

Item 1 – Cover Page

Form ADV - Part 2A: Firm Brochure

3/30/2021

**Stone Run Capital, LLC
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New York, NY 10176**

www.stoneruncapital.com

This brochure provides information about the qualifications and business practices of Stone Run Capital, LLC (“We,” “Us,” “Our,” or “SRC”). If you have any questions about the contents of this brochure, please contact Donna Martineau, Operations Manager at SRC at 647-701-6087, dmartineau@stoneruncapital.com, or Jeff Hoerle, Chief Compliance Officer, at jhoerle@stoneruncapital.com.

The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority but has been filed with the United States Securities and Exchange Commission.

SRC is a registered investment adviser. Registration of an Investment Adviser does not imply a certain level of skill or training. The oral and written communications of an Adviser provide you with information which you would use for determining whether to hire or retain an Adviser.

Additional information about SRC (CRD #152078) is available on the SEC’s website at www.adviserinfo.sec.gov.

Item 2 – Material Changes

Our Brochure dated March 30, 2020 has been amended dated, March 31, 2021.

The Securities and Exchange Commission (“SEC”) adopted “Amendments to Form ADV” in July 2010. This Firm Brochure is our disclosure document prepared according to the SEC’s requirements and rules.

In the past we have delivered information about our qualifications and business practices to clients on at least an annual basis. Pursuant to new SEC rules, we will ensure that you receive a summary of any material changes to this and subsequent brochures within 120 days of the close of the business’ fiscal year. We may further provide other ongoing disclosure information about material changes as necessary. We will further provide you with a new brochure as necessary based on changes or new information, at any time, without charge.

On March 1, 2021, Stone Run Capital opened an office in Florida for purposes of hiring a full time Florida based employee. Also, as of March 1, 2021, and resulting from business changes due to the global pandemic, Stone Run Capital changed the text in “Item 4 – Advisory Business” to state that the investment firm is headquartered in New York and with a number of satellite offices.

Currently, this Brochure may be requested by contacting Stone Run Capital, LLC at 646-701-6087 or by email at dmartineau@stoneruncapital.com.

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Item 4 – Advisory Business

Stone Run Capital, LLC (“We,” “Us,” “Our,” or “SRC”) is an investment firm headquartered in New York, NY, and with a number of satellite offices. The firm’s principals, Robert Hoerle and Jeff Hoerle, founded the business in 2009.

The business of SRC consists of investment advisory services relating primarily to equity and fixed income assets on a discretionary basis to individual clients. We also offer pooled investment vehicles in the form of limited partnerships. The minimum investment amount for each fund may be waived at the discretion of SRC.

SRC’s investment philosophy is oriented toward the preservation of capital and long-term appreciation. We focus on secular growth companies that possess leadership positions in niche markets. We strive to invest in these businesses when they trade at a discount to our view of intrinsic worth as determined by asset replacement cost and future growth in revenues and cash flows. To attain this objective, SRC’s portfolio managers and analysts focus on three elements:

1. **Asset Allocation:** We align each client’s specific needs and risk profile with our view of an appropriate asset allocation.
2. **Fundamental Research:** We pursue in-depth intensive fundamental research focusing on small and mid-capitalization companies. We believe this work provides proprietary insights to equity selection and the timing of buy and sell decisions.
3. **Macroeconomic Analysis:** We track and follow global economic data in order to assess our view of risk in the overall equity and fixed income markets.

We describe these three elements below.

Asset Allocation

SRC offers a number of financial products through which we work to align a specific asset allocation framework with the client’s risk profile.

These products include two pooled investment vehicles, Alpha Associates, L.P. (“Alpha”) and Stone Run Capital Partners, L.P. (“SRCP” and together with “Alpha”, the “Funds”), which are actively managed equity funds with an emphasis on tax-efficient long-term capital appreciation. We principally manage Alpha and SRCP as long-only investment vehicles and adjust equity exposure through the percentage of assets allocated to cash. Typically, the Funds have 5% to 15% of assets in cash, though we may choose to increase this percentage based on our assessment of market risk as well as individual equity risk.

We also offer individually managed equity portfolios. These follow similar guidelines and procedures as with Alpha and SRCP above. Equity selection and allocation may differ slightly based upon a specific client’s financial risk profile.

Finally, we offer individually managed investment portfolios comprised of both equity securities and fixed income. Typically, these portfolios are more focused on investment yield and dividend income. The equity selection follows the same approach as the two offerings above, while the fixed income investments comprise a larger portion of the client portfolio.

Fundamental Research

SRC’s investment team pursues a disciplined approach in finding and researching investment opportunities. We often develop our understanding of a company over a period of years before choosing to invest in the business. Our key investment criteria are:

- Market share leadership in specific niche markets

- High or improving returns on capital
- Strong cash generation
- A proven leadership team with a history of success in capital allocation

Our process incorporates the following:

- We pursue broad investment themes based upon our judgment of long-term secular growth opportunities. This helps focus the research challenge.
- Once we select a company for research, we pursue and integrate an approach that is both qualitative and quantitative.
 - o Our qualitative assessment includes in-depth review of a company's products, industry, and competitors; meetings with senior management; and thorough review of three to five years of SEC filings, conference calls, and presentations.
 - o Our quantitative assessment includes financial analysis of the company's historic balance sheets, cash flow statements, and income statements. In conjunction with analysis of the financial results of competing companies, we develop proprietary financial models to refine our views of a company's financial outlook and opportunity.
- We complete a written report on the company that lays out the investment opportunities and risks. This report and accompanying financial statements spur discussion and debate on the merits of an investment.

Macroeconomic Analysis

We incorporate analysis of global economic, political, and social trends in both assessing potential investment opportunities and reviewing existing investment selections. Our pursuit of macroeconomic issues emphasizes:

- Analysis of financial data including GDP growth; private and public debt; and unemployment in the United States, developed world, and emerging economies
- Following trends in inflation, commodity prices, foreign currency exchange rates, and global securities markets
- Reviewing key political events and their myriad ramifications to local and global economic growth
- Understanding major events and their impact on the investment challenge

As of February 28, 2021, SRC had \$316,198,784 in discretionary assets under management.

SRC's pooled investment vehicles ("Funds")

Alpha Associates, L.P. – The investment objective of Alpha is to generate attractive, tax-efficient returns over the course of a business cycle by investing primarily in small- and mid-cap United States equities. Alpha may choose to invest in large-cap companies as well. Alpha seeks to invest in growth companies at a reasonable price. Robert Hoerle and Jeff Hoerle are the Portfolio Managers of Alpha. Additional information on Alpha can be found in the Offering Memorandum. SRC serves as general partner of Alpha.

Stone Run Capital Partners, L.P. – SRCP seeks growth of capital over the long term. SRCP focuses on investing in small- and mid-cap United States equities. SRCP seeks to invest in growth companies at a reasonable price. Jeff Hoerle is the Portfolio Manager of SRCP. Additional information on SRCP can be found in the Offering Memorandum. SRC serves as general partner of SRCP.

Investors in each of our Funds may contribute capital on the first day of each month. Investors may withdraw capital from each of our Funds at the end of each month after providing 30 days prior written notice. SRC has the discretion to accept redemptions with less notice. There are no separate fees for the addition or withdrawal of capital. Payment for a partial withdrawal of capital will be made within 30 days after the applicable effective date without any interest. Payment for a complete withdrawal from the Funds will be made in two portions: (1) 90% of the withdrawing partner's partnership interest as estimated by the general partner will be paid within 30 days after the applicable effective date without any interest; and, (2) the balance of the withdrawing partner's

partnership interest as of the applicable effective date will be paid without any interest within a reasonable time following completion of the annual audit of the Fund's financial statements. At the discretion of SRC, the holdback balance amount could be less than 10%, depending upon the effective date of the complete withdrawal.

Private Equity

Stone Run Capital pursues research on companies whose securities do not trade in established markets. This work provides additional insight into our investments in public securities. In investment vehicles separate from the "Funds" described above, we may choose to invest in private equity transactions of companies whose securities do not trade in established markets. The price and terms of these transactions occur in the context of a negotiated transaction rather than a market purchase. Private equity investments are subject to the same risks applicable to our public securities investments. They are also subject to the additional risks of illiquidity, the absence of an established trading market, and the uncertainty of an exit from the investment.

Item 5 – Fees and Compensation

SRC charges an investment management fee for its client accounts. For the Fund products including Alpha and SRCP, the fee is 0.375% quarterly and is charged based on assets as of the first day of the quarter. Generally, fees are neither negotiable nor refundable; however SRC may waive or modify these fees for certain strategic investors. SRC serves as the sole general partner to the Funds and currently receives no additional incentive- or performance-based compensation. The investment management fee for individually managed accounts is based upon the asset allocation mix of the specific account. Generally, fees for (i) equity assets are 0.375% quarterly, and (ii) for fixed income assets are 0.25% annually. Compensation is payable according to the fee schedule. If SRC does not manage a Fund or an Account for a full quarter, the investment management fee charged to the Fund or Account will be pro-rated to reflect the shorter period.

Individually managed account clients may terminate their agreement with SRC at any time. As stated above, investors in the Funds may generally withdraw capital as of the last day of each month on 30 days' prior written notice. Withdrawal rights applicable to investors in the Funds are governed by the limited partnership agreement or other organizational document applicable to each particular entity. SRC has the discretion to waive any of the withdrawal terms, including the notice period. Accounts initiated or terminated during a calendar quarter will be charged a pro-rated fee. Upon termination of any account, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable.

SRC's fees are exclusive of brokerage commissions, transaction fees, certain charges imposed by our custodian such as wire and electronic fund fees, and other related costs and expenses. In the Funds, these fees shall be incurred by the Fund investors as a whole.

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

SRC does not charge performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client).

In the future, if SRC develops a new product with a performance or incentive fee arrangement, it will do so as subject to Section 205(a)(1) of the Investment Advisers Act of 1940 (the "Advisers Act") in accordance with the available exemptions, including the exemption set forth in rule 205-3.

Item 7 – Types of Clients

SRC provides investment advice to individuals and foundations (through separate managed accounts) and to the Funds.

SRC has requirements for opening accounts, including a minimum account size. For separate accounts, the minimum account size is generally \$100,000. However, SRC may set higher or lower standards for minimum

account sizes, or establish a minimum account size based on, among other things, the type of account, or the expectation of future additions to the account. Assets in related accounts (e.g. accounts beneficially owned by an affiliated person or institution) may also be aggregated for purposes of calculating account sizes and management fees.

Minimum investment requirements for the Funds are set forth in the respective offering memorandums. SRC reserves the right to waive the minimum investment amount at its sole discretion. Limited partnership investors must satisfy certain minimum eligibility requirements established under applicable securities laws prior to investing. SRC expects each Fund to qualify for exemption from the definition of “investment company” under the Investment Company Act of 1940, as amended (“1940 Act”) under either Section 3(c)(1) or 3(c)(7).

Information in this document that relates to the private funds is designed to satisfy the requirements of SEC Form ADV only. This brochure is not an offer of interests in any pooled investment vehicle.

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

SRC builds equity and fixed income portfolios that reflect the objectives and risk tolerances of its clients. Investing in securities involves risk of loss that clients are prepared to bear. As described above in “Item 4 – Advisory Business,” SRC selects an asset allocation strategy for each client and product, and pursues a fundamental research approach.

Investment portfolios may contain a measured mix of cash, equities, and corporate or government bonds. Core positions typically are in mid-capitalization companies with superior financial characteristics as measured by above average profit margins and returns on capital, and limited financial leverage. We may also include smaller positions in special situation companies where we feel our assessment of the specific growth opportunity warrants purchase.

The security analysis methods include fundamental and technical strategies. Information sources include an array of internet content sources, newspapers, and magazines. In addition, we review company activities and press releases, meet with management teams, and attend company investor events and earnings conference calls. SRC portfolio managers and analysts work to review company annual reports, prospectuses, and all filings with the Securities and Exchange Commission.

SRC invests in equity securities (exchange-listed securities, securities over-the-counter, and foreign issuers), warrants, and option contracts. SRC’s investment strategies include long-term purchases (securities held at least one year), short-term purchases (securities sold within one year), trading (securities sold within 30 days), short sales, and option writing, which generally includes covered options.

Trading of securities can affect investment performance, particularly through increased brokerage and other transaction costs and taxes. SRC intends to hold investments for the long term and does not have a short-term trading investment model.

Investment Risks

We use fundamental securities analysis to select investments for our clients’ portfolios. Please note that investing in securities involves risk of loss that you should be prepared to bear.

Investments in our funds and individual accounts carry inherent risks associated with investment in securities as well as risks associated with concentration in a limited number of companies. Investors face the risk of loss for all capital invested. While SRC works to mitigate these risks, there can be no assurance that the investment and trading activities will be successful or that investors will not suffer losses. The following summary identifies the material risks related to SRC’s significant investment strategies and should be carefully evaluated before making an investment with SRC; however, the following does not intend to identify all possible risks of an investment with SRC or provide a full description of the identified risks. Investors and potential investors in pooled

investment vehicles should refer to the offering memorandum for the pooled investment vehicle for a further discussion of the applicable risks.

Material Risks

There are a number of risks associated with an investment in our investment products. The following is a non-exhaustive list of some of the risks that a client should consider carefully before investing in any of our investment products. Clients should also review the offering materials, and other literature concerning SRC or the Funds which have additional discussion or detail concerning applicable risks including, but not limited to, those summarized herein. The first section discusses certain risks generally applicable to all our strategies. The subsequent sections discuss specific investment risks of investing in our Funds and for individual client accounts that may be managed using a strategy similar to that used by a Fund.

General Risks Associated with All Our Investment Products

Past Performance. There can be no assurance that a strategy will achieve its investment objectives. The past investment performance of a strategy is not necessarily indicative of the future results of such strategy or of an investment in any Fund. Our investment program should be evaluated on the basis that there can be no assurance that our assessments of the short-term or long-term prospects of investments will prove accurate.

Overall Investment Risk. All securities investments risk the loss of capital. The nature of the securities to be purchased and traded by a client and the investment techniques and strategies to be employed by SRC may increase such risk. The identification of investment opportunities is a difficult task, and there can be no assurance that such opportunities will be successfully recognized. While SRC will devote its best efforts to the management of a client's portfolio, there can be no assurance that a client will not incur losses. Returns generated from a client's investments may not adequately compensate the client (or investor in a Fund) for the business and financial risks assumed. A client should be aware that it may lose all or part of its investment in an account or Fund. Many unforeseeable events, including actions by various government agencies and domestic and international economic and political developments, may cause sharp market fluctuations which could adversely affect a Fund's portfolio and performance.

Competition. The varied investment strategies and techniques engaged in by SRC are not unique and involve a degree of risk. The Fund will compete with many firms, including firms which have substantially greater financial resources and research staffs.

General Economic and Market Conditions. The success of the investment activities may be affected by general economic and market conditions, such as interest rates, availability of credit, inflation rates, economic uncertainty, changes in laws and national and international political circumstances. These factors may affect the level and volatility of securities prices and the liquidity of the adviser's investments. Unexpected volatility or illiquidity could impair investment profitability or result in losses.

Concentration of Investments. The investment agreement with the adviser does not limit the amount of client capital that may be committed to any single investment, industry, or sector. SRC works to allocate capital across a range of securities, generally 30 - 40 investments, in order to reduce the risk of concentration. Losses incurred in individual positions could have a materially adverse effect on a client's overall investment results.

Market Volatility. The profitability of the Fund depends upon SRC correctly assessing the future price movements of stocks. There can be no assurance that SRC will be successful in accurately predicting such price movements.

Additional Business and Investment Risks of Funds and Individual Client Accounts

An investment in a Fund and/or an individual account managed pursuant to or in a manner similar to a Fund strategy followed by SRC involves a high degree of risk. Accordingly, an investment in such products is suitable only for persons of adequate financial means who have no need for liquidity with respect to their investment and who can bear the economic risk, including the possible complete loss of their investment. Depending on the

investment strategy of each Fund, the investment risks associated with such strategy may include some or all of the following risk factors. Additionally, individual clients managed to a Fund strategy will have similar investment risks associated with such strategy. When reading the following risks any reference to “Fund” should be interpreted as applying to individual clients whose accounts employ an investment strategy substantially similar to a Fund strategy. We urge all prospective investors to discuss the risks described in a Fund’s offering materials and other potential risks in detail with their professional advisors prior to making an investment decision.

Investment Concentration. A Fund may have a high concentration of its assets in a single investment or the securities of a limited number of issuers. Such lack of diversification could magnify potential losses (or gains). Accordingly, the investment portfolio of a Fund may be subject to more rapid change in value than would be the case if a Fund were subject to more stringent requirements with respect to diversification among companies, securities and types of securities, as well as other types of investments.

Economic Results. All investments risk the loss of capital. There can be no assurance that the investment program of the Fund will succeed and thus SRC does not represent that any particular economic results will occur. The Fund is dependent upon the success of SRC as it shall act as the investment adviser to the Fund.

Market Risk. The Fund engages in an investment strategy concentrating primarily on investing in common stocks, but at times the Fund may invest in cash equivalents and bonds when they appear to offer better value than stocks. The securities business is speculative, prices are volatile, and market movements are difficult to predict. Supply and demand for securities change rapidly and are affected by a variety of factors, including interest rates, merger activities and general economic trends.

Illiquidity. Because of the limitation on withdrawal rights and the fact that limited partnership interests are not tradeable, an investment in the Fund is a relatively illiquid investment and involves a high degree of risk. A subscription for limited partnership interests should be considered only by persons financially able to maintain their investment and who can afford a loss of a substantial part of such investment.

Diversification. Since the Fund's portfolio will not necessarily be diversified, the investment portfolio of the Fund may be subject to more rapid change in value than would be the case if the Fund were required to maintain a wide diversification among companies, securities and types of securities.

Small to Medium Cap Stocks. At any given time, the Fund may have significant investments in smaller-to-medium sized companies with market capitalizations of less than \$2 billion. These securities often involve greater risks than the securities of larger, better-known companies.

Options. Purchasing put and call options, as well as writing such options, while generally only utilized to hedge investments, are highly specialized activities and entail greater than ordinary investment risks. Because an option represents the right but not the obligation to buy or sell the underlying property for a specified time and at a particular price, the purchaser of an option is at risk only for the amount of the premium paid for such option. In addition to purchasing options, the Fund may also write options on a "covered" or "uncovered" basis. If an option is written on a covered basis, the writer is subject to the market risk of the underlying property less the premium received by the writer for the option. If the option is written on an uncovered basis, the writer is theoretically exposed to unlimited liability since, if such option is exercised, the writer will have the obligation to obtain and deliver the property called for by the option, and the writer may not be in a position to do so or may be in a position to do so only at extreme cost. Accordingly, the writing of an option runs the risk of causing significant losses to the Fund in a relatively short period of time.

Short Sales. Selling securities short, while generally only utilized to hedge investments, runs the risk of losing an amount greater than the initial investment therein in a relatively short period of time.

Leverage. While the use of borrowed funds can substantially improve the return on invested capital, their use may also significantly increase the risk to which the investment portfolio of the Fund may be subject.

Fixed Income Securities. The market values of fixed income securities tend to vary inversely with the level of interest rates when interest rates rise, their values will tend to decline; when interest rates decline, their values generally will tend to rise. Long-term instruments are generally more sensitive to these changes than short-term instruments. The market value of fixed income securities and therefore their yield is also affected by the perceived ability of the issuer to make timely payments of principal and interest. between various currencies and brokerage commissions that may be higher than in the United States. Non-U.S. securities markets also may be less liquid, more volatile and less subject to governmental supervision than in the United States. Such investments could be affected by other factors not present in the United States, including lack of uniform accounting, auditing and financial reporting standards and potential difficulties in enforcing contractual obligations.

Custody and Brokerage Risk. There are risks involved in dealing with the custodians or prime brokers who settle Fund trades. The Fund maintains custody accounts with its broker and clearing custodian (the “Brokers”). Although SRC monitors the Brokers and believes that they are an appropriate custodian, there is no guarantee that the Brokers, or any other custodian that the Fund may use from time to time, will not become bankrupt or insolvent. While both the U.S. Bankruptcy Code and the Securities Investor Protection Act of 1970 seek to protect customer property in the event of a bankruptcy, insolvency, failure, or liquidation of a broker-dealer, there is no certainty that, in the event of a failure of a broker-dealer that has custody of Fund assets, the Fund would not incur losses due to its assets being unavailable for a period of time, the ultimate receipt of less than full recovery of its assets, or both.

The Fund and/or the Brokers may appoint sub-custodians in certain non-U.S. jurisdictions to hold the assets of the Fund. The Brokers may not be responsible for cash or assets which are held by sub-custodians in certain non-U.S. jurisdictions, nor for any losses suffered by the Fund as a result of the bankruptcy or insolvency of any such sub-custodian. The Fund may therefore have a potential exposure on the default of any sub-custodian and, as a result, many of the protections that would normally be provided to a fund by a custodian may not be available to the Fund. Under certain circumstances, including certain transactions where the Fund’s assets are pledged as collateral for leverage from a non-broker-dealer custodian or a non-broker-dealer affiliate of the Fund’s broker, or where the Fund’s assets are held at a non-U.S. custodian, the securities and other assets deposited with the custodian or broker may not be clearly identified as being assets of the Fund and hence the Fund could be exposed to a credit risk with regard to such parties. Custody services in certain non-U.S. jurisdictions remain undeveloped and, accordingly, there is a transaction and custody risk of dealing in certain non-U.S. jurisdictions. Given the undeveloped state of regulations on custodial activities and bankruptcy, insolvency, or mismanagement in certain non-U.S. jurisdictions, the ability of the Fund to recover assets held by a sub-custodian in the event of the sub-custodian’s bankruptcy or insolvency could be in doubt, as the Fund may be subject to significantly less favorable laws than many of the protections that would be available under U.S. laws. In addition, there may be practical or time problems associated with enforcing the Fund’s rights to its assets in the case of a bankruptcy or insolvency of any such party.

Counterparty Creditworthiness. A Fund may engage in securities and financial instruments that involve counterparties. Under certain conditions, a counterparty to a transaction could default or the market for certain securities or financial instruments may become illiquid. In any case, the Fund could experience liquidity problems.

Securities Lending. Consistent with its investment objective and policies, a Fund may lend its portfolio securities in order to realize additional income. It is anticipated that any such loan will be continuously secured by collateral at least equal in value to the value of the securities loaned. The risk of loss on such transactions is mitigated because, if a borrower were to default, the collateral should satisfy the obligation. However, as with other extensions of secured credit, loans of portfolio securities involve some risk of loss of rights in the collateral should the borrower fail financially. There is also a risk of loss of value if the collateral is invested.

Systemic Risk. World events and/or the activities of one or more large participants in the financial markets and/or other events or activities of others could result in a temporary systemic breakdown in the normal operation of financial markets. Such events could result in the Fund’s losing substantial value caused predominantly by liquidity and counterparty issues (as noted above) which could result in a Fund incurring substantial losses.

Trading Limitations. For all securities, including options, the exchange generally has the right to suspend or limit trading under certain circumstances. Such suspensions or limits could render certain strategies difficult to complete or continue and subject a Fund to loss.

Turnover. A Fund's capital may be invested on the basis of short term market considerations. The portfolio turnover rate of those investments may be significant, potentially involving substantial brokerage commissions and fees. These commissions and fees will, of course, reduce a Fund's net profits or increase a Fund's net loss.

Risk Relating to Prime Brokers, Brokers, Custodians and Counterparty Insolvencies. A Fund is subject to a number of risks relating to the insolvency, administration, liquidation or other formal protection from creditors of a prime broker, broker and custodian providing prime brokerage, brokerage or custodian services to a Fund and other counterparties that may have possession of assets of a Fund. These risks will vary based on the relevant jurisdiction and legal regime governing the prime broker, broker, custodian or relevant counterparty (each, a "custodian entity") and the specific contractual terms negotiated with each such custodian entity and may include, without limitation: the loss of all cash held with the relevant custodian entity which is not being treated as client money subject to the applicable customer protection laws or otherwise segregated or protected by the rules of the applicable jurisdiction; the loss of all cash which the relevant custodian entity has failed to treat as client money in accordance with applicable procedures; the loss of all securities in respect of which the relevant custodian entity has exercised its contractual rights to borrow, lend, take legal and beneficial ownership of or otherwise use for its own purposes whether exercised in compliance with or in breach of any agreed limits on such rights of use or applicable regulatory restrictions; the loss of some or all of any securities held on trust or client money held by or with the relevant custodian entity in connection with a reduction to pay for administrative costs of the insolvency of the custodian entity and/or the process of identifying and transferring the relevant trust assets and/or client money or for other reasons according to the particular circumstances of the custodian entity's insolvency; losses of some or all assets due to the incorrect operation of the brokerage, custody or other accounts by the relevant custodian entity; and losses caused by prolonged delays in receiving transfers of balances and regaining control over the relevant assets. In addition, where securities are held with a sub-custodian of a custodian entity or are held in the name of a sub-custodian, such securities may not be as well protected as they would be if they were held directly by the custodian entity.

An insolvency of a custodian entity or sub-custodian could cause severe disruption to the trading of a Fund. In some circumstances, this could cause a Fund to declare a suspension of net asset value calculations and/or suspend or limit withdrawals. While SRC monitors its counterparties and seeks to manage such insolvency risks, no assurance can be given that the risks and adverse events described above will not occur.

Cybersecurity. The information and technology systems of SRC, the administrators of the Funds and portfolio companies may be vulnerable to damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches, denial-of-service attacks on websites (i.e., efforts to make network services unavailable to intended users), usage errors by their respective professionals, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquakes. If these systems are compromised, become inoperable for extended periods of time or cease to function properly, SRC, a Fund and/or a portfolio company may incur specific time or expense to fix or replace them and to seek to remedy the effects of such issues. The failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in SRC's, a Fund's, an administrator's and/or a portfolio company's operations and result in financial losses, violations of applicable privacy and other laws and 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 SRC's, a Fund's and/or a portfolio company's reputation, subject any such entity and its respective affiliates to legal claims or otherwise affect their business and financial performance. In addition, cyber-attacks may render records of the Funds and other data integral to the functioning of the Funds inaccessible or inaccurate or incomplete. Substantial costs may be incurred by SRC, a Funds and/or a portfolio company in order to resolve or prevent cyber incidents in the future.

Item 9 – Disciplinary Information

There have been no disciplinary actions taken against SRC or any of its representatives by the Securities and Exchange Commission or any United States organization. Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of SRC or the integrity of management.

Item 10 – Other Financial Industry Activities and Affiliations

SRC, LLC serves as general partner of the Funds.

At times, we may recommend that a separately managed account client consider also investing in a Fund. As stated in this Brochure, SRC serves as general partner and investment manager to each Fund. SRC will provide the client with a copy of the offering memorandum of the Fund(s) in which the client is considering an investment. Each such offering memorandum discloses the respective fees and allocations to which an investor in the Funds is subject, and describes such Fund's investment methodology and risks, the conflicts of interest that may arise out of the relationship between the Fund and SRC, as well as other pertinent information. We will not cause a client's assets to be used to purchase Fund interests unless we have received explicit written instructions signed by the client authorizing and directing SRC to do so. SRC and its related persons attempt to resolve any conflicts of interest in a manner that we believe is fair to each party involved.

SRC and certain individuals associated with SRC provide investment management advice to a number of external organizations, including nonprofit organizations, pension funds and school endowments. SRC does not receive compensation directly or indirectly from these activities.

The advisory advice provided through these activities is consistent with the investment philosophy pursued by SRC.

Item 11 – Code of Ethics

SRC has adopted a Code of Ethics for all employees of the firm describing its high standard of business conduct; fiduciary duty to its clients; compliance with laws, rules, and regulations; dealing with material non-public information; and personal trading of securities. Its policies and procedures relating to personal investment activities are below. On a quarterly and annual basis, each SRC employee is required to certify that he or she has read and understands the Code, and has abided by all SRC designated procedures.

Confidentiality: SRC does not share or sell client information.

Conflicts of Interest: From time to time, employees of SRC may have interests in securities owned by or recommended to clients. As these situations may represent potential conflicts of interest, SRC has implemented procedures relating to personal securities transactions and insider trading that are designed to prevent actual conflicts of interest.

SRC receives research from and attends investment conferences organized by brokerage partners. These services enhance our investment process. SRC pays for these services through trading commissions, and does not receive direct economic benefit other than the research insights that contribute to investment performance.

Trading: In general, employees of SRC may buy or sell securities for their own accounts, including securities recommended to clients, or securities that are the subject of transactions for client accounts. Employee orders will not be given preferential treatment over client orders and the intent is never to have personal securities transactions in "covered securities" benefit SRC or its employees at the expense of the client. Employees will be charged their pro rata share of the commissions plus their ticket charges when their orders are aggregated with client orders.

Fiduciary Duty: SRC has a fiduciary duty to its clients. SRC's Code of Ethics involves the confidentiality of client information; a prohibition on insider trading; restrictions on the acceptance of significant gifts and the

reporting of certain gifts and business entertainment items; and guidelines on personal securities trading procedures.

Non-Public Information Policy: SRC has adopted a material, non-public information policy to prevent the misuse of information. The policy forbids any of its employees from:

- (i) Trading either personally, or on behalf of others, on material, non-public information
- (ii) Communicating material, non-public information to others in violation of the law
- (iii) Knowingly assisting someone engaged in these activities.

In addition, the Chief Compliance Officer reviews employees' and family members' brokerage accounts monthly.

Records: SRC retains records of all trading activity for its accounts. In the case of aggregated orders, the trade order specifying each participating account is completed prior to the entry of the aggregated order. Completed orders will be allocated as specified in the initial trade order. Partially filled orders will be allocated on a pro rata basis. Any exceptions will be explained on the order. SRC will not cross trades between client accounts.

Item 12 – Brokerage Practices

SRC's accounts are held at Pershing Advisor Solutions, LLC, a BNY Mellon Company. Pershing Advisor Solutions is custodian and prime broker for SRC.

SRC is authorized to select brokers and dealers to execute securities transactions for our clients. Pursuant to such authority, as a general matter in executing portfolio transactions, we may employ or deal with such brokers or dealers as may, in our best judgment, provide prompt and reliable execution of the transaction at favorable security prices and reasonable commission rates. In selecting or recommending brokers or dealers, we will consider all relevant factors, including the price (including the applicable brokerage commission or dealer spread), size of the order, financing costs, nature of the market for security, timing of the transaction, the reputation, experience and financial stability of the broker-dealer, the quality of service, difficulty of execution and operational facilities of the firm involved, the ability to effect the transaction where a large block or other complicating factors are involved, and the availability of the broker to stand ready to execute possible difficult transactions in the future. We have no obligation to deal with any broker or group of brokers in the execution of portfolio transactions.

We may allocate brokerage to broker-dealers that provide us with research and other services, even though such broker dealers may charge commissions which exceed those other broker-dealers may have charged for the same transactions. Such allocations may occur to the extent that we view the commissions as reasonable in relation to the value of the brokerage and/or research services provided by the broker-dealer, viewed in terms of either the particular transaction or our overall responsibilities with respect to the accounts as to which we exercise investment discretion, without any requirement to demonstrate that any such factor is of a direct benefit to a particular client. Research and other services furnished by brokers through which we effect securities transactions for a particular client may be used by us in advising other clients. We do currently have in effect third party soft dollar commitments pursuant to which we receive research or other services (attend seminars and conferences, discussions with research analysts, meetings with companies' management, data services, advice from brokers on order execution, and certain proxy services) in exchange for commissions. We understand that our receipt of the research and other services is part of our overall relationship with the broker-dealers and we do not believe that we are "paying up" for such research and other services. While we endeavor to use such additional benefits to service all of our clients' accounts equitably, you should note that such arrangements provide an incentive for us to select or recommend a broker-dealer based on an interest in receiving the research or other products or services, rather than on the clients' interest in receiving most favorable execution. Furthermore, such arrangements may nevertheless cause clients to pay commissions (or markups or markdowns) higher than those charged by other broker-dealers in return for such benefits (known as paying-up).

SRC receives a benefit from client brokerage commissions as the research provided enhances our own proprietary research.

Item 13 – Review of Accounts

Client accounts are reviewed daily. Review includes assessment of overall asset allocation, recent performance, and, as needed, specific review of portfolio holdings based on equity price action, news events, or both.

In the case of the Fund products, Alpha and SRCP investors receive a quarterly statement of investment performance. SRC uses a third party administrator, IFM, to do the fund accounting and investor statements for Alpha and SRCP. Each of the Funds has a fiscal year end of December 31st. In addition, within 90 days after the end of each fiscal year, our external audit firm, Sanville & Company, audits Alpha and SRCP and produces the K-1 tax document required for client tax returns.

In the case of the individual managed accounts, clients receive a monthly statement from our custodian, Pershing Advisor Solutions, LLC.

SRC clients receive a quarterly report reviewing investment performance, a discussion of select portfolio investments, and our view of the overall investment environment.

Item 14 – Client Referrals and Other Compensation

SRC does not pay for referrals and does not have any agreements with independent solicitors.

Item 15 – Custody

SRC arranges, where required by law or contract, for each Fund's financial statements to be prepared in accordance with U.S. generally accepted accounting principles ("GAAP") and audited at least annually by an independent public accountant that is registered with, and subject to regular inspection as of the commencement of the professional engagement period, and as of each calendar year-end, by, the Public Company Accounting Oversight Board in accordance with its rules. SRC, where required by law or contract, makes those audited financial statements available to all investors in the Funds within 120 days of the end of the Funds' fiscal year. Investors should carefully review those financial statements. Upon liquidation of a Fund, SRC, where required by law or contract, will distribute its audited financial statements prepared in accordance with GAAP to all investors in the Fund promptly after the completion of such audit. does have custody of client funds.

For any separately managed accounts that are not registered investment companies for which SRC is deemed to have custody pursuant to Rule 206(4)-2 under the Advisers Act (other than separately managed accounts where SRC is deemed to have custody solely as a consequence of its authority to make withdrawals from the account to pay fees), SRC will arrange for a surprise examination of such accounts, and such clients will receive at least quarterly account statements from the qualified custodians for their accounts. Clients should carefully review such account statements. If clients should also receive account statements from SRC, clients should compare those statements with those they receive from Qualified Custodians.

Item 16 – Investment Discretion

SRC receives discretionary authority from the client at the outset of an advisory relationship. Investment discretion includes the selection and amount of securities to be bought or sold. In all cases, such discretion is to be exercised in a manner consistent with SRC's stated investment objectives for the specific client account.

Item 17 – Voting Client Securities

SRC has the authority to vote proxies on behalf of its advisory clients. The client must indicate SRC's authority to vote proxies on behalf of the client by designating such authority in the Client Agreement.

Proxy voting is an important right of shareholders and reasonable care and diligence must be undertaken to ensure that such rights are properly and timely exercised. When SRC has discretion to vote the proxies of its clients, it will vote those proxies in the best interest of its clients and in accordance with these policies and procedures.

All proxies received by SRC will be sent to SRC's Compliance Officer. SRC's Compliance Officer will keep a record of each proxy received; forward the proxy to SRC's Operations Manager who makes the voting decision in the firm using the voting guidelines as follows:

In the absence of specific voting guidelines from the client, SRC will vote proxies in the best interests of each particular client, which may result in different voting results for proxies for the same issuer. The Adviser believes that voting proxies in accordance with the following guidelines is in the best interests of its clients.

- Generally, SRC will vote in favor of routine corporate housekeeping proposals, including election of directors (where no corporate governance issues are implicated), selection of auditors, and increases in or reclassification of common stock.
- Generally, SRC will vote against proposals that make it more difficult to replace members of the issuer's board of directors, including proposals to stagger the board, cause management to be overrepresented on the board, introduce cumulative voting, introduce unequal voting rights, and create supermajority voting.

For other proposals, SRC shall determine whether a proposal is in the best interests of its clients and may take into account the following factors, among others:

- whether the proposal was recommended by management and SRC's opinion of management;
- whether the proposal acts to entrench existing management; and
- whether the proposal fairly compensates management for past and future performance.

Our written proxy voting policy and procedures are available for clients' review. In addition, our complete proxy voting record is available exclusively to its clients. A copy of the policies and the proxy voting record relating to the respective client may be obtained by contacting us at Stone Run Capital, LLC, 551 Fifth Avenue, 33rd Floor, New York, NY 10176; 646-701-6087; or by email at dmartineau@stoneruncapital.com.

We are not authorized to provide advice with respect to, or participate on behalf of our separately managed account clients in, legal matters, including class action settlement and bankruptcies. We may, however, where we deem appropriate in our sole discretion, elect to participate in a class action settlement or other litigation on behalf of our Fund clients where we have the requisite authority to take such action.

Item 18 – Financial Information

Registered investment advisers are required to provide certain financial information or disclosures about SRC's financial condition. SRC has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.

Item 19 – Requirements for State-Registered Advisers

SRC is registered in the state of Delaware.

State-registered investment advisers are required to provide certain additional information regarding compensation of performance-based advisory fees. SRC does not charge performance-based fees. State-registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to a client's evaluation of SRC or the integrity of SRC's management. Please see Disciplinary Information on page 5.