

Bluestone Capital Management, LLC

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March 23, 2026

Financial information as of December 31, 2025

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 has been a material change with respect to the Adviser as noted below:

There have been a material changes since the last version of this document was completed on March 28, 2025.

As of March 20, 2026, Mr. Wade C. Boylan was reappointed to the role of the Adviser’s Chief Compliance Officer.

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 since 2010 to clients. Bluestone is owned and controlled by Mr. Brian C. Shevland.

As of December 31, 2025, Bluestone managed \$390,099,951 in discretionary assets only. Included in the above AUM were assets managed by the Adviser as a sub-adviser on a discretionary basis of approximately \$352,684,120. These assets were part of a registered investment company (i.e., an exchange traded 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 registered investment companies, and model portfolio services to other advisers via third-party platforms.

Private Funds

Bluestone provides investment advisory services to the following private funds (“Private Funds”) detailed below.

- 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.

- Bluestone Elite – The objective of the strategy is to improve the risk-adjusted return of a traditional all equity portfolio over the course of a full market cycle utilizing tactical asset management. The strategy utilizes equities and equity index/ETF securities to capture opportunities across assets, countries and sectors. The adaptive nature of the strategy enables Bluestone Elite to also employ fixed income instruments for the purposes of capital preservation.
- Bluestone Income Portfolio – The objective of the strategy is to deliver superior current income versus traditional equity income strategies with reduced volatility and lower levels of interest rate risk compared to a debt strategy. This strategy is designed to deliver a superior risk-adjusted yield while reducing volatility over a full market cycle. The strategy seeks to achieve this objective by investing in a broad basket of yield-producing assets including common and preferred equities, exchange traded debt, and ETFs/ETNs.
- Bluestone Asset Allocation Portfolio (“AAP”) – The objective of the Asset Allocation Portfolios is to clients a strategy that seeks to meet a client's risk/return profile.

See Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss below for more information.

Sub-Advised Fund

Bluestone is a sub-adviser to Adaptive Alpha Opportunities ETF, a series of the Starboard Investment Trust. Shareholders of the ETF are investors in the fund and are not advisory clients of Bluestone.

Model Portfolio Services

Several of our strategies are available on third party platforms which can be selected by advisors to utilize for their clients. Bluestone acts as a model portfolio advisor that offers its model strategies to third-party platforms who employ the models in the management of their clients' investments. Bluestone develops and manages its investment strategies and provides current asset allocations and changes to the investment advisor or third-party platforms as the model changes. The investment advisor or third-party platforms are then responsible for transacting the Bluestone model recommendations for their clients and performing other administrative duties as their discretionary assets. Bluestone does not trade these accounts nor is it responsible for recordkeeping, performance data or client reporting. Assets managed through this structure are non-discretionary to Bluestone and therefore are deemed assets under advisement. These third-party platform clients are generally not considered to be Bluestone clients, but rather clients of the platform sponsor. Performance of client accounts using the models may differ from the model portfolio due to execution timing, fees, or platform constraints. As of December 31, 2025, the assets under advisement were \$5,192,691.

For more information regarding the third-party programs, including more information on the advisory services, the fees that apply, the types of investments available in the program, and conflicts of interest of the programs, please refer to the third-party advisor Form ADV Part 2A. [Item 5 – Fees and Compensation](#)

Our fees for asset management services are generally based on the level of assets under management (asset-based fees). Asset-based fees generally range from 1 percent to 2 percent of assets under management. Our model portfolio service fees range from 35 basis points up to 1 percent of the value of the assets in the under management.

For certain accounts, we may charge fees on a share of the capital appreciation of the assets or securities in a client's account, in the manner indicated in the respective client investment management agreements (performance fees). Performance fees range up to 20 percent. Performance-based fees are only charged to clients who meet the definition of a "qualified client" under Rule 205-3 of the Investment Advisers Act.

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

Please review each Private Fund's PPM for details regarding the fund's 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 Funds charge advisory fees on a monthly basis in arrears.

The quarterly advisory fee will be based on the value of the 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 investment management agreements with us, without penalty, upon written notice as indicated in their respective advisory agreements. Upon termination, for management fees paid in advance will be prorated to the date of termination and any unearned portion of the prepaid fees will be refunded to the client.

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.

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 assets 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 sub-adviser to the Adaptive Alpha Opportunities ETF, and currently serves as investment manager to the AALII Fund LP which is a private investment companies from which Bluestone receives an asset-based fee as well as the potential for performance-based compensation. The AALII Fund LP is currently in liquidation and is not accepting any new investors.

Item 7 – Types of Clients

Bluestone focuses on the management of institutional client accounts, e.g. private funds, registered funds, and other types of pooled investment vehicles. We also provide advisory services for individuals, high-net-worth individuals, and third-party model delivery programs. Bluestone provides advisory services to a very limited number of individual legacy accounts. **We are not accepting new clients for this service and have not for a number of years.**

The Bluestone Private Funds are investment limited partnerships 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 Funds generally include high net worth individuals, corporations, foundations and other 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.

Generally, the minimum Fund investment that Bluestone accepts is \$250,000 or \$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 management 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 Private 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. These portfolios have equity exposure from 0% to 100%. Based on your investment objectives, tolerance for risk, and financial needs, we offer these separately managed strategies 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. Fees for our customized portfolio management services are negotiable.

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.

As detailed above, we primarily invest in stocks, bonds and ETFs, and employ a long-term strategy. We also offer investments in options and Private Funds. 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.

ETFs Investing in exchange traded funds involves risks relating to:

Manager risk: risk that the investment manager of an actively managed ETF 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 ETFs 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 the ETFs 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 ETF.

Other ETF Risks: 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 we 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 federal 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).
- **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 believes that its 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.

Investments in the Private Funds are highly illiquid, as are the Private 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 Funds and the Private 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 Funds' investments, there can be no guarantee that such quotations necessarily reflect the realizable value. The Private Funds can experience fluctuations in results from period to period due to a number of factors, including changes in the values of the Private 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 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.

Under certain circumstances, there will be direct conflicts of interest between Bluestone and limited partners in the Private 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 Funds in respect of performance-based compensation in the Private Funds. 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 Funds' partnership agreements contain detailed rules and procedures regarding the valuation process 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.

Material Nonpublic Information; Other Regulatory Restrictions

As a result of the operations of Bluestone and its affiliates, may come 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 Fund or Separate Account. Consequently, there is a risk that a Private 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 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 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 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 Funds' and Separate Accounts' investment activities.

As a result of any of the foregoing, there can be no guarantee that a Private 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 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 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 Bluestone Clients 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 Bluestone Clients. 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 or a service provider'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 Bluestone and/or the 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 Bluestone in Client accounts or the Private Funds 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 Client account or Private Fund's investments to lose value.

Financial Institution Risk; Distress Events

An investment in a Private Fund is subject to the risk that one of the Private Fund's banks, brokers, hedging counterparties, lenders or other custodians of some or all of the Private 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 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 Funds and their investments, and on the ability of Bluestone, any Private 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 Fund is not able to close a transaction, (ii) the inability of a Private 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 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 Funds, Bluestone is under no obligation to use a minimum number of Financial Institutions with respect to any Private 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 a Client account or the Private Funds..

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 Client accounts and the Private Funds' returns and their 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 a Client account or a Private Funds' investments or the ability to source investments.

Conflict in Ukraine

The ongoing conflict in Ukraine could have an adverse impact on a Client account or Private Fund 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 Client account or a Private Fund's investments and present material uncertainty and risk with respect to a Client account or Private Fund's overall performance and financial returns.

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 Funds will equal or exceed the past investment performance of Bluestone. Additional risks relevant to investments in the Funds are described in the applicable Fund Governing Documents.

Conflicts of Interest

Bluestone manages Private Funds and Separate Accounts and will continue to form such relationships. As Bluestone invests and manages assets for the Private Funds and Separate Accounts, conflicts of interest may arise between these Funds and other 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 Funds and Separate Accounts in an appropriate manner, as required by the relevant Fund Governing Documents, it is possible for conflicts of interest to arise among Private Funds, or for Private 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 Private Fund or Separate Account and other Bluestone clients (collectively, the "**Clients**"). Bluestone makes allocation determinations consistent with the Clients' Governing Documents or investment profiles 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 or profiles, 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 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.

Expense Related Conflicts

Expenses may be incurred by the Private Funds and/or Separate Accounts. The Firm allocates aggregate costs among the applicable Private Funds and/or Separate Accounts (and, in certain cases, among Bluestone and applicable Private 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 Funds or Separate Accounts. However, expense allocation decisions can involve potential conflicts of interest (*e.g.*, (i) an incentive to favor Private Funds or Separate Accounts that pay higher incentive fees, (ii) conflicts relating to different expense arrangements with certain Private Funds or Separate Accounts and (iii) because certain expenses are paid for by a Private Fund, Separate Account and/or their portfolio companies or, if incurred by Bluestone, are reimbursed by a Private 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 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 Fund or Separate Account will stipulate what costs and expenses can be borne by the Private Fund or Separate Account. Generally, all investment-related costs (including broken deal costs) will be allocated across relevant Private 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 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 Fund or Separate Account for a particular product or service will reflect the relative benefit derived by such Private 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 Fund or Separate Account, including attorneys' fees, incurred by the Private Fund or Separate Account in connection with such investor's admission to the Private 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 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 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 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 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 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 Fund or Separate Account, carried interest can be based on realized and/or unrealized appreciation of a Private 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 Funds operating on an open-ended basis, because there is a fixed investment period after which capital from investors in a Private Fund can only be drawn down in limited circumstances and because management fees are, at certain times during the life of such a Private Fund, based upon capital invested by such Private 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 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 Funds and Separate Accounts, and it attempts to allocate investment opportunities among a Private Fund, 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).

Without admitting or denying the findings, Mr. Shevland consented to the sanctions and to the entry of findings that he made negligent misrepresentations about the performance of two private equity funds (the Funds) to investors. The findings stated that Mr. Shevland caused the Funds to invest more than \$20 million (including some of his own money) in a separate private equity fund (the Master Fund), which was managed by a former employer of Mr. Shevland. The Funds created documents that contained materially inaccurate performance results, which Mr. Shevland distributed and directed others at the Funds to distribute to investors on a regular basis. To prepare these documents, the Funds relied on information that Mr. Shevland received from the Master Fund, including unaudited financials claiming that the Master Fund earned consistent positive monthly returns and realized an annual rate of return, net of fees, exceeding 80 percent during one year. Mr. Shevland failed to act with due care upon learning of material discrepancies in the financial results reported by the Master Fund. In addition, certain of the Master Fund's monthly reports did not accurately reflect the Funds' investment. Mr. Shevland did not ask anyone at the Master Fund about these discrepancies or take any other steps to investigate them. Instead, Mr. Shevland negligently continued to direct others at the Funds to use the Master Fund's

claimed financial results to create documents that he and others distributed to Fund investors. Those documents materially overstated the performance of the Funds. Subsequently, the manager of the Master Fund was arrested and charged with securities fraud in connection with her operation of the Master Fund. The Master Fund is subject to a receivership and losses to investors in the Funds have yet to be ascertained. Mr. Shevland's licenses were suspended for one year from March 3, 2024 to March 3, 2025. This did not affect his ability to work as an investment adviser and manage assets during this one-year period. Mr. Shevland's licenses have been reinstated.

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@bluestonecm.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 Private Funds or Separate Account, or buy or sell for the Private Funds or Separate Accounts, securities in which the Adviser has a material financial interest.

Please note however that principal of the Adviser may maintain substantial investments in the Private Funds, so in this regard, the Adviser may 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 Private Funds or Separate Accounts 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 a relationship 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 Private Fund, Separate Account or Client 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.

Research and Other Soft Dollar Benefits:

The Adviser does not utilize soft dollars or participate in soft dollar relationships. If Bluestone decides to participate in soft dollars, the Adviser will comply with the applicable rules of the Advisers Act.

Item 13 – Review of Accounts

Bluestone clients receive statements from their custodians every month or quarterly that assist clients in providing them with up-to-date portfolio positions. Client account statements are made available online or distributed to the clients. Bluestone, when applicable, monitors and reviews client account information against statements or electronic files from the custodial agent and/or third-party administrator for its clients on a periodic basis. Bluestone is also responsible for ensuring that the holdings of its client accounts are in keeping with the client'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. Account reviews are conducted on no less than an annual basis.

Clients are free to contact Bluestone to receive information regarding the investment strategies being followed. You should review the statements you receive from the custodian broker-dealer and notify us promptly of any discrepancies.

Item 14 – Client Referrals and Other Compensation

The Adviser may 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 does not use solicitors for referring your advisory business to 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 Private Funds’ assets. Pursuant to Rule 206(4)-2 of the Advisers Act, Bluestone’s approach to compliance is to: (i) have the Private 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 its Clients. Typically, investment advice is provided directly to the Private Funds, 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 Private Funds or Separate Accounts, as applicable. Bluestone provides discretionary investment management services directly to its advisory clients. 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 Private Fund’s Governing Documents Bluestone may enter into “side letter” arrangements with certain limited partners whereby the terms applicable to such limited partner’s investment in a Private 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 Private Funds and Separate Accounts will differ from the investment recommendations provided to other Private Funds and Separate Accounts. As applicable, Bluestone assumes discretionary authority pursuant to the terms of a Separate Account’s investment management agreement and a Private Fund’s Governing Documents and/or powers of attorney executed by the limited partners of a Private Fund.

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

Bluestone DOES 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.