

INVESTMENT THESIS

Bluestone Financial Institutions Group invests in publicly traded community, super community, and regional banks based in the U.S. We believe this space will outperform the broader stock market over the next several years as a result of increasing consolidation, rising interest rates, and the industry's strong financial position. In addition, we believe the Bluestone Financial Institutions Fund will handily outperform the bank space on a risk-adjusted basis over this period owing to certain differentiating factors related to our approach.

FUND OVERVIEW

The Bluestone Financial Institutions Fund is a long-short directional hedge fund that invests in the common equity of publicly traded banks, with an emphasis on community banks.

Fund Objective:

The fund's goal is to outperform the total return of the community bank market on a risk-adjusted basis over every major time period.

INVESTMENT PROCESS

The fund employs a fundamental based, bottoms-up investment process aimed at identifying the best franchises in the space. Each quarter we screen the industry for companies that exhibit strong Core Value growth, low risk, and favorable relative valuations. In addition, we place significant weight on the quality of executive management and directors.

PERFORMANCE

Bluestone Financial Institutions Fund: Performance History

	2015'	2016'	2017'	September YTD	Since Inception ³
BFIF Net Return ¹	10.93%	18.77%	20.78%	3.65%	107.66%
Benchmark Return ²	5.03%	15.85%	2.53%	1.57%	51.07%
Outperformance / (Underperformance)	5.90%	2.92%	18.25%	2.08%	56.60%
Weighted Average Portfolio Beta	64%	56%	28%	31%	50%
Dow Jones Industrial Average	-2.23%	13.42%	25.08%	7.04%	81.56%
S&P 500 Index	1.38%	11.96%	21.83%	10.56%	108.98%

¹ Net of management fees of 1.5% and performances fees of 15.0%.

² Monthly SNL U.S. Bank NASDAQ Index return multiplied by the fund's monthly portfolio beta

³ 3/31/2013 – 9/30/2018

KEY PERFORMANCE DRIVERS

- Our portfolios are more concentrated than of our competition (15-20 positions)
- We communicate frequently with executive management of portfolio companies
- We place a heavy emphasis on our proprietary Core Value concept

FUND TERMS & CONDITIONS

Minimum Investment	\$250,000
Redemptions	Quarterly (with 60 days' notice)
Lock Up Period	None
Management Fee	1.5%
Performance Fee	15.0% of annual appreciation (with high water mark)
Outside Auditor	Spicer Jeffries
Prime Broker	Wells Fargo
Fund Administrator	NAV Consulting, Inc.

FIRM OVERVIEW

Bluestone Capital Management is the investment manager for this strategy. Bluestone Capital is an SEC Registered Investment Advisor that specializes in the management of separately managed accounts, limited partnership funds, and provides portfolio management services to advisory firms, RIAs, high net worth individuals, endowments, and family offices. Bluestone Capital has more than \$3B in assets under management and administration.

MONTHLY RETURNS

Bluestone Financial Institutions Fund (BFIF): Monthly Performance, Net of Fees ¹													BFIF	Benchmark
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year	Year
2018	1.59%	0.32%	1.76%	0.78%	1.97%	-0.14%	0.21%	-0.44%	-2.38%				3.65%	1.57%
2017	2.90%	3.61%	1.20%	2.57%	-0.64%	2.58%	1.99%	-2.44%	5.45%	0.10%	3.38%	-1.39%	20.78%	2.53%
2016	-4.75%	-6.41%	4.45%	4.14%	0.91%	1.81%	-0.71%	3.88%	-0.53%	-4.09%	14.23%	6.07%	18.77%	15.85%
2015	-6.31%	6.58%	0.68%	1.75%	0.90%	4.18%	-0.65%	-1.79%	1.58%	3.08%	4.77%	-3.64%	10.93%	5.03%
2014	-4.83%	2.83%	2.03%	-1.40%	0.46%	3.19%	-2.14%	0.53%	-2.49%	4.15%	-1.63%	2.24%	2.56%	1.65%
2013				2.32%	1.56%	2.78%	3.47%	0.10%	2.44%	3.04%	2.64%	2.43%	22.77%	17.28%

¹ Net of management fees of 1.5% and performances fees of 15.0%. Data presented for the 3/31/13 - 2/28/15 period represents net returns for the strategy when it was managed in an SMA.

INVESTMENT TEAM

Frederick "Ted" C. Peters II, Chairman & Chief Executive Officer

Mr. Peters serves as Chairman and CEO of Bluestone Financial Institutions Group. Previously, Mr. Peters served as Chairman and Chief Executive Officer of Bryn Mawr Bank Corporation (BMTc) and The Bryn Mawr Trust Company from January 2001 through December 2014. Under his leadership, the Bank grew from \$420M to nearly \$3 billion in assets. Prior to joining Bryn Mawr Bank Corporation, Mr. Peters founded and served as the CEO of two community banks, National Bank of the Main Line and First Main Line Bank. He is currently the lead director and Chairman of the Audit Committee of Paycom Software, Inc., an NYSE listed company located in Oklahoma City. Mr. Peters served on the Board of the Federal Reserve Bank of Philadelphia from 2009 through 2014. He is a cum laude graduate of The Haverford School and has a B.A. in Political Science from Amherst College.

Jason D. O'Donnell, Chief Investment Officer

Mr. O'Donnell serves as Chief Investment Officer of Bluestone Financial Institutions Group. He previously served as Principal and Director of Research at Merion Capital Group since March 2012 where he was responsible for directing the company's research strategy and covering publicly traded small and mid-cap banking institutions. Prior to Merion Capital Group, Mr. O'Donnell was Director of Research and a Senior Research Analyst at Boenning & Scattergood, a brokerage and investment bank based in Conshohocken, Pennsylvania. At Boenning & Scattergood, his coverage focused on small and mid-cap banks located primarily in the Mid-Atlantic and New England regions. He previously conducted equity research at Financial Stocks, Inc., a hedge fund and private equity concern based in Cincinnati, Ohio, and at Ryan Beck & Co. Mr. O'Donnell holds a BA from Franklin & Marshall College and an MBA from the Graduate School of Management at Rutgers University.

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