

### FUND OVERVIEW

Bluestone Financial Institutions Fund is a long-only hedge fund that invests in the common equity of publicly traded micro and small cap banks located throughout the U.S. The portfolio managers utilize a fundamental based, bottoms-up investment process designed to identify companies with greater than average return potential, lower than average risk, and discounted valuations. The objective of the strategy is to outperform the total return of the community bank market over every major time period.

### INVESTMENT THESIS

The fund's portfolio managers believe the community bank space will outperform the broader stock market over the next several years as a result of consolidation, rising interest rates, and the industry's strong financial position. Moreover, the group is trading in the bottom quartile of valuation multiples historically despite healthy fundamental trends and pristine credit quality.

Key Metrics	Fund	Index
Omega Ratio	2.00	1.58
Pain Ratio	5.19	2.74
Sharpe Ratio	0.85	0.53
Sortino Ratio	1.50	0.89
Annualized Return	10.84%	10.31%
R-Squared	73.23%	100.00%
Avg. Down Return	-2.89%	-3.96%
# of Down Periods	22/69	29/69
Beta vs. Index	0.56	1.00
Standard Deviation	12.12%	18.53%
Downside Risk	8.74%	13.34%
<b>Annualized Alpha</b>	<b>4.69%</b>	<b>0.00%</b>

### PERFORMANCE

#### Bluestone Financial Institutions Fund: Performance History

	2015	2016	2017	2018	4/1/13-12/31/18
BFIF Net Return <sup>1</sup>	10.93%	18.77%	20.78%	-9.80%	80.73%
Benchmark Return <sup>2</sup>	5.03%	15.85%	5.28%	-15.71%	28.72%
<b>Outperformance / (Underperformance)</b>	<b>5.90%</b>	<b>2.92%</b>	<b>15.50%</b>	<b>5.91%</b>	<b>52.00%</b>
Russell 2000 Index	-4.41%	21.31%	14.65%	-11.01%	55.35%
Dow Jones Industrial Average	-2.23%	13.42%	25.08%	-5.63%	60.07%

<sup>1</sup> 1. Net of management fees of 1.5% and performance fees of 15.0%.

<sup>2</sup> Represents the SNL U.S. Bank NASDAQ Index for periods since 2016. Represents the monthly SNL U.S. Bank NASDAQ Index return multiplied by the fund's monthly portfolio beta for the 4/1/13-12/31/16 period.

### KEY DIFFERENTIATORS

- The highly complementary nature of the portfolio managers, including a top former bank CEO and Senior Research Analyst
- The concentrated portfolio (the fund typically owns 15-20 positions)
- The utilization of Core Value, a proprietary financial concept specific to banks

### 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

Headquartered in Wayne, PA, Bluestone Capital Management is an SEC Registered Investment Advisor with more than \$3B in assets under advisement. The firm specializes in the management of limited partnership funds and separately managed accounts, as well as providing portfolio management services to other advisory firms, high net worth individuals, and family offices.

## MONTHLY RETURNS

Bluestone Financial Institutions Fund (BFIF): Monthly Performance, Net of Fees <sup>1</sup>													BFIF	Benchmark <sup>2</sup>
	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%	-7.44%	1.51%	-7.37%	-9.80%	-15.71%
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%	5.28%
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%

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## 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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