allocated among the participating Fund(s) and any co-investors that are legally bound to fund a co-investment pro rata based on the amount of committed and/or allocated investment at the time the deal is broken. If no co-investors were legally bound at the time the deal is broken, then the full amount of any "broken deal" expenses will be borne by the participating Funds managed by Stable. It should also be noted that any Advisory Clients that co-invest alongside the Funds in an investment, while



incurring their own costs, may also directly or indirectly benefit from the due diligence and negotiation of the terms of a strategic relationship with a particular Portfolio Manager, the costs of which are borne by the Funds.

A complete list of expenses borne by each Fund is included in the Fund's Offering Documents.

In addition to the expenses described above, each Investor in the Stable Seed Funds will indirectly bear its pro rata share of: (i) the management fees and incentive fees and allocations of the Portfolio Managers (or their affiliates) charged on Seed Investments; and (ii) the direct expenses of those Seed Investments.

The allocation of expenses by Stable between it and any Client and among Clients represents a conflict of interest for Stable. Stable allocates expenses to each Client in accordance with the Client's arrangements with Stable (including applicable Client disclosures). Stable generally allocates common Client expenses among multiple Clients pro rata in proportion to the relative amounts invested or in such other manner as Stable determines to be fair and equitable.

#### **Item 6: Performance-Based Fees and Side-By-Side Management**

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Stable is entitled to be paid performance-based compensation the Funds as described in Item 5 above. Since Stable and its investment personnel manage multiple Client accounts, including accounts with different fee arrangements, a potential conflict of interest exists for one Client account to be favored over another Client account. In that regard, Stable and its investment personnel have a greater incentive to favor Client accounts that pay Stable (and indirectly its investment personnel) higher performance-based compensation and management fees, or in which Stable's personnel have more significant investments in their respective personal capacities. Accordingly, Stable has adopted and implemented policies and procedures intended to address conflicts of interest relating to the management of multiple Client accounts.

In addition, Portfolio Managers of the Underlying Funds and Managed Accounts through which Stable's Clients invest may receive compensation based on the performance of their investments. Such compensation arrangements may create an incentive to make investments that are riskier or more speculative than would be the case if such arrangements were not in effect. In addition, because performance-based compensation is calculated on a basis that includes unrealized appreciation of the Underlying Fund's or the Managed Account's assets, as applicable, such performance-based compensation may be greater than if such compensation were based solely on realized gains. In addition, a particular Portfolio Manager may receive performance-based compensation in respect of its portfolio for a period during which the particular Underlying Fund's or Managed Account's overall portfolio depreciated. It is also possible that Portfolio Managers may make decisions in the exercise of their discretion over the operations, budgets, expenses, compensation and revenues of their firms that may adversely affect the performance of the Portfolio Managers, or cash flows available for distribution by Portfolio Managers to the Funds.

Additional details in respect of the matters outlined above are set forth in each Fund's Offering Documents.

In the event that Stable recommends that a Client, or prospective Client, invest with a Portfolio Manager in which Stable and/or one or more Funds is entitled to a Profit Interest and/or Exit Interest in the Portfolio Manager, Stable will disclose as much to the relevant Client or prospective Client prior to the transaction.

Stable has also developed additional policies and procedures to address the potential conflicts of interest of this practice, including:

- Conducting a full review of the suitability of any investment in the relevant Underlying Fund or Managed Account; and
- Maintaining documentation of the due diligence conducted on the relevant Underlying Fund or Managed Account.

In addition, please note the system and controls outlined in the subsection titled “*Conflicts of Interests*” in Section 8 below.

Stable regularly assesses the allocation of its resources, including investment personnel, among its Clients to ensure adherence to its fiduciary duties.

Stable recognizes that it must treat all Clients fairly and must refrain from favoring one Client’s interests over another’s.

### **Item 7: Types of Clients**

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As previously described in Item 4 above, Stable’s Clients currently consist of the Funds and the Advisory Clients.

The Advisory Clients consist of sovereign wealth funds, family offices and other financial institutions.

With respect to the Funds, any initial and additional subscription minimums are disclosed in the relevant Offering Documents for each Fund. Minimum investment amounts have been, and may in the future be, reduced in the sole discretion of Stable (or by such Fund, as applicable).

Although Stable does not maintain a specific minimum dollar value of assets or other conditions for opening a separately managed account, any such additional account relationship would generally involve a significant minimum account size.

### **Item 8: Methods of Analysis, Investment Strategies and Risk of Loss**

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The descriptions set forth in this Brochure should not be understood to limit in any way Stable’s investment activities. Stable may offer any advisory services, engage in any investment strategy and make any investment, including any not described in this Brochure, that it considers appropriate, subject to each Client’s investment objectives and guidelines as set forth in the relevant Offering Documents for the relevant Fund or investment advisory agreement with the applicable Advisory Client.

#### ***Stable Seed Funds***

The investment objective of the Stable Seed Funds is capital appreciation. As described in Item 4 above, in seeking to achieve such investment objective, Stable pursues a “fund-of-funds” investment strategy on behalf of the Stable Seed Funds pursuant to which the Stable Seed Funds will hold a portfolio of other investment funds. In particular, utilizing its extensive due diligence process, Stable will invest the Stable Seed Funds’ capital in Seed Investments managed by the Portfolio Managers. The Stable Seed Funds will primarily invest with “start-up” Portfolio Managers pursuing a variety of investment strategies that have either not commenced operations or that otherwise have not yet raised large pools of capital. Stable will seek to enhance returns to Investors in the Stable Seed Funds by various methods, including, without limitation, by attempting to negotiate fee reductions, capacity rights and other favorable terms from the Portfolio Managers in connection with the Seed Investments. Stable may also seek to cause the Stable Seed Funds to acquire revenue participations or other economic interests in Portfolio Managers in Profits

Interests and Exit Interests in connection with their respective Seed Investments. Stable generally strives to “institutionalize” new Portfolio Managers in order to mitigate emerging Portfolio Manager business risk through its support and knowledge share of market best practices.

### ***Sunrise Fund***

The investment objective of the Sunrise Fund is capital appreciation. In order to achieve this objective, the Sunrise Fund invests its capital in Underlying Funds managed, sponsored and/or advised by Portfolio Managers that pursue a variety of investment strategies, and primarily focuses on making investments with emerging Portfolio Managers who have either not commenced operations or who otherwise have not yet raised large pools of capital. The Sunrise Fund seeks to enhance returns to its sole shareholder by various methods, including, without limitation, by attempting to negotiate fee reductions, capacity rights and other favorable terms from Portfolio Managers in respect of their Underlying Funds.

### ***Advisory Clients***

As described in Item 4 above, SAM Ltd. provides non-discretionary investment recommendations to its Advisory Clients that pursue “fund-of-funds” investment strategies. Such investment recommendations are based on the specific investment objectives and strategies of those Advisory Clients as communicated by those Advisory Clients to SAM Ltd. and/or set forth in their respective investment advisory agreements with SAM Ltd.

### ***Risk of Loss***

The investment strategies Stable pursues are speculative and entail substantial risks. Investors and Clients should be prepared to bear a substantial loss of capital. There can be no assurance that any of the Clients will achieve their respective investment objectives. The Funds are not intended as a complete investment program.

Investments in the Funds are suitable only for persons (*i.e.* investors) who can bear the economic risk of the loss of their investment, who have limited need for liquidity in their investment and who have met the conditions set forth in the Offering Documents. Past performance is not a reliable indicator of future results.

The risk factors outlined in the following “Summary of Risks” subsection do not purport to be a complete list, or explanation, of the risks involved in an investment in a Fund or provide a full description of the identified risks. Each prospective Investor is advised to review the risk factors set forth in the relevant Fund’s Offering Documents for a further discussion of the applicable risks before deciding to invest in the Fund. For the avoidance of doubt, the risks set forth below equally apply, as applicable, to the Sunrise Fund and the Advisory Clients.

### ***Material Risks***

- ***Market Risks:*** The profitability of the investment depends to a great extent upon correctly assessing the future course of the price movements of securities and other investments. There can be no assurance that the Portfolio Managers of the Funds will be able to predict accurately these price movements for their respective investments. As such, there is always some, and occasionally a significant, degree of market risk.

- *Nature of Investments:* The Portfolio Managers have broad discretion in making investments for their respective Underlying Funds. The Portfolio Managers will generally invest in various instruments and other assets that may be affected by business, financial market, or legal uncertainties. There can be no assurance that the Portfolio Managers will correctly evaluate the nature and magnitude of the various factors that could affect the value of, and return on, seed investments. Prices of underlying financial instruments acquired by the Underlying Funds may be volatile, and a variety of factors that are inherently difficult to predict, such as domestic or international economic and political developments, may significantly affect the results of the Underlying Funds' activities and therefore the value of the Funds' Seed Investments. In addition, the value of the Underlying Funds' portfolios may fluctuate as the general level of interest rates fluctuate.
- *Portfolio Manager Investments:* While any venture capital type investment in Seed Investments offer the opportunity for significant capital gains, such investments involve a high degree of business and financial risks that can result in substantial losses. These include the risks associated with investments in businesses in an early stage of development or with little or no history of operating results.
- *Activities of Portfolio Managers:* Stable will have no control over the operations of any of the Portfolio Managers. As a result, there can be no assurance that every Portfolio Manager engaged by the Funds will invest on the basis expected by Stable. In particular, there is the risk that a Portfolio Manager may deviate from its stated or expected investment strategy over time ("style drift").
- *Drawbacks of Emerging Portfolio Managers:* Emerging Portfolio Managers have traditionally been difficult to invest in, as top-quality emerging Portfolio Managers are hard to find and diligence. There are many smaller Portfolio Managers in the asset manager universe, making the identification and selection of talented early stage Portfolio Managers that are appropriate for the Funds' criteria difficult. This is further compounded by smaller Portfolio Managers having less marketing budget and resources, which makes the right smaller fund difficult to find. Investment risks can be higher when investing in emerging Portfolio Managers as their strategies often have shorter track records and are less adept at providing institutional quality narrative and interaction during the sales process, which means they are less understood by investors. Smaller Portfolio Managers also have less resources and experience to be able to build institutional quality businesses required to meet the demands of the current regulatory environment.
- *Multiple Portfolio Managers:* No assurance can be given that the collective investment performance of the Portfolio Managers will result in profitable returns for the Funds as a whole. The good performance achieved by one or more Portfolio Managers may be neutralized by poor investment performance experienced by other Portfolio Managers.
- *Diversification:* Stable has portfolio diversification guidelines in place for the Funds' respective portfolios. If the Funds' assets are concentrated in a particular investment, asset category, trading style or financial or economic market, the Funds' portfolios will then become more susceptible to fluctuations in value resulting from adverse economic conditions affecting the performance of that particular investment, asset category, trading style or financial or economic market.

- *Proprietary Investment Strategies:* The Portfolio Managers may use proprietary investment strategies that are based on considerations and factors that are not fully disclosed to Stable. These strategies may involve risks under some market conditions that are not anticipated by Stable.
- *Lack of Liquidity of Seed Investments:* The Funds' interests in Seed Investments generally will be illiquid and the Investors ability to withdraw from the Funds may be adversely affected to varying degrees by the liquidity terms of the Seed Investments depending on, among other things, the length of any restricted periods imposed by the Seed Investments, the amount and timing of a requested withdrawal by an Investor in relation to the time remaining of any restricted periods imposed by Seed Investments, the aggregate amount of withdrawal requests, the next regularly scheduled withdrawal dates of such Seed Investments, the imposition of "gates" or suspensions, the decision by Portfolio Managers to satisfy Seed Investment withdrawals in-kind, the implementation of side pockets and/or other methods by Portfolio Managers to separate liquid and illiquid assets, and the satisfaction of other conditions. Further, the Seed Investments may invest in non-publicly traded securities and private debt instruments for which the number of potential purchasers and sellers, if any, is very limited.
- *Reliance on Key Personnel:* Stable will rely on the experience, relationships and expertise of its investment committee and other key personnel of Stable. Mr. Serrano Berntsen is the key person and a senior member of Stable's investment committee. The loss of Mr. Serrano Berntsen, or of another significant member of the investment committee, could cause Stable to delay investments and could have a material adverse effect on the Funds. In addition, if members of the investment committee cannot agree on decisions affecting the Funds, the investment results may be adversely affected.

Further, some of the Portfolio Managers to whom Stable may allocate capital may consist of only one principal. If that individual were to die or become incapacitated, the Funds might sustain losses in the Seed Investment managed by such Portfolio Manager.

- *Limited Transfer and Redemption Rights; In-Kind Distributions:* An investment in the Funds provides limited liquidity. Because of the limitations on withdrawal rights, and the fact that interests in the Funds are not freely transferable, and furthermore, due to the fact that the Funds may invest in Seed Investments that do not permit frequent withdrawals and that Seed Investments will be subject to lock-up periods, an investment in a Fund is a relatively illiquid investment and involves a high degree of risk. If a Fund requests a withdrawal from a Seed Investment and that Seed Investment does not have a sufficient amount of cash or liquid securities, the Portfolio Manager might elect to meet such withdrawal through distributions of illiquid securities or instruments of the Seed Investment directly to the Fund or to a liquidating trust or liquidating account. Transfers of interests in each Fund will generally only be permitted with the prior written consent of Stable. Accordingly, interests in the Funds should only be acquired by persons who can afford a substantial loss of their investment and who are willing and able to commit their funds for an appreciable period of time.
- *Business and Regulatory Risks of Private Funds:* Legal, tax and regulatory changes could occur during the term of the Funds that may adversely affect the Funds and/or the Portfolio Managers, including, for example, increased compliance and legal costs, the prohibition of certain types of trading and/or the inhibition of the ability of the Portfolio Managers to pursue their investment strategies.

- *“Fund-of-Funds” Structure:* Under certain circumstances, the Funds’ “fund-of-funds” structure may be disadvantageous to Investors as compared with maintaining investments directly. The Funds’ respective operating expenses will be in addition to their share of the investment and other expenses of the Seed Investments. Further, strategies utilized by certain Portfolio Managers retained by the Funds may require frequent trading and, as a result, portfolio turnover and brokerage commission expenses may significantly exceed those of other investment entities of comparable size. Moreover, such trading will be out of the direct control of Stable. Accordingly, the expenses of the Funds may be a higher percentage of net assets than in other investment entities.
- *Cyber Security Breaches and Identity Theft:* Stable’s information and technology systems may be vulnerable to damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches, usage errors by its professionals, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquakes. Although Stable has implemented various measures to manage risks relating to these types of events, if these systems are compromised, become inoperable for extended periods of time or cease to function properly, Stable and/or the Funds may have to make a significant investment to fix or replace them. The failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in Stable’s and/or the Funds’ operations and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information relating to Investors (and the beneficial owners of Investors). Such a failure could harm Stable’s and/or the Funds’ reputations, subject any such entity and their respective affiliates to legal claims and otherwise affect their business and financial performance.
- *United Kingdom (“UK”) Exit from the European Union (“EU”):* The UK voted to withdraw from the EU on June 23, 2016 and it is currently not fully known precisely how the UK’s withdrawal from the EU will be implemented and what the economic, tax, fiscal, legal, regulatory and other implications will be for the private investment funds industry and the broader European and global financial markets generally and for Stable or underlying UK based Portfolio Managers specifically. Under the process for withdrawing from the EU contemplated in the Treaty on European Union, the UK will remain a Member State until a withdrawal agreement is entered into or, if later (and no extension is agreed), two years following notification of the UK’s intention to withdraw from the EU. As at the date of this Memorandum, the UK has not formally notified the European Council of its intention to leave and it may take longer than two years before the terms of a withdrawal agreement are negotiated and known. As a consequence, it is likely that the UK will remain a Member State subject to EU law for at least two more years and will be able to benefit from the passporting rights under the single market directives during such time. However, the consequences of the UK vote for withdrawal may lead to instability, significant currency fluctuations and/or other adverse effects on international markets, international trade agreements and/or other existing cross-border cooperation arrangements (whether economic, tax, fiscal, legal, regulatory or otherwise). In addition, the outcome of the UK referendum could have a destabilizing effect in which other Member States may consider withdrawing from the EU. The decision for any other Member State to withdraw from the EU could exacerbate such uncertainty and instability and may present similar and/or additional potential risks and consequences for the Funds.
- *Effects of Health Crises and Other Catastrophic Events.* Health crises, such as pandemic and epidemic diseases, as well as other catastrophes that interrupt the expected course of events, such as natural disasters, war or civil disturbance, acts of terrorism, power outages and other unforeseeable and external events, and the public response to or fear of such diseases or events, have and may in the future have an adverse effect on the Funds’ investments and Stable’s operations. In that regard, any preventative or protective actions

that governments may take in respect of such diseases or events may result in periods of business disruption, inability to obtain raw materials, supplies and component parts, and reduced or disrupted operations for portfolio companies of the Seed Investments. In addition, under such circumstances the operations, including functions such as trading and valuation, of the Portfolio Managers and other service providers of the Funds, the Portfolio Managers and/or the Seed Investments could be reduced, delayed, suspended or otherwise disrupted. Further, the occurrence and pendency of such diseases or events could adversely affect the economies and financial markets either in specific countries or worldwide.

### ***Risks Associated with the Investment Portfolio***

- *Commodity and Futures Contracts:* Trading in commodity and futures contracts and options thereon are highly specialized activities. While such trading activities may increase the total return of a Portfolio Manager's investments, such activities entail greater than ordinary investment risks. Commodity futures markets are highly volatile and are influenced by factors such as changing supply and demand relationships, governmental programs and policies, national and international political and economic events, and changes in interest rates. In addition, because of the low margin deposits normally required in commodity futures trading, a high degree of leverage may be typical of a commodity futures trading account. As a result, a relatively small price movement in a commodity futures contract may result in substantial losses to the trader. Commodity futures trading may also be illiquid. Certain commodity exchanges do not permit trading in particular futures contracts at prices that represent a fluctuation in price during a single day's trading beyond certain set limits. If prices fluctuate during a single day's trading beyond those limits, Stable could be prevented from promptly liquidating unfavorable positions and thus be subject to substantial losses. Commodity options, like commodity futures contracts, are speculative, and their use involves risk. Specific market movements of the cash commodity or futures contract underlying an option cannot be predicted, and no assurance can be given that a liquid offset market will exist for any particular futures option at any particular time.
- *Counterparty Risk:* Some of the markets in which the Portfolio Managers may affect transactions are "over-the-counter" or "interdealer" markets. The participants in such markets are typically not subject to credit evaluation and regulatory oversight as are members of "exchange-based" markets. This exposes the Portfolio Managers to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a dispute over the terms of the contract (whether or not bona fide) or because of a credit or liquidity problem, thus causing the Portfolio Managers to suffer a loss. Such "counterparty risk" 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 Portfolio Managers are not restricted from dealing with any particular counterparty or from concentrating any or all of their transactions with one counterparty. The ability of the Portfolio Managers 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 Seed Investment losses.
- *Currency Risks:* The Portfolio Managers' investments that are denominated in non-U.S. currencies are subject to the risk that the value of a particular currency will change in relation to one or more other currencies.

- *Derivative Financial Instruments and Techniques:* The Portfolio Managers may invest the assets of the Seed Investments in derivative financial instruments. The risks posed by such instruments and techniques, which can be extremely complex and may involve leveraging of the Seed Investments' assets, include: (i) credit risks (the exposure to the possibility of loss resulting from a counterparty's failure to meet its financial obligations); (ii) market risk (adverse movements in the price of a financial asset); (iii) legal risks (the characterization of a transaction or a party's legal capacity to enter into it could render the financial contract unenforceable, and the insolvency or bankruptcy of a counterparty could preempt otherwise enforceable contract rights); (iv) operations risk (inadequate controls, deficient procedures, human error, system failure or fraud); (v) documentation risk (exposure to losses resulting from inadequate documentation); (vi) liquidity risk (exposure to losses created by inability to prematurely terminate the derivative); (vii) system risk (the risk that financial difficulties in one institution or a major market disruption will cause uncontrollable financial harm to the financial system); (viii) concentration risk (exposure to losses from the concentration of closely related risks such as exposure to a particular industry or exposure linked to a particular entity); and (ix) settlement risk (the risk faced when one party to a transaction has performed its obligations under a contract but has not yet received value from its counterparty).

Use of derivatives and other techniques, such as short sales, involves certain additional risks, including: (i) dependence on the ability to predict movements in the price of the securities hedged; (ii) imperfect correlation between movements in the securities on which the derivative is based and movements in the assets of the Seed Investment; and (iii) possible impediments to effective portfolio management or the ability to meet short-term obligations because of the percentage of a Seed Investment's assets segregated to cover its obligations. In addition, by hedging a particular position, any potential gain from an increase in value of such position may be limited.

- *Interest Rate Risk:* Generally, the value of fixed income securities will change inversely with changes in interest rates. As interest rates rise, the market value of fixed income securities tends to decrease. Conversely, as interest rates fall, the market value of fixed income securities tends to increase. This risk will be greater for long-term securities than for short-term securities. The Portfolio Managers may attempt to minimize the exposure of the Seed Investments to interest rate changes through the use of interest rate swaps, interest rate futures and/or interest rate options. However, there can be no guarantee that the Portfolio Managers will be successful in fully mitigating the impact of interest rate changes on their Seed Investments' portfolios. Frequently, the Portfolio Managers will not be attempting to mitigate this risk but may instead be attempting to exploit the direction of interest rate movements.

### ***Conflicts of Interest***

The Funds and Stable may be subject to a number of actual and potential conflicts of interest. Stable may engage in business activities unrelated to the Funds that may create potential conflicts of interest.

Stable may also provide discretionary investment management and/or advisory services to additional clients in the future, including other private investment funds, separately managed accounts and special purpose vehicles, some of which may have investment objectives similar to those of the Funds and/or engage in transactions in the same type of securities and instruments as the Funds.

These relationships and the activities of such private investment funds may raise actual and potential conflicts of interest, including the determination of whether and to what extent investments should be allocated to the Funds and/or such other investment funds.



Stable has implemented appropriate policies and procedures designed to ensure that its Clients and Investors are treated fairly. Stable takes all appropriate steps to identify and to prevent, or manage, actual or potential conflicts of interest.

Stable's systems and controls in this respect include, amongst others, policies and procedures regarding:

- Investment Allocation;
- Conflicts of Interests;
- Corporate Governance Arrangements;
- Employees' Personal Account Dealing;
- Outside Business Interests;
- Pay to Play;
- Allocation of Expenses; and
- Internal Compliance Monitoring.

Stable will seek to eliminate or to make full and fair disclosure of material conflicts of interest that it identifies. Conflicts are monitored on an ongoing basis by the CCO.

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#### **Item 9: Disciplinary Information**

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This Item is not applicable.

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#### **Item 10: Other Financial Industry Activities and Affiliations**

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This Item is not applicable.

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

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Stable has adopted a “**Code of Ethics**” that establishes the standard of conduct that Stable expects of its employees, including senior managers and directors. Further, Stable has implemented a Personal Account Dealing Policy, which includes procedures regarding Stable's employees' personal trading of securities.

Stable's employees are required to certify their adherence to the terms set forth in the Code of Ethics and the Personal Account Dealing Policy upon commencement of employment and annually thereafter. Employees also are required to provide quarterly certifications of compliance with certain Code of Ethics and Compliance Manual provisions.

The foundation of Stable's Code of Ethics is based upon the following underlying fiduciary principles:

- Employees must at all times place the interests of the Funds and Investors first;
- Employees must ensure that all personal securities transactions are conducted consistent with Stable's Personal Account Dealing Policy; and
- Employees should not take inappropriate advantage of their position at the Firm.

Given the nature of the transactions and markets Stable operates in, Stable has established a Personal Account Dealing Policy for the pre-clearance of all securities transactions other than mutual funds (closed and open-ended), exchange-traded funds (“ETFs”), UCITS funds, and their

related derivatives from Covered Accounts (as such term is defined in Stable's Personal Account Dealing Policy).

Employees must obtain pre-approval from the CCO before: (i) engaging in any outside business activities; or (ii) making any private investments.

Stable will provide a copy of the Code of Ethics and other relevant compliance policies to its Clients and Investors, or any prospective Client or Investor, upon request.

Stable is subject to significant conflicts of interest resulting from its simultaneous negotiation of the terms of the Seed Investments, the Profit Interests and the Exit Interests. In particular, Stable will negotiate with each Portfolio Manager with which the Funds invest the general terms of the Seed Investment (such as the size of the investment, the length of the applicable lock-up period, and the amount of management and incentive fees payable). At the same time, Stable will also negotiate with the Portfolio Manager the terms related to any Profit Interest and/or Exit Interest (such as the duration and amount of any profit-sharing, etc.). Since Stable is entitled to receive performance-based compensation solely on the Profit Interests and Exit Interests, Stable may have an incentive to accept less advantageous terms on the Funds' respective capital investments with a Portfolio Manager in order to obtain better terms with respect to the Profit Interest and/or Exit Interest. The Investors have no right to reject proposed Seed Investment and no independent committee or other third party will be engaged to review and approve the terms of each proposed transaction and the fairness thereof. Therefore, Investors must rely exclusively on Stable's judgments regarding the terms of Seed Investments.

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#### **Item 12: Brokerage Practices**

This Item is not applicable as the Funds' assets are invested in Underlying Funds and/or Managed Accounts and Stable provides investment advisory services to the Advisory Clients on a non-discretionary basis.

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#### **Item 13: Review of Accounts**

Stable continuously monitors and analyses the transactions, positions and investment levels of the Funds to ensure that they conform with the investment objectives and guidelines that are stated in the Offering Documents.

#### ***The Funds will:***

- Furnish to its Investors annual reports containing financial statements audited by the Funds' independent auditor in compliance with regulatory timelines applicable to the Funds and Stable for delivery of such financial statements, but in any event, within one-hundred and eighty (180) days following the end of each fiscal year; and
- Furnish each Investor with unaudited quarterly capital statements within forty-five (45) days following the end of each fiscal quarter.

Stable will use its reasonable best efforts to fulfil other reasonable reporting requests from Investors. In some instances, the Funds may offer certain Investors additional information and reports that other Investors may not receive. In addition, Investors will generally be provided, upon request, with an opportunity to inspect a copy of the Funds' books of account at Stable's principal office during ordinary business hours.

## **Item 14: Client Referrals and Other Compensation**

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This Item is not applicable.

## **Item 15: Custody**

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Stable is deemed to have custody of the Funds' assets and intends to comply with Rule 206(4)-2 under the Investment Advisers Act of 1940, as amended (the "**Advisers Act**"), by meeting the conditions of the pooled vehicle annual audit provision.

## **Item 16: Investment Discretion**

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Stable receives discretionary investment authority from the Funds through an investment management agreement, or similar agreement. As such, Stable has discretionary investment authority over the Funds' assets. In exercising such discretion, Stable will at all times observe the investment policies, limitations and restrictions set forth in each Fund's Offering Documents.

As previously described in Item 4 above, SAM Ltd. provides non-discretionary investment recommendations to the Advisory Clients pursuant to the terms of its investment advisory agreements with those Advisory Clients.

## **Item 17: Voting Client Securities**

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In accordance with Rule 206(4)-6 of the Advisers Act, it is the policy of Stable to vote all proxies in the best interests of its Clients.

Stable will generally vote proxy proposals, amendments, consents or resolutions relating to Client securities, including interests in private investment funds, if any, on a case-by-case basis and in accordance with the following guidelines:

1. Support a current management initiative if management is favorable;
2. Vote to change the management structure of an issuer if it would increase shareholder value;
3. Vote against management if there is a clear conflict between management and shareholder interest;
4. In some cases, though Stable supports an issuer's management, there may be corporate governance issues that Stable believes should be subject to shareholder approval; and/or
5. Stable may abstain from voting proxies when it is determined that the cost of voting the proxy exceeds the expected benefit to its Clients.

Stable maintains an appropriate Proxy Voting Policy. Clients may obtain a copy of Stable's Proxy Voting Policy and information about how Stable voted a Client's proxies by contacting the CCO by email at [enw@stableam.com](mailto:enw@stableam.com), or by telephone at +1 212 808 2062.

## **Item 18: Financial Information**

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This Item is not applicable.