

Item 1-Cover Page

Bluestone Capital Management, LLC

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September 25, 2023

Financial information as of December 31, 2022

Form ADV, Part 2, our “Disclosure Brochure” or “Brochure” as required by the Investment Advisers Act of 1940, as amended (“Advisers Act”) is an important document between Clients (herein “clients,” “you,” or “your”) and Bluestone Capital Management, LLC (herein “Bluestone,” “us,” “we,” or “our”). This Brochure provides information about our qualifications and business practices.

This brochure provides information about the qualifications and business practices of Bluestone. If you have any questions about the contents of this Brochure, please contact us at **(610) 337-6500** or info@bluestonecm.com.

The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any State Securities Authority.

Additional information about Bluestone is available at the SEC’s website www.adviserinfo.sec.gov. Results will provide both Part 1 and 2 of our Form ADV.

Bluestone is a registered investment adviser with the SEC. Our registration as an investment adviser does not imply any level of skill or training. This Brochure does not constitute an offer to sell or the solicitation of any offer to purchase any securities of any entities described herein.

The oral and written communications we provide to you, including this Brochure, is information you use to evaluate us (and other advisers) which are factors in your decision to engage us.

Item 2 – Material Changes

There have been several material changes since the last version of this document was completed on March 29, 2023:

- As of April 20, 2023, Wade C. Boylan assumed the role as Chief Compliance Officer.
- The ADV has been fully reviewed and revised to account for

Item 4 Advisory Business

- The ADV has been updated to detail the various business lines more clearly.

Item 7 – Types of Clients

- Types of clients have been updated to provide details as to the type of clients the Adviser manages.

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

- Methods of Analysis, Investment Strategies and Risk and Loss have been updated to more accurately describe the Advisers business.

Item 9 - Disciplinary Action – Updating this section to reflect a recent remedial sanction and a cease and desist ordered by the SEC.

Item 10 – Other Financial Industry Activities and Affiliations

- Item 10 has been updated to accurately reflect ownership.

Item 11 – Code of Ethics

- The Code has been updated to accurately describe the policies that are in place.

Item 12 – Brokerage Practices

- The Brokerage Practices has been updated to describe the factors we consider when selecting a broker.

Item 14 – Client Referrals and Other Compensation

- Item 14 has been updated to accurately describe the process and limitations.

Item 15 – Custody

- Item 15 has been updated to accurately describe the applicable rules and describe the surprise audit that the Adviser has engaged an independent public accounting firm to perform.

Item 16 – Investment Discretion

- Item 16 has been updated to accurately describe the Adviser’s policy.

Item 17 – Voting Client Securities (i.e., Proxy Voting)

- Item 17 have been updated to more accurately describes the Advisers business.

We may, at any time, update this Brochure and either send you a copy or offer to send you a copy (either by electronic means (email) or in hard copy form). If you would like another copy of this Brochure, please download it from the SEC Website as indicated above or you may contact the Adviser at info@bluestonecm.com.

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Item 4 – Advisory Business

Description of Advisory Services:

Bluestone Capital Management, LLC (“Bluestone,” “we,” or “us”) is an SEC-registered investment adviser that provides advisory and investment management services to institutional investors and **high-net-worth individuals**. Bluestone’s total assets under management (“AUM”) as of December 31, 2022, were approximately \$224,735,701. Included in the AUM were funds managed by the Adviser as a sub-adviser on a discretionary basis of approximately \$167,036,033. These assets were part of a registered investment company (i.e., a public fund registered under the Investment Company Act of 1940, as amended; **Ticker: AGOX**).

We provide a variety of asset management services, including the discretionary management of separate accounts, private funds, and sub-advisory services to public and private funds and separately managed accounts.

Private Funds

Bluestone provides investment advisory services to the following two products detailed below.

- Polaris Point, LP
- AALII Fund LP

Separate Managed Accounts

As detailed in the Brochure, Bluestone provides investment services to Separate Accounts. Bluestone typically exercises investment discretion with respect to Separate Accounts and advises Separate Accounts on investments in private investment funds.

- Bluestone Elite
- Bluestone Income Portfolio
- Bluestone Income Plus
- Bluestone Asset Allocation Portfolio (“AAP”)

Sub-Advised Fund

Bluestone is a sub-adviser to Starboard Investment Trust, an ETF fund that is white labeled on the Nottingham ETF Platform pursuant to an investment sub-advisor agreement.

High-Net Worth Clients

Several of our strategies are available on third party platforms which can be selected by advisors to utilize for their high-net-worth clients.

Item 5 – Fees and Compensation

Our fees for asset management services are generally based on the level of assets under management (asset-based fees). For certain accounts, we may charge fees on a share of the capital appreciation of the funds or securities in a client's account, in the manner indicated in the respective client investment management agreements (performance fees). Asset-based fees generally range from 1 percent to 2 percent of assets under management, and performance fees range up to 20 percent.

For more details regarding fees, contact info@bluestonecm.com.

Please review each funds PPM for details regarding the funds fee schedule. No fee adjustments will be made for additional deposits, partial withdrawals, account appreciation or depreciation. Fee adjustments will be made if accounts are added or closed. We aggregate all of a client's managed accounts together to determine the quarterly fee due. Depending on a client's account balance, fees may be higher than those charged by other investment advisers. Similar advisory services may be obtained elsewhere at a lower cost.

Advisory fees will be charged in advance of each calendar quarter, or on a daily basis if supported by the custodian; our private limited partnership funds charge advisory fees on a monthly basis in arrears. The quarterly advisory fee will be based on the value of the managed portfolio on the last business day of the just completed calendar quarter. Fees for partial periods will be pro-rated. The initial advisory fees will be calculated based on the value of the account when it is opened. Fees may be billed to the client, or, pursuant to a pre-arrangement and as indicated in the advisory agreement, may be deducted from the client's account. Clients will be able to see all fees deducted from their accounts by reviewing their account statements, and should there be any questions they should contact us.

Advisory fees payable to us do not include all the fees you will pay when we purchase or sell securities for your account(s). For example, clients will pay brokerage commissions, custody fees, exchange fees, and fees charged by other advisers managing their accounts. See also, "Third Party Asset Management Services" below.

Clients may terminate their **advisory agreements** with us, without penalty, upon written notice as indicated in their respective advisory agreements.

Bluestone or its affiliates may receive fees or other remuneration for services provided to certain clients. For example, Bluestone or an affiliate may, *inter alia*, charge institutional clients fees in connection with advice on certain structured products or service fees for account administrative costs. Bluestone does not pay the costs of custodians, commissions, or other fees charged to clients by third-party service providers unless agreed in the relevant **investment management agreement** with clients. Bluestone or its affiliates have entered into one or more distribution agreements with certain funds pursuant to which it may receive selling compensation for selling shares in those funds.

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

As indicated, for certain accounts, we may charge advisory fees on a share of the capital appreciation of the funds or securities in a client account (so-called performance-based fees). Our performance-based fee calculations include (or may include) a high-water mark feature where fees are only charged on amounts that represent new highs for the affected client's account each month. This may create a conflict of interest which could provide an incentive for us to recommend investments in the strategies with performance-based fees. We manage this conflict of interest by carefully screening the qualifications of the investors in these accounts as well as their risk and return objectives to determine suitability.

Currently, Bluestone serves as investment manager to private funds and sub-adviser to a ETF retail fund, and currently serves as investment manager to Polaris Point, LP and AALII Fund LP which are private investment companies from which Bluestone receives an asset-based fee as well as the potential for performance-based compensation. Bluestone may in the future have compensation arrangements similar to its arrangement with these funds and other private funds it currently manages or may manage in the future.

Item 7 – Types of Clients

Bluestone focuses on the management of institutional client accounts, e.g. private funds, public funds, and other types of institutional investor. However, we also provide advisory services for high-net-worth individuals, other financial advisors, and investment advisers.

Private Investment Funds are investment partnerships or other investment entities (e.g., trusts) formed under domestic or foreign laws and operated as investment pools exempt from registration under the U.S. Investment Company Act of 1940, as amended (the "Investment Company Act"). The investors participating in Private Investment Funds generally include high net worth individuals, banks or thrift institutions, other investment entities, insurance companies, university endowments, sovereign wealth funds, family offices, pension and profit sharing plans, trusts, estates, charitable organizations or other corporations or business entities and from time to time include, directly or indirectly, principals or other employees of Bluestone and its affiliates and members of their families or other service providers retained by Bluestone. The investors participating in Separate Accounts include corporate pension funds, government plans, and sovereign wealth funds.

Generally, the minimum Fund investment that Bluestone accepts is \$250,000 to \$1 million depending on the private fund. Certain Funds permit lower minimum investments, as set forth in each such Fund's Governing Documents. In addition, in certain cases and in its sole discretion, Bluestone accepts a Fund investment in a lesser amount, or alternatively, increases the minimum investment amount. Prior to investing in a Fund, an investor is typically required to complete a subscription agreement and investor qualification statement containing representations needed to establish the investor's eligibility to invest in the Fund.

In order to establish a Separate Account, an investor must enter into a written investment advisory agreement with Bluestone. Where a Separate Account has certain investment objectives, such as investing in a diversified portfolio of private equity partnerships, the client is typically required to complete a subscription agreement and an investor qualification statement upon

which Bluestone can rely in completing documentation for private equity partnership investments on the Separate Account's behalf pursuant to a limited power of attorney. The minimum amount of investment required to establish a Separate Account is considered on a case-by-case basis taking into account a variety of factors including fee structure, investment restrictions, and duration of commitment.

In most circumstances, investors in the Funds and Separate Accounts must meet certain suitability and net worth qualifications prior to making an investment in such Fund or Separate Account. Generally, investors must be (i) "accredited investors" as defined under Regulation D of the U.S. Securities Act of 1933, as amended, and (ii) either "qualified purchasers" or "knowledgeable employees" as defined under the Company Act. Bluestone reserves the right to waive these qualification requirements under certain circumstances.

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

We use a wide variety of sources to gather, analyze, and interpret information relating to the securities we recommend. These sources include communicating directly with issuers to gather information on a particular investment opportunity, reviewing public filings and financial information provided by data services, third party research, and analysis of quantitative or qualitative information. In addition to standard reference sources for information regarding economic conditions and corporate data, we also rely on pricing data analysis and portfolio research services as well as internally generated research.

Investment Strategies:

Portfolio Management Services

- **Bluestone Elite**

The Bluestone Elite strategy is a tactical investment strategy utilizing a proprietary quantitative framework along with a global macro overlay to determine portfolio allocation. The intention of the portfolio is to improve the risk adjusted return over the course of a full market cycle when compared to a traditional equity portfolio. This strategy implements this framework to identify sectors and subsectors that we expect to produce improved relative performance and utilizes ETFs to overweight and underweight these sectors and subsectors accordingly. The risk profile of this strategy may range significantly over time from conservative to aggressive and is appropriate for investors who are primarily seeking growth, with a time horizon of a full market cycle, and are comfortable with equity risk.

- **Bluestone Income Portfolio**

Our Bluestone Income Portfolio model is a separately managed account with a primary objective of income generation and a secondary objective of capital appreciation. The strategy is managed to have less volatility than an all equity allocation. The Bluestone Income managed accounts invest in exchange-traded common, preferred and debt securities. The percentage allocation of each asset class may vary significantly, depending on market conditions. The investment strategy employed in this portfolio seeks to generate current income by selecting

securities that pay dividends or interest. We manage accounts utilizing this portfolio strategy to produce income while attempting to reduce portfolio volatility when compared to an all equity portfolio. The Income strategy holds publicly traded securities such as equities and ETFs and is subject to fluctuations similar to, but generally less than, the equity markets. The Bluestone Income strategy is appropriate for a growth focused investor who seeks current income. We also offer a version of the Income Portfolio with a buy-write options strategy overlay to provide additional income to the investor. This version is similar to the income portfolio but may contain a higher concentration of equities to allow for increased income generation from the options writing component.

- **Bluestone Asset Allocation Portfolio (“AAP”)**

Our Asset Allocation Portfolios are designed to provide specific risk/return profiles – Conservative, Moderate, Balanced, Growth and Aggressive. Based on your investment objectives, tolerance for risk, and financial needs, we offer these separately managed accounts to meet the risk/return profile that the investor deems most appropriate. These AAP portfolios primarily utilize ETFs for portfolio construction and the volatility of the portfolios varies dramatically with the conservative portfolio having the lowest volatility up to the Aggressive portfolio which is the most volatile. Customized Portfolio Management

We offer customized asset allocation and portfolio management strategies for institutional investors and family offices. A wide variety of securities, including mutual funds, ETFs, stock, bonds, options, preferred securities, limited partnerships and third-party managed accounts, may be used to customize client portfolios depending on the risk/return profile of each client.

Risk of Loss:

All investments in securities include a risk of loss of your principal (invested amount) and any profits that have not been realized (the securities were not sold to “lock in” the profit). As you know, stock markets and bond markets fluctuate substantially over time. In addition, as recent global and domestic economic events have indicated, performance of any investment is not guaranteed. As a result, there is a risk of loss of the assets we manage that may be out of our control. We will do our very best in the management of your assets; **however, we cannot guarantee any level of performance or that you will not experience a loss of your account assets. Your participation in any of the management programs offered by us will require you to be prepared to bear the risk of loss and fluctuating performance.**

We do not represent, warrant, or imply that the services or analytical methods we employ can or will predict future results, successfully identify market tops or bottoms, or insulate you from losses due to major market corrections or crashes. **Past performance is not an indication of future performance. We cannot guarantee that your goals or objectives will be achieved, or that advisory services offered by us will provide a better return than other investment strategies.**

In situations when we employ a shorter-term trading approach which results in more frequent trading, investment performance may be negatively impacted as a result of increased transaction fees and capital gains taxes.

We detailed above, we primarily invest in stocks, bonds, ETFs, and mutual funds and employ a long-term strategy. We also offer investments in options and limited partnerships and the use of third-party managers. There are specific risks associated with each type of investment (Note: The risks indicated below do not indicate all the risks attendant to the management of your account or to the assets in your account, but what follows is intended to be representative of the most common portfolio and investment risks):

Stocks: Investing in stocks involves risks relating to:

Financial risk: risk that the companies we recommend to you may perform poorly, which will affect the price of your investment.

Market risk: risk that the stock market will decline, decreasing the value of the securities we recommend.

Inflation risk: risk that the rate of price increases in the economy will lessen the relative returns associated with the stock.

Political and governmental risk: risk that the value of your investment may change with the introduction of new laws or regulations.

Bonds: Investing in bonds involves risks relating to:

Interest rate risk: risk that the value of the bonds we recommend to you will fall if interest rates rise.

Call risk: risk that your bond will be called or purchased back from you when conditions are favorable to the bond issuer and unfavorable to you.

Default risk: risk that the bond issuer may be unable to pay you the contractual interest or principal on the bond in a timely manner or at all.

Inflation risk: risk that the price increases in the economy will negatively impact the relative returns associated with the bond.

Mutual Funds: Investing in mutual funds involves risks relating to:

Manager risk: risk that the investment manager of an actively managed mutual fund will fail to execute the fund's stated investment strategy.

Market risk: risk that the stock market will decline, decreasing the value of the securities contained in the mutual funds we recommend to you.

Industry risk: risk that a group of stocks in a single industry will decline in price due to adverse developments in that industry, decreasing the value of mutual funds that are significantly invested in that industry.

Inflation risk: risk that the rate of price increases in the economy lessens the relative rate of return associated with the mutual fund.

Structured Investments (also: Structured Products or Structured Notes): Investing in Structured Investments involves risks relating to:

Interest rate risk: risk that the value of the Structured Investments we recommend to you will fall if interest rates rise.

Call risk: risk that your Structured Investments Notes will be called or purchased back from you when conditions are favorable to the issuer and unfavorable to you.

Default Risk: risk that the Structured Investments issuer may be unable to pay you the contractual interest or principal on the Structured Investments/Products/Notes in a timely manner or at all.

Inflation Risk: risk that the rate of price increases in the economy will lessen the relative returns associated with the Structured Investments.

Market Risk: risk that the underlying assets/indices the Structured Investments is linked to will decline, potentially decreasing the value of the Structured Investments we recommended to you.

Tax Risk: risk that tax treatment of Structured Investments may change in a way that is not favorable to you.

Liquidity Risk: risk that the price at which you may be able to trade a Structured Investments could be adversely affected if there is little or no secondary market provided.

Conflicts of Interest Risk: risk that our affiliations with issuers, distribution platforms and broker-dealers as described in this brochure are potentially averse to your interests as an investor in Structured Investments.

ETFs: ETF performance may not exactly match the performance of the index or market benchmark that the ETF is designed to track because the ETF will incur expenses and transaction costs not incurred by any applicable index or market benchmark; certain securities comprising the index or market benchmark tracked by the ETF may, from time to time, temporarily be unavailable; and supply and demand in the market for either the ETF and/or for the securities held by the ETF may cause the ETF shares to trade at a premium or discount to the actual net asset value of the securities owned by the ETF. Certain ETF strategies may from time to time include the purchase of fixed income, commodities, foreign securities, American Depositary Receipts, or other securities for which expenses and commission rates could be higher than normally charged for exchange-traded equity securities, and for which market quotations or valuation may be limited or inaccurate. Clients should be aware that to the extent they invest in ETF securities they will pay two levels of advisory compensation – advisory fees charged by Bluestone plus any management fees charged by the issuer of the ETF. This scenario may cause a higher advisory cost (and potentially lower investment returns) than if a Client purchased the ETF directly. An ETF typically includes embedded expenses that may reduce the fund's net asset value, and therefore directly affect the fund's performance and indirectly affect a Client's

portfolio performance or an index benchmark comparison. Expenses of the fund may include investment adviser management fees, custodian fees, brokerage commissions, and legal and accounting fees. ETF expenses may change from time to time at the sole discretion of the ETF issuer.

- **Options:** The use of put and call options may result in account losses, force the sale or purchase of underlying securities at inopportune times or at unfavorable prices, limit the amount of appreciation an account may realize, or cause an account to hold a security it otherwise might sell. The use of options as a hedging instrument may involve losses that are greater than the value of the assets in the account. Options may not be able to be readily sold, resulting in substantial losses. Although option hedging strategies are used to minimize the risk of loss, they also tend to limit potential gains.
- **Limited Partnerships:** Investments in limited partnership interests are often not registered under the securities laws and may not be able to be readily sold. Redemption options may be limited or may not exist at all. Because of the limited market for these investments, it is difficult to accurately value the investment over time. Generally, you must meet certain criteria in order to be able to invest in limited partnership interests. You may also incur tax liabilities for which you will not receive an associated cash distribution, and you may also be subject to alternative minimum tax (AMT).
- **Third Party Managers:** In instances when we recommend that you use a third-party manager to manage your account, we will provide you with a disclosure brochure for the third-party manager that will detail its investment strategies, methods of analysis, and associated risks.
- **Long-Term Strategy:** A long-term strategy generally assumes that the financial markets will rise over time, which may not occur within your time horizon. Holding investments long-term may involve a lost opportunity costs by tying up assets that may be used for more beneficial short-term investments.

High Risk Investments

Bluestone's investment performance is a primary factor in the success of Bluestone's business, and poor performance of Bluestone's investments for a sustained period could negatively affect Bluestone's level of assets under management and its revenues tied to investment performance. Sustained poor investment performance could also harm Bluestone's ability to attract new investors. The investment advisory services provided by Bluestone are focused on private markets investments. The private equity and private credit classes of investments, including the private equity fund investments that Bluestone makes on behalf of Partnership Funds and the underlying company investments that the relevant private equity partnerships will make, are illiquid, high-risk and subject to loss, even loss of a part or all of an investor's entire investment. Non-U.S. private equity fund investments are subject to additional country, currency and illiquidity risks. The portfolio companies of underlying private equity funds and the Direct Funds in certain instances can involve significant business and financial risk. Underlying private equity funds and certain Direct Funds make venture capital and growth equity investments in companies that are in an early stage of development, have little or no operating history, are operating at a loss, or need significant additional capital to support their operations. Other underlying private equity funds and certain Direct Funds invest in buyouts, which involve

significant financial leverage and are therefore sensitive to declines in revenues and to increases in interest rates and expenses.

Lack of Operating History

In most cases, the underlying funds will be newly or recently formed entities with no significant operating history upon which to evaluate their likely performance or the likely effectiveness of their investment strategy. An investment in a Private Investment Fund, Separate Account or their underlying investments is therefore subject to all of the risks and uncertainties associated with any new business, including the risk that the Private Investment Fund or Separate Account will not achieve its investment objectives and that the value of an investment could decline substantially.

Reliance on Underlying Managers

The returns of Bluestone's Private Investment Funds are primarily dependent upon the performance of unrelated investment managers and management teams. A significant component of Bluestone's investment advisory business is its fund of funds investment program. The Partnership Funds and Separate Accounts depend on managers of the private equity funds in which they invest. The Partnership Funds and Separate Accounts generally are limited partners in underlying private equity funds and therefore do not have the ability to participate in the management and control of these private equity funds or the ability to control the timing of capital calls or distributions received from underlying funds or over investment decisions made by such funds. Similarly, the Direct Funds depend on the management teams of the portfolio companies in which they invest. The Direct Funds are generally minority equity investors (or, in the case of the Private Credit Funds, debt investors) in portfolio companies and, notwithstanding certain board or contractual management rights, will generally not control such companies.

Availability of High-Quality Investment Opportunities

The Private Investment Funds' ability to earn strong returns for their investors and, in turn, Bluestone's ability to continue to attract investors, is dependent upon the ability of Bluestone to provide access to high-quality private markets investment opportunities. There is no assurance that such opportunities will be available during the investment period of a Partnership Fund or Separate Account, nor that high-quality secondary purchase opportunities will be available at attractive prices. In addition, many of the top-quality private equity partnerships in which Bluestone invests are oversubscribed and there is significant competition for investment allocations. Similarly, the Direct Funds compete for investments in portfolio companies with other private equity, venture capital and investment funds, corporations, financial institutions, or wealthy individuals. There can be no assurance that Private Investment Funds will be able to locate and complete attractive investments or that the investments they ultimately make will satisfy all of the Private Investment Funds' investment objectives.

In this highly competitive environment, the valuations of many potential target companies have recently risen to historically high levels as measured by multiples of earnings before interest, tax, depreciation and amortization (EBITDA) or by multiples of revenues. Bluestone expects that competition for appropriate investment opportunities will remain high or increase, which can increase the likelihood that the Funds will participate in auctions for investments, the outcome

of which cannot be guaranteed. As a result, there is a risk that fewer investment opportunities would be available to the Funds, and the terms upon which investments can be made would potentially be worse, in each case, relative to the experience of any prior Fund.

Follow-On Investment Risk

A Private Investment Fund or Separate Account will, in certain instances, be called upon to provide follow-up funding for its portfolio investments or have the opportunity to increase its investment therein. There can be no assurance that a Private Investment Fund or Separate Account will wish to make follow-on investments or that the Private Investment Fund or Separate Account will have sufficient funds to do so. Any decision by a Private Investment Fund or Separate Account not to make follow-on investments or its inability to make them would potentially have a substantial negative impact on an issuer in need of such an investment or diminish the Private Investment Fund or Separate Account's ability to influence such issuer's future development.

Reliance Upon Due Diligence Information from Underlying Managers and Portfolio Companies

Bluestone will conduct due diligence on investment opportunities. Bluestone expects to use outside consultants, legal advisers and accountants to varying degrees depending on the type of investment. Nevertheless, when conducting due diligence, Bluestone will be required to rely on resources available, including information provided by such potential investment and underlying managers (often on a non-reliance basis) and, where such potential investment is relatively young, some due diligence could be subjective. Therefore, there can be no assurance that the due diligence investigations undertaken by Bluestone will reveal or highlight all relevant facts that would potentially be necessary or helpful in evaluating a particular investment opportunity and there can be no assurance that such due diligence will result in an investment being successful.

Limited Due Diligence

Pursuant to the relevant investment strategy, a Private Investment Fund or Separate Account will, in certain instances, acquire stakes in portfolio companies and acquire securities of issuers without direct discussions with the management of such companies or issuers. Therefore, it is possible that the due diligence information on which a Private Investment Fund or Separate Account relies will be difficult to obtain, limited in scope or inaccurate. Further, a Private Investment Fund or Separate Account in some cases will invest in portfolio companies and issuers operating in countries where market and financial information is limited. There can be no guarantee that formal business plans, financial projections and market analyses will be available. Public information on such potential portfolio companies is, in some cases, difficult to obtain or verify. As a result of the foregoing, there can be no assurance that a Private Investment Fund or Separate Account will be able to detect or prevent potential or existing problems, such as irregular accounting, employee misconduct or other fraudulent practices, during the due diligence phase or during its efforts to monitor the portfolio investment on an ongoing basis. There is a risk that in the event of fraud by any portfolio company or any of its affiliates, a Private Investment Fund or Separate Account could suffer a partial or total loss of capital invested in that company.

Non-U.S. Market Risks

Bluestone makes a significant number of private equity fund investments in non-U.S. markets, both developed and emerging. Investments in these markets involve risks different from those in the United States, including economic, social, political, currency, and taxation risks, including potential exchange control regulations and restriction on foreign investment and repatriation of capital. Certain Partnership Funds make investments in underlying private equity funds that invest in countries that are in emerging markets, which involve a broader range of economic, foreign currency, exchange rate, political, legal and financial risks. Many governments in emerging market countries have exercised and continue to exercise substantial influence over many aspects of the private sector. Other risks include nationalization, expropriation, confiscatory taxation, negative diplomatic developments and political or social instability. In addition, the laws of some emerging markets governing business organizations, bankruptcy and insolvency can make legal action difficult and unpredictable and provide little, if any, legal protection for investors.

Operational Risks

Bluestone's ability to conduct its business effectively is subject to a variety of operational risks as it is dependent upon the ability to process Partnership Fund and Direct Fund transactions and investor transactions and to provide reporting and other services to clients and investors. If any of Bluestone's financial controls, investment accounting or investment operations systems, or other data processing systems fail to operate properly or if there are other failures in Bluestone's internal processes, Bluestone could suffer business disruption, financial loss, liability to clients, or regulatory or reputational issues. Systems failures typically result from factors that are beyond Bluestone's control notwithstanding the fact that Bluestone takes precautionary measures and has in place a business continuity and disaster recovery plan. In addition, changes in legal, fiscal and regulatory regimes can occur that have the potential to adversely affect Bluestone. There can be no guarantee that Bluestone would be permitted to, or be able to, make adjustments in its structure or investment program in order to adapt to such changes. Changes in economic conditions are expected to occur during the life of a Fund that can have an adverse effect on its investments, such as rising interest rates. Due to the illiquidity of the investments made by Bluestone, Bluestone will have limited ability to adapt to any such changes in economic environment or mitigate any corresponding losses.

Illiquidity; Cash Flow Risks

Investments in the Private Investment Funds are highly illiquid, as are the Private Investment Funds' investments in portfolio companies or other private equity funds (as applicable); interests in private equity funds and private companies are not registered under the U.S. Securities Act of 1933, as amended, and cannot be transferred unless registered under applicable federal or state securities laws or unless exemptions from such laws are available. Bluestone's ability to fund new investments and pay distributions to its investors is contingent upon generating cash flows, the sufficiency of which is contingent upon, among other things, the performance of Bluestone's existing investments, current economic conditions and conditions in the securities markets, and timely payment by Bluestone's investors of their called capital commitments. Bluestone receives fee income and income derived from its investments (either directly or indirectly through one or more intermediary entities) in various entities sponsored by

Bluestone, including the Funds and investment funds established for employees of Bluestone, its affiliates and their subsidiaries. Bluestone anticipates that it will continue to receive fee income and income derived from its investments in entities similar to the Funds and form similar relationships; however, there is no assurance that Bluestone will be able to raise new funds and continue to generate new income.

Fluctuation of Fund Valuations

The valuations of the Private Investment Funds and the Private Investment Funds' investments are calculated based upon good faith assessment of the fair value of the assets. Therefore, valuations of investments for which market quotations are not readily available, can differ materially from the values that would have resulted if a liquid market for such investments had existed. Even if market quotations are available for any of the Private Investment Funds' investments, there can be no guarantee that such quotations necessarily reflect the realizable value. The Private Investment Funds can experience fluctuations in results from period to period due to a number of factors, including changes in the values of the Private Investment Funds' investments, changes in the frequency and amount of drawdowns on capital commitments, distributions, dividends or interest paid in respect of investments, the degree to which the Private Investment Funds encounter competition in their businesses, the timing of the recognition of realized and unrealized gains or losses and general economic and market conditions (including, but not limited to, the effect of any catastrophic and other force majeure events on the financial markets, the economy overall and/or various industries). As an asset class, private markets have exhibited volatility in returns over different periods and it is likely that this will continue to be the case in the future. Such variability can cause results for a particular period not to be indicative of performance in a future period. In addition, where a Private Investment Fund's investment strategy includes investments in "crypto assets", it is possible that any such crypto assets will be difficult to value given the nature of the exchanges or other forums on which crypto assets are traded.

Under certain circumstances, there will be direct conflicts of interest between Bluestone and limited partners in the Private Investment Funds with regard to the valuation of securities, especially to the extent that the valuation of securities impacts distributions to be received by Bluestone or other general partner entities of the Private Investment Funds in respect of performance-based compensation in the Private Investment Funds (or borne indirectly by feeder vehicles in the relevant Private Investment Fund's investment structure). As a general matter, higher valuations of securities will tend to enhance the value of performance-based compensation and could accelerate the right to receive distributions in respect thereof. The Private Investment Funds' partnership agreements contain detailed rules and procedures regarding the valuation process (and each corresponding feeder vehicle will rely on its respective underlying fund's or funds' valuations) which prospective investors should consider carefully, as there can be no assurance that those rules and procedures will always yield valuations that reflect the price at which such assets could be disposed of on the secondary market.

Borrowing

The Private Investment Funds in some cases borrow money, including for purposes of cash management needs of the Private Investment Funds and bridging capital calls from limited

partners. Bluestone and/or the applicable general partner, on its own behalf and on behalf of the Private Investment Fund, without the consent of any partner or any person being required, will be permitted to hypothecate, mortgage, charge, assign, transfer, make a collateral assignment or pledge or grant a comparable security interest to a lender or other credit party of any entity in the Private Investment Fund's structure (or any portfolio company or intermediate vehicle) of the assets of such general partner and such entity. In connection with the foregoing, Bluestone and/or the applicable general partner shall have the right to agree (A) to subordinate distributions to investors to payments required in connection with any borrowings, guarantees or credit support obligation and (B) that during the term of any such borrowings, guarantees or credit support obligation, entities in the investment structure will not, to the fullest extent permitted by applicable law, initiate bankruptcy, insolvency, liquidation, reorganization, dissolution proceedings or any analogous proceedings without the consent of any lender to such entity.

Borrowings made by a Private Investment Fund are typically secured by its assets or otherwise by the undrawn subscriptions of such Fund and, in the case of borrowings by an entity in which one or more other entities (including entities in the Private Investment Fund's structure and/or one or more other entities managed by Bluestone) invest directly or indirectly, by the assets of an entity in the Private Investment Fund's structure and/or such other entities. In certain circumstances, a lender could demand an increase in the collateral that secures the Private Investment Fund's obligations and if the Private Investment Fund was unable to provide additional collateral, the lender could liquidate assets of such entity and/or, in the case of borrowings by an entity in which one or more other entities invest directly or indirectly, one or more of such other entities to satisfy obligations. Liquidation in that manner could have extremely adverse consequences. In addition, the amount of each Private Investment Fund's borrowings and the interest rates on those borrowings, which fluctuate, can have a significant effect on such Private Investment Fund's profitability.

While Bluestone believes that, if successfully implemented, borrowing will enhance performance, there can be no assurance of such result. Moreover, a Private Investment Fund's ability to service its debt depends largely on its financial performance and is subject to prevailing economic conditions and competitive pressures. Specific terms related to borrowing are described in the applicable private offering memoranda.

Impact of Borrowings

Borrowing will directly impact (positively or negatively) the return of the Private Investment Funds and increase the risks associated with an investment in the Private Investment Funds. Calculations of net and gross IRRs in respect of investment and performance data included and/or referred to in performance materials, and with respect to the Private Investment Fund, as reported to limited partners from time to time, are based on the payment date of capital contributions received from the applicable limited partner or timing of investment inflows and outflows received or made by the investing entity. In instances where a Private Investment Fund utilizes borrowings under a Private Investment Fund's subscription-based credit facility or asset-backed facility (or other facility), use of such facility (or other leverage) generally results in a higher reported IRR (on an investment level and/or fund level) than if the facility had not been utilized because such borrowings were used in lieu of capital contributions or in advance of related capital contributions that would only be made at a later date. Use of a subscription-based credit

facility (or other long-term leverage) presents conflicts of interest as a result of certain factors and it is possible that the general partner will make distributions prior to the repayment of outstanding borrowings. For example, because the preferred return component of a Private Investment Fund's carried interest arrangements, if applicable, begins to accrue after capital contributions are due (regardless of when the Private Investment Fund borrows, makes the relevant investment, or pays expenses) and ceases to accrue upon return of these capital contributions, the use of borrowing to shorten the period between calling and returning capital limits the amount of time the preferred return will accrue. In circumstances where there is not a preferred return on amounts borrowed in advance or in lieu of calling capital, fund-level borrowing typically will reduce the amount of preferred return to which the limited partners would otherwise be entitled had the general partner called capital, and thus could result in the general partner receiving carried interest sooner than it would without borrowing.

To the extent a Private Investment Fund makes use of a credit facility to make investments or pay costs, such Private Investment Fund generally will not be compensated or reimbursed separately by other participating Private Investment Funds or accounts managed by Bluestone (*e.g.*, in certain crossing transactions) or other co-investors for use of the facility, and in certain circumstances (such as unconsummated transactions) the Private Investment Fund is expected to bear co-investors' proportionate share of expenses and other amounts related to facility use.

A credit agreement or borrowing facility frequently will contain other terms that restrict the activities of the Private Investment Fund and the limited partners or impose additional obligations on them. For example, certain lenders or facilities are expected to impose restrictions on the relevant general partner's ability to consent to the transfer of a limited partner's interest in the Private Investment Fund or impose concentration or other limits on the Private Investment Fund's investments, and/or financial or other covenants, that could affect the implementation of the Private Investment Fund's investment strategy.

As a result, use of such leverage arrangements with respect to investments provides the general partner with an incentive to fund investments through long-term borrowings in lieu of capital contributions. Moreover, the costs and expenses of any such borrowings will generally be borne as costs and expenses of the Private Investment Fund, which will increase the expenses borne by the applicable limited partners and would be expected to diminish net cash on cash returns.

Subject to the limitations set forth in the applicable Governing Documents, Bluestone and/or its affiliates maintain substantial flexibility in choosing when and how subscription-based credit facilities or other lending facilities are used. Bluestone has adopted policies or guidelines which are subject to monitoring by an Bluestone committee relating to the use of such credit facilities. Such policies relate to, among other things, using the credit facilities to systematically defer calling capital from investors, the amount eligible for borrowing and the frequency of paying down the amounts borrowed. In addition to using such facilities to defer capital calls, Bluestone has discretion to elect to use short or long-term fund-level financing for investments including (a) for investments that have a longer lead time to generate cash flow or to acquire assets, (b) for platform investments that require capital to fund operating expenses prior to developing sufficient scale to self-fund or generate enterprise value, (c) for investments where cash is retained in the business to fund activity that results in incremental returns for the

investment, (d) to make margin payments as necessary under currency hedging arrangements, (e) to fund management fees otherwise payable by investors, (f) for investments with revenues in a foreign currency and (g) when Bluestone otherwise determines that it is in the best interests of the Private Investment Fund.

A Private Investment Fund vehicle may be permitted to borrow on a joint and several basis with one or more other Private Investment Fund vehicles and, in connection with incurring such indebtedness, Bluestone can in its sole discretion, cause the Private Investment Fund vehicles to enter into one or more agreements to obtain a right of contribution, subrogation or reimbursement from or against such entities. However, it is possible that, if and when a Private Investment Fund vehicle was to seek to enforce any such right, any such entity could default on its obligation and/or such right could otherwise be unenforceable.

Availability of Borrowing

The availability of credit is dependent on market conditions, which vary over time. A substantial reduction in credit resulting from market conditions could potentially have a material adverse effect on the Private Investment Fund's ability to achieve its investment objective with respect to any particular portfolio investment and/or the Private Investment Fund's entire portfolio. Conditions that reduce the availability of credit could have a material adverse effect on the Private Investment Fund's overall return objectives. In addition, breach of financing arrangements such as financial covenants could give rise to losses and the Private Investment Fund could be forced to sell portfolio investments at less than market value or cost. If the Private Investment Fund were to default under a credit facility, the lenders under such credit facility could foreclose on the collateral and take possession of those assets pledged by the Private Investment Fund, which would likely have a material adverse effect on the Private Investment Fund.

Placement Agents

From time to time and in connection with the distribution of its Private Investment Funds, Bluestone works with a variety of placement agents. There can be no guarantee that such placement agents will be registered broker-dealers with the SEC and/or members of the Financial Industry Regulatory Authority (FINRA). Further, it is possible that such placement agents and their personnel are current or former advisory clients of Bluestone or an investor in a Private Investment Fund sponsored by Bluestone, and will have negotiated beneficial economic terms in connection with their investment (*e.g.*, reduced compensation percentages). For providing solicitation and other services with respect to certain investors who invest in a Private Investment Fund, placement agents will typically receive cash compensation which can be in the form of fees based on the amount of capital commitments (or other methods) and which will ultimately be borne directly or indirectly by Bluestone rather than the relevant Private Investment Fund; provided, however, that in certain cases a Private Investment Fund will be expected to bear certain out-of-pocket expenses related to the engagement and solicitation of investors by such placement agents. As a result, these placement agents have a material incentive and potential conflict of interest to recommend an investment in such Private Investment Funds. Further, certain placement agents expect to do business with and earn fees or commissions from other third-party fund sponsors that will have similar or different investment objectives from the Bluestone Private Investment Funds, including the provision of advisory and placement services.

Accordingly, potential investors should recognize that placement agents will be influenced by their interest in such compensation, including any differentials in compensation between Bluestone and other sponsors

Material Nonpublic Information; Other Regulatory Restrictions

As a result of the operations of Bluestone and its affiliates, Bluestone frequently comes into possession of confidential or material nonpublic information. Therefore, Bluestone and its affiliates will in some instances have access to material, nonpublic information that may be relevant to an investment decision to be made by a Private Investment Fund or Separate Account. Consequently, there is a risk that a Private Investment Fund or Separate Account would be restricted from initiating a transaction or selling an investment which, if such information had not been known to it, would have been undertaken consistent with applicable securities laws or Bluestone's internal policies.

Similarly, anti-money laundering, anti-boycott and economic and trade sanction laws in the United States and other jurisdictions prohibit Bluestone, the Private Investment Funds or Separate Accounts from transacting with or in certain countries and with certain individuals and companies. In the event that an investor in a Private Investment Fund or Separate Account, or a beneficial owner, controller or authorized person of such investor, is or becomes (i) named on any list of sanctioned entities or individuals maintained by the U.S. Department of the Treasury's Office of Foreign Assets Control ("**OFAC**") or pursuant to European Union ("**EU**") and/or United Kingdom ("**UK**") Regulations (as the latter are extended to the Cayman Islands by statutory instrument), (ii) operationally based or domiciled in a country or territory in relation to which sanctions imposed by the United Nations, OFAC, the EU and/or the UK apply, or (iii) otherwise subject to sanctions imposed by the United Nations, OFAC, the EU or the UK (collectively, a "**Sanctions Subject**"), it is possible that Bluestone will be required, immediately and without notice to such investor, to cease any further dealings with such investor and/or its interest in the Private Investment Fund or Separate Account until the investor ceases to be a Sanctions Subject, or a license is obtained under applicable law to continue such dealings. In addition, certain programs administered by OFAC prohibit dealing with individuals or entities in certain countries regardless of whether such individuals or entities appear on the lists maintained by OFAC. These types of sanctions restrict the Private Investment Funds' and Separate Accounts' investment activities.

As a result of any of the foregoing, there can be no guarantee that a Private Investment Fund or Separate Account will not be adversely affected because of Bluestone's inability or unwillingness to participate in transactions that would potentially violate such laws or regulations, or by remedies imposed by any regulators or governmental bodies. Any such laws or regulations could: make it difficult or potentially prevent a Private Investment Fund or Separate Account from pursuing investment opportunities; require the sale of part or all of certain portfolio companies on a timeline or in a manner deemed undesirable by Bluestone; or limit the ability of one or more portfolio companies from conducting their intended business in whole or in part. Consequently, there can be no assurance that any Private Investment Fund or Separate Account will be able to participate in all potential investment opportunities that fall within its investment objectives.

Cybersecurity Risks

Bluestone, its service providers and other market participants increasingly depend on complex information technology and communications systems to conduct business functions. These systems are subject to a number of different threats or risks that could adversely affect a Private Investment Fund, Separate Account and/or its investors, despite the efforts of Bluestone and its service providers to adopt technologies, processes and practices intended to mitigate these risks and protect the security of their computer systems, software, networks and other technology assets, as well as the confidentiality, integrity and availability of information belonging to the Private Investment Funds, Separate Accounts, their affiliates and their investors. For example, unauthorized third parties may attempt to improperly access, modify, disrupt the operations of, or prevent access to these systems of Bluestone, its service providers, counterparties or data within these systems. Third parties may also attempt to fraudulently induce employees, customers, third-party service providers or other users of Bluestone's systems to disclose sensitive information in order to gain access to Bluestone's data. A successful penetration or circumvention of the security of Bluestone's systems could result in the loss or theft of an investor's data or funds, the inability to access electronic systems, loss or theft of proprietary information or corporate data, physical damage to a computer or network system or costs associated with system repairs. Such incidents could cause the Private Investment Funds, Separate Accounts, Bluestone, their affiliates and/or their service providers to incur regulatory penalties, reputational damage, additional compliance costs or financial loss. Similar types of operational and technology risks are also present for the investments made by the Private Investment Funds and Separate Accounts and the companies in which they directly or indirectly invest, which could have material adverse consequences for such investments and companies, and has the potential to cause a Private Investment Fund's or Separate Account's investments to lose value.

Financial Institution Risk; Distress Events

An investment in a Private Investment Fund is subject to the risk that one of the Private Investment Fund's banks, brokers, hedging counterparties, lenders or other custodians of some or all of the Private Investment Fund's assets (each, a "**Financial Institution**") fails to perform its obligations or experiences insolvency, closure, receivership or other financial distress or difficulty (each, a "**Distress Event**"). In the event a Financial Institution experiences a Distress Event, there is a risk that Bluestone, the Private Investment Funds and/or their portfolio companies will not be able to access deposits, borrowing facilities or other services for an extended period of time or ever.

A Distress Event has the potential to adversely affect the ability of Bluestone to manage the Private Investment Funds and their investments, and on the ability of Bluestone, any Private Investment Fund and/or portfolio companies to maintain operations, which in each case could result in significant losses and unconsummated investment acquisitions and dispositions. Such losses have the potential to include (i) payment of fees and expenses in the event the Private Investment Fund is not able to close a transaction, (ii) the inability of a Private Investment Fund to acquire or dispose of investments at prices that Bluestone believes reflect the fair value of such investments and/or (iii) the inability of portfolio companies to make payroll, fulfill obligations and maintain operations. Although Bluestone expects to exercise contractual remedies under the

agreements with Financial Institutions in the event of a Distress Event, there can be no assurance that such remedies will be successful or avoid losses or delays.

Many Financial Institutions require, as a condition to using their services or otherwise, that Bluestone and/or the relevant Private Investment Fund maintain all or a set amount or percentage of their respective accounts or assets with the Financial Institution, which heightens the risks associated with a Distress Event with respect to such Financial Institution. Although Bluestone seeks to do business with Financial Institutions that it believes are creditworthy and capable of fulfilling their respective obligations to the Private Investment Funds, Bluestone is under no obligation to use a minimum number of Financial Institutions with respect to any Private Investment Fund, or to maintain account balances at or below the relevant insured amounts.

Coronavirus and Other Public Health Risks

Pandemics and other widespread public health emergencies, including outbreaks of infectious diseases such as SARS, H1N1/09 flu, avian flu, Ebola and COVID-19, have and are resulting in market disruption, and future such emergencies have the potential to materially and adversely impact economic production and activity in ways that are impossible to predict, all of which can result in significant losses to the Private Investment Funds and Separate Accounts.

In an effort to contain such health emergencies, national, regional and local governments, as well as private businesses and other organizations, have taken or have the potential to take restrictive measures, including instituting local and regional quarantines, restricting travel (including closing certain international borders), prohibiting public activity (including “stay-at-home” and similar orders), and ordering the closure of large numbers of offices, businesses, schools, and other public venues. Any such actions have the potential to create disruption in global demand and supply chains, contribute to significant volatility in financial markets, and adversely impact a wide range of different industries. Restrictive measures, whether on an initial or re-imposed basis, also have the potential to cause labor force and operational disruptions, slowing or complete idling of certain supply chains and manufacturing activity, increases in unemployment levels, and strain and uncertainty for businesses and households, with a particularly acute impact on industries dependent on travel and public accessibility, such as transportation, hospitality, tourism, retail, sports and entertainment. A resulting negative impact on economic fundamentals and consumer confidence has the potential to negatively impact market value, increase market volatility, cause credit spreads to widen, and reduce liquidity, all of which could have an adverse effect on the Private Investment Funds’ and Separate Accounts’ returns and the Private Investment Funds’ and Separate Accounts’ ability to source new investments. No assurance can be given as to the effect of these events or future Pandemics on the value or returns of Private Investment Funds’ and Separate Accounts’ investments or Private Investment Funds’ and Separate Accounts’ ability to source investments.

Conflict in Ukraine

The ongoing conflict in Ukraine could have an adverse impact on a Private Investment Fund or Separate Account and their investments. In addition to the humanitarian and political crisis which is unfolding, the events are adversely impacting global commercial activity and have contributed to volatility in financial, currency and commodities markets. The regional and global

impact of the conflict and ensuing crisis is rapidly evolving and could negatively affect the performance of a Private Investment Fund's or Separate Account's investments and present material uncertainty and risk with respect to a Private Investment Fund's or Separate Account's overall performance and financial returns.

Secondaries and other GP-Led Transactions

There continues to be a significant market in the private fund sector for secondary sales, GP-led transactions, continuation funds, successor fund investments and other transactions for the disposition of investments. Such transactions are undertaken for various reasons, including, for example, to balance competing interests between offering liquidity to existing limited partners and maintaining exposure to an asset where Bluestone believes there is the potential for additional value generation. Where undertaken, existing limited partners typically are offered certain options relating to receiving liquidity from the transaction or continuing to maintain exposure to the asset, assets or a new portfolio of assets (including a portfolio that combines assets from multiple Private Investment Funds). However, certain of such transactions are expected to require (i) a limited partner to invest additional capital in the existing Private Investment Fund and/or other investment vehicles, (ii) a greater exposure to one or more particular portfolio investments, and/or (iii) a delay in the full liquidation of its investment. In other circumstances, even limited partners that elect to continue to hold a direct or indirect interest in the relevant portfolio assets will have their interest adjusted as if distributed (*i.e.*, a portion of such interest will be allocated to Bluestone to the extent of its right to receive carried interest, if any), effectively diluting their interests.

Each of these transactions has the potential for conflicts between the interests of a Private Investment Fund or limited partner and those of Bluestone or any buyer group that typically are not applicable to more traditional investment sales. For example, there could be divergent interests between buyers and sellers related to valuation or limited partners and managers related to receipt of fees and/or performance-based compensation. Further, the use of secondaries could incentivize Bluestone to consider investments with longer holding periods or that would not otherwise be appropriate if liquidity through a secondary transaction did not exist. There can be no assurance that investors will receive their desired option with regard to an investment (whether related to liquidity, continued exposure or otherwise), and Bluestone reserves the right to compel co-investors to receive cash or continue to hold an interest in the relevant investment. Although Bluestone seeks to disclose all relevant potential conflicts of interest prior to the closing of the transaction, there can be no assurance that Bluestone will successfully identify all conflicts of interest or resolve or mitigate all such conflicts of interest in favor of any Private Investment Fund or any individual limited partner(s). However, Bluestone reserves the right, in its sole discretion, to determine to engage in such transactions, subject to any approvals required in the relevant Governing Documents.

Projections

Projections are only estimates of future results that are based upon information received from third parties and assumptions made at the time the projections are developed. There can be no assurance that the results set forth in any projections will be attained, and actual results

may be significantly different from the projections. Also, general economic factors, which are not predictable, can have a material impact on the reliability of projections.

Inflation

Some countries, including the United States, are currently and may in the future experience substantial rates of inflation, which can have negative effects on the economies and securities markets of their economies. Governmental efforts to curb inflation (such as price controls) can, in some cases, involve drastic economic measures affecting the level of economic activities. There can be no assurance that the relevant governments will be able to exercise effective control over inflation rates or that a high rate of inflation will not have a materially adverse effect on a Private Investment Fund or Separate Account or its investments.

Past Performance Not Necessarily Predictive of Future Performance

There is no assurance that the performance of Bluestone or the Private Investment Funds will equal or exceed the past investment performance of Bluestone.

Additional risks relevant to investments in the Funds are described in the applicable private offering memoranda.

Conflicts of Interest

Bluestone manages Partnership Funds, Direct Funds and Separate Accounts, and will continue to form such relationships. As Bluestone invests and manages assets for the Partnership Funds, Direct Funds and Separate Accounts, conflicts of interest will arise between these funds and other Private Investment Funds and Bluestone clients. Although Bluestone will devote such time, personnel and internal resources as are necessary to conduct the business affairs of the Private Investment Funds and Separate Accounts in an appropriate manner, as required by the relevant Governing Documents, it is possible for conflicts of interest to arise among Private Investment Funds, or for Private Investment Funds to compete for investments or for the time and attention of Bluestone principals. Following the commitment period of a Fund, Bluestone principals likely will focus their investment activities on other opportunities and areas unrelated to the Fund's investments.

The Governing Documents for each Fund include a description of what Bluestone believes to be the most significant conflicts of interest associated with an investment in such vehicle. The following summary is not intended to be an exhaustive list of all conflicts or their potential consequences and investors should carefully consider the conflicts of interest outlined in each applicable Fund's Governing Documents prior to investing in a Fund. Identifying potential conflicts of interest is complex and fact intensive and it is not possible to foresee every conflict of interest that will arise during a Fund's life. There can be no assurance that Bluestone will identify or resolve all conflicts of interest and, if resolved, that such conflicts will be resolved in a manner that is favorable to the Funds.

Investment Allocation-Related Conflicts

From time to time, Bluestone will be presented with investment opportunities that would be suitable for more than one Fund, Private Investment Fund or Separate Account (collectively, the “**Clients**”). Bluestone makes allocation determinations consistent with the Clients’ Governing Documents and in accordance with its written policies and procedures. In determining which Clients should participate in such investment opportunities, Bluestone and its affiliates are subject to prevent conflicts of interest. Except as required by the relevant Governing Documents, Bluestone is not obligated to allocate any investment to any particular Client. Bluestone attempts to resolve such conflicts of interest in light of its obligations to investors in Private Investment Funds, Separate Accounts and the obligations owed by Bluestone’s advisory affiliates to investors in investment vehicles managed by them, and attempts to allocate investment opportunities among Clients in a fair and equitable manner.

Accordingly, it should not be assumed that all potentially suitable investment opportunities which come to the attention of Bluestone will be made available to a Client or that any Client will receive its desired amounts of any such investment opportunity. Moreover, the allocation process described herein can lead to a Client failing to be allocated any opportunity (or a particular type of opportunity) for an extended period of time. Bluestone’s allocation of investment opportunities will not necessarily result in proportional allocations among Clients, and such allocations can be more or less advantageous to some such persons relative to others. While Bluestone allocates investment opportunities in a manner that it believes in good faith is fair and equitable to its Clients under the circumstances over time and considering relevant factors, there can be no assurance that a Client’s actual allocation of an investment opportunity, if any, or the terms on which that allocation is made, will be as favorable as they would be if the conflicts of interest to which Bluestone is subject, discussed herein, did not exist.

Conflicts Related to Underlying Funds, Portfolio Companies and Service Providers

As a result of contracts with portfolio companies held by certain of its Private Investment Funds (*e.g.*, Direct Funds), Bluestone and/or its affiliates often have the right to appoint portfolio company board members, or to influence their appointment, and to determine or influence a determination of their compensation. Such personnel are generally required to remit any remuneration they receive as directors to Bluestone and/or the applicable Fund or Separate Account, or the remuneration will offset the amount of management fees paid by the applicable Fund or Separate Account. Currently, personnel of Bluestone are prohibited from personally receiving consulting, management or other fees from portfolio companies or underlying funds. Bluestone’s board appointees are permitted to include, without limitation, Bluestone employees, relevant personnel of a service provider or such other persons as Bluestone selects in its discretion.

Service on the board of a portfolio company can give rise to potential conflicts between Bluestone personnel’s duties to the portfolio company and such personnel’s duties to Bluestone and its Funds and Separate Accounts. For example, from time to time, portfolio company board members approve compensation and/or other amounts payable to Bluestone and/or its affiliates. Further, decisions made by a director potentially subject Bluestone, its affiliate or a Fund or Separate Account to claims they would not otherwise be subject to as an investor, including

claims of breach of duty of loyalty, securities claims and other director-related claims, or such decisions by a director which could negatively impact the portfolio company and ultimately returns received by a Fund or Separate Account investing in the portfolio company. In addition, to the extent any Bluestone personnel serves as a director on the board of more than one portfolio company, such person's fiduciary duties among the multiple portfolio companies creates a potential conflict of interest. In general, the Funds and Separate Accounts will indemnify Bluestone and its partners, principals and employees from such claims.

Bluestone frequently has one or more representatives that sit on the limited partner advisory committee of an underlying fund. Often a general partner of an underlying fund will ask the related advisory committee to review and consent to certain transactions which present a conflict of interest or other issue for the general partner. In exercising its advisory committee voting rights under such circumstances, Bluestone representatives on the advisory committee will vote in a manner that is in the best interests of its Funds and Separate Accounts or abstain from participating in the decision.

Bluestone and/or its affiliates reserves the right to employ or enter into other relationships with personnel with pre-existing ownership interests, or employment or other relationships with, portfolio companies or managers whose funds are owned by the Private Investment Funds or other investment vehicles advised by Bluestone and/or its affiliates; conversely, former personnel or executives of Bluestone and/or its affiliates sometimes serve in significant management roles at portfolio companies or service providers recommended by Bluestone. Similarly, Bluestone, its affiliates and/or personnel maintain relationships with (or may invest in) financial institutions, service providers, vendors, and other market participants, including managers of private funds, investment bankers, lenders, consultants, professional advisors, financial institutions, banks, brokers, advisors, finders, institutional investors, family offices, co-investors, current and former employees or affiliates (including certain family members or close contacts) of Bluestone or any current or former portfolio company. Certain of these persons or entities will invest (or will be affiliated with an investor) in, engage in transactions with and/or provide services (including services at reduced rates) to, Bluestone and/or its affiliates, and/or the Private Investment Funds or other investment vehicles they advise.

Bluestone, its affiliates, and equity holders, officers, principals and employees of Bluestone and its affiliates will, in some cases, be authorized to buy or sell securities or other instruments that Bluestone has recommended to a Private Investment Fund. In addition, subject to any restrictions in the Governing Documents and any related policies and procedures set forth in the Integrity Policy (as defined below), officers, principals and employees can buy securities in transactions offered to but rejected by a Private Investment Fund. The investment policies, fee arrangements and other circumstances of these investments generally vary from those of any Private Investment Fund.

Potential for Warehoused Investments

Under appropriate circumstances, certain investments will be made by an affiliate of Bluestone (including a Bluestone managed entity) prior to the initial closing of a Private Investment Fund or Separate Account with the intention that such investments will be transferred to the new Private Investment Fund or Separate Account following such initial closing, but there can be no assurance that such transfers will occur. Moreover, neither Bluestone

nor any of its related persons makes or will make any representations regarding the attractiveness of such investments. Prospective investors must not rely upon the ultimate transfer or attractiveness of such investments in deciding whether to invest in a Private Investment Fund or Separate Account. In certain situations, Bluestone or an affiliate thereof could cause a Private Investment Fund or Separate Account to engage in “cross transactions” via the acquisition of an investment from, or sale or transfer of an investment to, another Bluestone fund, provided that the transfer is consistent with Bluestone’s fiduciary obligations to each fund participating in the cross transaction.

Conflicts Associated with Overlapping Investments

It is expected that a Private Investment Fund or Separate Account will, from time to time, acquire investments in the same portfolio company or underlying portfolio fund opportunity as another Private Investment Fund or Separate Account as part of a single transaction or otherwise. In connection with any such investment, the Private Investment Funds or Separate Accounts each could have conflicting interests if they invest in the same portfolio company or underlying fund opportunity. Where a Private Investment Fund or Separate Account and such other Bluestone-managed funds or accounts invest in the same securities, Bluestone could give advice to or otherwise take actions on their behalf in respect of such investments that could differ from advice given to or actions taken on behalf of the Private Investment Fund or Separate Account. For example, other Bluestone-managed funds or accounts and a Private Investment Fund or Separate Account could have an investment in the same securities of a portfolio company or underlying portfolio fund but could buy or sell such securities at a different time, at a different price or otherwise on different terms or conditions. Such advice or actions on behalf of other Bluestone-managed funds or accounts could adversely impact a Private Investment Fund or Separate Account or could otherwise result in such other Bluestone-managed funds or accounts achieving returns on such investments that are better than the returns achieved by a Private Investment Fund or Separate Account.

Such conflicts of interest could be more material where a Private Investment Fund or Separate Account and such other Bluestone-managed funds and accounts invest in different securities issued by the same portfolio companies or underlying portfolio funds. For example, if a Private Investment Fund or Separate Account invests in the equity securities of a portfolio company and another Bluestone-managed fund or account invests in the debt securities of the same company, the various economic and other terms of the debt and equity securities, including the interest rates to be paid on the debt securities, any security granted in respect thereof, the characterization of the debt securities as preferred equity or subordinated debt, and the nature of the covenants running in favor of the other Bluestone-managed fund or account as a debt holder, could raise conflicts of interest between such Private Investment Fund or Separate Account, on the one hand, and such other Bluestone-managed fund or account, on the other hand. Questions could arise as to whether payment obligations and covenants of the debt securities should be enforced, modified, or waived by the holders of the debt securities or whether the debt securities should be refinanced by the portfolio company, which decisions could be influenced by the other Bluestone managed fund or account holding the debt securities.

Bluestone manages a number of funds and accounts that are deemed to be investing plan assets subject to ERISA and that target, in whole or in part, similar investments to those targeted

by a Private Investment Fund or Separate Account. If Bluestone is acting in any transaction on behalf of a fund deemed to be investing plan assets subject to ERISA, applicable law will require Bluestone to act in the best interests of such fund when considering any actions regardless of any adverse effect that could result for other Bluestone-managed funds or accounts.

In addition to investing at the same time in the same portfolio company or underlying portfolio fund, including in different classes of securities issued thereby, a Private Investment Fund or Separate Account could pursue a transaction with an entity in which another Bluestone-managed fund or account has a pre-existing investment, or another Bluestone-managed account could pursue a transaction with an entity in which a Private Investment Fund or Separate Account has a pre-existing investment. For example, a Bluestone-managed entity could lead a recapitalization, invest in a later-stage equity issuances, or invest in a preferred equity issuance where another Bluestone-managed entity already has a pre-existing investment. As discussed above, such investments could give rise to conflicts of interest to the extent that Bluestone takes into account the interests of such other Bluestone-managed funds and accounts in its consideration of certain actions by the Funds in respect of such investments.

Expense Related Conflicts

Expenses frequently will be incurred by multiple Private Investment Funds and/or Separate Accounts. The Firm allocates aggregate costs among the applicable Private Investment Funds and/or Separate Accounts (and, in certain cases, among Bluestone and applicable Private Investment Funds and/or Separate Accounts) in accordance with allocation policies and procedures which are reasonably designed to allocate expenses in a fair and reasonable manner over time among such Private Investment Funds or Separate Accounts. However, expense allocation decisions can involve potential conflicts of interest (*e.g.*, (i) an incentive to favor Private Investment Funds or Separate Accounts that pay higher incentive fees, (ii) conflicts relating to different expense arrangements with certain Private Investment Funds or Separate Accounts and (iii) because certain expenses are paid for by a Private Investment Fund, Separate Account and/or their portfolio companies or, if incurred by Bluestone, are reimbursed by a Private Investment Fund, Separate Account and/or their portfolio companies, Bluestone does not necessarily seek out the lowest cost options when incurring (or causing a Fund or its portfolio companies to incur) such expenses).

Private Investment Funds or Separate Accounts will bear costs and expenses to the extent provided in the relevant Governing Documents and/or side letters. Typically, the Governing Documents relating to such Private Investment Fund or Separate Account will stipulate what costs and expenses can be borne by the Private Investment Fund or Separate Account. Generally, all investment-related costs (including broken deal costs) will be allocated across relevant Private Investment Funds or Separate Accounts pro rata based on their relative participation interest (or anticipated relative participation) in the subject investment. Bluestone is authorized to allocate other types of shared Private Investment Fund or Separate Account expenses on another basis (*e.g.*, relative net asset value) as determined more appropriate in the particular circumstance and in accordance with Bluestone's policies and procedures. Nonetheless, there can be no guarantee that the portion of a common expense that the Firm allocates to a Private Investment Fund or Separate Account for a particular product or service will reflect the relative benefit derived by such Private Investment Fund or Separate Account from that product or service in any particular

instance. Further, Bluestone is permitted, but is not required to, in its discretion and subject to the applicable Governing Documents specially allocate fund expenses to an investor of a Private Investment Fund or Separate Account, including attorneys' fees, incurred by the Private Investment Fund or Separate Account in connection with such investor's admission to the Private Investment Fund or Separate Account (including costs incurred in connection with any "know your customer" due diligence) or transfers. Such allocation determinations give rise to conflicts of interest due to inherent biases in the process. Bluestone's expense allocations often depend on inherently subjective determinations and, accordingly, expense allocations made by Bluestone in good faith will be final and binding on the Private Investment Funds or Separate Accounts.

Bluestone or its affiliates have historically provided certain services to Private Investment Funds or Separate Accounts at no charge. The decision by Bluestone to initially perform particular services for Private Investment Funds or Separate Accounts at no charge will not preclude a determination that another Private Investment Fund or Separate Account will bear the costs described above, and such determination will not necessarily occur uniformly for all Private Investment Funds or Separate Accounts.

Multiple Fees and Expenses

In addition to the management fees and expenses and other compensation payable to Bluestone and/or an affiliate thereof pursuant to the relevant Private Investment Fund's or Separate Account's Governing Documents, underlying fund managers will typically have similar, and most likely higher, levels of management fees, carried interest and expenses than Bluestone, which will further reduce return on invested capital and, consequently, will lower any returns to investors.

As described directly above the Private Investment Funds and Separate Accounts frequently invest in, or alongside, underlying funds not affiliated with Bluestone which charge their own management fees, carried interest and expenses. However, as part of its investment advisory business, Bluestone only receives compensation from its clients and does not receive any compensation from the managers of these non-affiliated underlying funds in exchange for selecting their funds for our clients.

Carried Interest- and Management Fee-Related Conflicts

Because Bluestone's carried interest is based on a percentage of net profits, it may create an incentive for Bluestone to cause a Private Investment Fund or Separate Account to make riskier or more speculative investments than would otherwise be the case, although this incentive could be tempered in that losses will reduce the relevant Private Investment Fund's or Separate Account's performance and thus the general partner's carried interest. Similar concerns apply with respect to underlying portfolio funds and direct investments and carried interest or other profit participations payable to their respective sponsors. Depending on the Governing Documents of the applicable Private Investment Fund or Separate Account, carried interest can be based on realized and/or unrealized appreciation of a Private Investment Fund or Separate Account and the general partner could receive carried interest with respect to unrealized as well as realized appreciation, which could create incentives for the general partner to value investments more highly than their ultimate realization price.

Also, with the exception of Private Investment Funds operating on an open-ended basis, because there is a fixed investment period after which capital from investors in a Private Investment Fund can only be drawn down in limited circumstances and because management fees are, at certain times during the life of such a Private Investment Fund, based upon capital invested by such Private Investment Fund, this fee structure potentially creates an incentive to deploy capital when Bluestone would not otherwise have done so. Since Bluestone is permitted to retain certain portfolio company-related fees in connection with Fund investments, it could be subject to a potential conflict of interest in connection with approving transactions and setting such compensation.

Side Letter-Related and Similar Conflicts

Bluestone enters into side letter arrangements with certain investors in a Private Investment Fund providing such investors with different or preferential rights or terms and are generally entered into without the approval of any other investor, including but not limited to different fee structures, information rights, specialized reporting, priority co-investment rights or targeted co-investment amounts, and liquidity or transfer rights or otherwise altering or supplementing the terms (including economic or otherwise) of the Governing Documents with respect to such investors, certain of which will not be subject to the “most-favored nation” provisions of a Private Investment Fund’s Governing Documents.

Further, certain investors make investments in multiple Funds or Separate Accounts and Bluestone provides different and/or additional services which take into account the scope of the investor’s (or of their affiliates) broader relationship with Bluestone and, in certain circumstances, Bluestone will provide more favorable economic, governance, or other terms to such investors as a whole or with respect to some or all of their Bluestone investments; provided however, that these arrangements do not constitute side letters and will not be specifically disclosed to other investors or otherwise be made available to other investors under most favored nation provisions granted with respect to a Fund or Separate Account.

Except where required by Governing Documents, other investors will not receive copies of side letters or related provisions, and as a general matter, the other investors have no recourse against a Private Investment Fund, Bluestone, the relevant general partner or any of their affiliates in the event that certain investors have received additional and/or different rights and/or terms as a result of such side letters. Side letters subject Bluestone to potential conflicts of interest between the limited partner receiving such benefit and the Private Investment Fund, such as conferring additional reporting, information rights and/or transfer rights, the costs and expenses of which are expected to be borne by the relevant Private Investment Fund.

Conclusion

Any of these situations subjects Bluestone and/or its affiliates to potential conflicts of interest. Bluestone attempts to resolve such conflicts of interest in light of its obligations to investors in its Private Investment Funds and Separate Accounts, and it attempts to allocate investment opportunities among a Private Investment Fund, other Private Investment Funds and Separate Accounts in a manner that it believes to be fair and equitable under the circumstances and over time. To the extent that an investment or relationship raises particular conflicts of

interest, Bluestone will review the circumstances of such investment or relationship with a view to addressing and reducing the potential for conflict. Where necessary, Bluestone consults and receives consent to conflicts from an advisory board (or its equivalent) consisting of limited partners of the relevant Private Investment Fund, or directly from the limited partners themselves.

Item 9 – Disciplinary Information

We are obligated to disclose any disciplinary event that would be material to you when evaluating us to initiate a Client/Adviser relationship, or to continue a Client/Adviser relationship with us. This statement applies to Bluestone and its employees.

This disciplinary action concerns Bluestone’s violations of the federal securities laws in connection with the financial statement audits of a private fund that Bluestone advised. The Fund in question was in liquidation. Bluestone failed to have the required audits performed and timely distribute annual audited financial statements prepared in accordance with Generally Accepted Accounting Principles (“GAAP”) to investors in a private fund (AALII Fund) that it advised. In addition, Bluestone did not properly describe the status of its fund’s financial statement audits when filing its Forms ADV and did not update certain responses in its Form ADV annual updating amendments for multiple years as required by the Form ADV instructions. These failures resulted in violations of Section 206(4) of the Advisers Act and Rule 206(4)-2 thereunder, commonly referred to as the “custody rule,” and Section 204(a) and Rule 204-1(a) thereunder, which required Bluestone to update certain information about Bluestone’s private fund audits in its Forms ADV. The Adviser paid a civil money penalty in the amount of \$75,000 to the Commission for transfer to the general fund of the United States Treasury, subject to the Securities Exchange Act of 1934 Section 21F(g)(3).

Item 10 – Other Financial Industry Activities and Affiliations

Bluestone is affiliated with MCG Securities, LLC (“MCG”), a broker-dealer registered with the Financial Industry Regulatory Authority (“FINRA”). (MCG also does business under the name “Merion Capital Group.”)

Item 11 – Code of Ethics

A. Code of Ethics - The Adviser has adopted a Code of Ethics (contained in its Compliance Manual) under Rule 204A-1 for all its supervised persons which describes its high standard of business conduct, and fiduciary duty to its clients. The Code of Ethics and Compliance Manual include policies and procedures relating to, among other things: confidentiality of Investor and client information, handling of material non-public information and prohibitions on insider trading, gifts and entertainments, outside activities, political contributions, personal account trading, trading in client accounts and prohibitions on market manipulation, and disclosure (anti-fraud) requirements. All supervised/access persons at the Adviser must understand, acknowledge and agree to abide by the terms of the Code of Ethics and the Compliance Manual annually. All employees are considered access persons. Investors or prospective Investors may request a copy of the Code of Ethics and excerpts of the Compliance Manual by contacting the Adviser at info@bluestoncm.com.

B. Transactions in Securities where the Adviser has a Material Financial Interest – Neither the Adviser nor any of its related persons recommend to the Funds, or buy or sell for the Funds, securities in which the Adviser has a material financial interest.

Please note however that principals of the Adviser as well as other key employees of the Adviser may maintain substantial investments in the Funds, so in this regard, the Adviser may be in fact be recommending securities in which it does have a material financial interest. Neither the Adviser nor any of its related persons buy or sell securities to or from the Funds as principal (a “principal transaction”). In the event such transactions would be contemplated by the Adviser, prior to undertaking a principal transaction, the Adviser will only complete such a transaction in accordance with the requirements of Section 206(3) of the Advisers Act. All potential principal transactions are brought to the attention of the Chief Compliance Officer prior to execution so that the proper course of action can be determined.

C., D. Investing in Securities Recommended to Clients; Contemporaneous Trading.

Although it is prohibited by the Adviser’s policies regarding personal account trading by employees (described below), it is possible that an employee of the Adviser or its related persons may hold a security that a Fund subsequently buys for its portfolio. In such a case, the employee must be granted permission to sell such a security from their personal account by the Chief Compliance Officer, who would make a determination at that time as to whether the employee’s sale of such security could adversely affect any client. The Chief Compliance Officer may allow trading in securities that a Fund will purchase or owns if the amount is immaterial and does not conflict with the Funds.

The Adviser has adopted the following procedures to address conflicts of interest arising from personal account trading (such as front-running or personal trading having an effect on price of a security). Employees are prohibited from buying or selling for their personal accounts: (i) securities of any issuer listed on the Adviser’s restricted list, or (ii) any “covered securities” issued by, or related to, a company which is currently held in the portfolio of any Fund(s). All transactions in “covered securities” (if not prohibited), require pre-clearance by the Chief Compliance Officer. The term “covered securities” is specifically defined in the Code of Ethics and generally includes all debt and equity securities, as well as options, futures and commodities, with certain limited exceptions pursuant to SEC rules and regulations.

The Code of Ethics is designed to ensure that the personal securities transactions, activities and interests of the employees of the Adviser will not interfere with making decisions in the best interest of advisory clients. Employee trading is monitored every month to ensure compliance with the Code of Ethics.

The Adviser maintains procedures to address the situation where an investment would be suitable for acquisition or disposition by one or more Funds at the same time. Where this is the case, the Adviser will endeavor to allocate in good faith the limited amount of such investments acquired among the various accounts for which the Adviser considers them to be suitable. The Adviser may make such allocations among Funds in any manner which it considers to be fair under the circumstances, including, but not limited to, allocations based on relative account sizes, the degree of risk involved in the investments acquired, and the extent to which such investments are consistent with the investment policies and strategies of the various accounts involved.

It is the Adviser's policy that the Adviser will not engage in cross trading between client accounts. The Adviser's Compliance Manual contains policies and procedures to address the conflicts of interest that may arise in such a case, including approval or review of the transaction by the Compliance Committee and Investor approval if required by law. The Code may be amended from time to time, as deemed warranted by management.

Item 12 – Brokerage Practices

General Considerations:

Several brokerage firms provide execution, clearance and settlement, and custodial services for our clients. We have also entered into relationships with Charles Schwab & Co. ("Schwab"), and Interactive Brokers. We are not affiliated in any way with these brokerage firms.

Bluestone allocates investment purchases and sales on a fair and equitable basis to each Fund and Separate Account in accordance with Bluestone's allocation policy. See *Investment Allocation Related Conflicts* above as described in Methods of Analysis, Investment Strategies and Risk of Loss. Bluestone may accept any other investors or separate accounts for participation in investment opportunities, which are suitable for investment by the Funds, on such equitable basis as it may determine.

Factors Considered in Selecting or Recommending Broker-Dealers for Client

Transactions - Generally, in determining which broker or dealer to use, the Adviser looks at the character of the market for the security, including, but not limited to the security's price, volatility, and liquidity, as well as the size and type of transaction.

Specifically, in making any such determination, the Adviser may consider a number of factors, including, without limitation:

- the ability to effect prompt and reliable executions at favorable prices (including the applicable dealer spread or commission, if any);
- the operational efficiency with which transactions are effected and the efficiency of error resolution, taking into account the size of order and difficulty of execution;
- the financial strength, integrity and stability of the broker;
- the broker's risk in positioning a block of securities;
- special execution capabilities;
- clearance;
- settlement;
- reputation;
- on-line pricing;
- block trading and block positioning capabilities;
- willingness to execute related or unrelated difficult transactions in the future;
- order of call;
- on-line access to computerized data regarding clients' accounts;

- performance measurement data;
- the quality, comprehensiveness and frequency of available research and related services considered to be of value;
- referral of investors to the Funds;
- commission-sharing agreements or other soft dollar arrangements (not applicable) that are in effect at the time of the transaction;
- the availability of stocks to borrow for short trades; and
- the competitiveness of commission rates in comparison with other brokers satisfying the Adviser's other selection criteria.

While the price of a commission is a factor that the Adviser considers, it does not necessarily always pay the lowest commission price available for each trade. In all cases, in directing brokerage, the Adviser must conclude that the commissions paid are 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 the Adviser's overall responsibilities with respect to the Funds. The Compliance Committee meets periodically to evaluate the broker-dealers used by the Adviser to execute client trades using the foregoing factors.

Research and Other Soft Dollar Benefits:

Generally speaking, the Firm does not participate in soft dollars. If the Firm decides to participate in soft dollars, the Firm will comply with the applicable rules of the Advisers Act.

Item 13 – Review of Accounts

Bluestone, when applicable reconciles Client Account information against statements or electronic files from the custodial agent and/or third-party administrator for its clients on a monthly basis. Reviews cover account balance, cash balance, fees accruals, investments held among other factors. Bluestone is also responsible for ensuring that the holdings of its Client Accounts are in keeping with the Client Account's stated objectives and restrictions. Reviews of the account may also be triggered by purchases and sales of securities holdings, investment strategy changes, rebalancing exercises and client need.

Client Account statements are prepared on a monthly basis by the third-party client administrator and made available online or distributed to the clients. Clients are free to contact Bluestone to receive information regarding the investment tactics and strategies being followed. You should compare our report with the statements you receive from the custodian broker-dealer and notify us promptly of any discrepancies.

Item 14 – Client Referrals and Other Compensation

In addition to the "soft dollar" benefits described above in Item 12 regarding Brokerage Practices, we may also receive benefits from product vendors. These vendors may provide us with monetary and non-monetary assistance with client events and provide educational tools and resources. We do not select products based on this assistance. –

The Adviser has entered into arrangements with placement agents providing for a payment by the Adviser of a one-time or ongoing fee based upon a percentage of the Management Fee and/or Performance Allocation. If an Investor is introduced to a Fund through a placement agent, the arrangement, if any, with such placement agent will be disclosed to and acknowledged by, the subscriber.

The Adviser may enter into solicitation agreements to compensate outside professionals or firms, such as attorneys, accountants, or other broker/dealers and investment advisers, for referring your advisory business to the Adviser. These professionals or firms are known as “solicitors.” The Adviser will pay a portion of the advisory fee you pay to the solicitor, typically for as long as you maintain an advisory relationship with us, to compensate the solicitor for the referral. The Adviser will not charge a client who is referred to the Adviser by a solicitor any amount for the cost of obtaining the client that is in addition to the fee normally charged by the Adviser for its investment advisory services. Such solicitation arrangements are disclosed to the clients at the time of the solicitation via execution of a solicitor disclosure statement or similar document that outlines the nature and amount of the compensation we pay to the solicitor and whether or not the solicitor is affiliated with or related to the Adviser. Solicitors are required to provide prospective clients with a copy of the Adviser’s ADV Part 2 no later than the date on which the client enters into an advisory relationship with The Adviser.

Item 15 – Custody

All client assets are maintained at a “qualified custodian”. We do not maintain physical custody of client funds or securities. However, we do directly debit advisory fees from client accounts as discussed in Item 5 of this Brochure.

As a result of its affiliation with the general partner to the Funds, Bluestone is deemed to have custody of the Funds’ assets. Pursuant to Rule 206(4)-2 of the Advisers Act, Bluestone’s approach to compliance is to: (i) have the Funds, as required, audited on an annual basis by an independent accountant that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board in accordance with its rules, (ii) distribute audited financial statements prepared in accordance with generally accepted accounting principles to limited partners (or members or other beneficial owners) within the applicable timeframe, and (iii) obtain a final audit and distribute audited financial statements prepared in accordance with GAAP with respect to any liquidated Fund to all underlying investors promptly upon completion of the audit. Investors in the Funds should carefully review such financial statements.

With regards to the AALII Fund LP that is currently liquidating, Bluestone has taken the position to satisfy the Custody Rule with a surprise audit and register that audit with the SEC.

Item 16 – Investment Discretion

Bluestone has discretionary authority to manage investments on behalf of the Funds described herein and most Separate Accounts. Typically, investment advice is provided directly to the Funds or Separate Accounts, subject to the direction and control of Bluestone or the applicable general partner, and not individually to any investors and/or any underlying beneficiaries in any Funds or Separate Accounts, as applicable. As a general policy, Bluestone does not allow clients to place limitations on this authority. Any investment guidelines and restrictions, including amendments,

must be provided to, and agreed to in writing by, Bluestone. Pursuant to the terms of a Fund's limited partnership agreement Bluestone enters into "side letter" arrangements with certain limited partners whereby the terms applicable to such limited partner's investment in a Fund are altered or varied, including, in some cases, economic or other terms and/or the right to opt-out of certain investments for legal, tax, regulatory or other similar reasons. Due to the exercise of such opt-out or veto rights, there may be circumstances when investment actions made on behalf of certain Funds and Separate Accounts will differ from the investment recommendations provided to other Funds and Separate Accounts. As applicable, Bluestone assumes discretionary authority pursuant to the terms of a Separate Account's investment management agreement and a Fund's limited partnership agreement and/or powers of attorney executed by the limited partners of a Fund.

Item 17 – Voting *Client* Securities (i.e., Proxy Voting)

We generally DO NOT have authority to vote client securities. Where we do not have voting authority or responsibility, you will receive proxy voting material directly from the brokerage firm carrying your account.

In the event we do vote a proxy, we will maintain specific records as to how we voted proxies, which are available upon request. You may also request to receive a copy of our Proxy Voting Policies by sending us a written request. If you designate us to vote proxies, you are advised of the following:

1. As a general policy, votes will be cast in the best interest of the client.
2. On certain occasions, we may determine not to vote a proxy in the best interests of the client.
3. Proxies will be voted consistently.
4. Generally, issues related to executive compensation, incentive stock options, executive recruiting or any matter giving the company latitude in compensation matters or similar matters that could potentially be used to act in the company's best interest rather than clients' best interest will typically be voted no.
5. Neutral issues such as the retention or appointment of accounting or audit services are typically voted yes.

Item 18 – Financial Information

We do not require or solicit prepayment of more than \$1,200 in fees per client six months or more in advance. There is no financial condition that is reasonably likely to impair our ability to meet our contractual commitments to you. We have not been the subject of a bankruptcy petition and neither have any of our Investment Advisor Representatives.

(The following pages contain information about our portfolio managers and investment personnel.)

PRINCIPAL'S PROFESSIONAL BIOGRAPHY



Brian C. Shevland, CEO

[Broker Check Information](#)

Bluestone Capital Management, LLC
www.bluestonecm.com

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Educational Background and Business Experience:

Brian has over 20 years of experience in investment management and financial services and is a founding member of Bluestone Capital Management, LLC. Brian is the lead Portfolio Manager and serves as head of the investment committee. Prior to Bluestone, Brian served as a portfolio manager for The Shevland Group, an investment management business where he focused his efforts on tactical asset allocation strategies based on his theory that diversification alone does not provide significant enough protection against major market downturns.

Brian graduated with a BS in Business from the Honors Scholars Program at the University of North Carolina at Wilmington, and he studied International Finance at University of Roehampton in London, England. He studied Spanish at Alhambra (from which he obtained a certificate) and he studied alternative investments at Wharton (from which he received a certificate). He also holds FINRA's Series 7 and 24 licenses, as well as the Series 66 license (the Series 66, or The Uniform Combined State Law Examination, was developed by the North American Securities Administrators Association to qualify persons as both securities agents and investment adviser representatives).

Disciplinary History: None

Other Business: Brian is a Principal and owner of MCG Securities, LLC (a FINRA registered broker-dealer).

Supervision: Brian is the CEO of the firm. All personnel report to him. Born 1978.