



## **Stonecutter Capital Advisors LLC**

### **Part 2A of Form ADV: Firm Brochure**

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This brochure provides information about the qualifications and business practices of Stonecutter Capital Advisors LLC (“SCA” or the “Adviser”), a Delaware limited liability company. If you have any questions about the contents of this brochure, please contact us at (404) 348-4048. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority. Registration as an investment adviser does not imply a certain level of skill or training.

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

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July 26, 2021

## **Item 2**

### **Material Changes**

The following material changes have been made to the Brochure since SCA's last ADV filing on March 23, 2021.

**Item 4 – Advisory Business** has been updated to reflect that, effective July 1, 2021, Adam Yarnold no longer holds a 10% ownership interest in SCA and that the remaining Principals, Scott Zucker and Robert Kunzweiler, now each own 50%.

### Item 3

#### Table of Contents

Item 1: Cover Page .....	1
Item 2: Material Changes .....	2
Item 3: Table of Contents .....	3
Item 4: Advisory Business .....	4
Item 5: Fees and Compensation .....	6
Item 6: Performance-Based Fees and Side-By-Side Management .....	8
Item 7: Types of Clients .....	9
Item 8: Methods of Analysis, Investment Strategies and Risk of Loss .....	10
Item 9: Disciplinary Information .....	16
Item 10: Other Financial Industry Activities and Affiliations .....	17
Item 11: Code of Ethics, Participation in Client Transactions and Personal Trading .....	18
Item 12: Brokerage Practices .....	19
Item 13: Review of Accounts .....	20
Item 14: Client Referrals and Other Compensation .....	21
Item 15: Custody .....	22
Item 16: Investment Discretion .....	23
Item 17: Voting Client Securities.....	24
Item 18: Financial Information .....	25

## **Item 4**

### **Advisory Business**

Stonecutter Capital Advisors LLC, a Delaware limited company, was formed in September 2020. Its principal place of business is in New York, New York, and it has another office in Atlanta, Georgia. Robert Kunzweiler and Scott Barry Zucker (the “Stonecutter Principals”) are the Adviser’s managing members. Messrs. Kunzweiler and Zucker each own 50% of the interests in the Adviser. The Stonecutter Principals control all of the Adviser’s operations and activities and are also the primary portfolio managers for the Adviser.

#### ***Advisory Services***

The Adviser was established to provide advisory services to privately offered pooled investment vehicles (“Funds”). The Adviser primarily focuses on providing advice regarding the acquisition, financing, repositioning, management strategy, restructuring and disposition of multifamily and commercial real estate properties, investment in notes secured by such properties, and investment in other real estate-related securities.

SCA currently provides investment advisory services to the following Funds:

- The Stonecutter Opportunity Fund: This Fund focuses on all property types, except multifamily, and all geographic sectors of the U.S. Investments may include any real estate or real estate-related financial instruments.
- The Stonecutter Multifamily Fund: The Multifamily Fund focuses on U.S. markets demonstrating positive demographic and economic development trends. Investments may include multifamily properties with stable cash flow, with the potential to add value, that are acquired opportunistically, and/or that are to be built, ground-up developments.

SCA advises Funds that rely on an exemption or exception from registration under the Investment Company Act of 1940, as amended (the “Investment Company Act”), and the Funds’ interests are offered pursuant to an exemption from registration under Regulation D of the Securities Act of 1933, as amended (the “Securities Act”). Accordingly, interests in such Funds managed by the Adviser are offered and sold exclusively to investors satisfying the applicable eligibility requirements for such Funds.

SCA manages each Fund in accordance with each Fund’s governing agreement, investment management agreement, offering memorandum, or other documentation governing the relationship between the Adviser and the Fund (collectively, “Governing Documents”). Any Fund’s restrictions on investments are set forth in each respective Fund’s Governing Documents. With respect to the Funds, the Adviser does not tailor its investment advice to the individual investors in each Fund that it manages. As such, investors cannot impose restrictions on the types of investments made through the Funds. Subject to applicable law and each Fund’s Governing Documents, the general partner of a Fund may enter into side letter arrangements with certain investors that have the effect of altering or supplementing the terms of such investors’ investments in a Fund, including waivers or reductions of fees, access to portfolio information, rights to make withdrawals, and circumstances under which withdrawals are required.

SCA does not participate in any wrap fee programs.

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

As of February 28, 2021, SCA manages approximately \$186 million of client assets on a discretionary basis. SCA does not currently provide non-discretionary advice.

IMPORTANT ADDITIONAL CONSIDERATIONS: The information provided herein summarizes portions of the detailed information provided in each Fund's Governing Documents. Each Fund is close-ended, and once fully committed (i.e., once a Fund has attained capital commitments up to the capital commitment cap), the Fund generally does not admit new additional investors. Current and prospective investors in any Fund launched by the Adviser should be aware of the substantial risks associated with investment as well as the terms applicable to such investment. This and other detailed information are provided in each respective Fund's Governing Documents.

## Item 5

### Fees and Compensation

The Adviser provides investment advisory services to the Funds pursuant to each Fund's respective Governing Documents. The Governing Documents for each Fund set forth, in detail, the fee structure relevant to each Fund.

As outlined in greater detail in each Fund's Governing Documents, the Adviser receives the fees described generally below:

#### Management Fees.

The Adviser deducts fees from the relevant Fund's account held at a qualified custodian, based on a percentage of capital that the Fund's investors have committed or contributed to the Fund ("Management Fee"). The Management Fees for each Fund generally equal 1.5% per annum of capital commitments during the relevant Fund's investment period, and 1.5% per annum of contributed capital thereafter. For investors over \$1 million, Management Fees for each Fund generally equal 1.0% per annum of capital commitments during the relevant Fund's investment period, and 1.0% per annum of contributed capital thereafter. The Adviser will deduct a Fund's Management Fees directly from the Fund's account held at a qualified custodian in advance, on, or promptly after the first day of each fiscal quarter. Each Fund's Management Fees payable to the Adviser will be prorated for any period of less than a full fiscal quarter, provided that no Management Fees, once paid, will be refunded by the Adviser.

As discussed in greater detail below, and as described more fully in the relevant Fund's Governing Documents, the Adviser or an affiliate will also receive performance-based compensation ("Carried Interest") as a percentage (generally 20%) of the Funds' net realized profits in excess of specified investment returns.

The Adviser reserves the right to negotiate, waive, reduce, or calculate differently the Management Fee and Carried Interest for certain Fund investors, including members, employees and affiliates of the Adviser. Neither the Funds' general partner nor the Adviser, its affiliates, principals, employees or immediate family members will be charged the Management Fee or Carried Interest. Investors in a Fund should refer to the applicable Governing Documents for specific information regarding the fees associated with their investment.

#### Other Fees and Expenses.

In certain instances, SCA will select a property manager to perform the day-to-day management of real estate properties in which a Fund invests, including maintenance, repair, and operation of the portfolio properties. As compensation for its property management services, such property manager will be entitled to a fee equal to the prevailing market rate for comparable services. SCA also expects to select development partners that will be responsible for any construction coordination, development, or other special services with respect to a Fund's real estate investment. These property manager and development partner fees will be payable by the Funds that invest in the applicable properties receiving management/development services.

From time to time, SCA expects to select a property manager that is affiliated with the Adviser. SCA's affiliates may also be entitled to a portion of the fee paid to development partners, provided that such overall fees will be in line with market rates for comparable services. In such circumstances, SCA and the Stonecutter Principals will have a financial incentive to select an affiliated property manager or a development partner that causes SCA's affiliates to receive direct or indirect compensation, rather than an unaffiliated property manager or a development partner that does not entitle SCA's affiliates to a portion

of the development fees. To address these conflicts of interest, SCA has developed policies and procedures to ensure that appropriate property managers and development partners are selected for any portfolio properties, and that such selection process is consistent with SCA's fiduciary duty to its clients.

The Funds will generally bear all offering, organizational and start-up expenses ("Organizational Expenses"), which may be subject to certain limits as detailed in each Fund's Governing Documents. To the extent that Organizational Expenses exceed a Fund's limit, the general partner of the Fund will bear the expenses, or the expenses will be offset against the Fund's Management Fee. Organizational Expenses include, but are not limited to, legal, travel, accounting, filing and capital raising (excluding placement fees or commissions), and other expenses incurred in connection with the offering and formation of the Fund.

The Funds will also generally pay all costs and expenses relating to the operation and administration of the Funds, any subsidiaries of the Funds, and any other investment vehicles created for the purpose of investing directly or indirectly in the Fund ("Fund Expenses"). Such Fund Expenses include, without limitation: (i) legal, auditing, consulting and accounting expenses; (ii) third party administrative and Fund administration fees and expenses; (iii) costs associated with the preparation and delivery of reports, financial statements and any tax reporting (including tax returns and Schedule K-1s to Partners); (iv) valuation expenses; (v) expenses of meetings of the Partners; (vi) expenses of the Advisory Committee (defined below); (vii) all expenses associated with the acquisition, holding and disposition of actual and potential investments, whether or not such investments are ultimately consummated by the Fund (including engineering, appraisers, consultants, architects, due diligence, research and any travel associated therewith); (viii) real estate and financing broker commissions; (ix) custodial fees; (x) bank service fees; (xi) all extraordinary expenses (such as litigation); (xii) all indemnification and insurance expenses (including for directors, managers and officers' liability insurance); (xiii) interest on and fees and expenses arising out of all permitted borrowings of the Fund, including, without limitation, in connection with any subscription line indebtedness; (xiv) all expenses of liquidating the Fund; (xv) any taxes, fees or other governmental charges levied against the Fund; and (xvi) all expenses incurred in connection with any tax audit, investigation, settlement or review of the Fund. The Adviser reserves the right to reduce or waive some or all Fund Expenses for certain investors in the Funds, including for investors who are affiliated with the Adviser.

Fees for additional services vary from Fund to Fund. For a more complete discussion regarding fees and expenses applicable to a particular Fund, please refer to the appropriate Governing Documents.

Neither the Adviser nor its supervised persons will receive commissions or other selling compensation in connection with the sale of securities or other investment products.

## **Item 6**

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

In certain instances, and as set forth in each applicable Fund's Governing Documents, the Adviser will receive performance-based compensation, including Carried Interest, as a percentage of the Funds' net realized profits in excess of specified investment returns. The existence of this arrangement creates an incentive for the Adviser to make investments on behalf of the Funds that are riskier or more speculative than would be the case in the absence of the performance-based compensation. Also, the Adviser intends to simultaneously manage multiple Funds that pay different levels of performance-based compensation, which creates a conflict of interest as the Adviser has an incentive to favor Funds with the potential to receive greater fees. For instance, the Adviser will be faced with a conflict of interest when allocating scarce investment opportunities, given the possibly greater fees from Funds that pay higher performance-based compensation.

The Adviser has addressed these types of conflicts through policies and procedures under which allocation decisions may not be influenced by fee arrangements, and investment opportunities will be allocated in a manner that the Adviser believes is consistent with its fiduciary obligations as an investment adviser, as well as in accordance with the applicable provisions in the relevant Fund's Governing Documents. SCA's allocation policies and procedures are designed to identify, manage and, where possible, mitigate these and other conflicts of interest.



## **Item 7**

### **Types of Clients**

SCA provides investment advisory services on a discretionary basis to the Funds, and may, in the future, provide advisory services to separately managed accounts. SCA does not currently intend to offer separately managed accounts to “retail investors,” as defined by Rule 204-5(d)(2) under the Advisers Act of 1940, as amended (“Advisers Act”), as well as the General Instructions to Form CRS. Investors in the Funds generally consist of high net worth individuals, trusts, and estates, and may also consist of other sophisticated investors including institutional investors. The Funds are neither registered under the Investment Company Act, nor are their interests registered under the Securities Act. Instead, the Funds rely on an exemption from registration under the Investment Company Act, and their interests are offered in private placement transactions in the United States or in offshore transactions. Accordingly, interests in such Funds managed by the Adviser are offered and sold exclusively to investors satisfying the applicable eligibility requirements for such Funds in compliance with applicable federal securities laws and regulations. Note that the investors in the Funds are not clients of the Adviser by virtue of their investment in a Fund.

Each Fund’s Governing Documents impose a minimum contribution for investment. The Adviser or a Fund’s general partner may waive the minimum investment or contribution with respect to any Fund in its sole discretion.

## Item 8

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

#### Methods of Analysis and Investment Strategies.

SCA primarily focuses on providing advice regarding investments in multifamily and commercial real estate properties, notes secured by such properties, and investment in other real estate-related securities.

#### *Multifamily Real Estate Strategy*

The objective of the Adviser's multifamily strategy is to achieve both capital appreciation and cash flow for Fund portfolios by acquiring multifamily real estate properties (and potentially notes secured by such properties) in secondary markets in the United States that (i) offer strong ongoing cash flow, or a value add opportunity through improved management or property upgrades; (ii) are owned by poorly capitalized or otherwise distressed owners with insufficient resources or incentive to fund needed capital improvements and/or debt service; (iii) are owned by sellers that may not be able to refinance maturing mortgage loans; and (iv) are being sold by lenders who are disposing of properties acquired through foreclosure or controlled via forbearance agreements, or are otherwise selling debt instruments. The strategy seeks to create value by renewing tenants in order to bring in-place rental rates up to current market rates. The Adviser will also seek to partner with developers to develop new multifamily properties, most likely in North and South Carolina. This strategy seeks to create value through development efficiencies and optimizing capital and leverage structure.

#### *Opportunistic Real Estate Strategy*

The objective of the Adviser's opportunistic real estate strategy is to achieve capital appreciation for Fund portfolios by acquiring investments in, among others, distressed commercial real estate, complex transactions (such as transactions involving multiple, disparate stakeholders, short sales, or inchoate tax liabilities), notes or liens secured by non-multifamily real estate assets, and assets requiring adaptive reuse. This strategy does not intend to invest in multifamily properties. Potential sellers are expected to include, among others: (i) owners of commercial properties that are experiencing distress; and (ii) disinterested sellers, such as financial institutions, loan pool purchasers, and REITs. The Adviser will look to leverage special situations and capital markets expertise to source investments outside of multifamily, where assets are experiencing distress both sooner and more acutely.

#### *Investment Process*

SCA seeks to invest in non-institutional level assets, generally in secondary markets, and, following demographic and economic trends, largely in the Sun Belt. SCA relies also upon its extensive network of brokers, known sellers, lenders, and others to source investments, including "special situation" and off-market transactions. Investments may include properties providing current cash flow as well as value-add and turnaround opportunities. Investments are evaluated through extensive market research combined with on-site inspections and investigation of comparable properties and SCA's modeling and stress testing, together with legal and other due diligence reviews. The specific objectives and strategies for each Fund are described in their Governing Documents. Following this evaluation process, investment decisions are made by the Stonecutter Principals.

### Material Risks.

**All investments involve substantial risks. Many factors affect a Fund's performance. There is no assurance a Fund will meet its investment objective. The value of an investment in a Fund, as well as the amount of return received on that investment, may fluctuate significantly. An investor may lose part or all of their investment in a Fund or the investment may not perform as well as other similar investments. A summary of the material risks associated with the investment strategies of SCA is set forth below.**

**The information contained in this Brochure cannot disclose every potential risk associated with an investment strategy, or all of the risks applicable to SCA or a particular security or investment. Rather, it is a general description of the nature and risks of the advisory services provided by SCA and the related investments. This summary is qualified in its entirety by reference to the Governing Documents that apply to each of the Funds managed by SCA. Fund investors should carefully read such documentation before making an investment.**

#### *Investment Risk*

There can be no assurance that the strategies employed by the Adviser will be successful or will achieve their investment objectives. There can be no assurance that investors will receive a return of or any specified or promised rate of return on their investment. No rate of return has been promised to any investor. Generally speaking, there is no readily available market for the real estate properties in which the Funds invest (each, a "Property", and together, the "Properties"), and it is not anticipated that any such market will develop.

Real property investments are subject to varying degrees of risk. The returns available from investments in real estate depend on the amount of income generated and expenses incurred. If the investments of a Fund do not generate revenues sufficient to meet operating expenses, including debt service and capital expenditures, the Fund's cash flow and ability to make distributions to its investors will be adversely affected. Operating results will be subject to risks generally incident to the ownership of real estate, including, but not limited to, (i) changes in the national and local economic climate; (ii) changes in the supply of or demand for similar or competing properties in the areas in which the Fund has investments; (iii) changes in population or employment in the regions in which the Properties are located; (iv) changes in tenant preferences that may reduce the attractiveness of particular Properties; (v) fluctuations in inflation and interest rates; and (vi) increases in operating costs (including real estate taxes, insurance and utilities and the cost of compliance with zoning and other governmental regulations).

#### *Illiquidity of Fund Investments*

Securities, real estate, or other assets owned or acquired by a Fund may not have an active market or may cease to have a market after the Fund has invested in them. In such cases, and in the event of market activity and dislocation (including volatility, widening of spreads and illiquidity), the Adviser may not be able to promptly liquidate the Funds' investments. The liquidity of particular investments, or even the entire real estate sector, can deteriorate rapidly, particularly during times of market turmoil, and those investments may be difficult or impossible for a fund to sell. This may prevent a Fund from limiting losses. In addition, the sales of thinly traded or illiquid investments by the Adviser could depress the market value of such investments and thereby reduce the Fund's profitability or increase its losses. Some real estate and real estate-related investments will also be subject to contractual or legal restrictions on their sale. Consequently, a Fund may not be readily able to liquidate its investments.

The Properties may also be subject to contractual or legal restrictions on their sale. In addition, even if a Fund desires in the future to seek liquidity through a sale of a Property, no purchaser may be willing to pay

a price satisfactory to the Fund at such time. Consequently, investors may not be able to liquidate their investment.

#### *Restrictions on Disposition of Fund Interests*

The Funds' interests are offered without registration under the Securities Act, in reliance upon an exemption contained in the Securities Act, certain restrictions on transferability preclude an investor's disposition and transfer of the Fund's interests other than pursuant to an effective registration statement or in accordance with an exemption from registration contained in the Securities Act. In addition, the Funds' Governing Documents generally require that the consent of the Fund's general partner be obtained before Fund investors can transfer a Fund interest. In light of the restrictions imposed on the transfer of Fund interests, and in light of the fact that Fund investors may not have the right to withdraw from the Fund (unless permitted by the general partner in its discretion), investments in the Funds should be viewed as illiquid and subject to risk.

#### *Real Estate*

Real property investments are subject to varying degrees of risk. The yields available from equity investments in real estate depend on the amount of income earned and capital appreciation generated by the property as well as the expenses incurred. Income from the investments may be adversely affected by the general economic climate, local conditions, such as an oversupply of space, or a reduction in demand for property in the area, competition from other available properties in the area and increased operating costs (including real estate taxes). Certain significant expenditures associated with an investment in real estate (such as mortgage payments, real estate taxes and maintenance costs) generally are not reduced when circumstances cause a reduction in income from the investment. In addition, income from properties and real estate values are also affected by a variety of other factors, such as governmental regulations and applicable laws (including real estate, zoning and tax laws), interest rate levels and the availability of financing. The properties may be subject to increased vacancies and delinquencies, and rents may be inadequate to cover operating expenses. If the Properties are concentrated in one geographic area or one property type, the Funds will also be subject to the particular risks associated with that area or property type. Owners of real property may also be subject to liability resulting from environmental matters.

#### *Market Risk and Volatility*

Markets at times can be illiquid and/or volatile and this can affect a Fund's ability to initiate, close out or hedge positions on appropriate terms. Price movements result from market participants' supply and demand and are in addition governed by factors difficult to predict or control (e.g. changes in regulations or political tensions).

The value of a Fund may rise and fall, sometimes rapidly or unpredictably, due to general market conditions, such as overall economic trends or events, government actions or interventions, recessions, market disruptions caused by trade disputes or other factors, political factors, the spread of infectious illness or other public health issues, such as global pandemics like COVID-19, or adverse investor sentiment. Adverse market conditions may be prolonged, and movement in the value of a Fund's portfolio may be volatile.

In the past decade, financial markets throughout the world have experienced increased volatility, depressed valuations, decreased liquidity and heightened uncertainty. Governmental and non-governmental issuers defaulted on, or were forced to restructure, their debts. These market conditions may continue, worsen or spread.

The U.S. government and the Federal Reserve, as well as certain foreign governments and central banks, took steps to support financial markets during the last decade, including by keeping interest rates at historically low levels. This and other government interventions may not work as intended, particularly if the efforts are perceived by investors as being unlikely to achieve the desired results. The Federal Reserve

may reduce its market support activities. Further reduction or withdrawal of Federal Reserve or other U.S. or non-U.S. governmental or central bank support, including interest rate increases, could negatively affect financial markets generally, increase market volatility and reduce the value and liquidity of the assets in which a Fund invests.

Policy and legislative changes in the United States and in other countries are affecting many aspects of financial regulation, and may in some instances contribute to decreased liquidity and increased volatility in the financial markets. The impact of these changes on the markets, and the practical implications for market participants, may not be fully known for some time.

Economies and financial markets throughout the world are increasingly interconnected. Economic, financial or political events, trading and tariff arrangements, terrorism, technology and data interruptions, natural disasters, infectious illness or other public health issues, and other circumstances could be highly disruptive to, and have profound impacts on, economies or markets, and can negatively affect the Funds.

#### *Concentration of Positions*

A Fund of the Adviser may, at any time, hold a limited number of positions and hence increase the concentration of its positions. Such concentrations could interfere with the Fund's goal of diversification, and possibly subject the Fund to greater volatility and risk of loss as a result of adverse economic, business or other developments than funds holding a broader portfolio.

#### *Competition*

The Adviser and the Funds may face increasing competition for investment opportunities, which could delay deployment of capital, reduce returns and result in losses.

#### *Changes in Laws*

Changes in laws or regulations governing the operations of SCA, the Funds, or its underlying investments may adversely affect the Adviser's business and its ability to achieve the Funds' investment objectives. With respect to investments in real estate, government authorities at all levels are actively involved in the promulgation and enforcement of regulations relating to land use and zoning restrictions, environmental protection and safety and other matters affecting the ownership, use and operation of real property. Regulations may be promulgated which could have the effect of restricting or curtailing certain usages of existing structures, or requiring that such structures be renovated or altered in some manner. The institution and enforcement of such regulations could have the effect of increasing the expenses, and lowering the income or rate of return of an investment in real estate.

#### *Acts of God and Geopolitical Risks*

The performance of the Funds could be impacted by Acts of God or other unforeseen and/or uncontrollable events (collectively, "Disruptions"), including, but not limited to, natural disasters, public health emergencies (including any outbreak or threat of COVID-19, SARS, H1N1/09 flu, avian flu, other coronavirus, Ebola, or other existing or new pandemic or epidemic diseases), terrorism, social and political discord, geopolitical events, national and international political circumstances, and other unforeseen and/or uncontrollable events with widespread impact. These Disruptions may affect the level and volatility of security prices and liquidity of any investments. There is risk that unexpected volatility or lack of liquidity will impair an investment's profitability or result in its suffering losses. Economies and financial markets throughout the world are becoming increasingly interconnected, which increases the likelihood that events or conditions in one country or region will adversely impact markets or securities industry participants in other countries or regions.

The extent of the impact of any such Disruption on the Adviser, the Funds, and any underlying portfolio investments' operational and financial performance will depend on many factors, including the duration

and scope of such Disruption, the extent of any related travel advisories and restrictions implemented, the impact of such Disruption on overall supply and demand, goods and services, investor liquidity, consumer confidence and levels of economic activity and the extent of its interference with important global, regional and local supply chains and economic markets, all of which are highly uncertain and cannot be predicted. A Disruption may materially and adversely impact the value and performance of any investment, the Adviser's ability to source, manage and divest investments, and the Adviser's ability to achieve the Funds' investment objectives, ultimately resulting in significant losses to the Funds. In addition, there is a risk that a Disruption will significantly impact the operations of the Adviser, the Funds, and their underlying portfolio investments, or even temporarily or permanently halt their operations.

#### *Nature of Portfolio Investments*

The investments of the Funds will be subject to the risks incident to ownership of real estate, including general and local economic and social conditions and neighborhood values, the supply and demand for properties of particular types and in particular areas, the financial resources of tenants, a possible inability to obtain or maintain full occupancy, reductions in market rents, increases in tenant concessions, changes in zoning, building, environmental, rent control, and other federal, state, and local laws and in real property tax rates, changes in interest rates and in the availability, cost, and terms of permanent mortgages, the possibility of renewed over-building, acts of God, uninsurable losses, and other factors beyond the control of the Adviser and the Funds. No assurance can be given as to when or whether adverse events might occur which could cause significant and immediate losses to the Properties or the Funds.

#### *Lack of Skillful Property Management*

To the extent that a property manager provides services to a real estate project, the successful operation of such project depends upon the property manager's performance and viability. In these instances, the property manager is generally responsible for (a) responding to changes in the local market; (b) operating Property and providing building services; (c) managing operating expenses; and (d) ensuring that maintenance and capital improvements are carried out in a timely fashion. Properties deriving revenues primarily from short-term sources, such as short-term or month-to-month leases, are generally more management intensive than deriving revenue from long-term sources, such as those properties leased to creditworthy tenants under long-term leases. None of the Funds, their general partners, the Adviser, nor any affiliate of the foregoing makes any representation or warranty as to the skills of any property managers of a Fund's Properties.

#### *Risks Related to Tenants*

While the Adviser or a property manager will conduct due diligence or credit checks on the financial condition of the tenants of each Fund's proposed real property investments, any delays in payments of rent or the default of a single tenant or a number of tenants may adversely affect the Fund's income from a Property and ultimately the value that may be realized upon the disposition of the Property.

#### *Cost Risks*

At the time of making a real estate investment for a Fund, the Adviser will make certain estimates of the costs of maintaining, developing, improving or repositioning the acquired Property. Some costs associated with a real estate investment, such as maintenance and repairs, may be subject to cost increases beyond the control of the Fund. Should the initial estimates prove too low, the profitability of the investment may be adversely affected.

#### *Effect of Property Taxes*

Many of the Funds' real property investments will be subject to real and, in certain instances, personal property taxes and assessments. The real and personal property taxes on such real properties may increase or decrease as property tax rates change and as such properties are assessed or reassessed by taxing

authorities. If property taxes on the real property investments increase, a Fund's cash available for distribution to its investors may be materially and adversely affected.

#### *Insurance*

The Funds generally intend (and could be required by lenders) to maintain comprehensive insurance on its real property investments, including liability and fire and extended coverage, in amounts sufficient to permit the replacement of such assets in the event of a total loss, subject to applicable deductibles. These Funds will endeavor to obtain coverage of the type and in the amount customarily obtained by owners of similar assets. However, it may not be possible for the Funds to obtain all of the desired coverage or to obtain such coverage at commercially reasonable rates. Moreover, there are certain types of losses, generally of a catastrophic nature (e.g., earthquakes, floods, hurricanes, and acts of war or terrorism) that may be uninsurable or not economically insurable. Inflation, changes in building codes and ordinances, environmental considerations, and other factors may also make it infeasible to use insurance proceeds to replace an asset if it is damaged or destroyed. Under such circumstances, the insurance proceeds received by the Funds might not be adequate to restore the economic position of the Funds with respect to the affected real property.

#### *Geographic Concentration Risk*

A Fund's investments may be concentrated in a limited number of geographic areas. As a result, the Fund's operating results and ability to make distributions could be impacted by economic changes specifically affecting the real estate markets in that area. An investment in a Fund will therefore be subject to greater risk than a geographically diversified portfolio.

#### *Cybersecurity*

With the increased use of digital and network technologies, and the increased dependence on computer systems to perform ongoing business and operational functions/conduct business, the Adviser and its service providers are susceptible to operational, information security and related risks resulting from cyber incidents and attacks. In general, cyber incidents can result from deliberate attacks or unintentional events. Cyber-attacks include, but are not limited to, gaining unauthorized access to digital systems for purposes of misappropriating assets or sensitive information, corrupting data, or causing operational disruption. Cyber incidents impacting the Adviser have the ability to cause disruptions and impact business operations, potentially resulting in the inability to transact business, financial losses, violations of applicable privacy and other laws, regulatory fines, penalties, reputational damage, and/or reimbursement or other compensation costs. The Adviser may also incur substantial costs related to cyber security risk management, compliance, and remediation. Similar types of cybersecurity risks also are present for the underlying assets in which the Funds invest, which could result in material adverse consequences and cause the Funds' investments in such assets to lose value.

#### *Dependence on Key Personnel*

SCA has only a limited number of principals and relies on the services of key personnel. If one or more of such principals or key personnel were to become unavailable, such unavailability might have a material and adverse effect on a Fund and its performance.

#### *Operational Risk*

The success of the Funds depends on the ability of the Adviser to operate effectively and efficiently. There is the risk of loss resulting from inadequate or failed procedures, systems or policies of the Adviser, and may include, among others, employee errors, systems failures, criminal activity, cyber-breaches or other external events that significantly disrupt business operations.

## **Item 9**

### **Disciplinary Information**

There are no legal or disciplinary events that are material to a Fund investor's or prospective Fund investor's evaluation of SCA's advisory business or the integrity of the Adviser.



## **Item 10**

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

Neither SCA 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.

Neither SCA nor its management persons are required to register with the US Commodity Futures Trading Commission (“CFTC”) in any capacity.

SCA is an affiliate of Stonecutter Capital Management LLC (“SCM”), a company founded in 2012 by the Stonecutter Principals to purchase controlling equity interests in real estate properties. SCM will provide certain payment administration, reporting, recordkeeping, accounting, tax, and other administrative services that SCA may reasonably request for the Funds pursuant to an administrative services agreement between SCA and SCM. In connection with the provision of these administrative services, SCA will pay SCM a percentage of management fees it receives from each Fund, as described in each Fund’s Governing Documents. SCA will not charge the Funds a separate administrative services fee to cover the cost of SCM’s administrative services.

The Stonecutter Principals also participate in SCM’s investment decision-making, but the investment opportunities that are appropriate for SCM and the vehicles it manages will not generally be appropriate for the Funds. To the extent that an investment opportunity falls within the investment mandates of one of the Funds and one of SCA’s affiliates’ investment vehicles, the investment opportunity will initially be considered for the Funds. If the relevant SCA Fund does not have the requisite capacity to accept the investment, the investment does not meet the SCA Fund’s diversification requirements, or some other investment restriction prevents the SCA Fund from participating in the investment opportunity in a SCA Fund, then the investment may be offered to an investment vehicle of one of SCA’s affiliates.

The Stonecutter Principals also own the majority of interests in Stonecutter Ventures LLC (“Stonecutter Ventures”), a private equity fund investment adviser, and they are involved in its investment decision-making. Stonecutter Ventures is currently exempt from registration with the SEC under Section 203(l)-1 of the Advisers Act because it advises solely qualifying venture capital funds. There is no overlap between the investment objectives and strategies of the investment vehicles managed by Stonecutter Ventures and that of the Funds managed by SCA.

As mentioned above, the Stonecutter Principals will be responsible for simultaneously managing the portfolios of the Funds, as well as the vehicles managed by SCM and Stonecutter Ventures. This creates a conflict of interest as it relates to division of loyalties, time, and resources spent managing investments among the Adviser and its affiliates, in particular, if one or more of an affiliate’s investments or vehicles are more profitable than those of the Funds. The Adviser addresses this conflict through policies and procedures to ensure that the Stonecutter Principals devote the time and resources necessary to provide investment advisory services to the Funds in an appropriate manner, and consistent with its fiduciary obligations as an investment adviser.

SCA does not receive compensation, directly or indirectly, for recommending or selecting any investment advisers for the Funds.

## **Item 11**

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

SCA has adopted a Code of Ethics (the “Code”) to comply with Rule 204A-1 under the Advisers Act which sets forth standards of business and personal conduct for all of the Adviser’s employees. The Code is predicated on the basic idea that employees of the Adviser adhere to the highest ethical and fiduciary standards and will conduct their affairs in accordance with the principles of professionalism, integrity, honesty and trust. The Code has established policies and procedures that are reasonably designed to (1) prevent fraud and improper personal trading; (2) identify circumstances that may result in an actual or potential conflict of interest or the appearance thereof; and (3) provide a means to resolve such conflicts. The Code generally places limitations on personal securities transactions. All transactions will be monitored to ensure there is no conflict of interest arising from transactions of clients. The personal accounts of the personnel covered by the Adviser’s personal trading policy are reviewed on a regular basis. Any transactions that are believed to be a violation of the personal trading policy will be reported promptly to the Adviser’s Chief Compliance Officer. SCA’s supervised persons must acknowledge the terms of the Code of Ethics annually or when amended. Fund investors may request a copy of the Code by contacting SCA at the telephone number listed on the first page of this Brochure.

SCA will from time to time recommend to a Fund, or buy or sell for a Fund, securities in which the Adviser or its related persons have a material financial interest. Specifically, the general partner of each of the Funds will typically be an affiliate of the Adviser that will make a capital commitment to the Fund for which it serves as a general partner. The affiliated general partner’s capital commitment will be funded by the Stonecutter Principals, SCM employees, and/or their family members or affiliates, which is drawn down at the same time as the Fund’s investors’ commitments. However, the affiliated general partner’s capital commitment will typically not be subject to Management Fees and Carried Interest. While the affiliated general partners will have a financial interest in the Funds, we believe that their interests are aligned with those of the Funds’ investors because the affiliated general partners make capital contributions and receive distributions from the Fund on the same terms as the other investors, as more fully described in the relevant Governing Documents. Accordingly, SCA believes that neither it, nor its affiliates, have a conflict of interest with respect to these arrangements.

## **Item 12**

### **Brokerage Practices**

The Funds primarily purchase or sell securities and other assets in privately negotiated transactions, not involving a broker or dealer. From time to time, the Adviser may recommend specific brokers and dealers to execute, settle and clear transactions that require the use of a broker or dealer. In these cases, the Adviser has discretion in deciding which brokers or dealers are to be used for a particular transaction and the compensation for those transactions.

In the event that the Adviser engages in a transaction requiring a broker or dealer, the Adviser will seek to obtain best execution for all transactions and will evaluate brokers and dealers on the basis of numerous factors and not necessarily lowest pricing. Brokers and dealers may provide other services that are beneficial to the Adviser and a Fund. If selecting brokers and dealers to execute transactions, provide financing for transactions, and provide other services, the Adviser may consider, among other factors that are deemed appropriate to consider under the circumstances, the following: the ability of the brokers and dealers to effect the transaction; the brokers' or dealers' facilities, reliability and financial responsibility; and the provision by the brokers of capital introduction, talent introduction, marketing assistance, consulting with respect to technology, operations and equipment, commitment of capital, and access to deal flow. The Adviser does not receive research or other products or services (i.e. soft-dollar benefits) other than execution from a broker-dealer or other third party in connection with the Funds' securities transactions.

Neither the Adviser nor any related person receive client referrals from a broker-dealer or third party.

The Adviser does not recommend, request or require Funds to direct the Adviser to execute transactions through a specified broker-dealer, and does not permit Funds to direct brokerage.

To the extent applicable, the Adviser will seek to execute transactions for the Funds fairly and equitably over time. In the event the Adviser engages in trading of securities for the Funds, the Adviser will follow policies and procedures pursuant to which it may combine or aggregate purchase or sale orders for the same security or other instrument for multiple Funds so that the orders can be executed at the same time, when available.

## **Item 13**

### **Review of Accounts**

The Adviser manages the Funds in accordance with each Fund's investment objectives and restrictions. The Stonecutter Principals and other members of SCA's investment team meet regularly and review the investments and performance of Fund accounts on a continual basis. Such reviews include, but are not limited to, a review of existing investments, potential investments, cash availability, market fluctuations, significant events, and investment objectives.

The Adviser's investment team reviews Fund portfolios on an ongoing basis. In addition to such ongoing reviews, conditions that may trigger a review are (1) amendments to relevant laws; (2) new investment information; and (3) changes in certain Fund's circumstances.

Investors in a Fund generally receive, on a quarterly basis, a written status report of the Fund's assets and operations, as well as a statement of the aggregate amount of the capital accounts of each investor.

## **Item 14**

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

SCA does not receive economic benefits from non-clients for providing investment advice or other advisory services.

Although SCA does not currently have any arrangement with third-party solicitors, placement agents, or similar persons to refer potential investors to the Adviser, the Manager may, in the future, pay commissions, expenses and/or other selling compensation to third parties that introduce prospective investors to a Fund. In the event of such an arrangement, any compensation will be paid by the Adviser and will not be charged to the Funds.

## **Item 15**

### **Custody**

SCA operates under the presumption that it is deemed to have custody of client funds and securities for purposes of Rule 206(4)-2 under the Advisers Act ("Custody Rule") because a related person of the Adviser will serve as general partner to the Funds and because it will have the authority to deduct advisory fees from the client's account or otherwise withdraw funds from the client's account. However, SCA will not maintain physical possession over any client funds.

The Adviser maintains client funds and any securities, aside from certain privately offered certificated securities, with qualified custodians in accordance with the Custody Rule. The Adviser will satisfy certain obligations of the Custody Rule by complying with the "Pooled Vehicle Annual Audit Exception." Among other things, the Pooled Vehicle Annual Audit Exception requires that the Fund be subject to an audit at least annually by an independent public accountant that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board, and requires that the Fund distribute its audited financial statements to all investors within 120 days of the end of its fiscal year.

In instances where a Fund acquires a security in a private placement, the Adviser will maintain physical possession of, and safeguard the privately offered securities for the Funds in accordance with the Custody Rule's privately offered securities exception to the qualified custodian requirement. The privately offered security will be recorded on the books of the issuer or transfer agent in the name of the relevant Fund, and it will be transferable only with the prior consent of the issuer or holders of the outstanding securities of the issuer. If the privately offered security is certificated, the private stock certificate will contain a legend disclosing such restriction on transfer.

## **Item 16**

### **Investment Discretion**

Each Fund's applicable Governing Documents grant the Adviser discretionary authority to manage assets on behalf of the Funds. This authority is granted at the outset of an investment management relationship. In all cases, however, such discretion is to be exercised in a manner consistent with the investment objectives, policies, and limitations that are stated in each Fund's Governing Documents. Any investment guidelines and restrictions, as well as amendments thereto, must be provided to the Adviser by the Funds in writing.

## **Item 17**

### **Voting Client Securities**

The Funds generally do not invest in public securities issuing proxies. In the event that the Funds invest in publicly-held securities, SCA will accept authority to vote such securities on behalf of the Funds. If SCA accepts authority to vote such securities on behalf of the Funds, the Adviser will vote proxy proposals, amendments, consents or resolutions relating to Fund securities (collectively, “Proxies”) in a prudent and diligent manner, consistent with its fiduciary obligation as an investment adviser, and in line with each Fund’s investment objectives. The Adviser will base its voting decision on its reasonable judgment of what will best serve the Fund’s interests.

At times, conflicts may arise between the interests of a Fund and the interests of SCA or its affiliates. If a conflict of interest is identified, the Advisor will not make related proxy voting decisions until it has been determined that the conflict of interest is not material or a method for resolving the conflict of interest has been agreed upon and implemented. Materiality determinations will be based on an assessment of the particular facts and circumstances and written record of all materiality determinations are maintained.

Copies of the Adviser’s proxy voting policies and procedures can be made available to investors upon request.



## **Item 18**

### **Financial Information**

SCA does not require or solicit prepayment of more than \$1,200 in fees per client six months or more in advance and, thus is not required to include a balance sheet for its most recent fiscal year.

SCA is not aware of any financial condition that is likely to impair its ability to meet contractual commitments to clients. The Adviser has not been the subject of a bankruptcy petition at any time during the past ten years.