Prospectus
Stone Ridge Trust V
Stone Ridge Alternative Lending Risk Premium Fund
Common Shares

The Fund. Stone Ridge Alternative Lending Risk Premium Fund (the “Fund”) is a recently organized, non-diversified, closed-end management investment company that continuously offers its shares (“Shares”).

Investment Objective. The Fund’s investment objective is to achieve total return and current income. There can be no assurance that the Fund will achieve its investment objective.

Investment Strategy. The Fund will pursue its investment objective primarily by investing in alternative lending-related securities that generate interest or other streams of payments and that the Adviser (as defined herein) believes offer access to the credit risk premium. The “credit risk premium” is positive if interest payments paid in connection with a pool of such investments, minus the principal losses actually experienced across that pool, exceed the risk free rate, on average and over time. The “risk-free rate” is the rate of return that can be earned on high-quality, short-term government debt securities. There can be no assurance that the credit risk premium will be positive for the Fund’s investments at any time or on average and over time. As described in more detail herein, alternative lending-related securities are loans originated through non-traditional lending marketplaces or lenders, commonly referred to as “marketplace lenders” (“alternative lending platforms”), or securities that provide the Fund with exposure to such loans. The Fund will invest in foreign securities.

As described herein, the Fund has adopted the following investment restrictions as fundamental policies that can only be changed with the approval of the holders of a majority of the Fund’s outstanding voting securities:

- The Fund may not invest in loans that are of subprime quality at the time of investment. (See “Investment Objective, Policies and Risks” for a discussion of the term “subprime”.)
- The Fund may not purchase loans or other alternative lending-related securities from platforms whose business consists primarily of originating loans of subprime quality.
- The Fund may not purchase loans or other alternative lending-related securities originated in emerging markets.
- The Fund may not purchase loans or other alternative lending-related securities from platforms whose financial statements are not audited by a nationally recognized accounting firm.


- The Fund will not list its Shares on any securities exchange. There is currently no secondary market for its Shares and the Fund does not expect a secondary market in its Shares to develop.
- An investment in the Fund is not suitable for investors who need certainty about their ability to access all of the money they invest in the short term.
- Even though the Fund will make quarterly repurchase offers for a minimum of 5%, and currently expects to offer to repurchase 5%, of its outstanding Shares, investors should consider Shares of the Fund to be an illiquid investment.
- There is no assurance that the Fund will be able to maintain a certain level of distributions.
- Distributions may be funded from offering proceeds, which may constitute a return of capital and reduce the amount of capital available for investment. See “Distributions and Federal Income Tax Matters” for a discussion of the federal income tax treatment of a return of capital.

The Fund expects to invest primarily in unrated securities. Although the Fund’s fundamental policies described above do not permit the Fund to invest in loans of subprime quality, some unrated securities purchased by the Fund may be of credit quality comparable to securities rated below investment grade by a nationally recognized statistical rating organization. In addition, the Fund may invest in securities that are rated below investment grade. Below-investment grade securities, which are often referred to as “junk,” have predominantly speculative characteristics with respect to the issuer’s capacity to pay interest and repay principal. They may also be difficult to value and illiquid.
An investment in the Fund’s Shares should be considered speculative and involving a high degree of risk, including the risk of a substantial loss of investment. See “Risk Considerations,” beginning on page 32, to read about the risks you should consider before buying Fund Shares, including the risk of leverage.

Neither the Securities and Exchange Commission (the “SEC”) nor any state securities commission has approved or disapproved of these securities or determined this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

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<tr>
<th>Price to Public</th>
<th>$10.35</th>
<th>$1,035,000,000.00</th>
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<td>Sales Load</td>
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<td>Proceeds to the Fund*</td>
<td>$10.35</td>
<td>$1,035,000,000.00</td>
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* Expenses of issuance and distribution include $119,956.50 in registration fees and $47,500 in estimated legal and accounting fees.

The date of this prospectus is March 24, 2017

**Interval Fund.** The Fund has an interval fund structure pursuant to which the Fund, subject to applicable law, will conduct quarterly repurchase offers and currently expects to offer to repurchase 5% of the Fund’s outstanding Shares at net asset value (“NAV”) per quarter, subject to approval of the Board of Trustees (the “Board,” and each of the trustees on the Board, a “Trustee”). It is possible that a repurchase offer may be oversubscribed, with the result that shareholders may only be able to have a portion of their Shares repurchased. **There is no assurance that you will be able to tender your Shares when or in the amount that you desire.** The Fund will not list its Shares for trading on any national securities exchange. There is not expected to be any secondary trading market in the Shares. The Shares are, therefore, not marketable. Even though the Fund will make quarterly repurchase offers to repurchase a portion of the Shares to try to provide liquidity to shareholders, you should consider the Shares to be illiquid.

**Investment in the Fund involves substantial risks.** The Fund is sold to (i) institutional investors, including registered investment advisers (“RIAs”), that meet certain qualifications and have completed an educational program provided by the Adviser; (ii) clients of such institutional investors; and (iii) certain other Eligible Investors (as defined in “How to Buy Shares” below). As a fundamental policy, the Fund will only sell shares to or through fiduciaries (such as RIAs or retirement plans) or institutional investors, or to employees, directors and affiliates of the Fund or the Adviser. The minimum initial account size is $15 million, subject to certain exceptions. See “Investment Minimums.” Investors should carefully consider the Fund’s risks and investment objective, as an investment in the Fund may not be appropriate for all investors and is not designed to be a complete investment program. An investment in the Fund involves a high degree of risk. It is possible that investing in the Fund may result in a loss of some or all of the amount invested. Before making an investment/allocation decision, investors should (i) consider the suitability of this investment with respect to an investor’s or a client’s investment objective and individual situation and (ii) consider factors such as an investor’s or a client’s net worth, income, age and risk tolerance. Investment should be avoided where an investor/client has a short-term investing horizon and/or cannot bear the loss of some or all of their investment. Before investing in the Fund, an investor should read the discussion of the risks of investing in the Fund in the “Investment Objective, Policies and Risks” section beginning on page 26 of this prospectus.

This prospectus sets forth concisely information you should know before investing in the common Shares. You should read this prospectus carefully before deciding to invest in the Fund and you should retain it for future reference. A Statement of Additional Information dated March 24, 2017, as it may be amended, containing additional information about the Fund, has been filed with the SEC. The Statement of Additional Information, annual and semi-annual reports to shareholders when available and other information about the Fund can be obtained without charge by calling (855) 609-3680 or by visiting www.stoneridgefunds.com. A table of contents to the Statement of Additional Information is located at page 77 of this prospectus. This prospectus incorporates by reference the entire Statement of Additional Information. The Statement of Additional Information is available: at the SEC’s public reference room in Washington, DC (call (202) 942-8090 for information on the operation of the reference room); from the EDGAR database on the SEC’s internet site (www.sec.gov); upon payment of copying fees by writing to the SEC’s public reference section, Washington, DC 20549-0102; or by electronic mail at publicinfo@sec.gov. The Fund’s address is 510 Madison Ave, 21st Floor, New York City, NY 10022.

Shares of the Fund do not represent a deposit or obligation of, and are not guaranteed or endorsed by, any bank or other insured depository institution and are not federally insured by the Federal Deposit Insurance Corporation, the Federal Reserve Board or any other government agency.

An investor should not construe the contents of this prospectus as legal, tax or financial advice. You should consult your own professional advisers as to legal, tax, financial or other matters relevant to the suitability of an investment in the Fund.
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PROSPECTUS SUMMARY

This is only a summary. This summary may not contain all of the information that you should consider before investing in the Fund’s common Shares. You should review the more detailed information contained in this prospectus and in the Statement of Additional Information. In particular, you should carefully read the risks of investing in the Fund’s common Shares, as discussed under “Investment Objective, Policies and Risks — Risk Considerations.”

The Fund

Stone Ridge Alternative Lending Risk Premium Fund (the “Fund”) is a recently organized, non-diversified, closed-end management investment company that continuously offers its shares (the “Shares”). The Fund is operated as an “interval fund” (as defined below). An investment in the Fund may not be appropriate for all investors.

Stone Ridge Asset Management LLC (“Stone Ridge” or the “Adviser”) is the Fund’s investment adviser.

The Offering

The Fund’s Shares are offered on a continuous basis at the then-net asset value (“NAV”) per Share. The Fund may close at any time to new investments and, during such closings, only the reinvestment of dividends by existing shareholders will be permitted. The Fund may re-open to new investment and subsequently close again to new investment at any time at the discretion of the Adviser.

The Fund is made available for investment on a priority basis to a group of investors (the “Consortium”) who have participated in educational sessions regarding the Fund and the asset class in which it invests. If capacity allows, once orders are fulfilled for the Consortium, the Fund will then be available for investment by other investors. The Fund may also prioritize and allocate capacity to the Consortium upon any subsequent re-opening of the Fund. The Consortium members do not have any special rights to offering price, dividends or liquidation. The Consortium is expected to consist of a selected group of RIAs who have discretionary authority to invest on their clients’ behalf and a fiduciary duty to their clients, and with whom the Adviser has a previous relationship. Members of the Consortium and their clients are not obligated to invest in the Fund.

The Fund’s Shares are offered through Quasar Distributors, LLC (the “Distributor”), as the exclusive distributor, on a best efforts basis. The minimum initial investment is $15 million, subject to certain exceptions. The Fund reserves the right to reject a purchase order for any reason. See “Shareholder Guide — How to Buy Shares.” Shareholders will not have the right to redeem their Shares. However, as described below, in order to provide liquidity to shareholders, the Fund will conduct periodic repurchase offers for a portion of its outstanding Shares.

The Fund will only sell shares to or through fiduciaries (such as RIAs or retirement plans) or institutional investors, or to employees, directors and affiliates of the Fund or the Adviser.

Periodic Repurchase Offers

The Fund is an “interval fund,” a type of fund which, in order to provide liquidity to shareholders, has adopted a fundamental investment policy to make quarterly offers to repurchase between 5% and 25% of its outstanding Shares at NAV. Subject to applicable law and approval of the Board, for each quarterly repurchase offer, the Fund currently expects to offer to repurchase 5% of the Fund’s outstanding Shares at NAV, which is the minimum amount permitted. The Fund will make quarterly repurchase offers in the months of February, May, August and November. Written notification of each quarterly repurchase offer (the “Repurchase Offer Notice”) will be sent to shareholders at least 21 calendar days before the repurchase request deadline (i.e., the date by which shareholders can tender their Shares in response to a repurchase offer) (the “Repurchase Request Deadline”). The Fund’s Shares are not listed on any securities exchange, and the Fund anticipates that no secondary market will develop for its
Investment Objective and Principal Investment Policies

The Fund’s investment objective is to achieve total return and current income. There can be no assurance that the Fund will achieve its investment objective.

The Adviser believes that investing should involve a long-term view and a systematic focus on sources of expected return, not on security selection or market timing. In managing the Fund, the Adviser focuses primarily on one source of expected returns: the “credit risk premium” in certain loans and other investments described below. The “credit risk premium” is positive if interest payments paid in connection with a pool of such investments, minus the principal losses actually experienced across that pool, exceed the risk free rate, on average and over time. The “risk-free rate” is the rate of return that can be earned on high-quality, short-term government debt securities. There can be no assurance that the credit risk premium will be positive for the Fund’s investments at any time or on average and over time. For example, a consumer or small business borrower typically pays a premium (interest) to a lender in exchange for use of the lender’s capital (the amount of the borrowing) for a pre-determined amount of time. On average and over time, if payments of interest and repayments of principal on such borrowings are greater than losses incurred from defaults, the excess positive return represents the credit premium. By investing in these loans and other investments, the Fund is accepting the risk that some borrowers will not repay their loans, in exchange for the expected returns associated with the receipt of interest payments and repayment of principal by those that do. The Fund seeks to benefit over the long-term from the difference between the amount of interest and principal received and losses experienced.

The Adviser will not purchase or sell investments for the Fund’s portfolio based on an analysis of specific borrowers’ abilities to repay their loans or other criteria specific to individual securities. Instead, the Adviser seeks to identify alternative lending platforms that originate pools of loans and other securities on an ongoing basis that can be purchased by the Fund and serve as part of a portfolio that will provide the Fund with broad exposure to the risk and return characteristics (and potential credit risk premium) of loans from a variety of geographic regions and representing a variety of different borrower types for a variety of loan purposes, including, but not limited to:

- individual consumers consolidating existing debt or funding large purchases
- small or medium-sized businesses funding working capital such as property, plant, equipment, expansion, receivables or inventory
- students financing education or refinancing existing student loans.

The Fund has adopted the following investment restrictions as fundamental policies that can only be changed with the approval of the holders of a majority of the Fund’s outstanding voting securities (the “Fundamental Investment Restrictions”):

- The Fund may not invest in loans that are of subprime quality at the time of investment.
- The Fund may not purchase loans or other alternative lending-related securities from platforms whose business consists primarily of originating loans of subprime quality.
- The Fund may not purchase loans or other alternative lending-related securities originated in emerging markets.
- The Fund may not purchase loans or other alternative lending-related securities from platforms whose financial statements are not audited by a nationally recognized accounting firm.
As described in more detail below under “Alternative Lending,” an “alternative lending platform” is a lending marketplace or lender that is not a traditional lender such as a bank. The Adviser, as part of its portfolio construction process, performs diligence on the platforms from which the Fund purchases alternative lending-related securities in order to evaluate both the process by which each platform extends loans to borrowers and provides related services and the characteristics of the overall portfolio of loans made available through that platform. The Fund generally purchases a portfolio of loans from a particular platform that meet certain criteria (such as maturities and durations, borrower and loan types, borrower credit quality and geographic locations of borrower) and that provide broad exposure to that particular platform’s loan originations. The Fund will invest solely in loans originated by platforms that will provide the Fund with a written commitment to deliver or cause to be delivered individual loan-level data on an ongoing basis throughout the life of each individual loan that is updated periodically as often as the NAV is calculated to reflect new information regarding the borrower or loan, and the Fund will not invest in loans sold on platforms for which the Fund cannot evaluate to its satisfaction the completeness and accuracy of the individual loan data relevant to the existence and valuation of the loans purchased that is provided by the platform and used by the Fund in accounting for loans. Although the Fund conducts diligence on the platforms, the Fund generally does not have the ability to independently verify the information provided by the platforms, other than payment information regarding loans and other alternative lending-related securities owned by the Fund, which the Fund will observe directly as payments are received. The Fund generally will not have access to personally identifiable information about the individual borrowers (e.g., names or similar identifying information) prior to purchasing loans or other alternative lending-related securities, although the Fund’s custodian will have this information for whole loans owned by the Fund (and the Fund and the Adviser have established procedures with the Fund’s custodian designed to prevent the inadvertent communication of personally identifiable borrower information by the Fund’s custodian to the Fund or the Adviser). The Fund will monitor the characteristics of the alternative lending-related securities purchased from particular platforms on an ongoing basis. In this way, the Adviser seeks to construct a portfolio that provides broad, representative investment exposure across the alternative lending asset class.

The Adviser will determine whether loans offered to the Fund are of subprime quality at the time of investment pursuant to guidelines approved by the Board from time to time. These guidelines currently provide that in order to be eligible for purchase by the Fund, the Adviser must determine that loans have a likelihood of repayment that is greater than that of “subprime” consumer loans. “Subprime” does not have a specific legal or market definition, but is understood in the credit marketplace to signify that a loan has a material likelihood that it will not be repaid. The Adviser will make the determination that loans purchased by the Fund are not of subprime quality based on the Adviser’s due diligence of the credit underwriting policies of the originating platform, which look to a number of borrower-specific factors to determine a borrower’s ability to repay a particular loan, including employments status, income, assets, education, and credit bureau data where available. Credit bureau data is only one factor considered in determining the credit quality of a borrower and a loan. However, when FICO data is available with respect to a borrower, the Adviser’s guidelines do not allow the Adviser to cause the Fund to purchase any consumer loan to an individual whose FICO score is not, either at the time of origination or the time of purchase, at least 600.

The Fund pursues its investment objective by investing primarily in alternative lending-related securities, directly or through its wholly-owned and controlled subsidiaries (each, a “Subsidiary”) formed by the Fund. These securities typically provide the Fund with exposure to loans originated by alternative lending platforms. The Fund will invest primarily in whole loans, but also may invest, to a lesser extent, in other types of alternative lending-related securities, which include:

- shares, certificates, notes or other securities representing the right to receive principal and interest payments due on fractions of whole loans or pools of whole loans (including “member-dependent payment notes” issued by some public U.S. platforms, which we refer to as “fractional loans” herein)
• securities issued by special purpose entities that hold either of the foregoing types of alternative lending-related securities (“asset-backed securities”)

• equity or debt securities (publicly or privately offered), including warrants, of alternative lending platforms or companies that own or operate alternative lending platforms

• derivative instruments (which may include options, swaps or other derivatives) that provide exposure to any of the investments the Fund may make directly.

The Fund may gain exposure directly or indirectly to loans that are unsecured, secured by a perfected security interest in an enterprise or specific assets of an enterprise or individual borrower, and/or supported by a personal guarantee by individuals related to the borrower. The loans to which the Fund will gain exposure may pay fixed or variable rates of interest, may have a variety of amortization schedules, may include borrowings that do not require amortization payments (i.e., are interest-only), and may have a term ranging from less than one year to thirty years or longer. This universe of investments is subject to change under varying market conditions and as alternative lending-related instruments and markets evolve over time.

Under normal circumstances, the Fund will invest at least 80% of its net assets, plus the amount of any borrowings for investment purposes, directly or indirectly in alternative lending-related securities. As a matter of fundamental policy, the Fund will concentrate its investments in the alternative lending industry.

The Fund may seek to hedge its exposure to foreign exchange or interest rate risks that arise as a result of its investments. The Fund may use forwards, futures, swaps or other listed or over-the-counter (“OTC”) derivatives or may purchase or sell physical currency, bonds or other securities, including short sales on assets the Fund does not own, which may require the Fund to pay a premium to borrow the assets sold short and to pay the lender any dividends or interest received on the assets while borrowed. There can be no guarantee the Fund’s hedging activities will effectively offset any adverse impact of foreign exchange or interest rates.

In implementing the Fund’s investment strategy, the Adviser has broad discretion to invest in alternative lending-related securities of different types and relating to a variety of borrower types and geographic regions (including regions inside and outside the U.S.), subject to the Fundamental Investment Restrictions, which prohibit the Fund from investing in loans of subprime quality or loans originated in emerging markets. Initially, the Adviser expects to seek to invest in alternative lending-related securities through platforms that operate in (and that originate loans to borrowers located in) the U.S., Europe, Australia and New Zealand and may in the future seek to gain exposure to other geographic regions, other than emerging markets. Within each region and borrower type, the Adviser has broad discretion to invest in securities that provide the Fund with a variety of exposures, including to borrower creditworthiness, lines of business and loan purpose. Subject to any restrictions under applicable law (including diversification requirements under U.S. federal income tax law applicable to regulated investment companies), the Fund is not restricted in its exposure to any particular borrower creditworthiness, line of business, loan purpose, term or form of security or guarantee or any other loan terms or characteristics, except as provided in the Fundamental Investment Restrictions. There is no stated limit on the percentage of assets the Fund can invest in a particular investment or the percentage of assets the Fund will allocate to any one loan type, borrower type, loan purpose, geographic region, borrower creditworthiness, term or form of security or guarantee permitted by the Fundamental Investment Restrictions. The Fund may, at times, focus its investments in instruments meeting one or more of these criteria.

The Fund may make investments in alternative lending-related securities directly or indirectly through Subsidiaries. Each Subsidiary may invest, for example, in whole loans or in shares, certificates, notes or other securities representing the right to receive principal and interest payments due on fractions of whole loans or pools of whole loans, or any other security that the Fund may hold directly. References herein to the Fund include references to a Subsidiary in respect of the Fund’s exposure to alternative lending-related securities.
In addition, the Fund may directly or indirectly invest in and/or sell certain of its alternative lending-related investments to special purpose entities formed by third parties for the purpose of acquiring alternative lending-related investments and issuing securities, the payments on which are funded by payments received on such entities’ underlying investments. Such asset-backed securities may be issued in different tranches of debt and equity interests with different rights and preferences. The Fund may hold any tranche of such asset-backed securities.

There is generally a limited secondary market available for many of the securities in which the Fund will invest and, as a result, the Fund generally will hold investments to maturity. As described below, the Fund may sell certain of its investments to securitization vehicles, and, to the extent a more active secondary market develops over time, the Fund may selectively purchase or sell loans in executing its investment strategy.

**Leverage**

The Fund typically obtains leverage in seeking to achieve its investment objective. The Fund or a Subsidiary has obtained and may in the future obtain financing to make investments in alternative lending-related securities. Such borrowings are typically secured by alternative lending-related securities held by the Fund or such Subsidiary. The Fund may also obtain leverage through derivative instruments that afford the Fund economic leverage or other investments, such as asset-backed securities, that may have embedded leverage. The Fund is not limited in the form or manner in which it may incur leverage.

The Investment Company Act of 1940, as amended (the “1940 Act”), requires a closed-end fund to maintain asset coverage of not less than 300% of the value of the outstanding amount of senior securities representing indebtedness (as defined in the 1940 Act). This means that the value of the Fund’s senior securities representing indebtedness may not exceed one-third of the value of its total assets (including such senior securities), measured at the time the Fund issues the senior securities. Investments or trading practices that involve contractual obligations to pay in the future are subject to the same requirements unless the Fund designates liquid assets in an amount the Fund believes to be equal to the Fund’s contractual obligations (marked-to-market on a daily basis) or appropriately “covers” such obligations with offsetting positions.

Leverage can have the effect of magnifying the Fund’s exposure to changes in the value of its assets and may also result in increased volatility in the Fund’s NAV. This means the Fund will have the potential for greater gains, as well as the potential for greater losses, than if the Fund owned its assets on an unleveraged basis. The value of an investment in the Fund will be more volatile and other risks tend to be compounded if and to the extent that the Fund is exposed to leverage directly or indirectly.

**Alternative Lending**

Alternative lending, which is sometimes referred to as peer-to-peer lending, online lending or marketplace lending, is a method of financing in which an alternative lending platform facilitates the borrowing and lending of money while generally not relying on deposits for capital to fund loans. It is considered an alternative to more traditional debt financing done through a bank. There are several different models of alternative lending but, very generally, a platform typically matches consumers, small or medium-sized businesses or other types of borrowers with investors that are interested in gaining investment exposure to the loans made to such borrowers. Prospective borrowers are usually required to provide or give access to certain financial information to the platform, such as the intended purpose of the loan, income, employment information, credit score, debt-to-income ratio, credit history (including defaults and delinquencies) and home ownership status, and, in the case of small business loans, business financial statements and personal credit information regarding any guarantor, some of which information is made available to prospective lenders. Often, platforms charge fees to borrowers to cover these screening and administrative costs. Based on this and other relevant supplemental information, the platform usually assigns its own credit rating to the borrower and sets the interest rate for the requested
borrowing. Platforms then post the borrowing requests online and investors may choose among the loans, based on the interest rates the loans are expected to yield less any servicing or origination fees charged by the platform or others involved in the lending arrangement, the background data provided on the borrowers and the credit rating assigned by the platform. In some cases, a platform partners with a bank to originate a loan to a borrower, after which the bank sells the loan to the platform; alternatively, some platforms may originate loans themselves. Some investors, including the Fund, may not review the particular characteristics of the loans in which they invest at the time of investment, but rather negotiate in advance with platforms the general criteria of the investments, as described above. As a result, the Fund is dependent on the platforms’ ability to collect, verify and provide information to the Fund about each loan and borrower.

Platforms may set minimum eligibility standards for borrowers to participate in alternative lending arrangements and may limit the maximum permitted borrowings. Depending on the purpose and nature of the loan, its term may, for example, be as short as six months or shorter, or as long as thirty years or longer. Set forth below is additional information about some of the Fund’s alternative lending-related investments.

Whole Loans. The Fund will invest primarily in whole loans. When the Fund invests directly or indirectly in whole loans, it will typically purchase all rights, title and interest in the loans pursuant to a loan purchase agreement directly from the platform or its affiliate. The platform or a third-party servicer typically continues to service the loans, collecting payments and distributing them to investors, less any servicing fees assessed against the Fund, and the servicing entity typically will make all decisions regarding acceleration or enforcement of the loans following any default by a borrower. The Fund expects to have a backup servicer in case any platform or affiliate of the platform ceases or fails to perform these servicing functions. The Fund, as an investor in a whole loan, would be entitled to receive payment only from the borrower and/or any guarantor, and would not be able to recover any deficiency from the platform, except under very narrow circumstances, which may include fraud by the borrower in some cases. As described above, the whole loans in which the Fund may invest may be secured or unsecured.

Shares, Certificates, Notes or Other Securities. The Fund may also invest directly or indirectly in shares, certificates, notes or other securities representing the right to receive principal and interest payments due on fractions of whole loans or pools of whole loans. The platform or a separate special purpose entity organized by or on behalf of the platform may hold the whole loans underlying such securities on its books and issue to the Fund, as an investor, a share, certificate, note or other security, the payments on which track and depend upon the borrower payments on the underlying loans. As with whole loans, the platforms or third-party servicers typically continue to service the underlying loans on which the performance of such securities is based. Such securities may be linked to any of the types of whole loans in which the Fund may invest directly. Such securities may also track fractions of a whole loan. These securities may be sold through publicly registered offerings or through unregistered private offerings.

Equity Securities. The Fund may invest directly or indirectly in public or private equity securities issued by alternative lending platforms or companies that own or operate alternative lending platforms, including common stock, preferred stock, convertible stock and/or warrants. For example, the Fund may invest in securities issued by a platform, which may provide the platform with the capital it requires to support its business. Equity investments may afford the Fund voting rights as well as the opportunity to receive dividends and/or capital appreciation, although warrants, which are options to purchase equity securities at specific prices valid for a specific period of time, typically have no voting rights, receive no dividends and have no rights with respect to the securities of the issuer unless and until they are exercised for the underlying equity securities. The Fund may also invest directly or indirectly in equity securities of both foreign and U.S. small and mid-cap companies.

Debt Securities. The Fund may invest directly or indirectly in debt securities issued by alternative lending platforms or companies that own or operate alternative lending platforms. The Fund may have exposure to the
debt securities of U.S. or foreign issuers. These debt securities may have fixed or floating interest rates; may or may not be collateralized; and may be below investment grade or unrated but judged by the Adviser to be of comparable quality (debt securities that are below investment grade are commonly called “junk bonds”). The Fund has no limits as to the maturity of debt securities in which it invests directly or indirectly. Such investments may be within any maturity range (short, medium or long) depending on the Adviser’s evaluation of investment opportunities available within the debt securities market. Similarly, the Fund has no limits as to the market capitalization range of the issuers.

Asset-Backed Securities. The Fund may invest in securitization vehicles that issue asset-backed securities, which are debt securities backed by, or residual equity interests in, pools of alternative lending-related debt securities. Such a securitization vehicle may be formed by a platform, a pooled investment vehicle or any other entity.

Investment Adviser

Stone Ridge Asset Management LLC is the investment adviser of the Fund. As of March 20, 2017, Stone Ridge managed approximately $9.6 billion of assets. James Egan, Paul Germain, Robert Gutmann, Tomer Seifan and Ross Stevens (the “Portfolio Managers”) are primarily responsible for the day-to-day management of the Fund. In addition, Stone Ridge performs initial and ongoing due diligence to evaluate the legal and regulatory frameworks and reputational aspects of the platforms from which the Fund purchases alternative lending-related securities. In that effort, the Portfolio Managers are supported by Benjamin Lawsky, Stone Ridge’s Head of Regulatory Affairs, and James Rothwell, Stone Ridge’s Head of Legal.

Distributions

The Fund intends to declare and pay dividends of substantially all net investment income and net realized capital gains at least annually, although the Fund may declare and pay dividends more frequently (e.g., quarterly). Unless shareholders specify otherwise, dividends will be reinvested in Shares of the Fund. The Fund may pay distributions from sources that may not be available in the future and that are unrelated to the Fund’s performance, such as from offering proceeds, borrowings and amounts from the Fund’s affiliates that are subject to repayment by investors.

Unlisted Closed-end Fund Structure; Limited Liquidity

The Fund will not list its Shares for trading on any securities exchange. There is currently no secondary market for its Shares and the Fund does not expect any secondary market to develop for its Shares. Shareholders of the Fund are not able to have their Shares redeemed or otherwise sell their Shares on a daily basis because the Fund is an unlisted closed-end fund. In order to provide liquidity to shareholders, the Fund is structured as an “interval fund” and conducts periodic repurchase offers for a portion of its outstanding Shares, as described herein. An investment in the Fund is suitable only for long-term investors who can bear the risks associated with the limited liquidity of the Shares. Investors should consider their investment goals, time horizons and risk tolerance before investing in the Fund.

Distributor, Transfer Agent and Custodians

Quasar Distributors, LLC, of Milwaukee, Wisconsin is the Fund’s distributor. U.S. Bancorp Fund Services, LLC, of Milwaukee, Wisconsin is the Fund’s transfer agent, administrator and accounting agent. U.S. Bank, NA, of Milwaukee, Wisconsin and Millennium Trust Company, LLC (“Millennium”) are the Fund’s co-custodians. Millennium also serves as the custodian for assets held by the Funds’ Subsidiaries. The Fund compensates the distributor, transfer agent and custodians for their services.
An investment in the Fund involves special risk considerations. You should consider carefully the risks summarized below, which are described in more detail under “Investment Objective, Policies and Risks — Risk Considerations” beginning on page 32 of this prospectus.

Investors should carefully consider the Fund’s risks and investment objective, as an investment in the Fund may not be appropriate for all investors and is not designed to be a complete investment program. An investment in the Fund involves a high degree of risk. It is possible that investing in the Fund may result in a loss of some or all of the amount invested. Before making an investment/allocation decision, investors should (i) consider the suitability of this investment with respect to an investor’s or a client’s investment objectives and individual situation and (ii) consider factors such as an investor’s or a client’s net worth, income, age and risk tolerance. Investment should be avoided where an investor/client has a short-term investing horizon and/or cannot bear the loss of some or all of the investment.

Default Risk

The value of the Fund’s investments in whole loans and other alternative lending-related securities, such as shares, certificates, notes or other securities representing an interest in and the right to receive principal and interest payments due on whole loans or fractions of whole loans, is entirely dependent on the borrowers’ continued and timely payments. The Fund receives payments on such investments only if the party servicing the loans receives the borrower’s payments on the corresponding or underlying loan and passes such payments through to the Fund. If a borrower fails to make interest payments or repay principal when due on a loan in which the Fund has investment exposure, or if the value of such a loan decreases, the value of the Fund’s investments will be adversely affected. There can be no assurance that payments due on underlying loans will be made.

If a borrower is unable or fails to make payments on a loan for any reason, the Fund may be greatly limited in its ability to recover any outstanding principal or interest due, as (among other reasons) the Fund may not have direct recourse against the borrower or may otherwise be limited in its ability to directly enforce its rights under the loan, whether through the borrower or the platform through which such loan was originated, the loan may be unsecured or under-collateralized and/or it may be impracticable to commence a legal proceeding against the defaulting borrower. If the Fund were unable to recover unpaid principal or interest due, this would cause the Fund’s net asset value to decrease. As described further under “Risks of Unsecured Loans,” the Fund generally will not be able to offset losses on defaulting loans by looking to collateral or obligations of guarantors, insurers or governmental authorities, as many of the loans to which the Fund will have exposure are obligations not secured by collateral or (except for certain loans to businesses) backed by any guarantee.

Borrowings obtained through alternative lending platforms may not limit borrowers from incurring additional debt. If a borrower incurs additional debt obligations after obtaining a loan through an alternative lending platform, the borrower’s creditworthiness may diminish and any additional obligations could cause the borrower to experience financial distress, insolvency or bankruptcy, all of which would impair the borrower’s ability to repay the loan underlying the Fund’s investment. Furthermore, the ability of secured creditors to pursue remedies against the collateral of the borrower may impair the borrower’s ability to repay its unsecured loan or it may impair the platform’s or loan servicer’s ability to collect on the loan upon default. The loans in which the Fund invests generally will not include any cross-default provisions. Cross-default provisions render a default on one outstanding debt obligation an automatic default on another debt obligation of the borrower, which permits creditors to react more quickly to take steps to protect their interests. In contrast, the loans in which the Fund will invest typically will be placed in default or referred to collection only if there are independent defaults on such loans, irrespective of whether the borrower has defaulted on a different debt obligation. Not only will the Fund not benefit from such protective provisions, the Fund also generally will not be made aware of any additional debt incurred by a borrower or whether such debt is secured or unsecured.
Default rates on loans obtained through alternative lending platforms may be adversely affected by a number of factors outside the Fund’s control, such as economic downturns or general economic or political conditions, including prevailing interest rates, the rate of unemployment, the level of consumer confidence, residential real estate values, the value of the various currencies, energy prices, changes in consumer spending, the number of personal bankruptcies, insolvencies, disruptions in the credit markets, the borrower’s personal circumstances and other factors.

The default history for alternative lending borrowing arrangements is limited. Future defaults may be higher than historical defaults and the timing of defaults may vary significantly from historical observations. As described further under “Credit/Counterparty Risk,” the credit profile and interest rates available to certain borrowers who seek credit through alternative lending platforms may result in a higher rate of default for alternative lending-related securities as compared with the debt instruments associated with more traditional lending models, such as banks, although pursuant to the Fundamental Investment Restrictions, the Fund will not invest in loans of subprime quality. If the impact of defaults on loans to which the Fund has exposure exceeds the profits on non-defaulting loans, the Fund will be unable to achieve its investment objective.

The Fund’s investments in equity securities issued by the platforms themselves (or their affiliates) are also subject to the risk of loss. If a platform defaults on its outstanding obligations, the Fund’s equity interest in the platform may be diminished or extinguished and the Fund can expect to realize on any such investments only to the extent that the platform’s creditors are made whole and the platform still has residual profits that would benefit equity holders.

**Risk of Unsecured Loans**

Many of the Fund’s investments are associated with loans that are unsecured obligations of borrowers. This means that they are not secured by any collateral, not insured by any third party, not backed by any governmental authority in any way and, except in the case of certain loans to businesses, not guaranteed by any third party. When a borrower defaults on an unsecured loan, the holder’s only recourse is generally to accelerate the loan and enter into litigation to recover the outstanding principal and interest. There is no assurance that such litigation would result in full repayment of the loan and the costs of such measures may frequently exceed the outstanding unpaid amount of the borrowing. The Fund generally will need to rely on the efforts of the platforms, servicers or their designated collection agencies to collect on defaulted loans and there is no guarantee that such parties will be successful in their efforts to collect on loans. In addition, the Fund’s investments in shares, certificates, notes or other securities representing an interest in a special purpose entity organized by an alternative lending platform and the right to receive principal and interest payments due on whole loans or fractions of whole loans owned by such entity are typically unsecured obligations of the issuer. As a result, the Fund generally may not look to the underlying loans to satisfy delinquent payments on such interests, even though payments on such interests depend entirely on payments by underlying borrowers on their loans.

**Risk of Inadequate Collateral or Guarantees on Loans**

Even if a loan in which the Fund has investment exposure is secured, there can be no assurance that the collateral will, when recovered and liquidated, generate sufficient (or any) funds to offset any losses associated with the defaulting loan. It is possible that the same collateral could secure multiple loans, in which case the liquidation proceeds of the collateral may be insufficient to cover the payments due on all the loans secured by that collateral. There can be no guarantee that the collateral can be liquidated and any costs associated with such liquidation could reduce or eliminate the amount of funds otherwise available to offset the payments due under the loan. As described further under “Risks of Unsecured Loans,” the Fund generally will need to rely on the efforts of the platforms, servicers or their designated collection agencies to collect on defaulted loans and there is no guarantee that such parties will be successful in their efforts to collect on loans. To the extent that the loan obligations in which the Fund directly or indirectly invests are guaranteed by a third party, there can be no
assurance that the guarantor will perform its payment obligations should the underlying borrower default on its payments. As described under “Default Risk,” the Fund could suffer delays or limitations on its ability to realize the benefits of the collateral to the extent the borrower becomes bankrupt or insolvent. Moreover, the Fund’s security interests may be unperfected for a variety of reasons, including the failure to make a required filing by the servicer and, as a result, the Fund may not have priority over other creditors as it expected.

**Asset-Backed Securities Risk**

The Fund’s investments in securitization vehicles or other special purpose entities that hold alternative lending-related securities (asset-backed securities) may involve risks that differ from or are greater than risks associated with other types of investments. In addition, prepayment on the underlying assets may have the effect of shortening the weighted average maturity of the portfolio assets of such entities and may lower their return. The asset-backed securities in which the Fund invests are also subject to risks associated with their structure and the nature of the underlying assets and the servicing of those assets; for this reason, many of the other risks described herein are relevant to the asset-backed securities to which the Fund will have exposure. There is risk that the underlying debt securities will default and that recovery on repossessed collateral might be unavailable or inadequate to support payments on the underlying investments. The risks and returns for investors like the Fund in asset-backed securities depend on the tranche in which the investor holds an interest. Many asset-backed securities in which the Fund invests may be difficult to value and may be deemed illiquid. Asset-backed securities may have the effect of magnifying the Fund’s exposure to changes in the value of the underlying assets and may also result in increased volatility in the Fund’s NAV. This means the Fund may have the potential for greater gains, as well as the potential for greater losses, than if the Fund owned the underlying asset directly. The value of an investment in the Fund may be more volatile and other risks tend to be compounded if and to the extent that the Fund is exposed to asset-backed securities directly or indirectly. Any mishandling of related documentation by a servicer may also affect the rights of the security holders in and to the underlying collateral.

**Credit/Counterparty Risk**

The value of a debt security depends on the issuer’s credit quality or ability to pay principal and interest when due. The securities in which the Fund may invest may have varying degrees of credit risk and, subject to the Fundamental Investment Restrictions, which, among other things, prohibit the Fund from investing in loans of subprime quality, the Fund will not be restricted by any borrower credit criteria or credit risk limitation. The value of a debt security is likely to fall if an issuer or the guarantor of a security is unable or unwilling (or perceived to be unable or unwilling) to make timely principal and/or interest payments or otherwise to honor its obligations or if the debt security’s rating is downgraded. The obligations of issuers are subject to bankruptcy, insolvency and other laws affecting the rights and remedies of creditors. The value of a debt security can also decline in response to other changes in market, economic, industry, political and regulatory conditions that affect a particular type of debt security or issuer or debt securities generally, such as conditions in the alternative lending market. Unlike other debt instruments that are rated by nationally recognized statistical rating organizations, the alternative lending-related securities in which the Fund invests are typically unrated or rated only by the platform. The Fund will rely on the borrower’s credit information, which is provided by the platforms. However, as described under “Default Risk,” such information may be out of date, incomplete or inaccurate and may, therefore, not accurately reflect the borrower’s actual creditworthiness. Platforms may not have an obligation to update borrower information, and, therefore, the Fund may not be aware of any impairment in a borrower’s creditworthiness subsequent to the making of a particular loan.

Although the Fund conducts diligence on the credit scoring methodology used by platforms from which the Fund purchases alternative lending-related securities, the Fund typically will not have access to all of the data that platforms utilize to assign credit scores to particular loans purchased directly or indirectly by the Fund, and will not independently diligence or confirm the truthfulness of such information or otherwise evaluate the basis for the platform’s credit score of those loans. As a result, the Fund may make investments based on outdated,
inaccurate or incomplete information. In addition, the platforms’ credit decisions and scoring models are based on algorithms that could potentially contain programming or other errors or prove to be ineffective or otherwise flawed. This could adversely affect loan pricing data and approval processes and could cause loans to be mispriced or misclassified, which could ultimately have a negative impact on the Fund’s performance.

Platform Risk

As discussed in more detail in “Default Risk” and “Risk of Unsecured Loans,” the Fund receives payments on whole loans or securities representing the right to receive principal and interest payments due on loans only if the platform servicing the loans receives the borrower’s payments on such loans and passes such payments through to the Fund. If a borrower is unable or fails to make payments on a loan for any reason, the Fund may be greatly limited in its ability to recover any outstanding principal or interest due, as (among other reasons) the Fund may not have direct recourse against the borrower or may otherwise be limited in its ability to directly enforce its rights under the loan, whether through the borrower or the platform through which such loan was originated, the loan may be unsecured or under-collateralized and/or it may be impracticable to commence a legal proceeding against the defaulting borrower.

The Fund may have limited knowledge about the underlying loans and will be dependent upon the platform for information regarding underlying loans. Although the Fund conducts diligence on the platforms, the Fund generally does not have the ability to independently verify the information provided by the platforms, other than payment information regarding loans and other alternative lending-related securities owned by the Fund, which the Fund will observe directly as payments are received. Some investors, including the Fund, may not review the particular characteristics of the loans in which they invest at the time of investment, but rather negotiate in advance with platforms the general criteria of the investments, as described above. As a result, the Fund is dependent on the platforms’ ability to collect, verify and provide information to the Fund about each loan and borrower.

The Fund will rely on the borrower’s credit information, which is provided by the platforms. However, as described under “Default Risk,” such information may be out of date, incomplete or inaccurate and may, therefore, not accurately reflect the borrower’s actual creditworthiness. Platforms may not have an obligation to update borrower information, and, therefore, the Fund may not be aware of any impairment in a borrower’s creditworthiness subsequent to the making of a particular loan. Although the Fund conducts diligence on the credit scoring methodology used by platforms from which the Fund purchases alternative lending-related securities, the Fund typically will not have access to all of the data that platforms utilize to assign credit scores to particular loans purchased directly or indirectly by the Fund, and will not independently diligence or confirm the truthfulness of such information or otherwise evaluate the basis for the platform’s credit score of those loans. As a result, the Fund may make investments based on outdated, inaccurate or incomplete information. In addition, the platforms’ credit decisions and scoring models are based on algorithms that could potentially contain programming or other errors or prove to be ineffective or otherwise flawed. This could adversely affect loan pricing data and approval processes and could cause loans to be mispriced or misclassified, which could ultimately have a negative impact on the Fund’s performance.

In addition, the underlying loans, in some cases, may be affected by the success of the platforms through which they are facilitated. Therefore, disruptions in the businesses of such platforms may also negatively impact the value of the Fund’s investments. In addition, disruption in the business of a platform could limit or eliminate the ability of the Fund to invest in loans originated by that platform, and therefore the Fund could lose some or all of the benefit of its diligence effort with respect to that platform.

The Fund may also invest directly or indirectly in public or private equity securities of alternative lending platforms or enter into other financial transactions, including derivative transactions, to gain exposure to such investments. The performance of equity instruments issued by a platform or derivatives thereon will depend on
the success of the platform’s business and operations. As described above, the Fund may also invest in shares, certificates, notes or other securities representing the right to receive principal and interest payments due on fractions of whole loans or pools of whole loans.

Platforms are for-profit businesses that, as a general matter, generate revenue by collecting fees on funded loans from borrowers and by assessing a loan servicing fee on investors, which may be a fixed annual amount or a percentage of the loan or amounts collected. This business could be disrupted in multiple ways; for example, a platform could file for bankruptcy or a platform might suffer reputational harm from negative publicity about the platform or alternative lending more generally and the loss of investor confidence in the event that a loan facilitated through the platform is not repaid and the investor loses money on its investment. Many platforms and/or their affiliates have incurred operating losses since their inception and may continue to incur net losses in the future, particularly as their businesses grow and they incur additional operating expenses.

The Fund’s investments could be adversely impacted if a platform that services the Fund’s investments becomes unable or unwilling to fulfill its obligations to do so. In order to mitigate this risk, the Fund would seek to rely on a backup servicer provided through the platform or through an unaffiliated backup servicer. To the extent that it is not possible to collect on defaulted loans or to the extent borrowers prepay loans, a platform that services loans may no longer be able to collect a servicing fee, which would negatively impact its business operations. These or other similar negative events could adversely affect the platforms’ businesses and/or investor participation in a platform’s marketplace and, in turn, the business of the platforms, which creates a risk of loss for the Fund’s investments in securities issued by a platform or derivatives thereon.

Platforms may have a higher risk profile than companies engaged in lines of business with a longer, more established operating history and such investments should be viewed as longer-term investments. They have met with and will continue to meet with challenges, including navigating evolving regulatory and competitive environments; increasing the number of borrowers and investors utilizing their marketplace; increasing the volume of loans facilitated through their marketplace and transaction fees received for matching borrowers and investors through their marketplace; entering into new markets and introducing new loan products; continuing to revise the marketplace’s proprietary credit decisions and scoring models; continuing to develop, maintain and scale their platforms; effectively maintaining and scaling financial and risk management controls and procedures; maintaining the security of the platform and the confidentiality of the information provided and utilized across the platform; and attracting, integrating and retaining an appropriate number of qualified employees. If platforms are not successful in addressing these issues, the platforms’ businesses and their results of operations may be harmed, which may reduce the possible available investments for the Fund or negatively impact the value of the Fund’s investments in securities issued by a platform or derivatives thereon.

Platforms may rely on debt facilities and other forms of borrowing in order to finance many of the borrower loans they facilitate. However, these financing sources may become unavailable after their current maturity dates or the terms may become less favorable to the borrowing platforms. As the volume of loans that a platform facilitates increases, the platform may need to expand its borrowing capacity on its existing debt arrangements or may need to seek new sources of capital. Platforms may also default on or breach their existing debt agreements, which could diminish or eliminate their access to funding at all or on terms acceptable to the platforms. Such events could cause the Fund to incur losses on its investments that are dependent upon the performance of the platforms.

The Fund’s investments in the equity securities of platforms, including common stock, preferred stock, warrants or convertible stock, are subject to equity securities risk. Equity securities risk is the risk that the value of equity securities to which the Fund is exposed will fall due to general market or economic conditions; overall market changes; local, regional or global political, social or economic instability; currency, interest rate and commodity price fluctuations; perceptions regarding the industries in which the issuers participate and the particular circumstances and performance of the issuers. The prices of equities are also sensitive to rising interest rates, as
the costs of capital rise and borrowing costs increase. The equity securities of smaller, less seasoned companies, such as platforms or their affiliates, are generally subject to greater price fluctuations, limited liquidity, higher transaction costs and higher investment risk. To the extent that the Fund invests in unlisted equity securities, the investments generally will involve a higher degree of valuation and performance uncertainty and greater liquidity risk than investments in listed securities. Preferred securities are subject to issuer-specific and market risks applicable generally to equity securities. In addition, preferred securities generally pay a dividend and rank ahead of common stocks and behind debt securities in claims for dividends and for assets of the issuer in a liquidation or bankruptcy. For this reason, the value of preferred securities will usually react more strongly than bonds and other debt to actual or perceived changes in the company’s financial condition or prospects. Preferred securities may also be sensitive to changes in interest rates. When interest rates rise, the fixed dividend on preferred securities may be less attractive, causing the price of preferred stocks to decline. Convertible securities are subject to the risks applicable generally to debt securities, including credit risk. Convertible securities also react to changes in the value of the common stock into which they convert, and are thus subject to market risk. In the event of a liquidation of the issuing company, holders of convertible securities typically would be paid before the company’s common stockholders but after holders of any senior debt obligations of the company.

The Fund’s investments in shares, certificates, notes or other securities issued by a platform, its affiliates or a special purpose entity sponsored by a platform or its affiliates that represent the right to receive principal and interest payments due on fractions of whole loans or pools of whole loans may expose the Fund to the credit risk of the issuer. Generally, such securities are unsecured obligations of the issuer; an issuer that becomes subject to bankruptcy proceedings may be unable to make full and timely payments on its obligations to the Fund, even if the payments on the underlying loan or loans continue to be made timely and in full. In addition, when the Fund owns such fractional loans or other securities, the Fund and its custodian generally will not have a contractual relationship with, or personally identifiable information regarding, individual borrowers, so the Fund will not be able to enforce underlying loans directly against borrowers and may not be able to appoint an alternative servicing agent in the event that a platform or third-party servicer, as applicable, ceases to service the underlying loans. Therefore, the Fund will be more dependent on the platform for servicing than in the case in which the Fund owns whole loans. Where such interests are secured, the Fund relies on the platform to perfect the Fund’s security interest. In addition, there may be a delay between the time the Fund commits to purchase a security issued by a platform, its affiliate or a special purpose entity sponsored by the platform or its affiliate and the issuance of such security and, during such delay, the funds committed to such an investment will not earn interest on the investment nor will they be available for investment in other alternative lending-related securities, which will reduce the effective rate of return on the investment. The Fund will invest primarily in whole loans, and does not expect to invest a material portion of its portfolio in such fractional loans or other securities.

**Servicer Risk**

The Fund expects that all of its direct and indirect investments in loans originated by alternative lending platforms will be serviced by a platform or a third-party servicer. In the event that the servicer is unable to service the loan, there can be no guarantee that a backup servicer will be able to assume responsibility for servicing the loans in a timely or cost-effective manner; any resulting disruption or delay could jeopardize payments due to the Fund in respect of its investments or increase the costs associated with the Fund’s investments. If the servicer becomes subject to a bankruptcy or similar proceeding, there is some risk that the Fund’s investments could be recharacterized as a secured loan from the Fund to the platform, as described more fully (with respect to the potential bankruptcy of a platform) under “Regulatory Risk,” which could result in uncertainty, costs and delays from having the Fund’s investment deemed part of the bankruptcy estate of the platform, rather than an asset owned outright by the Fund.
Regulatory Risk

The loan industry is highly regulated and the alternative lending-related securities in which the Fund invests are subject to extensive rules and regulations issued by governmental authorities in each of the jurisdictions in which the Fund invests. These authorities also may impose obligations and restrictions on the platforms’ activities or those of other entities involved in the alternative lending process.

The platforms’ failure to comply with the requirements of applicable law may cause, among other things, the platforms to be required to register with governmental authorities and/or the revocation of requisite licenses, the voiding of loan contracts, impairment of the enforcement of loans, indemnification liability to contract counterparties, class action lawsuits, administrative enforcement actions and/or civil and criminal liability in the relevant jurisdiction. The evolving nature of the platforms’ respective business models may complicate their ability to determine the applicability of, and to effect compliance with, such requirements. Moreover, legal and regulatory requirements and any interpretations of those requirements are subject to periodic changes. Any such change necessitating new significant compliance obligations could have an adverse effect on the platforms’ compliance costs and ability to operate. The platforms could seek to pass through any increase in their costs to their borrowers or investors, such as the Fund, in the form of higher origination or servicing fees.

In connection with the sale and servicing of the whole loans, fractions of whole loans or pools of whole loans, the platforms typically make representations and warranties to investors, such as the Fund, that the loans were originated and are being serviced in accordance with and in compliance with applicable laws (and in some cases specifically with the laws described herein) in all material respects. Despite these representations and warranties, the Fund cannot guarantee that the platforms have been and will continue to be in compliance with all applicable laws. If those representations and warranties were not correct, the platforms could be required to repurchase the loans, but the Fund cannot be certain that the platform would be required and able to repurchase loans in all such cases.

In addition to laws governing the activities of lenders and servicers, a limited number of states require purchasers of certain loans, primarily consumer loans, to be licensed or registered in order to own the loans or, in certain states, to collect a rate of interest above a specified rate. The Fund intends to obtain licenses where required in order to pursue its investment strategy.

Lender Liability

A number of judicial decisions have upheld judgments of borrowers against lending institutions on the basis of various evolving legal theories, collectively termed “lender liability.” Generally, lender liability is founded on the premise that a lender has violated a duty (whether implied or contractual) of good faith, commercial reasonableness and fair dealing, or a similar duty owed to the borrower or has assumed an excessive degree of control over the borrower resulting in the creation of a fiduciary duty owed to the borrower or its other creditors or shareholders. If a loan held directly or indirectly by the Fund were found to have been made or serviced under circumstances that give rise to lender liability, the borrower’s obligation to repay that loan could be reduced or eliminated or the Fund’s recovery on that loan could be otherwise impaired, which would adversely impact the value of that loan.

In limited cases, courts have subordinated the loans of a senior lender to a borrower to claims of other creditors of the borrower when the senior lender or its agents, such as a loan servicer, is found to have engaged in unfair, inequitable or fraudulent conduct with respect to the other creditors. If a loan held directly or indirectly by the Fund were subject to such subordination, it would be junior in right of payment to other indebtedness of the borrower, which could adversely impact the value of that loan.
**Privacy and Data Security Laws**

While the Fund will adopt policies and procedures regarding the platforms’ and custodian’s protection and use of non-public personal information, the Fund cannot guarantee the security of that data and cannot guarantee that service providers have been and will continue to comply with the U.S. Federal Gramm-Leach-Bliley Act ("GLBA"), other data security and privacy laws and any other related regulatory requirements. Violations of GLBA and other laws could subject the Fund to litigation and/or fines, penalties or other regulatory action, which, individually or in the aggregate, could have an adverse effect on the Fund. The Fund may also face regulations related to privacy and data security in the other jurisdictions in which the Fund invests.

**Leverage Risk**

The Fund or a Subsidiary has obtained and may in the future obtain financing to make investments in alternative lending-related securities and may obtain leverage through derivative instruments or asset-backed securities that afford the Fund economic leverage. Leverage magnifies the Fund’s exposure to declines in the value of one or more underlying reference assets or creates investment risk with respect to a larger pool of assets than the Fund would otherwise have and may be considered a speculative technique. The value of an investment in the Fund will be more volatile and other risks tend to be compounded if and to the extent the Fund borrows or uses derivatives or other investments that have embedded leverage.

**Securitization Risk**

In connection with the sale or contribution by the Fund or its Subsidiaries of certain of their alternative lending-related investments to any special purpose entity formed for the purpose of acquiring alternative lending-related investments and issuing securities, the Fund or its Subsidiaries may be required to make certain representations about the alternative lending-related investments sold or contributed to such special purpose entity. The Fund or its Subsidiaries also may be required to indemnify such special purpose entity, or to repurchase the alternative lending-related investments to which such representations relate, to the extent that any of such representation is found to have been inaccurate on the date that it was made.

**Risk of Fraud**

The Fund may be subject to the risk of fraudulent activity associated with the various parties involved in alternative lending, including the platforms, banks, borrowers and third parties handling borrower and investor information. Prospective borrowers may materially misrepresent any of the information they provide to the platforms, including their credit history, the existence or value of purported collateral, the purpose of the loan, their occupation or their employment status. Platforms may not verify all of the information provided by prospective borrowers. Except where a platform is required to repurchase loans or indemnify investors, fraud may adversely affect the Fund’s ability to receive the principal and interest payments that it expects to receive on its investments and, therefore, may negatively impact the Fund’s performance. A platform may have the exclusive right and ability to investigate claims of borrower identity theft, which creates a conflict of interest, as platforms may be obligated to repurchase loans and/or indemnify investors in the loans in the case of fraud and may, therefore, have an incentive to deny or fail to investigate properly a claim of fraud. Furthermore, there can be no guarantee that the resources, technologies or fraud prevention measures implemented by a platform will be sufficient to accurately detect and prevent fraud.

The Fund is also subject to the risk of fraudulent activity by a platform or a backup servicer. In the event that a platform or backup servicer engages in fraudulent activity, the pools of loans originated by the platform or any loans serviced by the platform or backup servicer may be impaired or may not be of the quality that the Fund anticipated, thereby increasing the risk of default in respect of such loans.
Below Investment Grade Securities and Unrated Securities Risk

The Fund may have exposure, without limitation, to investments that are rated below investment grade or that are unrated but are judged by the Adviser to be of comparable quality. The alternative lending-related securities in which the Fund invests (or, in the case of asset-backed securities, the loans that back them) typically are not rated by a nationally recognized statistical rating organization. Although the Fund’s Fundamental Investment Restrictions do not permit the Fund to invest in loans of subprime quality, some unrated securities purchased by the Fund may be of credit quality comparable to securities rated below investment grade by a nationally recognized statistical rating organization. In addition, the Fund may invest in securities that are rated below investment grade. Below investment grade debt securities, which are commonly called “junk bonds,” are rated below BBB- by Standard & Poor’s Ratings Services (“S&P”) or Baa3 by Moody’s Investors Service, Inc., (“Moody’s”), or have comparable ratings by another rating organization. Accordingly, certain of the Fund’s unrated investments could constitute a highly risky and speculative investment, similar to an investment in “junk bonds.”

Below investment grade investments may be subject to greater risks than other investments, including greater levels of risk related to changes in interest rates, credit risk (including a greater risk of default) and liquidity risk. There is a greater risk of loss associated with alternative lending-related securities investments and the ability of a borrower to make principal and/or interest payments is predominantly speculative for below investment grade investments or unrated investments judged by the Adviser to have a similar quality. Below investment grade investments or unrated investments judged by the Adviser to be of comparable quality may be more susceptible to real or perceived adverse economic and competitive industry or business conditions than higher-grade investments. Yields on below investment grade investments will fluctuate.

Pursuant to the Fundamental Investment Restrictions, the Fund will not invest of loans of subprime quality.

Interest Rate Risk

The values of the Fund’s investments in income-producing alternative lending-related securities (such as whole loans, other debt instruments, preferred securities and convertible securities) change in response to interest rate changes. In general, the value of a debt security is likely to fall as interest rates rise. This risk is generally greater for obligations with longer maturities or for debt securities that do not pay current interest. Debt securities with floating interest rates can be less sensitive to interest rate changes, although, to the extent the Fund’s income is based on short-term interest rates that fluctuate over short periods of time, income received by the Fund may decrease as a result of a decline in interest rates; floating rate loans can also decrease in value if their interest rates do not rise as quickly or as much as market interest rates. Conversely, variable rate instruments generally will not increase in value if interest rates decline. When interest rates increase or for other reasons, debt securities may be repaid more slowly than expected. As a result, the maturity of the debt instrument may be extended, increasing the potential for loss.

Interest rate changes can be sudden and unpredictable. A wide variety of factors can cause interest rates to fluctuate (e.g., central bank monetary policies, inflation rates, general economic conditions and market developments) and debt securities may be particularly volatile during such periods. Currently, certain interest rates are at or near historic lows and, as a result, they are likely to rise over time, which may cause the value of the Fund’s investments and, therefore, the Fund’s net asset value, to decrease.

Prepayment Risk

In the event of a prepayment of all or a portion of the remaining unpaid principal amount of a loan to which the Fund has investment exposure, the Fund will receive such prepayment but further interest will cease to accrue on the prepaid portion of the loan after the date of the prepayment. If the Fund buys a security at a premium, the
premium could be lost in the event of a prepayment. In periods of falling interest rates, the rate of prepayments (and price fluctuation) tends to increase as borrowers are incentivized to pay off debt and refinance at new lower rates. During such periods, the Fund generally will be forced to reinvest the prepayment proceeds at lower rates of return than the Fund expected to earn on the prepaid assets, provided that the Fund is able to identify suitable reinvestment opportunities, which may adversely impact the Fund’s performance.

**Illiquidity Risk**

To the extent consistent with the repurchase liquidity requirement of an interval fund, the Fund may invest without limitation in illiquid investments. Illiquidity risk is the risk that the investments held by the Fund may be difficult or impossible to sell at the time that the Fund would like or at the price that the Fund believes the security is currently worth. Alternative lending-related securities, which typically are contractually non-transferable, are not listed on any securities exchange and/or are not registered under the Securities Act of 1933, are illiquid. Furthermore, an active, reliable secondary market for alternative lending-related securities does not currently exist and there can be no assurance that an active market will develop. At any given time, the Fund’s portfolio will be substantially illiquid.

The Fund’s ability to realize full value in the event of the need to liquidate certain assets may be impaired and/or result in losses to the Fund. The Fund may be unable to sell its investments, even under circumstances when the Adviser believes it would be in the best interests of the Fund to do so. Illiquid investments may also be difficult to value and their pricing may be more volatile than more liquid investments, which could adversely affect the price at which the Fund is able to sell such instruments. Illiquidity risk also may be greater in times of financial stress. The risks associated with illiquid instruments may be particularly acute in situations in which the Fund’s operations require cash (such as in connection with repurchase offers) and could result in the Fund borrowing to meet its short-term needs or incurring losses on the sale of illiquid instruments.

**Valuation Risk**

The Fund is subject to valuation risk, which is the risk that one or more of the securities in which the Fund invests are priced incorrectly, due to factors such as incomplete data, market instability or human error. The Fund anticipates using a third-party pricing service to value the Fund’s investments in alternative lending-related securities, as market quotations generally are not available for the Fund’s investments in alternative lending-related securities. There is no assurance that the Fund could sell a portfolio security for the value established for it at any time and it is possible that the Fund would incur a loss because a portfolio security is sold at a discount to its established value. If securities are mispriced, shareholders could lose money upon redemption or could pay too much for Shares purchased.

**Competition, Ramp-up and Exposure Risks**

The Fund faces competition for access to platforms and alternative lending-related securities, including from other institutional investors; such competitors may have higher risk tolerance, greater financial or other resources and/or other advantages. If the Fund is inhibited from deploying capital in a timely or efficient manner, it may be forced to invest in cash, cash equivalents or other assets that may result in lower returns than may otherwise be available through investments in alternative lending-related securities. The success of any given platform and, therefore, the success of the Fund will depend, among other things, on a continuous demand for loans from qualified borrowers. There can be no assurance that such demand will continue to exist.

There can be no assurances as to how long it will take the Fund to invest the net proceeds of the offering, and the longer the period the greater the likelihood that the Fund’s performance will be adversely affected. Pending deployment of the net proceeds of the offering, the Fund generally will invest cash held in cash deposits and cash equivalents. The Fund will limit the sale of its securities based on the Adviser’s assessment of its ability to invest the proceeds in an effective and timely manner.
If the Fund’s access to platforms is limited, whether due to ramp-up, termination of existing arrangements or failure to secure arrangements with other platforms, its exposure to the risks of the platforms to which the Fund is exposed, as discussed under “Platform Risk,” and the risks of increased exposure to a potentially more limited pool of portfolio investments, may increase. Moreover, a platform may be unable to sustain its current lending model or may change its underwriting or credit models, borrower acquisition channels, quality of debt collection procedures and/or servicing models in ways that may make such investments unsuitable for the Fund; such changes may occur after the Fund has already made its investments and, as most of the Fund’s alternative lending-related securities are illiquid, the Fund may not be able to divest itself of the instruments at all or at an advantageous time or price. Even if the Fund is exposed to a varied pool of assets, the Fund’s investment focus on alternative lending-related securities will cause the Fund to be subject to greater overall risk than if the Fund’s exposures were less focused, as it will be exposed to events affecting the alternative lending-related industry.

Even if the Fund’s investments are varied as to borrower type, geographic location, loan purpose or other features, they may nevertheless have some similar characteristics and may, therefore, be subject to many of the same risks and/or regulatory regimes and may respond in a similar manner to particular economic, market, political or other developments.

**Geographic Focus Risk**

A geographic focus in a particular region may expose the Fund to an increased risk of loss due to risks associated with that region. Certain regions from time to time will experience weaker economic conditions than others and, consequently, will likely experience higher rates of delinquency and loss than on similar investments across the geographic regions to which the Fund is exposed. In the event that a significant portion of the alternative lending-related securities of the Fund relate to loans owed by borrowers resident or operating in certain specific geographic regions, any localized economic conditions, weather events, natural or man-made disasters or other factors affecting those regions in particular could increase delinquency and defaults on the assets to which the Fund is exposed and could negatively impact Fund performance. Further, any focus of the Fund’s alternative lending-related investments in one or more regions would have a disproportionate effect on the Fund if governmental authorities in any such region took action against any of the participants in the alternative lending industry doing business in that region.

**Foreign Securities Risk**

The Fund may invest directly or indirectly in the alternative lending-related securities of foreign issuers. Such investments may involve risks not ordinarily associated with exposure to alternative lending-related securities of U.S. issuers. The foreign alternative lending industry may be subject to less governmental supervision and regulation than exists in the U.S.; conversely, foreign regulatory regimes applicable to the alternative lending industry may be more complex and more restrictive than those in the U.S., resulting in higher costs associated with such investments, and such regulatory regimes may be subject to interpretation or change without prior notice to investors, such as the Fund. Foreign platforms may not be subject to accounting, auditing and financial reporting standards and practices comparable to those in the U.S.

The Fund’s exposure to alternative lending-related securities issued by foreign issuers may be subject to withholding and other foreign taxes, which may adversely affect the net return on such investments. As described further under “Currency Risk,” fluctuations in foreign currency exchange rates and exchange controls may adversely affect the market value of the Fund’s investments in alternative lending-related securities of foreign issuers. The Fund is unlikely to be able to pass through to its shareholders foreign income tax credits in respect of any foreign income taxes it pays.
Currency Risk

Currency risk is the risk that fluctuations in exchange rates will adversely affect the market value of the Fund’s investments. Currency risk includes the risk that the foreign currencies in which the Fund’s investments are traded, in which the Fund receives income or in which the Fund has taken a position will decline in value relative to the U.S. dollar. Currency risk also includes the risk that a currency to which the Fund has obtained exposure through hedging declines in value relative to the currency being hedged, in which event the Fund may realize a loss both on the hedging instrument and on the currency being hedged. Currency exchange rates can fluctuate significantly for many reasons. Derivative transactions in foreign currencies (such as futures, forwards, options and swaps) may involve leverage risk in addition to currency risk. In purchasing or selling local currency to fund trades denominated in that currency, the Fund will be exposed to the risk that the value of the foreign currency will increase or decrease, which may impact the value of the Fund’s investments in foreign currencies, securities denominated in foreign currencies, derivatives that provide exposure to foreign currencies and the Fund’s income available for distribution. Some countries have and may continue to adopt internal economic policies that affect their currency valuations in a manner that may be disadvantageous for U.S. investors or U.S. companies seeking to do business in those countries.

Investments in Other Pooled Investment Vehicles

Direct or indirect investing in another pooled investment vehicle, such as securitization vehicles that issue asset-backed securities, exposes the Fund to all of the risks of that vehicle’s investments. The Fund will bear its pro rata share of the expenses of any such vehicle, in addition to its own expenses. The values of other pooled investment vehicles are subject to change as the values of their respective component assets fluctuate. To the extent the Fund invests in managed pooled investment vehicles, the performance of the Fund’s investments in such vehicles will be dependent upon the investment and research abilities of persons other than the Adviser. The securities offered by such vehicles typically are not registered under the securities laws because they are offered in transactions that are exempt from registration.

Market Risk

The value of the Fund’s investments may decline, sometimes rapidly or unpredictably, due to general economic conditions that are not specifically related to a particular issuer or borrower, such as real or perceived adverse economic or political conditions throughout the world, changes in interest or currency rates or adverse investor sentiment generally. The value of the Fund’s investments also may decline because of factors that affect a particular industry or industries. These risks may be particularly acute for the Fund, as alternative lending is a new and evolving industry.

Volatility Risk

The market value of the alternative lending-related securities to which the Fund has exposure may increase or decrease, sometimes rapidly and unpredictably, based upon changes in an issuer’s financial condition and/or overall market and economic conditions. Because many of the Fund’s investments may be illiquid and/or below investment grade (or unrated, but of a similar quality; debt securities that are below investment grade are commonly called “junk bonds”), the Fund may be subject to increased volatility risk. In addition, the Fund’s use of leverage will increase the volatility of the Fund’s value.

Management and Operational Risk

The Fund is subject to management risk because it relies on the Adviser’s ability to achieve its investment objective. The Fund runs the risk that the Adviser’s investment techniques will fail to produce desired results and cause the Fund to incur significant losses. The Adviser may fail to use derivatives effectively, may select investments that do not perform as anticipated by the Adviser and may choose to hedge or not to hedge positions at disadvantageous times.
Any imperfections, errors, or limitations in quantitative analyses and models used by the Adviser as part of its investment process could affect the Fund’s performance.

The Fund also is subject to the risk of loss as a result of other services provided by the Adviser and other service providers, including pricing, administrative, accounting, tax, legal, custody, transfer agency and other services. Operational risk includes the possibility of loss caused by inadequate procedures and controls, human error and cyber attacks, disruptions and failures affecting, or by, a service provider.

**Alternative Lending Operational and Technology Risk**

Because the Fund depends on electronic systems maintained by the custodian and the platforms or their affiliates to maintain records, evidence ownership of the Fund’s investments, appropriately safeguard such investments and to service and administer alternative lending-related securities (as applicable), the Fund is vulnerable to the risks associated with such electronic systems, including, among others: power loss, computer systems failures and internet, telecommunications or data network failures; operator negligence or improper operation by, or supervision of, employees; physical and electronic loss of data or security breaches, misappropriation and similar events; computer viruses; cyber attacks, intentional acts of vandalism and similar events; and hurricanes, fires, floods and other natural disasters.

These potential risks may cause a decrease in the amount of loans acquired by the platforms, which may directly affect the Fund and its ability to achieve its investment objective. The potential for security breaches may also adversely affect the Fund due to its reputational impact on the platforms and wider effect on the alternative lending industry as a whole.

**Derivatives Risk**

The Fund may invest directly or indirectly in a variety of derivatives, including futures contracts, forwards, swaps and other exchange-traded and over-the-counter (OTC) derivatives contracts. Derivatives are financial contracts the value of which depends on, or is derived from, an asset or other underlying reference. Derivatives involve the risk that changes in their value may not move as expected relative to changes in the value of the underlying reference asset they are designed to track. The Fund may invest in derivatives for investment purposes and for hedging and risk management purposes. See the Statement of Additional Information for additional information of the various types and uses of derivatives in the Fund’s strategy.

The use of derivatives involves risks that are in addition to, and potentially greater than, the risks of investing directly in securities and other more traditional assets. In particular, the Fund’s use of OTC derivatives exposes it to the risk that the counterparties will be unable or unwilling to make timely settlement payments or otherwise honor their obligations. If the counterparty defaults, the Fund will still have contractual remedies but may not be able to enforce them. The Fund may invest in derivatives with a limited number of counterparties and events affecting the creditworthiness of any of those counterparties may have a pronounced effect on the Fund.

Derivatives also present other risks described herein, including market risk, illiquidity risk, currency risk and credit risk. Many derivatives, in particular OTC derivatives, are complex and their valuation often requires modeling and judgment, which increases the risk of mispricing or improper valuation.

The Fund’s use of derivatives may not be effective or have the desired results. Moreover, suitable derivatives will not be available in all circumstances. The Adviser may decide not to use derivatives to hedge or otherwise reduce the Fund’s risk exposures, potentially resulting in losses for the Fund.

Swap contracts and other OTC derivatives are highly susceptible to illiquidity risk (see “Illiquidity Risk”). Because many derivatives have a leverage component (i.e., a notional value in excess of the assets needed to establish and/or maintain the derivative position), adverse changes in the value or level of the underlying
reference asset may result in a loss substantially greater than the amount invested in the derivative itself. (See “Leverage Risk.”)

Subsidiary Risk

By investing through its Subsidiaries, the Fund is exposed to the risks associated with the Subsidiaries’ investments. Subsidiaries will not be registered as investment companies under the 1940 Act and will not be subject to all of the investor protections of the 1940 Act, although each Subsidiary will be managed pursuant to the compliance policies and procedures of the Fund applicable to it. Changes in the laws of the United States and/or the jurisdiction in which a Subsidiary is organized could result in the inability of the Fund and/or the Subsidiary to operate as described in this prospectus and could adversely affect the Fund.

Short Sale Risk

The Fund may incur a loss if the market price of the asset underlying the short sale increases between the date of the short sale and the date on which the Fund must replace the borrowed asset or otherwise close out the transaction and such loss may exceed the initial investment. Under adverse market conditions, the Fund may have difficulty purchasing an asset to meet its short sale delivery obligations, and may have to sell portfolio assets to raise sufficient capital to fulfill its short sale obligations at a disadvantageous time. Entering into short sales where the Fund does not own the underlying asset creates a form of investment leverage, which can magnify the Fund’s exposure to changes in the value of the asset. Because the Fund may enter into short sales with respect to assets that it does not already own, the loss to the Fund from a short sale is theoretically unlimited, as the potential increase in the market price of the asset is unlimited. The amount of any gain will be decreased, and the amount of any loss increased, by the amount of the premium, dividends, interest, or expenses the Fund may be required to pay in connection with a short sale. There can be no assurance that the Fund will be able to close out a short sales position at an advantageous time or price. To the extent that the Fund enters into short sales for hedging purposes, there can be no guarantee that the investment will be effective; any lack of correlation between the assets used in the short position and the exposure the Fund sought to hedge could result in losses.

Tax Risk

The Fund intends to qualify for treatment as a RIC under the Code. In order to qualify for such treatment, the Fund must derive at least 90% of its gross income each taxable year from qualifying income, meet certain asset diversification tests at the end of each fiscal quarter, and distribute at least 90% of its investment company taxable income. The Fund’s investment strategy will potentially be limited by its intention to qualify for treatment as a RIC. The tax treatment of certain of the Fund’s investments under one or more of the qualification or distribution tests applicable to RICs is not certain. An adverse determination or future guidance by the IRS might affect the Fund’s ability to qualify for such treatment.

If, in any year, the Fund were to fail to qualify for treatment as a RIC under the Code for any reason, and were not able to cure such failure, the Fund would be subject to tax on its taxable income at corporate rates, and all distributions from earnings and profits, including any distributions of net tax-exempt income and net long-term capital gains, would be taxable to shareholders as ordinary income.

Non-Diversification Risk

The Fund is classified as a “non-diversified” fund under the 1940 Act. Accordingly, the Fund may invest a greater portion of its assets in the securities of a single issuer than if it were a “diversified” fund. To the extent that the Fund invests a higher percentage of its assets in the securities of a single issuer, the Fund is subject to a higher degree of risk associated with and developments affecting that issuer than a fund that invests more widely.
Repurchase Offers Risk

As described under “Periodic Repurchase Offers” below, the Fund is an “interval fund” and, in order to provide liquidity to shareholders, the Fund, subject to applicable law, will conduct quarterly repurchase offers of the Fund’s outstanding Shares at NAV per quarter, subject to approval of the Board. In all cases such repurchases will be for at least 5% and not more than 25%, and are currently expected to be for 5%, of its outstanding Shares at NAV, pursuant to Rule 23c-3 under the 1940 Act. The Fund believes that these repurchase offers are generally beneficial to the Fund’s shareholders, and repurchases generally will be funded from available cash or sales of portfolio securities, which are substantially illiquid. However, repurchase offers and the need to fund repurchase obligations may affect the ability of the Fund to be fully invested or force the Fund to maintain a higher percentage of its assets in liquid investments, which may harm the Fund’s investment performance. Moreover, diminution in the size of the Fund through repurchases may result in untimely sales of portfolio securities (with associated imputed transaction costs, which may be significant), and may limit the ability of the Fund to participate in new investment opportunities or to achieve its investment objective. In compliance with its procedures, the Fund will, to the extent possible, hold at least 5% of net assets in cash or other liquid assets at all times in order to meet its repurchase obligations. The Fund may accumulate cash by holding back (i.e., not reinvesting) payments received in connection with the Fund’s investments. The Fund believes that payments received in connection with the Fund’s investments will generate sufficient cash to meet the maximum potential amount of the Fund’s repurchase obligations. If at any time cash and other liquid assets held by the Fund are not sufficient to meet the Fund’s repurchase obligations, the Fund intends, if necessary, to sell investments. Although the Fund’s investments are illiquid and the secondary market for its investments is limited, the Fund believes that it would be able to find willing buyers for investments if such sales were ever necessary to supplement such cash generated by payments received in connection with the Fund’s investments. If the Fund employed investment leverage, repurchases of Shares would compound the adverse effects of leverage in a declining market. In addition, if the Fund borrows to finance repurchases, interest on that borrowing will negatively affect shareholders who do not tender their Shares by increasing the Fund’s expenses and reducing any net investment income. If a repurchase offer is oversubscribed the Fund will repurchase the Shares tendered on a pro rata basis, and shareholders will have to wait until the next repurchase offer to make another repurchase request. As a result, shareholders may be unable to liquidate all or a given percentage of their investment in the Fund during a particular repurchase offer. Some shareholders, in anticipation of proration, may tender more Shares than they wish to have repurchased in a particular quarter, thereby increasing the likelihood that proration will occur. A shareholder may be subject to market and other risks, and the NAV of Shares tendered in a repurchase offer may decline between the Repurchase Request Deadline and the date on which the NAV for tendered Shares is determined. In addition, the repurchase of Shares by the Fund may be a taxable event to shareholders.

Portfolio Turnover

A change in the securities held by the Fund is known as “portfolio turnover.” If the Fund realizes capital gains when it sells investments, it generally must pay those gains to shareholders, increasing its taxable distributions, including distributions of short-term capital gain, which are taxable as ordinary income to shareholders. Increased portfolio turnover may also result in higher brokerage fees or other transaction costs, which can reduce the Fund’s performance. Portfolio turnover will not be a limiting factor should the Adviser deem it advisable to purchase or sell securities.

Temporary Defensive and Interim Investments

For temporary defensive purposes in times of adverse or unstable market, economic or political conditions, the Fund can invest up to 100% of its assets in investments that may be inconsistent with its principal investment strategies. Generally, the Fund would invest in money market instruments or in other short-term U.S. or non-U.S. government securities. The Fund might also hold these types of securities as interim investments pending the investment of proceeds from the sale of its Shares or the sale of its portfolio securities or to meet anticipated
redemptions of its Shares. To the extent the Fund invests in these securities, it might not achieve its investment objective.

**Expense Risk**

Your actual costs of investing in the Fund may be higher than the expenses shown in “Annual Fund Operating Expenses” for a variety of reasons. The Fund’s expense limitation agreements, which generally remain in effect for a period of one year, mitigate this risk. However, there is no assurance that the Adviser will renew such expense limitation agreements from year-to-year.

**Anti-Takeover Provisions**

The Fund’s Declaration of Trust, together with any amendments thereto, includes provisions that could limit the ability of other entities or persons to acquire control of the Fund or convert the Fund to open-end status.

**Limited History**

The Fund has a limited history of operations and is designed for long-term investors and not as a short-term trading vehicle.
The following table describes the fees and expenses you may pay if you buy and hold Shares of the Fund.

### Annual Fund Operating Expenses

(as a percentage of net assets attributable to the Shares)

<table>
<thead>
<tr>
<th>Expense</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Management Fees</td>
<td>1.50%</td>
</tr>
<tr>
<td>Interest Payments on Borrowed Funds</td>
<td>1.07%</td>
</tr>
<tr>
<td>Service Fees</td>
<td>0.10%</td>
</tr>
<tr>
<td>Other Expenses (2)</td>
<td></td>
</tr>
<tr>
<td>Loan Servicing Fees</td>
<td>0.82%</td>
</tr>
<tr>
<td>All Other Expenses</td>
<td>0.95%</td>
</tr>
<tr>
<td><strong>Total Other Expenses</strong></td>
<td><strong>1.77%</strong></td>
</tr>
<tr>
<td><strong>Total Annual Fund Operating Expenses</strong></td>
<td><strong>4.44%</strong></td>
</tr>
<tr>
<td>(Fee Waiver and/or Expense Reimbursement)/Recoupment (3)</td>
<td>(0.27)%</td>
</tr>
<tr>
<td><strong>Total Annual Fund Operating Expenses After</strong></td>
<td><strong>4.17%</strong></td>
</tr>
</tbody>
</table>

(1) “Interest Payments on Borrowed Funds” are based on estimated amounts incurred during the Fund’s prior fiscal year.

(2) “Other Expenses” are based on estimated amounts incurred during the Fund’s prior fiscal year, except that they have been restated to exclude 0.13% in organizational and offering expenses and to include estimated offering expenses for the current fiscal year.

(3) The Fund is responsible for its operating expenses, including its organization expenses, which are expensed as incurred and are subject to the expense limitation agreement described below. Notwithstanding the foregoing, through June 30, 2018, the Adviser (defined below) has agreed to pay or otherwise bear operating and other expenses of the Fund (including organizational and offering expenses, but excluding brokerage and transactional expenses; borrowing and other investment-related costs and fees including interest payments on borrowed funds, loan servicing fees, loan collection and administration fees and expenses, interest and commitment fees; short dividend expense; acquired fund fees and expenses; taxes; litigation and indemnification expenses; judgments; and extraordinary expenses not incurred in the ordinary course of the Fund’s business) solely to the extent necessary to limit the Total Annual Fund Operating Expenses to 2.00% of the average daily net assets of the Fund. The Adviser shall be permitted to recoup in later periods Fund expenses that the Adviser has paid or otherwise borne to the extent that the expenses for the Fund fall below the annual limitation rate in effect at the time of the actual waiver/reimbursement and to the extent that they do not cause the Fund to exceed the annual rate in effect at the time of the recoupment. Under the expense limitation agreement, the Adviser is not permitted to recoup such expenses beyond three years from the end of the month in which such fee was reduced or such expense was reimbursed. This expense limitation cannot be terminated prior to the one-year anniversary of the date the Fund commences investment operations.

**Example.** The following Example is intended to help you understand the various costs and expenses that you, as a holder of Shares, would bear directly or indirectly. The Example assumes that you invest $1,000 in Shares of the Fund for the time periods indicated. Because there are no costs to you associated with repurchases of your shares, your costs would be the same whether you hold your Shares or tender your Shares for repurchase at the end of the time periods indicated. The Example also assumes that your investment has a 5% return each year, that all dividends and distributions are reinvested at NAV and that the Fund’s operating expenses (as described above) remain the same, except to reduce annual expenses upon completion of organization and offering expenses, and takes into account the effect of the fee waiver and/or expense reimbursement (if any) during the first year. The Example should not be considered a representation of the Fund’s future expenses. Although your actual costs may be higher or lower, based on these assumptions your costs would be:

<table>
<thead>
<tr>
<th>Time Period</th>
<th>1 Year</th>
<th>3 Years</th>
<th>5 Years</th>
<th>10 Years</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$42</td>
<td>$132</td>
<td>$222</td>
<td>$454</td>
</tr>
</tbody>
</table>
CONSOLIDATED FINANCIAL HIGHLIGHTS

The consolidated financial highlights table set forth below is intended to help you understand the Fund’s recent financial performance. The consolidated financial highlights include the accounts of Stone Ridge Alternative Lending Luxembourg Holdings S.a.r.l., Stone Ridge Alternative Lending Risk Premium Fund UK Holdings I LLC, and Alternative Lending Holdings Trust, each a Subsidiary. Information contained in the table below under the headings “Per Share Data” and “Supplemental Data and Ratios” show the unaudited operating performance of the Fund from the commencement of the Fund’s investment operations on May 23, 2016 through August 31, 2016.

<table>
<thead>
<tr>
<th>Period Ended</th>
<th>August 31, 2016(1)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(Unaudited)</td>
</tr>
</tbody>
</table>

**Per Share Data:**

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Net asset value, beginning of period</td>
<td>$ 10.00</td>
</tr>
<tr>
<td>Income from investment operations</td>
<td></td>
</tr>
<tr>
<td>Net investment income(2)</td>
<td>0.45</td>
</tr>
<tr>
<td>Net realized and unrealized gains</td>
<td>0.18(7)</td>
</tr>
<tr>
<td>Total from investment operations</td>
<td>0.63</td>
</tr>
<tr>
<td>Net asset value, end of year</td>
<td>$ 10.63</td>
</tr>
<tr>
<td>Total return(5)</td>
<td>6.30%(3)</td>
</tr>
</tbody>
</table>

**Supplemental Data and Ratios:**

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Net assets, end of period (000s)</td>
<td>$1,261,929</td>
</tr>
<tr>
<td>Ratio of expenses to average net assets (before expense reimbursement)(6)</td>
<td>4.09%(4)</td>
</tr>
<tr>
<td>Ratio of expenses to average net assets (after expense reimbursement)(6)</td>
<td>3.20%(4)</td>
</tr>
<tr>
<td>Ratio of net investment income to average net assets (before expense reimbursement)(6)</td>
<td>14.55%(4)</td>
</tr>
<tr>
<td>Ratio of net investment income to average net assets (after expense reimbursement)(6)</td>
<td>15.44%(4)</td>
</tr>
<tr>
<td>Portfolio turnover rate</td>
<td>6.28%(3)</td>
</tr>
<tr>
<td>Senior security, end of period (000’s)</td>
<td>$ 300,000</td>
</tr>
<tr>
<td>Asset coverage, per $1,000 of senior security principal amount</td>
<td>$ 5,206(8)</td>
</tr>
<tr>
<td>Asset coverage ratio of senior security</td>
<td>521%(8)</td>
</tr>
</tbody>
</table>

(1) The Fund commenced operations on May 23, 2016.
(2) Net investment income per share has been calculated based on average shares outstanding during the period.
(3) Not annualized.
(4) Annualized.
(5) Total return represents the rate that an investor should have earned (or lost) on an investment in the Fund (assuming the reinvestment of all dividends and distributions).
(6) Includes borrowing and investment-related expenses not covered by the Fund’s expense limitation agreement. See Note 4 to the semi-annual financial statements.
(7) Due to timing of sales of capital shares, the net realized and unrealized gains per share is not in accord with the Fund’s net realized and unrealized gain for the period.
(8) Represents value of total assets less all liabilities not represented by the senior security at the end of the period divided by senior security principal outstanding at the end of the period.
THE FUND

Stone Ridge Alternative Lending Risk Premium Fund (the “Fund”) is a recently organized, non-diversified, closed-end management investment company registered under the 1940 Act. The Fund was organized as a Delaware statutory trust on November 4, 2015, pursuant to a Certificate of Trust. The Fund has limited operating history. The Fund’s principal office is located at 510 Madison Ave, 21st Floor, New York City, NY 10022.

USE OF PROCEEDS

The Fund will invest the proceeds of the offering of Shares in accordance with its investment objective and policies as stated below. It is currently anticipated that the Fund will be able to invest all or substantially all of the net proceeds according to its investment objective and policies within approximately one month after receipt of the proceeds, depending on the amount and timing of proceeds available to the Fund as well as the availability of investments consistent with the Fund’s investment objective and strategies. Pending investment of the net proceeds, the Fund will invest in high-quality, short-term debt securities, cash and/or cash equivalents.

INVESTMENT OBJECTIVE, POLICIES AND RISKS

When used in this prospectus, the term “invest” includes both direct investing and indirect investing and the term “investments” includes both direct investments and indirect investments. For example, the Fund may invest indirectly by investing in derivatives or through its wholly-owned and controlled subsidiaries (each, a “Subsidiary”). The Fund may be exposed to the different types of investments described below through its investments in its Subsidiaries. The allocation of the Fund’s portfolio in a Subsidiary will vary over time and might not always include all of the different types of investments described herein.

INVESTMENT OBJECTIVE

The Fund’s investment objective is to achieve total return and current income. There can be no assurance that the Fund will achieve its investment objective.

POLICIES

Stone Ridge Asset Management LLC (“Stone Ridge” or the “Adviser”) believes that investing should involve a long-term view and a systematic focus on sources of expected return, not on security selection or market timing. In managing the Fund, the Adviser focuses primarily on one source of expected returns: the “credit risk premium” in certain loans and other investments described below. The “credit risk premium” is positive if interest payments paid in connection with a pool of such investments, minus the principal losses actually experienced across that pool, exceed the risk free rate, on average and over time. The “risk-free rate” is the rate of return that can be earned on high-quality, short-term government debt securities. There can be no assurance that the credit risk premium will be positive for the Fund’s investments at any time or on average and over time. For example, a consumer or small business borrower typically pays a premium (interest) to a lender in exchange for use of the lender’s capital (the amount of the borrowing) for a pre-determined amount of time. On average and over time, if payments of interest and repayments of principal on such borrowings are greater than losses incurred from defaults, the excess positive return represents the credit premium. By investing in these loans and other investments, the Fund is accepting the risk that some borrowers will not repay their loans, in exchange for the expected returns associated with the receipt of interest payments and repayment of principal by those that do. The Fund seeks to benefit over the long-term from the difference between the amount of interest and principal received and losses experienced.

The Adviser will not purchase or sell investments for the Fund’s portfolio based on an analysis of specific borrowers’ abilities to repay their loans or other criteria specific to individual securities. Instead, the Adviser seeks to identify alternative lending platforms that originate pools of loans and other securities on an ongoing basis that can be purchased by the Fund and serve as part of a portfolio that will provide the Fund with broad
exposure to the risk and return characteristics (and potential credit risk premium) of loans from a variety of geographic regions and representing a variety of different borrower types for a variety of loan purposes, including, but not limited to:

- individual consumers consolidating existing debt or funding large purchases
- small or medium-sized businesses funding working capital such as property, plant, equipment, expansion, receivables or inventory
- students financing education or refinancing existing student loans.

The Fund has adopted the following investment restrictions as fundamental policies that can only be changed with the approval of the holders of a majority of the Fund’s outstanding voting securities (the “Fundamental Investment Restrictions”):

- The Fund may not invest in loans that are of subprime quality at the time of investment.
- The Fund may not purchase loans or other alternative lending-related securities from platforms whose business consists primarily of originating loans of subprime quality.
- The Fund may not purchase loans or other alternative lending-related securities originated in emerging markets.
- The Fund may not purchase loans or other alternative lending-related securities from platforms whose financial statements are not audited by a nationally recognized accounting firm.

The Adviser, as part of its portfolio construction process, performs diligence on the platforms from which the Fund purchases alternative lending-related securities in order to evaluate both the process by which each platform extends loans to borrowers and provides related services and the characteristics of the overall portfolio of loans made available through that platform. The Adviser’s diligence process includes on-site in-person meetings, supplemented by telephonic meetings, with the senior management and with the credit underwriting, operations, technology, legal and compliance teams of the platform; evaluation of the platform’s credit underwriting policies, procedures and models; evaluation of the platform’s collections, operations, technology, legal and compliance personnel, infrastructure, and procedures; and analysis of a “loan tape” that includes loan underwriting data and actual payment experience for all individual loans made by the platform since inception that are comparable to the loans proposed to be purchased by the Fund. The Fund generally purchases a portfolio of loans from a particular platform that meet certain criteria (such as maturities and durations, borrower and loan types, borrower credit quality and geographic locations of borrower) and that provide broad exposure to that particular platform’s loan originations. The Fund will invest solely in loans originated by platforms that will provide the Fund with a written commitment to deliver or cause to be delivered individual loan-level data on an ongoing basis throughout the life of each individual loan that is updated periodically as often as the NAV is calculated to reflect new information regarding the borrower or loan, and the Fund will not invest in loans sold on platforms for which the Fund cannot evaluate to its satisfaction the completeness and accuracy of the individual loan data relevant to the existence and valuation of the loans purchased that is provided by the platform and used by the Fund in accounting for loans. Although the Fund conducts diligence on the platforms, the Fund generally does not have the ability to independently verify the information provided by the platforms, other than payment information regarding loans and other alternative lending-related securities owned by the Fund, which the Fund will observe directly as payments are received. The Fund generally will not have access to personally identifiable information about the individual borrowers (e.g., names or similar identifying information) prior to purchasing loans or other alternative lending-related securities, although the Fund’s custodian will have this information for whole loans owned by the Fund (and the Fund and the Adviser have established procedures with the Fund’s custodian designed to prevent the inadvertent communication of personally identifiable borrower information by the Fund’s custodian to the Fund or the Adviser). The Fund will monitor the characteristics of the alternative lending-related securities purchased from particular platforms on an ongoing basis. In this way, the Adviser seeks to construct a portfolio that provides broad, representative investment exposure across the alternative lending asset class.
The Fund may invest more than 25% of its total assets in loans originated by Funding Circle Limited, an alternative lending platform operating in the United States, the United Kingdom and Continental Europe that makes small business loans, LendingClub Corporation, an alternative lending platform operating in the United States that makes consumer loans, or SoFi Lending Corp., an alternative lending platform operating in the United States that makes consumer loans. However, there can be no assurance that the Fund will invest more than 25% of its total assets in loans originated by any of these platforms, and if the Fund invests more than 25% of its total assets in loans originated by any of these platforms at any time, there can be no assurance that the Fund will remain invested in loans originated by that platform in the future.

The Adviser will determine whether loans offered to the Fund are of subprime quality at the time of investment pursuant to guidelines approved by the Board from time to time. These guidelines currently provide that in order to be eligible for purchase by the Fund, the Adviser must determine that loans have a likelihood of repayment that is greater than that of “subprime” consumer loans. “Subprime” does not have a specific legal or market definition, but is understood in the credit marketplace to signify that a loan has a material likelihood that it will not be repaid. The Adviser will make the determination that loans purchased by the Fund are not of subprime quality based on the Adviser’s due diligence of the credit underwriting policies of the originating platform, which look to a number of borrower-specific factors to determine a borrower’s ability to repay a particular loan, including employments status, income, assets, education, and credit bureau data where available. Credit bureau data is only one factor considered in determining the credit quality of a borrower and a loan. However, when FICO data is available with respect to a borrower, the Adviser’s guidelines do not allow the Adviser to cause the Fund to purchase any consumer loan to an individual whose FICO score is not, either at the time of origination or the time of purchase, at least 600.

**PRINCIPAL INVESTMENT POLICIES**

The Fund pursues its investment objective by investing primarily in alternative lending-related securities, directly or through its wholly-owned and controlled subsidiaries (each, a “Subsidiary”) formed by the Fund. These securities typically provide the Fund with exposure to loans originated by alternative lending platforms. The Fund will invest primarily in whole loans, but also may invest, to a lesser extent, in other types of alternative lending-related securities, which include:

- shares, certificates, notes or other securities representing the right to receive principal and interest payments due on fractions of whole loans or pools of whole loans (including “member-dependent payment notes” issued by some public U.S. platforms, which we refer to as “fractional loans” herein)
- securities issued by special purpose entities that hold either of the foregoing types of alternative lending-related securities (“asset-backed securities”)
- equity or debt securities (publicly or privately offered), including warrants, of alternative lending platforms or companies that own or operate alternative lending platforms
- derivative instruments (which may include options, swaps or other derivatives) that provide exposure to any of the investments the Fund may make directly.

The Fund may gain exposure directly or indirectly to loans that are unsecured, secured by a perfected security interest in an enterprise or specific assets of an enterprise or individual borrower, and/or supported by a personal guarantee by individuals related to the borrower. The loans to which the Fund will gain exposure may pay fixed or variable rates of interest, may have a variety of amortization schedules, may include borrowings that do not require amortization payments (i.e., are interest-only), and may have a term ranging from less than one year to thirty years or longer. This universe of investments is subject to change under varying market conditions and as alternative lending-related instruments and markets evolve over time.

Under normal circumstances, the Fund will invest at least 80% of its net assets, plus the amount of any borrowings for investment purposes, directly or indirectly in alternative lending-related securities. As a matter of fundamental policy, the Fund will concentrate its investments in the alternative lending industry.
The Fund may seek to hedge its exposure to foreign exchange or interest rate risks that arise as a result of its investments. The Fund may use forwards, futures, swaps or other listed or over-the-counter (“OTC”) derivatives or may purchase or sell physical currency, bonds or other securities, including short sales on assets the Fund does not own, which may require the Fund to pay a premium to borrow the assets sold short and to pay the lender any dividends or interest received on the assets while borrowed. There can be no guarantee the Fund’s hedging activities will effectively offset any adverse impact of foreign exchange or interest rates.

In implementing the Fund’s investment strategy, the Adviser has broad discretion to invest in alternative lending-related securities of different types and relating to a variety of borrower types and geographic regions (including regions inside and outside the U.S.), subject to the Fundamental Investment Restrictions, which prohibit the Fund from investing in loans of subprime quality or loans originated in emerging markets. Initially, the Adviser expects to seek to invest in alternative lending-related securities through platforms that operate in (and that originate loans to borrowers located in) the U.S., Europe, Australia and New Zealand and may in the future seek to gain exposure to other geographic regions, other than emerging markets. Within each region and borrower type, the Adviser has broad discretion to invest in securities that provide the Fund with a variety of exposures, including to borrower creditworthiness, lines of business and loan purpose. Subject to any restrictions under applicable law (including diversification requirements under U.S. federal income tax law applicable to regulated investment companies), the Fund is not restricted in its exposure to any particular borrower creditworthiness, line of business, loan purpose, term or form of security or guarantee or any other loan terms or characteristics, except as provided in the Fundamental Investment Restrictions. There is no stated limit on the percentage of assets the Fund can invest in a particular investment or the percentage of assets the Fund will allocate to any one loan type, borrower type, loan purpose, geographic region, borrower creditworthiness, term or form of security or guarantee permitted by the Fundamental Investment Restrictions. The Fund may, at times, focus its investments in instruments meeting one or more of these criteria. The Fund intends to concentrate its investments in the alternative lending industry and, as a matter of fundamental policy, the Fund will invest, directly or indirectly, at least 25% of its total assets in the alternative lending industry.

The Fund may make investments in alternative lending-related securities directly and indirectly through its Subsidiaries. Each Subsidiary may invest, for example, in whole loans or in shares, certificates, notes or other securities representing the right to receive principal and interest payments due on fractions of whole loans or pools of whole loans, or any other security that the Fund may hold directly. References herein to the Fund include references to a Subsidiary in respect of the Fund’s exposure to alternative lending-related securities.

In addition, the Fund may directly or indirectly invest in and/or sell certain of its alternative lending-related investments to special purpose entities formed by third parties for the purpose of acquiring alternative lending-related investments and issuing securities, the payments on which are funded by payments received on such entities’ underlying investments. Such asset-backed securities may be issued in different tranches of debt and equity interests with different rights and preferences. The Fund may hold any tranche of such asset-backed securities.

There is generally a limited secondary market available for many of the securities in which the Fund will invest and, as a result, the Fund generally will hold investments to maturity. As described below, the Fund may sell certain of its investments to securitization vehicles, and, to the extent a more active secondary market develops over time, the Fund may selectively purchase or sell loans in executing its investment strategy.

**Leverage**

The Fund typically obtains leverage in seeking to achieve its investment objective. The Fund or a Subsidiary has obtained and may in the future obtain financing to make investments in alternative lending-related securities. Such borrowings are typically secured by alternative lending-related securities held by the Fund or such Subsidiary. The Fund may also obtain leverage through derivative instruments that afford the Fund economic leverage or other investments, such as asset-backed securities, that may have embedded leverage. The Fund is not limited in the form or manner in which it may incur leverage.
The Investment Company Act of 1940, as amended (the “1940 Act”), requires a closed-end fund to maintain asset coverage of not less than 300% of the value of the outstanding amount of senior securities representing indebtedness (as defined in the 1940 Act). This means that the value of the Fund’s senior securities representing indebtedness may not exceed one-third of the value of its total assets (including such senior securities), measured at the time the Fund issues the senior securities. Investments or trading practices that involve contractual obligations to pay in the future are subject to the same requirements unless the Fund designates liquid assets in an amount the Fund believes to be equal to the Fund’s contractual obligations (marked-to-market on a daily basis) or appropriately “covers” such obligations with offsetting positions.

Leverage can have the effect of magnifying the Fund’s exposure to changes in the value of its assets and may also result in increased volatility in the Fund’s NAV. This means the Fund will have the potential for greater gains, as well as the potential for greater losses, than if the Fund owned its assets on an unleveraged basis. The value of an investment in the Fund will be more volatile and other risks tend to be compounded if and to the extent that the Fund is exposed to leverage directly or indirectly.

Alternative Lending

Alternative lending, which is sometimes referred to as peer-to-peer lending, online lending or marketplace lending, is a method of financing in which an alternative lending platform facilitates the borrowing and lending of money while generally not relying on deposits for capital to fund loans. It is considered an alternative to more traditional debt financing done through a bank. There are several different models of alternative lending but, very generally, a platform typically matches consumers, small or medium-sized businesses or other types of borrowers with investors that are interested in gaining investment exposure to the loans made to such borrowers. Prospective borrowers are usually required to provide or give access to certain financial information to the platform, such as the intended purpose of the loan, income, employment information, credit score, debt-to-income ratio, credit history (including defaults and delinquencies) and home ownership status, and, in the case of small business loans, business financial statements and personal credit information regarding any guarantor, some of which information is made available to prospective lenders. Often, platforms charge fees to borrowers to cover these screening and administrative costs. Based on this and other relevant supplemental information, the platform usually assigns its own credit rating to the borrower and sets the interest rate for the requested borrowing. Platforms then post the borrowing requests online and investors may choose among the loans, based on the interest rates the loans are expected to yield less any servicing or origination fees charged by the platform or others involved in the lending arrangement, the background data provided on the borrowers and the credit rating assigned by the platform. In some cases, a platform partners with a bank to originate a loan to a borrower, after which the bank sells the loan to the platform; alternatively, some platforms may originate loans themselves. Some investors, including the Fund, may not review the particular characteristics of the loans in which they invest at the time of investment, but rather negotiate in advance with platforms the general criteria of the investments, as described above. As a result, the Fund is dependent on the platforms’ ability to collect, verify and provide information to the Fund about each loan and borrower.

Platforms may set minimum eligibility standards for borrowers to participate in alternative lending arrangements and may limit the maximum permitted borrowings. Depending on the purpose and nature of the loan, its term may, for example, be as short as six months or shorter, or as long as thirty years or longer. Set forth below is additional information about some of the Fund’s alternative lending-related investments.

Whole Loans. The Fund will invest primarily in whole loans. When the Fund invests directly or indirectly in whole loans, it will typically purchase all rights, title and interest in the loans pursuant to a loan purchase agreement directly from the platform or its affiliate. The platform or a third-party servicer typically continues to service the loans, collecting payments and distributing them to investors, less any servicing fees assessed against the Fund, and the servicing entity typically will make all decisions regarding acceleration or enforcement of the loans following any default by a borrower. The Fund expects to have a backup servicer in case any platform or affiliate of the platform ceases or fails to perform these servicing functions. The Fund, as an investor in a whole
loan, would be entitled to receive payment only from the borrower and/or any guarantor, and would not be able to recover any deficiency from the platform, except under very narrow circumstances, which may include fraud by the borrower in some cases. As described above, the whole loans in which the Fund may invest may be secured or unsecured.

Shares, Certificates, Notes or Other Securities. The Fund may also invest directly or indirectly in shares, certificates, notes or other securities representing the right to receive principal and interest payments due on fractions of whole loans or pools of whole loans. The platform or a separate special purpose entity organized by or on behalf of the platform may hold the whole loans underlying such securities on its books and issue to the Fund, as an investor, a share, certificate, note or other security, the payments on which track and depend upon the borrower payments on the underlying loans. As with whole loans, the platforms or third-party servicers typically continue to service the underlying loans on which the performance of such securities is based. Such securities may be linked to any of the types of whole loans in which the Fund may invest directly. Such securities may also track fractions of a whole loan. These securities may be sold through publicly registered offerings or through unregistered private offerings.

Equity Securities. The Fund may invest directly or indirectly in public or private equity securities issued by alternative lending platforms or companies that own or operate alternative lending platforms, including common stock, preferred stock, convertible stock and/or warrants. For example, the Fund may invest in securities issued by a platform, which may provide the platform with the capital it requires to support its business. Equity investments may afford the Fund voting rights as well as the opportunity to receive dividends and/or capital appreciation, although warrants, which are options to purchase equity securities at specific prices valid for a specific period of time, typically have no voting rights, receive no dividends and have no rights with respect to the securities of the issuer unless and until they are exercised for the underlying equity securities. The Fund may also invest directly or indirectly in equity securities of both foreign and U.S. small and mid-cap companies. These equity investments may take any of the following forms:

- **Common Stock.** Holders of common stock generally have voting rights in the issuer and are entitled to receive common stock dividends when, as and if declared by the corporation’s board of directors. Common stock normally occupies the most subordinated position in an issuer’s capital structure.

- **Preferred Stocks.** Preferred stock, unlike common stock, has a stated dividend rate payable from the corporation’s earnings. Preferred stock dividends may be cumulative or non-cumulative, participating, or auction rate. “Cumulative” dividend provisions require all or a portion of prior unpaid dividends to be paid. Preferred stock may be “participating” stock, which means that it may be entitled to a dividend exceeding the stated dividend in certain cases. Preferred stock may have mandatory sinking fund provisions, as well as provisions allowing calls or redemption prior to maturity, which also can have a negative impact on prices when interest rates decline.

- **Rights and Warrants.** Warrants are options to purchase equity securities at specific prices valid for a specific period of time. Their values do not necessarily move parallel to the values of the underlying securities. Rights are similar to warrants, but normally have a short duration and are distributed directly by the issuer to its shareholders. Rights and warrants have no voting rights, receive no dividends and have no rights with respect to the assets of the issuer.

- **Convertible Securities.** Convertible securities are debt securities or preferred stock that may be converted in whole or in part into common stock or other equity securities. Their prices do not necessarily move parallel to the prices of the underlying securities. Convertible securities generally have no voting rights. The value of a convertible security is a function of its “bond value,” which is the value of the debt or preferred stock component of the security, and its “conversion value,” which is the value of the right to convert the securities into common stock or other equity securities. The bond value will likely increase when interest rates fall and decrease when interest rates rise, and the conversion value will likely increase when the value of the underlying equity security increases and decrease when the value of the underlying equity security decreases. If the bond value is relatively high compared to the conversion value, the security will behave...
more like a debt security, and if the conversion value is relatively high compared to the bond value, the security will behave more like an equity security.

Other factors can affect a particular equity security’s price, such as poor earnings reports by the issuer, loss of major customers, major litigation against the issuer, or changes in government regulations affecting the issuer or its industry.

**Debt Securities.** The Fund may invest directly or indirectly in debt securities issued by alternative lending platforms or companies that own or operate alternative lending platforms. The Fund may have exposure to the debt securities of U.S. or foreign issuers. These debt securities may have fixed or floating interest rates; may or may not be collateralized; and may be below investment grade or unrated but judged by the Adviser to be of comparable quality (debt securities that are below investment grade are commonly called “junk bonds”). The Fund has no limits as to the maturity of debt securities in which it invests directly or indirectly. Such investments may be within any maturity range (short, medium or long) depending on the Adviser’s evaluation of investment opportunities available within the debt securities market. Similarly, the Fund has no limits as to the market capitalization range of the issuers.

**Asset-Backed Securities.** The Fund may invest in securitization vehicles that issue asset-backed securities, which are debt securities backed by, or residual equity interests in, pools of alternative lending-related debt securities. Such a securitization vehicle may be formed by a platform, a pooled investment vehicle or any other entity.

**Changes to the Fund’s Investment Policies**

The Fund’s investment objective and policies may be changed without shareholder approval unless an objective or policy is identified in the prospectus or in the Statement of Additional Information as “fundamental.” The Fund’s policy to invest, under normal circumstances, at least 80% of its net assets, plus the amount of any borrowings for investment purposes, in alternative lending-related securities may be changed by the Board upon at least 60 days prior written notice to shareholders.

**Temporary Defensive Positions**

During unusual market conditions, the Fund may invest up to 100% of its assets in cash or cash equivalents temporarily, which may be inconsistent with its investment objective and other policies. The Fund might not use all of the strategies and techniques or invest in all of the types of securities described in this prospectus or the Statement of Additional Information. While at times the Fund may use alternative investment strategies in an effort to limit its losses, it may choose not to do so.

**Subsidiaries**

The Fund may execute its strategy by investing directly or through its Subsidiaries in alternative lending-related securities. The Fund does not currently intend to sell or transfer all or any portion of its ownership interest in a Subsidiary. The Fund reserves the right to establish additional Subsidiaries through which the Fund may execute its strategy.

**RISK CONSIDERATIONS**

*Investors should carefully consider the Fund’s risks and investment objective, as an investment in the Fund may not be appropriate for all investors and is not designed to be a complete investment program. An investment in the Fund involves a high degree of risk. It is possible that investing in the Fund may result in a loss of some or all of the amount invested. Before making an investment/allocation decision, investors should (i) consider the suitability of this investment with respect to an investor’s or a client’s investment objectives and individual situation and (ii) consider factors such as an investor’s or a client’s net worth, income, age and risk tolerance. Investment should be avoided where an investor/client has a short-term investing horizon and/or cannot bear the loss of some or all of the investment.*
The Fund is subject to the principal risks noted below, whether through the Fund’s direct investments, investments through a Subsidiary or derivatives positions. As with any investment company, there is no guarantee that the Fund will achieve its investment objective. You could lose all or part of your investment in the Fund, and the Fund could underperform other investments.

**Default Risk**

The value of the Fund’s investments in whole loans and other alternative lending-related securities, such as shares, certificates, notes or other securities representing an interest in and the right to receive principal and interest payments due on whole loans or fractions of whole loans, is entirely dependent on the borrowers’ continued and timely payments. The Fund receives payments on such investments only if the party servicing the loans receives the borrower’s payments on the corresponding or underlying loan and passes such payments through to the Fund. If a borrower fails to make interest payments or repay principal when due on a loan in which the Fund has investment exposure, or if the value of such a loan decreases, the value of the Fund’s investments will be adversely affected. There can be no assurance that payments due on underlying loans will be made.

If a borrower is unable or fails to make payments on a loan for any reason, the Fund may be greatly limited in its ability to recover any outstanding principal or interest due, as (among other reasons) the Fund may not have direct recourse against the borrower or may otherwise be limited in its ability to directly enforce its rights under the loan, whether through the borrower or the platform through which such loan was originated, the loan may be unsecured or under-collateralized and/or it may be impracticable to commence a legal proceeding against the defaulting borrower. If the Fund were unable to recover unpaid principal or interest due, this would cause the Fund’s net asset value to decrease. As described further under “Risks of Unsecured Loans,” the Fund generally will not be able to offset losses on defaulting loans by looking to collateral or obligations of guarantors, insurers or governmental authorities, as many of the loans to which the Fund will have exposure are obligations not secured by collateral or (except for certain loans to businesses) backed by any guarantee. In certain cases, after the loan has matured, the servicing party may have no obligation to make late payments to investors in such loan and, to the extent that the servicing party receives any funds from defaulting borrowers, the servicing party may retain those funds to cover attorneys’ fees, collection fees or other costs incurred in pursuing collection, which will diminish or eliminate the amount that the servicing party would otherwise pass on to the investor.

Borrowings obtained through alternative lending platforms may not limit borrowers from incurring additional debt. If a borrower incurs additional debt obligations after obtaining a loan through an alternative lending platform, the borrower’s creditworthiness may diminish and any additional obligations could cause the borrower to experience financial distress, insolvency or bankruptcy, all of which would impair the borrower’s ability to repay the loan underlying the Fund’s investment. Under certain circumstances, payments to the Fund may be reclaimed in a bankruptcy proceeding if any such payment or distribution is later determined to have been a fraudulent conveyance or a preferential payment, which will result in losses to the Fund. If the additional debt obligation of the borrower is secured by collateral and the borrowing through the alternative lending platform is unsecured, the borrower may be motivated to repay the secured loan before meeting its obligations under the unsecured loan.

Furthermore, the ability of secured creditors to pursue remedies against the collateral of the borrower may impair the borrower’s ability to repay its unsecured loan or it may impair the platform’s or loan servicer’s ability to collect on the loan upon default. The loans in which the Fund invests generally will not include any cross-default provisions. Cross-default provisions render a default on one outstanding debt obligation an automatic default on another debt obligation of the borrower, which permits creditors to react more quickly to take steps to protect their interests. In contrast, the loans in which the Fund will invest typically will be placed in default or referred to collection only if there are independent defaults on such loans, irrespective of whether the borrower has defaulted on a different debt obligation. Not only will the Fund not benefit from such protective provisions, the Fund also generally will not be made aware of any additional debt incurred by a borrower or whether such debt is secured or unsecured.
Default rates on loans obtained through alternative lending platforms may be adversely affected by a number of factors outside the Fund’s control, such as economic downturns or general economic or political conditions, including prevailing interest rates, the rate of unemployment, the level of consumer confidence, residential real estate values, the value of the various currencies, energy prices, changes in consumer spending, the number of personal bankruptcies, insolvencies, disruptions in the credit markets, the borrower’s personal circumstances and other factors.

The default history for alternative lending borrowing arrangements is limited. Future defaults may be higher than historical defaults and the timing of defaults may vary significantly from historical observations. As described further under “Credit/Counterparty Risk,” the credit profile and interest rates available to certain borrowers who seek credit through alternative lending platforms may result in a higher rate of default for alternative lending-related securities as compared with the debt instruments associated with more traditional lending models, such as banks, although pursuant to the Fundamental Investment Restrictions, the Fund will not invest in loans of subprime quality. If the impact of defaults on loans to which the Fund has exposure exceeds the profits on non-defaulting loans, the Fund will be unable to achieve its investment objective.

The Fund’s investments in equity securities issued by the platforms themselves (or their affiliates) are also subject to the risk of loss. If a platform defaults on its outstanding obligations, the Fund’s equity interest in the platform may be diminished or extinguished and the Fund can expect to realize on any such investments only to the extent that the platform’s creditors are made whole and the platform still has residual profits that would benefit equity holders.

**Risk of Unsecured Loans**

Many of the Fund’s investments are associated with loans that are unsecured obligations of borrowers. This means that they are not secured by any collateral, not insured by any third party, not backed by any governmental authority in any way and, except in the case of certain loans to businesses, not guaranteed by any third party. When a borrower defaults on an unsecured loan, the holder’s only recourse is generally to accelerate the loan and enter into litigation to recover the outstanding principal and interest. There is no assurance that such litigation would result in full repayment of the loan and the costs of such measures may frequently exceed the outstanding unpaid amount of the borrowing. The Fund generally will need to rely on the efforts of the platforms, servicers or their designated collection agencies to collect on defaulted loans and there is no guarantee that such parties will be successful in their efforts to collect on loans. The Fund typically will not know the identity of borrowers and will contract with the platforms or third-party loan servicers to service the loans and, therefore, does not expect to (and in many cases will have no way to) pursue borrowers that fail to repay principal or interest. In addition, the Fund’s investments in shares, certificates, notes or other securities representing an interest in a special purpose entity organized by an alternative lending platform and the right to receive principal and interest payments due on whole loans or fractions of whole loans owned by such entity are typically unsecured obligations of the issuer. As a result, the Fund generally may not look to the underlying loans to satisfy delinquent payments on such interests, even though payments on such interests depend entirely on payments by underlying borrowers on their loans.

**Risk of Inadequate Collateral or Guarantees on Loans**

Even if a loan in which the Fund has investment exposure is secured, there can be no assurance that the collateral will, when recovered and liquidated, generate sufficient (or any) funds to offset any losses associated with the defaulting loan. It is possible that the same collateral could secure multiple loans, in which case the liquidation proceeds of the collateral may be insufficient to cover the payments due on all the loans secured by that collateral. There can be no guarantee that the collateral can be liquidated and any costs associated with such liquidation could reduce or eliminate the amount of funds otherwise available to offset the payments due under the loan. As described further under “Risks of Unsecured Loans,” the Fund generally will need to rely on the efforts of the platforms, servicers or their designated collection agencies to collect on defaulted loans and there is no guarantee that such parties will be successful in their efforts to collect on loans. To the extent that the loan obligations in which the Fund directly or indirectly invests are guaranteed by a third party, there can be no assurance that the guarantor will perform its payment obligations should the underlying borrower default on its
payments. As described under “Default Risk,” the Fund could suffer delays or limitations on its ability to realize the benefits of the collateral to the extent the borrower becomes bankrupt or insolvent. Moreover, the Fund’s security interests may be unperfected for a variety of reasons, including the failure to make a required filing by the servicer and, as a result, the Fund may not have priority over other creditors as it expected.

Asset-Backed Securities Risk

The Fund’s investments in securitization vehicles or other special purpose entities that hold alternative lending-related securities (asset-backed securities) may involve risks that differ from or are greater than risks associated with other types of investments. For example, such asset-backed securities may be more sensitive to changes in prevailing interest rates than other securities. In addition, prepayment on the underlying assets may have the effect of shortening the weighted average maturity of the portfolio assets of such entities and may lower their return. The asset-backed securities in which the Fund invests are also subject to risks associated with their structure and the nature of the underlying assets and the servicing of those assets; for this reason, many of the other risks described herein are relevant to the asset-backed securities to which the Fund will have exposure. There is risk that the underlying debt securities will default and that recovery on repossessed collateral might be unavailable or inadequate to support payments on the underlying investments. Payment of interest and repayment of principal on asset-backed securities, as well as the return associated with an equity investment in an asset-backed security, is largely dependent upon the cash flows generated by the underlying loans or other assets backing the securities. The risks and returns for investors like the Fund in asset-backed securities depend on the tranche in which the investor holds an interest. The debt tranche(s) are entitled to receive payment before the equity if the cash flow generated by the underlying assets is insufficient to allow the vehicle to make payments on all of the tranches. The debt tranche(s), therefore, may receive higher credit ratings (if rated) and the equity tranche may be considered more speculative. Many asset-backed securities in which the Fund invests may be difficult to value and may be deemed illiquid. Asset-backed securities may have the effect of magnifying the Fund’s exposure to changes in the value of the underlying assets and may also result in increased volatility in the Fund’s NAV. This means the Fund may have the potential for greater gains, as well as the potential for greater losses, than if the Fund owned the underlying asset directly. The value of an investment in the Fund may be more volatile and other risks tend to be compounded if and to the extent that the Fund is exposed to asset-backed securities directly or indirectly. In the event that the market for asset-backed securities experiences high volatility and a lack of liquidity, the value of many of asset-backed securities may decline. Any mishandling of related documentation by a servicer may also affect the rights of the security holders in and to the underlying collateral.

Credit/Counterparty Risk

The value of a debt security depends on the issuer’s credit quality or ability to pay principal and interest when due. The securities in which the Fund may invest may have varying degrees of credit risk and, subject to the Fundamental Investment Restrictions, which, among other things, prohibit the Fund from investing in loans of subprime quality, the Fund will not be restricted by any borrower credit criteria or credit risk limitation. The value of a debt security is likely to fall if an issuer or the guarantor of a security is unable or unwilling (or perceived to be unable or unwilling) to make timely principal and/or interest payments or otherwise to honor its obligations or if the debt security’s rating is downgraded. The obligations of issuers are subject to bankruptcy, insolvency and other laws affecting the rights and remedies of creditors. The value of a debt security can also decline in response to other changes in market, economic, industry, political and regulatory conditions that affect a particular type of debt security or issuer or debt securities generally, such as conditions in the alternative lending market. The values of many debt securities may fall in response to a general increase in investor risk aversion or a decline in the confidence of investors generally in the ability of issuers to meet their obligations.

Unlike other debt instruments that are rated by nationally recognized statistical rating organizations, the alternative lending-related securities in which the Fund invests are typically unrated or rated only by the platform. Platforms may evaluate prospective borrowers by looking to a number of factors, including the borrower’s credit history and/or credit score as reported by one or more third-party credit reporting agencies. The Fund will rely on the borrower’s credit information, which is provided by the platforms. However, as described
under “Default Risk,” such information may be out of date, incomplete or inaccurate and may, therefore, not accurately reflect the borrower’s actual creditworthiness. Platforms may not have an obligation to update borrower information, and, therefore, the Fund may not be aware of any impairment in a borrower’s creditworthiness subsequent to the making of a particular loan.

Although the Fund conducts diligence on the credit scoring methodology used by platforms from which the Fund purchases alternative lending-related securities, the Fund typically will not have access to all of the data that platforms utilize to assign credit scores to particular loans purchased directly or indirectly by the Fund, and will not independently diligence or confirm the truthfulness of such information or otherwise evaluate the basis for the platform’s credit score of those loans. As a result, the Fund may make investments based on outdated, inaccurate or incomplete information. In addition, the platforms’ credit decisions and scoring models are based on algorithms that could potentially contain programming or other errors or prove to be ineffective or otherwise flawed. This could adversely affect loan pricing data and approval processes and could cause loans to be mispriced or misclassified, which could ultimately have a negative impact on the Fund’s performance.

**Platform Risk**

As discussed in more detail in “Default Risk” and “Risk of Unsecured Loans,” the Fund receives payments on whole loans or securities representing the right to receive principal and interest payments due on loans only if the platform servicing the loans receives the borrower’s payments on such loans and passes such payments through to the Fund. If a borrower is unable or fails to make payments on a loan for any reason, the Fund may be greatly limited in its ability to recover any outstanding principal or interest due, as (among other reasons) the Fund may not have direct recourse against the borrower or may otherwise be limited in its ability to directly enforce its rights under the loan, whether through the borrower or the platform through which such loan was originated, the loan may be unsecured or under-collateralized and/or it may be impracticable to commence a legal proceeding against the defaulting borrower.

The Fund may have limited knowledge about the underlying loans and will be dependent upon the platform for information regarding underlying loans. Although the Fund conducts diligence on the platforms, the Fund generally does not have the ability to independently verify the information provided by the platforms, other than payment information regarding loans and other alternative lending-related securities owned by the Fund, which the Fund will observe directly as payments are received. Some investors, including the Fund, may not review the particular characteristics of the loans in which they invest at the time of investment, but rather negotiate in advance with platforms the general criteria of the investments, as described above. As a result, the Fund is dependent on the platforms’ ability to collect, verify and provide information to the Fund about each loan and borrower.

The Fund will rely on the borrower’s credit information, which is provided by the platforms. However, as described under “Default Risk,” such information may be out of date, incomplete or inaccurate and may, therefore, not accurately reflect the borrower’s actual creditworthiness. Platforms may not have an obligation to update borrower information, and, therefore, the Fund may not be aware of any impairment in a borrower’s creditworthiness subsequent to the making of a particular loan. Although the Fund conducts diligence on the credit scoring methodology used by platforms from which the Fund purchases alternative lending-related securities, the Fund typically will not have access to all of the data that platforms utilize to assign credit scores to particular loans purchased directly or indirectly by the Fund, and will not independently diligence or confirm the truthfulness of such information or otherwise evaluate the basis for the platform’s credit score of those loans. As a result, the Fund may make investments based on outdated, inaccurate or incomplete information. In addition, the platforms’ credit decisions and scoring models are based on algorithms that could potentially contain programming or other errors or prove to be ineffective or otherwise flawed. This could adversely affect loan pricing data and approval processes and could cause loans to be mispriced or misclassified, which could ultimately have a negative impact on the Fund’s performance.

In addition, the underlying loans, in some cases, may be affected by the success of the platforms through which they are facilitated. Therefore, disruptions in the businesses of such platforms may also negatively impact the
value of the Fund’s investments. In addition, disruption in the business of a platform could limit or eliminate the
ability of the Fund to invest in loans originated by that platform, and therefore the Fund could lose some or all of
the benefit of its diligence effort with respect to that platform.

The Fund may also invest directly or indirectly in public or private equity securities of alternative lending
platforms or enter into other financial transactions, including derivative transactions, to gain exposure to such
investments. The performance of equity instruments issued by a platform or derivatives thereon will depend on
the success of the platform’s business and operations. As described above, the Fund may also invest in shares,
certificates, notes or other securities representing the right to receive principal and interest payments due on
fractions of whole loans or pools of whole loans.

Platforms are for-profit businesses that, as a general matter, generate revenue by collecting fees on funded loans
from borrowers and by assessing a loan servicing fee on investors, which may be a fixed annual amount or a
percentage of the loan or amounts collected. This business could be disrupted in multiple ways; for example, a
platform could file for bankruptcy or a platform might suffer reputational harm from negative publicity about the
platform or alternative lending more generally and the loss of investor confidence in the event that a loan
facilitated through the platform is not repaid and the investor loses money on its investment. Many platforms
and/or their affiliates have incurred operating losses since their inception and may continue to incur net losses in
the future, particularly as their businesses grow and they incur additional operating expenses.

The Fund’s investments could be adversely impacted if a platform that services the Fund’s investments becomes
unable or unwilling to fulfill its obligations to do so. In order to mitigate this risk, the Fund would seek to rely on
a backup servicer provided through the platform or through an unaffiliated backup servicer. To the extent that it
is not possible to collect on defaulted loans or to the extent borrowers prepay loans, a platform that services loans
may no longer be able to collect a servicing fee, which would negatively impact its business operations. These or
other similar negative events could adversely affect the platforms’ businesses and/or investor participation in a
platform’s marketplace and, in turn, the business of the platforms, which creates a risk of loss for the Fund’s
investments in securities issued by a platform or derivatives thereon.

Platforms may have a higher risk profile than companies engaged in lines of business with a longer, more
established operating history and such investments should be viewed as longer-term investments. Alternative
lending is a relatively new lending method and alternative lending platforms have relatively limited operating
histories. They have met with and will continue to meet with challenges, including navigating evolving
regulatory and competitive environments; increasing the number of borrowers and investors utilizing their
marketplace; increasing the volume of loans facilitated through their marketplace and transaction fees received
for matching borrowers and investors through their marketplace; entering into new markets and introducing new
loan products; continuing to revise the marketplace’s proprietary credit decisions and scoring models; continuing
develop, maintain and scale their platforms; effectively maintaining and scaling financial and risk management
controls and procedures; maintaining the security of the platform and the confidentiality of the information
provided and utilized across the platform; and attracting, integrating and retaining an appropriate number of
qualified employees. A platform may enter into various business transactions, including mergers or acquisitions,
which could require significant managerial attention, disrupt business and adversely affect its financial results.
Platforms are subject to risk of litigation and any such litigation may be costly to defend and distracting to
management. If platforms are not successful in addressing these issues, the platforms’ businesses and their results
of operations may be harmed, which may reduce the possible available investments for the Fund or negatively
impact the value of the Fund’s investments in platforms or in alternative lending-related securities more
generally.

Certain platforms may work with banks in order to originate loans to borrowers and may rely on such banks to
satisfy certain legal and/or regulatory requirements. If an originating bank suspended, limited or ceased its
operations, if the bank’s relationship with the platform were terminated for any reason or if the bank’s ability or
willingness to continue to serve this function on the current or equivalent terms were in any way curtailed, the
impacted platform would need to negotiate and implement a substantially similar arrangement with another bank,
satisfy any regulatory or licensing requirements with respect to the new bank or seek other solutions. There can be no assurances that the platform in this type of situation would not be forced to curtail or suspend its operations. Platforms may have limited or no prior experience with transitioning loan originations to a new funding bank and the process may result in delays in the issuance of loans, a platform’s inability to facilitate loans or other unforeseeable consequences. If a platform is unable to enter in an alternative arrangement with a different funding bank, the platform would need to obtain its own license in order to enable it to originate loans, as well as comply with other laws, which would be costly and time-consuming. In the U.S., this would entail, at minimum, obtaining a license in each state in which the platform operates. Platforms operating in other jurisdictions would be subject to the regulatory requirements of those jurisdictions, which may be burdensome and costly. If a platform is unsuccessful in maintaining its relationships with the funding banks, its ability to provide loan products could be materially impaired and its operating results would suffer. The Fund relies on the continued success of the platforms that facilitate the loans in which the Fund invests. If such platforms were impaired in their ability to operate their lending business, the Adviser may be required to seek alternative sources of investments, which could adversely affect the Fund’s performance and/or prevent the Fund from pursuing its investment objective and strategies.

Platforms may rely on debt facilities and other forms of borrowing in order to finance many of the borrower loans they facilitate. However, these financing sources may become unavailable after their current maturity dates or the terms may become less favorable to the borrowing platforms. As the volume of loans that a platform facilitates increases, the platform may need to expand its borrowing capacity on its existing debt arrangements or may need to seek new sources of capital. The availability of such financing depends on multiple factors, some of which are outside of the platform’s control. Platforms may also default on or breach their existing debt agreements, which could diminish or eliminate their access to funding at all or on terms acceptable to the platforms. Such events could cause the Fund to incur losses on its investments that are dependent upon the performance of the platforms.

As discussed under “Alternative Lending Operational and Technology Risk,” platforms are subject to various risks relating to the extensive use of information technology.

As discussed under “Regulatory Risk,” platforms may also be forced to defend legal action taken by regulators or governmental bodies. Alternative lending is a new industry operating in an evolving legal environment. Platforms may be subject to risk of litigation alleging violations of law and/or regulations, including, for example, consumer protection laws, whether in the U.S. or in foreign jurisdictions. Platforms may be unsuccessful in defending against such lawsuits or other actions and, in addition to the costs incurred in fighting any such actions, platforms may be required to pay money in connection with the judgments, settlements or fines or may be forced to modify the terms of its borrower loans, which could cause the platform to realize a loss or receive a lower return on a loan than originally anticipated. Platforms may also be parties to litigation or other legal action in an attempt to protect or enforce their rights or those of affiliates, including intellectual property rights, and may incur similar costs in connection with any such efforts. A platform may rely on data centers or third-party service providers or vendors to deliver its services. Any disruption of the businesses of such third parties, which may be subject to all of the foregoing risks, could similarly impede the platform’s business and operations or could interrupt or delay a platform’s ability to deliver on its obligations.

The Fund’s investments in the equity securities of platforms, including common stock, preferred stock, warrants or convertible stock, are subject to equity securities risk. Equity securities risk is the risk that the value of equity securities to which the Fund is exposed will fall due to general market or economic conditions; overall market changes; local, regional or global political, social or economic instability; currency, interest rate and commodity price fluctuations; perceptions regarding the industries in which the issuers participate and the particular circumstances and performance of the issuers. Market conditions may affect certain types of equity securities to a greater extent than other types; for example, equity securities of issuers in new or emerging industries may be more susceptible to market conditions and may experience volatility in returns. Equities to which the Fund may be exposed are structurally subordinated to bonds and other debt instruments in a company’s capital structure, in
terms of priority to corporate income and, therefore, will be subject to greater risk than debt instruments of such issuers. The prices of equities are also sensitive to rising interest rates, as the costs of capital rise and borrowing costs increase. The equity securities of smaller, less seasoned companies, such as platforms or their affiliates, are generally subject to greater price fluctuations, limited liquidity, higher transaction costs and higher investment risk. Smaller companies may have limited product lines, markets or financial resources, may be dependent on a limited management group and may lack substantial capital reserves or an established performance record. There may be generally less publicly available information about such companies than for larger, more established companies. To the extent that the Fund invests in unlisted equity securities, the investments generally will involve a higher degree of valuation and performance uncertainty and greater liquidity risk than investments in listed securities. Such issuers tend to be more susceptible to the actions of competitors and market conditions, including general economic downturns; often operate at a financial loss; are more likely to depend on small numbers of key management persons such that the departure of any such persons could have a material adverse impact on the business and prospects of the company; and generally have less predictable operating results. Investments that are unlisted at the time of acquisition may remain unlisted and may, therefore, be difficult to value and/or realize. Preferred securities may pay fixed or adjustable rates of return. Preferred securities are subject to issuer-specific and market risks applicable generally to equity securities. In addition, preferred securities generally pay a dividend and rank ahead of common stocks in claims for dividends and for assets of the issuer in a liquidation or bankruptcy. For this reason, the value of preferred securities will usually react more strongly than bonds and other debt to actual or perceived changes in the company’s financial condition or prospects. Preferred securities may also be sensitive to changes in interest rates. When interest rates rise, the fixed dividend on preferred securities may be less attractive, causing the price of preferred stocks to decline. Preferred securities of smaller companies may be more vulnerable to adverse developments than preferred stock of larger companies. Warrants are options to purchase equity securities at specific prices valid for a specific period of time. Their prices do not necessarily move parallel to the prices of the underlying securities.Convertible securities are subject to the risks applicable generally to debt securities, including credit risk. Convertible securities also react to changes in the value of the common stock into which they convert, and are thus subject to market risk. Because the value of a convertible security can be influenced by both interest rates and the common stock’s market movements, a convertible security generally is not as sensitive to interest rates as a similar debt security, and generally will not vary in value in response to other factors to the same extent as the underlying common stock. In the event of a liquidation of the issuing company, holders of convertible securities typically would be paid before the company’s common stockholders but after holders of any senior debt obligations of the company.

The Fund’s investments in shares, certificates, notes or other securities issued by a platform, its affiliates or a special purpose entity sponsored by a platform or its affiliates that represent the right to receive principal and interest payments due on fractions of whole loans or pools of whole loans may expose the Fund to the credit risk of the issuer. Generally, such securities are unsecured obligations of the issuer; an issuer that becomes subject to bankruptcy proceedings may be unable to make full and timely payments on its obligations to the Fund, even if the payments on the underlying loan or loans continue to be made timely and in full. In addition, when the Fund owns such fractional loans or other securities, the Fund and its custodian generally will not have a contractual relationship with, or personally identifiable information regarding, individual borrowers, so the Fund will not be able to enforce underlying loans directly against borrowers and may not be able to appoint an alternative servicing agent in the event that a platform or third-party servicer, as applicable, ceases to service the underlying loans. Therefore, the Fund will be more dependent on the platform for servicing than in the case in which the Fund owns whole loans. Where such interests are secured, the Fund relies on the platform to perfect the Fund’s security interest. In addition, there may be a delay between the time the Fund commits to purchase a security issued by a platform, its affiliate or a special purpose entity sponsored by the platform or its affiliate and the issuance of such security and, during such delay, the funds committed to such an investment will not earn interest on the investment nor will they be available for investment in other alternative lending-related securities, which will reduce the effective rate of return on the investment. The Fund will invest primarily in whole loans, and does not expect to invest a material portion of its portfolio in such fractional loans or other securities.
Servicer Risk

The Fund expects that all of its direct and indirect investments in loans originated by alternative lending platforms will be serviced by a platform or a third-party servicer. Loan servicing may entail the assessment and/or collection of payments and fees from borrowers, the allocation and payment of such amounts to investors and the execution of collections processes upon nonpayment of borrower loans, which may include referral of overdue loans to collections personnel or outside collection agencies. Fees charged by a loan servicer reduce the returns on the Fund’s investments. In the event that the servicer is unable to service the loan, there can be no guarantee that a backup servicer will be able to assume responsibility for servicing the loans in a timely or cost-effective manner; any resulting disruption or delay could jeopardize payments due to the Fund in respect of its investments or increase the costs associated with the Fund’s investments. If the servicer becomes subject to a bankruptcy or similar proceeding, there is some risk that the Fund’s investments could be recharacterized as a secured loan from the Fund to the platform, as described more fully (with respect to the potential bankruptcy of a platform) under “Regulatory Risk,” which could result in uncertainty, costs and delays from having the Fund’s investment deemed part of the bankruptcy estate of the platform, rather than an asset owned outright by the Fund. Servicers may be subject to other risks described herein, including “Platform Risk.”

Regulatory Risk

The loan industry is highly regulated and the alternative lending-related securities in which the Fund invests are subject to extensive rules and regulations issued by governmental authorities in each of the jurisdictions in which the Fund invests. These authorities also may impose obligations and restrictions on the platforms’ activities or those of other entities involved in the alternative lending process.

The platforms’ failure to comply with the requirements of applicable law may cause, among other things, the platforms to be required to register with governmental authorities and/or the revocation of requisite licenses, the voiding of loan contracts, impairment of the enforcement of loans, indemnification liability to contract counterparties, class action lawsuits, administrative enforcement actions and/or civil and criminal liability in the relevant jurisdiction. The evolving nature of the platforms’ respective business models may complicate their ability to determine the applicability of, and to effect compliance with, such requirements. Moreover, legal and regulatory requirements and any interpretations of those requirements are subject to periodic changes. Any such change necessitating new significant compliance obligations could have an adverse effect on the platforms’ compliance costs and ability to operate. The platforms could seek to pass through any increase in their costs to their borrowers or investors, such as the Fund, in the form of higher origination or servicing fees.

In connection with the sale and servicing of the whole loans, fractions of whole loans or pools of whole loans, the platforms typically make representations and warranties to investors, such as the Fund, that the loans were originated and are being serviced in accordance with and in compliance with applicable laws (and in some cases specifically with the laws described herein) in all material respects. Despite these representations and warranties, the Fund cannot guarantee that the platforms have been and will continue to be in compliance with all applicable laws. If those representations and warranties were not correct, the platforms could be required to repurchase the loans, but the Fund cannot be certain that the platform would be required and able to repurchase loans in all such cases.

The information below provides additional detail on some of the laws, rules and regulations relevant to the Fund’s investments.

Regulatory Regime in the United States

The platforms may be subject to laws including (but not limited to) the following in the United States:

- federal and state laws and regulations related to disclosures to and consents from borrowers and prospective borrowers and loan terms, credit discrimination, credit reporting, debt servicing and collection and unfair or deceptive business practices;
state consumer loan, small loan, loan brokerage, loan servicing and collection agency licensing laws;
state usury laws and other laws that restrict the amount of interest or fees that may be charged on loans;
the Truth-in-Lending Act and Regulation Z promulgated thereunder, and similar state laws, which require certain disclosures to borrowers regarding the terms and conditions of their loans and credit transactions;
Section 5 of the Federal Trade Commission Act, which prohibits unfair and deceptive acts or practices in or affecting commerce, and Section 1031 of the Dodd-Frank Wall Street Reform and Consumer Protection Act, which prohibits unfair, deceptive or abusive acts or practices in connection with any consumer financial product or service;
the Equal Credit Opportunity Act and Regulation B promulgated thereunder, which prohibit creditors from discriminating against credit applicants on the basis of race, color, sex, age, religion, national origin, marital status, the fact that all or part of the applicant’s income derives from any public assistance program or the fact that the applicant has in good faith exercised any right under the federal Consumer Credit Protection Act or any applicable state law;
the Fair Credit Reporting Act, as amended by the Fair and Accurate Credit Transactions Act, which promotes the accuracy, fairness and privacy of information in the files of consumer reporting agencies;
the Fair Debt Collection Practices Act and similar state debt collection laws, which provide guidelines and limitations on the conduct of third-party debt collectors in connection with the collection of consumer debts;
the Gramm-Leach-Bliley Act, which includes limitations on financial institutions’ disclosure of nonpublic personal information about a consumer to nonaffiliated third parties, in certain circumstances requires financial institutions to limit the use and further disclosure of nonpublic personal information by nonaffiliated third parties to whom they disclose such information and requires financial institutions to disclose certain privacy policies and practices with respect to information sharing with affiliated and nonaffiliated entities as well as to safeguard personal customer information, and other federal and state privacy and data security laws and regulations;
the Bankruptcy Code, which limits the extent to which creditors may seek to enforce debts against parties who have filed for bankruptcy protection;
the Servicemembers Civil Relief Act, which allows military members to suspend or postpone certain civil obligations so that the military member can devote his or her full attention to military duties;
the Military Lending Act, which limits the amount of interest and fees that may be charged on loans made to members of the military and provides for other consumer protections;
the Electronic Fund Transfer Act and Regulation E promulgated thereunder, which provide disclosure requirements, guidelines and restrictions on the electronic transfer of funds from consumers’ bank accounts;
the Electronic Signatures in Global and National Commerce Act and similar state laws, particularly the Uniform Electronic Transactions Act, which authorize the creation of legally binding and enforceable agreements utilizing electronic records and signatures; and
the Bank Secrecy Act, which relates to compliance with anti-money laundering, customer due diligence and record-keeping policies and procedures.

These rules require extensive disclosure to, and consents from, borrowers and prospective borrowers, prohibit discrimination and may impose multiple qualification and licensing obligations on platform activities.

The Consumer Financial Protection Bureau (“CFPB”) has broad authority over the U.S. consumer-focused businesses in which certain platforms engage. This includes authority to write regulations under federal
consumer financial protection laws, such as the Truth in Lending Act and the Equal Credit Opportunity Act, to supervise and conduct regulatory examinations of banks with more than $10 billion in assets and certain non-banks, and to enforce federal consumer financial protection laws against market participants, including the platforms. The CFPB is authorized to prevent “unfair, deceptive or abusive acts or practices” through its regulatory, supervisory and enforcement authority. To assist in its enforcement, the CFPB maintains an online complaint system that allows consumers to log complaints with respect to various consumer finance products, including the loans that platforms facilitate. This system could inform future CFPB decisions with respect to its regulatory, enforcement or examination focus. Until the CFPB issues a final rulemaking defining which non-bank larger participants in the consumer lending market will be subject to the CFPB’s supervisory authority, which includes the ability to conduct regulatory examinations, the platforms are only subject to the CFPB’s rulemaking and enforcement authority. The CFPB is expected to initiate a rulemaking setting forth new requirements and restrictions applicable to payday loans, automobile title loans and certain installment loans in the first quarter of 2016, which may impact some of the loans offered by certain platforms. In connection with that rulemaking, the CFPB may issue a rule defining the non-bank larger participants in the consumer installment loan market that will become subject to CFPB supervision and examination, which could be written to cover the platforms. There is uncertainty as to how the CFPB’s strategies and priorities, including in both its examination and enforcement processes, will impact the platforms’ businesses and their results of operations going forward. Actions by the CFPB could result in requirements to alter or cease offering affected loan products and services, making them less attractive and restricting the platforms’ ability to offer them. Actions by the CFPB or other regulators against the platforms, their funding banks or their competitors that discourage the use of the alternative lending model or suggest to consumers the desirability of other loan products or services could result in reputational harm and a loss of borrowers or investors. The platforms’ compliance costs and litigation exposure could increase materially if the CFPB or other regulators enact new regulations, change regulations that were previously adopted, modify, through supervision or enforcement, past regulatory guidance or interpret existing regulations in a manner different or stricter than previous interpretations. In addition to the CFPB, the Federal Trade Commission can investigate and enforce consumer protection statutes pursuant to its authority under Section 5 of the Federal Trade Commission Act. Also, the platforms may be subject to regulatory examination by state authorities, particularly in states where the platforms are licensed. Moreover, platforms that collaborate with a bank to offer loans may be subject to the supervision of the bank’s regulator.

Different platforms adhere to different business models subject to different regulatory requirements. For example, one platform may operate from a particular state to make loans to small- and mid-sized businesses across the United States. The platform must comply with that state’s licensing requirements and possible usury limitations. However, other states could seek to regulate the platform on the basis that loans were made to borrowers located in such other states. In that case, loans made in those other states could be subject to the maximum interest rate limits (usury laws), if any, of such jurisdiction, which in turn could limit revenues for the Fund. Moreover, it could further subject the platform to such states’ licensing requirements and, potentially, to penalties for having previously conducted business in such states without a license, which could adversely impact the platform or, in some cases, the enforceability of some or all of the terms of loans made by the platform without a license.

Another platform may follow a different model in which all loans sourced by the platform are made by a bank. The platform may provide certain services to assist the bank in making the loan, but the loans will be made subject to the bank’s underwriting guidelines, funding for the loans will come from the bank’s own resources and the bank will be the named payee on the loans. As a result, the bank is generally considered to be the “true lender” of the loans originated through the platform. However, if challenged, courts may instead decide that the platform is the true lender of the loans. Plaintiffs have challenged various bank affiliation arrangements involving a variety of non-bank partners, often in market segments in which the Fund does not intend to invest, such as payday lending and refund anticipation lending. Given the fact specific nature of these cases, courts have recently applied differing interpretations when determining which party is the true lender. The resulting uncertainty may increase the possibility of claims brought against the platforms by borrowers seeking to void their loans or to subject the platforms to increased regulatory scrutiny and enforcement actions. To the extent that the platform is deemed to be the true lender in any jurisdiction instead of the originating bank (whether determined by a
regulatory agency at the state or federal level or by a court), loans made to borrowers in that jurisdiction would be subject to the maximum interest rate limits (usury laws) of such jurisdiction and existing loans may be unenforceable and the platform could be subject to additional regulatory requirements in addition to any penalties and fines. Moreover, it may be determined that this business model is not sustainable in its current form, which could ultimately cause such platforms to alter or terminate their businesses. In such circumstances, there could be a material adverse effect on the Fund’s ability to pursue its investment strategy.

Alternative lending platforms may be subject to risk of litigation alleging violations of federal and state laws and regulations and consumer law torts, including fraud. Moreover, many alternative lending-related securities (loans, in particular) are written using standardized documentation. Thus, many borrowers may be similarly situated insofar as the provisions of their contractual obligations are concerned. Accordingly, allegations of violations of the provisions of applicable federal or state consumer protection laws could potentially result in a large class of claimants asserting claims against the platforms and other related entities.

The interest rates that certain U.S. platforms charge to borrowers are based upon the ability under U.S. federal law of the funding banks that originate the loans to export the interest rates of its home state to provide uniform rates to all borrowers in all states that have not opted out. Certain primary funding banks for some of the platforms export the interest rates of Utah, which generally allows parties to agree by contract to any interest rate. The current annual percentage rates offered by these banks through the platforms for personal loans range from approximately 6% to 29%. Certain states, including Utah, have no statutory interest rate limitations on personal loans, while other jurisdictions have a maximum rate that is less than the current maximum rate offered by these banks through the platforms. If a borrower were to successfully bring claims against one of the platforms for state usury law violations or other similar violations, and the rate on that borrower’s personal loan were greater than that allowed under the applicable state law, the platforms could be subject to, among other things, fines and penalties. If the platforms’ ability to export the interest rates, and related terms and conditions, permitted under a particular state’s law to borrowers in other states is determined to violate applicable lending laws, a platform could be subject to the interest rate restrictions and related terms and conditions of the lending laws of each of the states in which it operates. This could significantly and adversely impact the platforms’ operations and ability to operate and they may be forced to end or significantly change their business and activities, resulting in a reduction in the volume of loans available for investment by investors such as the Fund.

Even in the absence of regulations, plaintiffs may successfully challenge the funding bank or other lending models. Recent case law has cast doubt on the viability of the model in which many platforms operate and, in particular, their ability to charge the same rate as a funding bank after a loan has been sold to the platform. The U.S. Court of Appeals for the Second Circuit recently issued a significant decision that interpreted the scope of federal preemption under the National Bank Act (the “NBA”) and held that a non-bank assignee of loans sourced by a national bank was not entitled to the benefits of NBA preemption as to state law claims of usury. Although the decision is binding only in Connecticut, New York and Vermont, it may significantly affect non-bank assignees of loans, including the loan origination practices of certain participants in the alternative lending-related industry. At a minimum, non-bank assignees/purchasers of bank loans may face uncertainty regarding their ability to rely upon federal preemption of state usury laws; in addition, a number of alternative lending platforms purchase loans from state-chartered banks promptly after origination and rely upon federal preemption to exempt the loans from state usury caps. The decision, although directly ruling on purchasers of national bank loans, could be applied to those purchases by courts considering the scope of federal preemption under the Depository Institutions Deregulation and Monetary Control Act of 1980 (which generally preempts state usury laws in favor of federally insured state-chartered banks). The Second Circuit’s decision appears to be contrary to other federal circuit court decisions and inconsistent with long-standing commercial practice. The decision has been appealed to the U.S. Supreme Court where the Court is considering whether to accept the appeal. If the Court does not accept the appeal or upholds the Second Circuit’s ruling, additional legal issues, including the enforceability of the choice of law election in the borrowers’ contracts, will be determined by further action at the U.S. District Court. Therefore, the impact of this decision is uncertain. Ultimately, if the decision is not accepted for appeal or is upheld on appeal and is widely applied, certain alternative lenders will likely be required to restructure certain aspects of their operations and certain loans previously made by them through
funding banks may not be subject to state usury limitations on the interest rate charged. As a result, if the Fund holds these U.S. loans (directly or indirectly) at the time of such potential action, the Fund could suffer losses.

In addition, numerous other statutory provisions, including federal bankruptcy laws and related state laws, may interfere with or affect the ability of an investor to enforce a loan facilitated through an alternative lending platform. If a platform or related entity were to go into bankruptcy or become the subject of an insolvency proceeding, the platform or related entity may stop performing its services with respect to the loans. Any replacement servicer retained for such services may assess higher fees and/or demand additional, less favorable terms with respect to its obligations. The servicer may also have the power, in connection with a bankruptcy or insolvency proceeding and with the approval of the court or the bankruptcy trustee or similar official, to assign its rights and obligations as servicer to a third party without the consent, and even over the objection, of any affected parties. If the servicer is a debtor in bankruptcy or the subject of an insolvency or similar proceeding, this may limit the ability of affected parties to enforce the obligations of the servicer, to collect any amount owing by the servicer or to terminate and replace the servicer. In addition, the sale of whole loans to the Fund may be found by a bankruptcy court not to have been a true sale, but recharacterized as a secured loan from the Fund to the platform. If such a recharacterization occurs, most platform loan purchase agreements provide that the platform grants a security interest to the Fund in the loans subject to the purchase agreement, but the Fund would incur the resulting uncertainty, costs and delays from having its loans deemed part of the bankruptcy estate of the platform, rather than assets owned outright by the Fund. A bankruptcy court may also reduce the monthly payments due under the related contract or loan and/or change the rate of interest and time of repayment of the indebtedness. Borrowers may delay or suspend making payments on loans because of the uncertainties occasioned by the bankruptcy or similar proceeding to which a platform or its related entities are subject, even if the borrowers have no legal right to do so. It is possible that a period of adverse economic conditions resulting in high defaults and delinquencies on alternative lending-related securities will increase the potential bankruptcy risk to platforms and its related entities.

In July 2015, the U.S. Treasury Department issued an informational request about the benefits and risks associated with new online lending platforms. The information requested asked for responses on various topics, including how alternative lenders manage the risk of fraud and hacker attacks, how they protect consumers against scams or default, how much investors in the loans rely on borrowed money and whether the lenders should have to put up their own capital to back loans they originate or underwrite. The information request is in the information-collecting stage and no interpretive guidance has currently been released. The Fund cannot predict what form any such rulemaking or interpretive guidance may take. In addition, the Fund cannot provide any assurance that the outcome of the information request will not require additional regulatory changes to the business models of platforms that may adversely affect the platforms’ businesses. If a change in the laws or the interpretations of current laws were to occur, certain U.S. platforms could be required to either change the manner in which they conduct certain aspects of their operations or halt certain business operations all together, which could have a material adverse effect on the Fund's ability to pursue its investment strategy.

At any time there may be litigation pending against banks that issue or originate loans for the platforms. Any such litigation may significantly and adversely impact the platforms’ ability to make loans or subject them to fines and penalties, which could consequently have a material adverse effect on the Fund. The platforms could also be forced to comply with the lending laws of all U.S. states, which may not be feasible and could result in platforms ceasing to operate. Any increase in cost or regulatory burden on a platform could have a material adverse effect on the Fund. Specifically, adverse rulings by courts in pending and potential future litigation could undermine the basis of platforms’ business models and could result ultimately in a platform or its lender members (investors) being characterized as a lender, which, as a consequence, would mean that additional U.S. consumer protection laws would be applicable to the borrower member loans sourced on such platforms, potentially rendering such borrower member loans voidable or unenforceable. In addition, a platform or its lender members could be subject to claims by borrower members, as well as enforcement actions by regulators. Even if a platform were not required to cease conducting business with residents of certain states or to change its business practices to comply with applicable laws and regulations, the platform or its lender members could be
required to register or obtain and maintain licenses or regulatory approvals in all 50 U.S. states at substantial cost. If a platform were subject to fines, penalties or other regulatory action or ceased to operate, this could have a material adverse effect on the Fund’s ability to pursue its investment strategy.

In addition to laws governing the activities of lenders and servicers, a limited number of states require purchasers of certain loans, primarily consumer loans, to be licensed or registered in order to own the loans or, in certain states, to collect a rate of interest above a specified rate. The Fund intends to obtain licenses where required in order to pursue its investment strategy. To the extent the Fund obtains such licenses or is required to comply with related regulatory requirements, the Fund could be subject to increased costs and regulatory oversight by governmental authorities that may have an adverse effect on its results or operations. If the Fund were delayed in obtaining, or were unable to obtain, required licenses in certain states, this could limit its ability to invest in loans to borrowers in those states.

Because loans are not ordinarily registered with the SEC or any state securities commission or listed on any securities exchange, there is usually less publicly available information about such instruments. In addition, loans in which the Fund invests may not be considered “securities” for purposes of the anti-fraud protections of the federal securities laws. In the event certain loans in which the Fund invests are not considered securities, as a purchaser of these instruments, the Fund may not be entitled to the anti-fraud protections of the federal securities laws. The Fund has been advised by the Staff of the SEC that it is the view of the SEC and its Staff that the purchase of whole loans through alternative lending platforms involves the purchase of “securities” under the Securities Act of 1933, as amended, issued by the originating platforms, and that the purchase of whole loans by the Fund involves the purchase of securities.

If platforms or any related entities are required to register as investment companies under the 1940 Act or as investment advisers under the Investment Advisers Act of 1940, their ability to conduct business may be materially adversely affected, and contracts entered into by a platform or related entity while in violation of the registration requirements may be voidable. This could adversely affect the Fund’s ability to pursue its investment strategy.

The U.S. federal Fair Debt Collection Practices Act (“FDCPA”) provides guidelines and limitations on the conduct of third-party debt servicers in connection with the collection of consumer debts. In order to ensure compliance with the FDCPA, U.S. platforms often contract with professional third-party debt collection agencies to engage in debt collection activities with respect to consumer debts. The CFPB, the U.S. federal agency now responsible for administering the FDCPA, is engaged in comprehensive rulemaking regarding the operation of the FDCPA, which likely will affect the obligations of sellers of debt to third parties, as well as change other regulatory requirements. Any such changes could have an adverse effect on any U.S. platforms following a certain model and, therefore, on the Fund as an investor through such platforms. The U.S. Fair Credit Reporting Act (“FCRA”) regulates consumer credit reporting. Under the FCRA, liability may be imposed on furnisher of data to credit reporting agencies to the extent that adverse credit information reported is false or inaccurate.

U.S. federal law provides borrower service members on active military service with rights that may delay or impair a platform’s ability to collect on a loan. The Servicemembers Civil Relief Act (“SCRA”) requires that the interest rate on pre-existing debts, such as service member loans, be set at no more than 6% while the qualified service member or reservist is on active duty. An investor in an alternative lending-related security that is dependent on the performance of such a loan, such as the Fund, will not receive the difference between 6% and the original stated interest rate for the loan during any such period. This law also permits courts to stay proceedings and execution of judgments against service members and reservists on active duty, which may delay recovery on any loans in default and, accordingly, payments on the instruments that are dependent on these loans. If there are any amounts under such a loan still due and owing to the platform after the final maturity of the instrument that corresponds to the loan, a platform may have no further obligation to make payments on the instrument to the Fund, even if the platform later receives payments after the final maturity of the instrument.
Platforms do not take military service into account in assigning loan grades to borrower service member loan requests. In addition, platforms do not request prospective borrowers to confirm if they are a qualified service member or reservists within the meaning of the SCRA as part of the borrower registration process.

Lender Liability

A number of judicial decisions have upheld judgments of borrowers against lending institutions on the basis of various evolving legal theories, collectively termed “lender liability.” Generally, lender liability is founded on the premise that a lender has violated a duty (whether implied or contractual) of good faith, commercial reasonableness and fair dealing, or a similar duty owed to the borrower or has assumed an excessive degree of control over the borrower resulting in the creation of a fiduciary duty owed to the borrower or its other creditors or shareholders. If a loan held directly or indirectly by the Fund were found to have been made or serviced under circumstances that give rise to lender liability, the borrower’s obligation to repay that loan could be reduced or eliminated or the Fund’s recovery on that loan could be otherwise impaired, which would adversely impact the value of that loan.

In limited cases, courts have subordinated the loans of a senior lender to a borrower to claims of other creditors of the borrower when the senior lender or its agents, such as a loan servicer, is found to have engaged in unfair, inequitable or fraudulent conduct with respect to the other creditors. If a loan held directly or indirectly by the Fund were subject to such subordination, it would be junior in right of payment to other indebtedness of the borrower, which could adversely impact the value of that loan.

Regulatory Regime in the United Kingdom

The Fund may invest in alternative lending-related securities through platforms domiciled in the UK. Such platforms must be authorized and regulated by the Financial Conduct Authority (“FCA”) in order to engage in the regulated activity of “operating an electronic system in relation to lending,” following changes to consumer credit regulation in April 2014. The FCA is currently allowing application periods, giving platforms with interim permission a three-month window in which they must apply to the FCA for full authorization. If any platform through which the Fund invests were to fail to obtain full authorization, the platform might be forced to cease its operations, which would disrupt the servicing and administration of loans to which the Fund has exposure through that platform. Any such disruption may impact the quality of debt collection procedures in relation to those loans and may result in reduced returns to the Fund from those investments.

The FCA has recently also introduced new regulatory controls for platform operators, including the application of conduct of business rules (in particular, relating to disclosure and promotions), minimum capital requirements, client money protection rules, dispute resolution rules and a requirement for firms to take reasonable steps to ensure existing loans continue to the administered if the firm goes out of business. The introduction of these regulations and any further new laws and regulations could have a material adverse effect on UK platforms’ businesses and may result in interruption of operations by such platforms or the passing on of the costs of increased regulatory compliance to investors, such as the Fund, in the form of higher origination or servicing fees.

The Fund may invest in loans that constitute regulated credit agreements (consumer credit loans) under the Financial Services and Markets Act 2000 (“FSMA”). Article 60B of the amended Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 (the “RAO”) provides that the activity of entering into a regulated credit agreement as lender or exercising or having the right to exercise the lender’s rights and duties under such credit agreement requires FCA authorization. However, article 60I of the RAO and paragraph 55 of the schedule to the Financial Services and Markets Act 2000 (Exemption Order) 2001 provide exemptions from authorization to persons who acquire rights under a regulated credit agreements (but who do not make any such loans or extend any new credit), provided that the servicer of such loans is appropriately authorized by the FCA.

The Fund is not authorized by the FCA in respect of consumer credit activities. To the extent that it acquires any loans which are regulated credit agreements under FSMA, the Fund will be required to ensure that a person with
the appropriate FCA authorization is engaged to service such regulated credit agreements in accordance with the
exemptions from authorization under article 60B and paragraph 55 outlined above. If the FCA were to
successfully challenge the Fund’s reliance on this exemption, this could adversely affect the Fund’s ability to
invest in consumer loans in the United Kingdom or other alternative lending-related securities relating to such
customer loans, and could subject to the Fund to costs that could adversely affect the results of the Fund.

Regulatory Regime in Other Jurisdictions

The platforms and their investors may face regulation in the other jurisdictions in which the Fund invests. Many
other jurisdictions have regulatory regimes in place to authorize or regulate platforms. If any entity operating a
platform through which the Fund invests, or any entity that is the lender under a loan agreement facilitated by
that platform, were to lose its license or have its license suspended or revoked, the platform might be forced to
cease its operations, which could impair the ability of the Fund to pursue its investment strategy by investing in
loans originated by that platform, and could disrupt the servicing and administration of loans to which the Fund
has exposure through that platform. Any such disruption could impact the quality of debt collection procedures in
relation to those loans and could result in reduced returns to the Fund from those investments. In addition, some
jurisdictions may regulate the terms of loans issued through a platform or impose additional requirements on
investments in such loans, which could impact the value of alternative lending-related securities purchased from
a platform operating in such a jurisdiction or the ability of the Fund to pursue its investment strategy by investing
in loans originated by such a platform. New or amended laws or regulations could disrupt the business operations
of platforms operating in jurisdictions in which the Fund invests and could result in the platforms passing on of
increased regulatory compliance costs to investors, such as the Fund, in the form of higher origination or
servicing fees.

Privacy and Data Security Laws

GLBA and other laws limit the disclosure of certain non-public personal information about a consumer to non-
affiliated third parties and require financial institutions to disclose certain privacy policies and practices with
respect to information sharing with both affiliates and non-affiliated third parties. Many states and a number of
non-U.S. jurisdictions have enacted privacy and data security laws requiring safeguards on the privacy and
security of consumers’ personally identifiable information. Other laws deal with obligations to safeguard and
dispose of private information in a manner designed to avoid its dissemination. Privacy rules adopted by the U.S.
Federal Trade Commission implement GLBA and other requirements and govern the disclosure of consumer
financial information by certain financial institutions, ranging from banks to private investment funds. U.S.
platforms following certain models generally are required to have privacy policies that conform to these GLBA
and other requirements. In addition, such platforms typically have policies and procedures intended to maintain
platform participants’ personal information securely and dispose of it properly.

The Fund generally does not intend to obtain or hold borrowers’ non-public personal information, and the Fund
intends to implement procedures designed to prevent the disclosure of borrowers’ non-public personal
information to the Fund. However, service providers to the Fund, including the Fund’s custodians and the
platforms acting as loan servicers for the Fund, may obtain, hold or process such information. While the Fund
will adopt policies and procedures regarding the platforms’ and custodian’s protection and use of non-public
personal information, the Fund cannot guarantee the security of that data and cannot guarantee that service
providers have been and will continue to comply with GLBA, other data security and privacy laws and any other
related regulatory requirements. Violations of GLBA and other laws could subject the Fund to litigation and/or
fines, penalties or other regulatory action, which, individually or in the aggregate, could have an adverse effect
on the Fund. The Fund may also face regulations related to privacy and data security in the other jurisdictions in
which the Fund invests.

Leverage Risk

The Fund or a Subsidiary has obtained and may in the future obtain financing to make investments in alternative
lending-related securities. Such borrowings are typically secured by alternative lending-related securities. The
Fund also may obtain leverage through derivative instruments or asset-backed securities that afford the Fund economic leverage. Leverage magnifies the Fund’s exposure to declines in the value of one or more underlying reference assets or creates investment risk with respect to a larger pool of assets than the Fund would otherwise have and may be considered a speculative technique. For example, if the Fund obtains structural leverage through its Subsidiaries that finance their investments in alternative lending-related securities, a decrease in the value of those securities will negatively impact the Fund’s net asset value to a greater extent than if the Fund had not used leverage. For this reason, the value of an investment in the Fund will be more volatile and other risks tend to be compounded if and to the extent the Fund borrows or uses derivatives or other investments that have embedded leverage. In addition, the Fund’s interests in Subsidiaries that have entered into borrowing arrangements typically will rank after such borrowings and if the Subsidiaries’ assets decline in value, the return on the Fund’s equity interest may be adversely affected.

Market conditions may unfavorably impact the Fund’s or its Subsidiaries’ ability to secure borrowings on terms as favorable as more established borrowers in the market, or to obtain financing on commercially feasible terms. To the extent the Fund or a Subsidiary is able to secure financing, fluctuations in interest rates could increase the costs associated with the Fund’s or Subsidiary’s use of certain forms of leverage, and such costs could reduce the Fund’s return.

The 1940 Act requires a closed-end fund to maintain asset coverage of not less than 300% of the value of the outstanding amount of senior securities representing indebtedness (as defined in the 1940 Act) and generally requires a closed-end fund to make provision to prohibit the declaration of any dividend (except a dividend payable in stock of the fund) or distribution on the fund’s stock or the repurchase of any of the fund’s stock, unless, at the time of the declaration or repurchase, there is asset coverage of at least 300%, after deducting the amount of the dividend, distribution or purchase price, as the case may be. To satisfy 1940 Act requirements in connection with leverage or to meet obligations, the Fund may be required to dispose of portfolio securities when such disposition might not otherwise be desirable. Engaging in such transactions may cause the Fund to liquidate positions when it may not be advantageous to do so to satisfy its obligations or to meet segregation requirements. Because, as discussed in more detail under “Illiquidity Risk”, the Fund’s portfolio will be substantially illiquid, any such disposition or liquidation could result in losses to the Fund. There can be no assurances that the Fund’s use of leverage will be successful.

**Effects of Leverage.** Assuming that leverage will represent approximately 27.00% of the Fund’s total assets (including the amounts of such leverage) and that the Fund will bear expenses relating to that leverage at an annual effective interest rate of 3.87% (based on estimated market interest rates for such financings under current market conditions), the annual return that the Fund’s portfolio must experience (net of expenses) in order to cover such costs of the leverage would be approximately 0.31%. These figures are merely estimates based on current market conditions, used for illustration purposes only. Actual expenses associated with leverage used by the Fund may vary frequently and may be significantly higher or lower than the rate used for the example above.

The following table is furnished in response to requirements of the Commission. It is designed to illustrate the effects of leverage on corresponding Share total return, assuming investment portfolio total returns (consisting of income and changes in the value of investments held in the Fund’s portfolio) of -10%, -5%, 0%, 5% and 10%. These assumed investment portfolio returns are hypothetical figures and are not necessarily indicative of the investment portfolio returns expected to be experienced by the Fund. The table further assumes that the Fund utilizes borrowings representing approximately 27.00% of the Fund’s total assets (including the amounts of leverage obtained through the use of such borrowings) and a projected annual rate of interest on the Fund’s borrowings of 3.87%, as discussed above. Your actual returns may be greater or less than those appearing below.

| Assumed Return on Portfolio (Net of Expenses) | (10.00)% | (5.00)% | 0.00% | 5.00% | 10.00% |
| Corresponding Share Total Return | (13.01)% | (6.66)% | (0.31)% | 6.04% | 12.39% |

Corresponding Share total return is composed of two elements — the Share dividends paid by the Fund (the amount of which is largely determined by the net investment income of the Fund after paying interest expenses
on the Fund’s leveraging transactions as described above and dividend payments on any preferred shares issued by the Fund) and gains or losses on the value of the securities the Fund owns. This table reflects the hypothetical performance of the Fund’s portfolio and not the performance of the Fund’s Shares, the value of which will be determined by market forces and other factors.

The Fund currently uses leverage to achieve its investment objective and as a liquidity source to fund repurchases and may consider other potential uses in the future. The Fund’s willingness to use leverage, and the extent to which leverage is used at any time, will depend on many factors, including Stone Ridge’s assessment of the yield curve environment, interest rate trends, market conditions, and other factors.

Securitization Risk

In connection with the sale or contribution by the Fund or its Subsidiaries of certain of their alternative lending-related investments to any special purpose entity formed for the purpose of acquiring alternative lending-related investments and issuing securities, the Fund or its Subsidiaries may be required to make certain representations about the alternative lending-related investments sold or contributed to such special purpose entity. The Fund or its Subsidiaries also may be required to indemnify such special purpose entity, or to repurchase the alternative lending-related investments to which such representations relate, to the extent that any of such representation is found to have been inaccurate on the date that it was made. In making such representations, the Fund or applicable Subsidiary may rely upon certain representations and warranties made to the Fund by the platform from which the Fund or such Subsidiary originally acquired the relevant alternative lending-related investment. If the Fund or the applicable Subsidiary relies on any such representations made by a platform, the Fund or such Subsidiary is expected to have a right of indemnification from, or a right to sell the relevant alternative lending-related investment back to, such platform if such representations by such platform are found to have been inaccurate on the date on which they were made. In the event that the Fund or the applicable Subsidiary is required to indemnify, or to repurchase alternative lending-related investments from, a special purpose entity as a result of a representation made by the Fund to such special purpose entity, it is expected that the Fund or such Subsidiary will seek to recoup its losses by exercising its rights to a similar remedy against the platform from which it purchased such alternative lending-related investments. However, it is possible that the Fund or such Subsidiary will not be able to obtain representations from the relevant platform that back up all representations required to be made by the Fund in connection with a securitization, and the Fund may be unable to recoup some or all of such losses through such arrangements.

Risk of Fraud

The Fund may be subject to the risk of fraudulent activity associated with the various parties involved in alternative lending, including the platforms, banks, borrowers and third parties handling borrower and investor information. Prospective borrowers may materially misrepresent any of the information they provide to the platforms, including their credit history, the existence or value of purported collateral, the purpose of the loan, their occupation or their employment status. Platforms may not verify all of the information provided by prospective borrowers. As discussed under “Credit/Counterparty Risk,” the accuracy of a platform’s evaluation of a borrower’s creditworthiness could be significantly impaired if based on flawed information. Except where a platform is required to repurchase loans or indemnify investors, fraud may adversely affect the Fund’s ability to receive the principal and interest payments that it expects to receive on its investments and, therefore, may negatively impact the Fund’s performance. A platform may have the exclusive right and ability to investigate claims of borrower identity theft, which creates a conflict of interest, as platforms may be obligated to repurchase loans and/or indemnify investors in the loans in the case of fraud and may, therefore, have an incentive to deny or fail to investigate properly a claim of fraud. Furthermore, there can be no guarantee that the resources, technologies or fraud prevention measures implemented by a platform will be sufficient to accurately detect and prevent fraud.

The Fund is also subject to the risk of fraudulent activity by a platform or a backup servicer. In the event that a platform or backup servicer engages in fraudulent activity, the pools of loans originated by the platform or any
loans serviced by the platform or backup servicer may be impaired or may not be of the quality that the Fund anticipated, thereby increasing the risk of default in respect of such loans.

**Below Investment Grade Securities and Unrated Securities Risk**

The Fund may have exposure, without limitation, to investments that are rated below investment grade or that are unrated but are judged by the Adviser to be of comparable quality. The alternative lending-related securities in which the Fund invests (or, in the case of asset-backed securities, the loans that back them) typically are not rated by a nationally recognized statistical rating organization. Although the Fund’s Fundamental Investment Restrictions do not permit the Fund to invest in loans of subprime quality, some unrated securities purchased by the Fund may be of credit quality comparable to securities rated below investment grade by a nationally recognized statistical rating organization. In addition, the Fund may invest in securities that are rated below investment grade. Below investment grade debt securities, which are commonly called “junk bonds,” are rated below BBB- by Standard & Poor’s Ratings Services (“S&P”) or Baa3 by Moody’s Investors Service, Inc., (“Moody’s”), or have comparable ratings by another rating organization. Accordingly, certain of the Fund’s unrated investments could constitute a highly risky and speculative investment, similar to an investment in “junk bonds.” As described under “Credit/Counterparty Risk,” in evaluating the creditworthiness of borrowers of such unrated loans, the Adviser may rely on the ratings ascribed to such borrowers by the relevant platform. The Adviser may also rely on reports from one or more independent vendors as part of its investment process or may create its own internal risk model for this purpose.

The analysis of the creditworthiness of borrowers may be less reliable than for more traditional borrowings, such as bank loans, and more complex than for issuers of higher-rated investments. The Fund’s ability to achieve its investment objective may, as a result, be more dependent upon the platform’s credit analysis than would be the case if the Fund had exposure to more traditional investments. In addition, such investments may be subject to greater risks than other investments, including greater levels of risk related to changes in interest rates, credit risk (including a greater risk of default) and liquidity risk. There is a greater risk of loss associated with alternative lending-related securities investments and the ability of a borrower to make principal and/or interest payments is predominately speculative for below investment grade investments or unrated investments judged by the Adviser to have a similar quality. Borrowers may be in default or have a currently identifiable vulnerability to default on their payments of principal and/or interest or may otherwise present elements of danger with respect to payments of principal or interest. Below investment grade investments or unrated investments judged by the Adviser to be of comparable quality may be more susceptible to real or perceived adverse economic and competitive industry or business conditions than higher-grade investments. Yields on below investment grade investments will fluctuate and may, therefore, cause the Fund’s value to be more volatile. Certain investments of the Fund may be downgraded to below investment grade status (or may be judged by the Adviser to be of comparable quality) after the Fund purchases them.

Pursuant to the Fundamental Investment Restrictions, the Fund will not invest of loans of subprime quality.

**Interest Rate Risk**

The values of the Fund’s investments in income-producing alternative lending-related securities (such as whole loans, other debt instruments, preferred securities and convertible securities) change in response to interest rate changes. In general, the value of a debt security is likely to fall as interest rates rise. This risk is generally greater for obligations with longer maturities or for debt securities that do not pay current interest. Debt securities with floating interest rates can be less sensitive to interest rate changes, although, to the extent the Fund’s income is based on short-term interest rates that fluctuate over short periods of time, income received by the Fund may decrease as a result of a decline in interest rates; floating rate loans can also decrease in value if their interest rates do not rise as quickly or as much as market interest rates. Conversely, variable rate instruments generally will not increase in value if interest rates decline. When interest rates increase or for other reasons, debt securities may be repaid more slowly than expected. As a result, the maturity of the debt instrument may be extended, increasing the potential for loss.
Interest rate changes can be sudden and unpredictable. A wide variety of factors can cause interest rates to fluctuate (e.g., central bank monetary policies, inflation rates, general economic conditions and market developments) and debt securities may be particularly volatile during such periods. Currently, certain interest rates are at or near historic lows and, as a result, they are likely to rise over time, which may cause the value of the Fund’s investments and, therefore, the Fund’s net asset value, to decrease.

Prepayment Risk

Borrowers may decide to prepay all or a portion of the remaining principal amount due under a loan at any time, without penalty, unless the underlying loan agreement provides for prepayment penalties. Prepayment reduces the yield to maturity and the average life of a loan or other security. In the event of a prepayment of all or a portion of the remaining unpaid principal amount of a loan to which the Fund has investment exposure, the Fund will receive such prepayment but further interest will cease to accrue on the prepaid portion of the loan after the date of the prepayment. If the Fund buys a security at a premium, the premium could be lost in the event of a prepayment. In periods of falling interest rates, the rate of prepayments (and price fluctuation) tends to increase as borrowers are incentivized to pay off debt and refinance at new lower rates. Borrowers may also seek to prepay debt obligations in order to refinance at lower interest rates if their credit standing improves such that they are eligible to borrow at a lower interest rate. During such periods, the Fund generally will be forced to reinvest the prepayment proceeds at lower rates of return than the Fund expected to earn on the prepaid assets, provided that the Fund is able to identify suitable reinvestment opportunities, which may adversely impact the Fund’s performance.

Illiquidity Risk

To the extent consistent with the repurchase liquidity requirement of an interval fund, the Fund may invest without limitation in illiquid investments. Illiquidity risk is the risk that the investments held by the Fund may be difficult or impossible to sell at the time that the Fund would like or at the price that the Fund believes the security is currently worth. Alternative lending-related securities, which typically are contractually non-transferable, are not listed on any securities exchange and/or are not registered under the Securities Act of 1933, are illiquid. Furthermore, an active, reliable secondary market for alternative lending-related securities does not currently exist and there can be no assurance that an active market will develop. To the extent that there is any secondary market for the Fund’s alternative lending-related investments, it is likely initially to be over-the-counter, as opposed to exchange-traded, and may, therefore, provide less transparency; such markets may also be smaller and less active than the market for investments that are higher-rated, which may adversely affect the prices at which the Fund can sell its investments and may result in losses to the Fund. At any given time, the Fund’s portfolio will be substantially illiquid.

The Fund’s ability to realize full value in the event of the need to liquidate certain assets may be impaired and/or result in losses to the Fund. The Fund may be unable to sell its investments, even under circumstances when the Adviser believes it would be in the best interests of the Fund to do so. Illiquid investments may also be difficult to value and their pricing may be more volatile than more liquid investments, which could adversely affect the price at which the Fund is able to sell such instruments. Investors, like the Fund, that are acquiring or otherwise gaining exposure to such loans and other related instruments usually must, among other things, hold the loans through maturity in order to recoup their entire investment and during that time will be unable to make additional investments using the capital that is put towards such investments or any proceeds on a potential sale of such investments. Illiquidity risk also may be greater in times of financial stress. The risks associated with illiquid instruments may be particularly acute in situations in which the Fund’s operations require cash (such as in connection with repurchase offers) and could result in the Fund borrowing to meet its short-term needs or incurring losses on the sale of illiquid instruments.
Valuation Risk

The Fund is subject to valuation risk, which is the risk that one or more of the securities in which the Fund invests are priced incorrectly, due to factors such as incomplete data, market instability or human error. The Fund anticipates using a third-party pricing service to value the Fund’s investments in alternative lending-related securities, as market quotations generally are not available for the Fund’s investments in alternative lending-related securities. There is no assurance that the Fund could sell a portfolio security for the value established for it at any time and it is possible that the Fund would incur a loss because a portfolio security is sold at a discount to its established value. If securities are mispriced, shareholders could lose money upon redemption or could pay too much for Shares purchased.

Competition, Ramp-up and Exposure Risks

The market for alternative lending-related securities is highly competitive and rapidly evolving. The Fund faces competition for access to platforms and alternative lending-related securities, including from other institutional investors; such competitors may have higher risk tolerance, greater financial or other resources and/or other advantages. The competitive pressures the Fund faces may impact the Fund’s ability to make investments consistent with its investment objective. Various platforms also compete with one another as well as with more traditional lenders, including banks with substantially greater financial resources. If the Fund is inhibited from deploying capital in a timely or efficient manner, it may be forced to invest in cash, cash equivalents or other assets that may result in lower returns than may otherwise be available through investments in alternative lending-related securities. The success of any given platform and, therefore, the success of the Fund will depend, among other things, on a continuous demand for loans from qualified borrowers. There can be no assurance that such demand will continue to exist.

There can be no assurances as to how long it will take the Fund to invest the net proceeds of the offering, and the longer the period the greater the likelihood that the Fund’s performance will be adversely affected. Pending deployment of the net proceeds of the offering, the Fund generally will invest cash held in cash deposits and cash equivalents. The Fund will limit the sale of its securities based on the Adviser’s assessment of its ability to invest the proceeds in an effective and timely manner.

If the Fund’s access to platforms is limited, whether due to ramp-up, termination of existing arrangements or failure to secure arrangements with other platforms, its exposure to the risks of the platforms to which the Fund is exposed, as discussed under “Platform Risk,” and the risks of increased exposure to a potentially more limited pool of portfolio investments, may increase. Moreover, a platform may be unable to sustain its current lending model or may change its underwriting or credit models, borrower acquisition channels, quality of debt collection procedures and/or servicing models in ways that may make such investments unsuitable for the Fund; such changes may occur after the Fund has already made its investments and, as most of the Fund’s alternative lending-related securities are illiquid, the Fund may not be able to divest itself of the instruments at all or at an advantageous time or price. The Fund initially anticipates that a substantial portion of its alternative lending-related investments will be associated with the group of platforms that the Adviser has diligenced at the time that the Fund commences investment operations. Even if the Fund is exposed to a varied pool of assets, the Fund’s investment focus on alternative lending-related securities will cause the Fund to be subject to greater overall risk than if the Fund’s exposures were less focused, as it will be exposed to events affecting the alternative lending-related industry.

Even if the Fund’s investments are varied as to borrower type, geographic location, loan purpose or other features, they may nevertheless have some similar characteristics and may, therefore, be subject to many of the same risks and/or regulatory regimes and may respond in a similar manner to particular economic, market, political or other developments.
Geographic Focus Risk

The Fund will seek to build a geographically diverse portfolio, with assets initially focused primarily in the U.S., Europe, Australia and New Zealand. The Fund is not subject to any geographic restrictions when investing in alternative lending-related securities and, therefore, could focus its investments in a particular geographic region, whether in the U.S. or abroad. A geographic focus in a particular region may expose the Fund to an increased risk of loss due to risks associated with that region. Certain regions from time to time will experience weaker economic conditions than others and, consequently, will likely experience higher rates of delinquency and loss than on similar investments across the geographic regions to which the Fund is exposed. In the event that a significant portion of the alternative lending-related securities of the Fund relate to loans owed by borrowers resident or operating in certain specific geographic regions, any localized economic conditions, weather events, natural or man-made disasters or other factors affecting those regions in particular could increase delinquency and defaults on the assets to which the Fund is exposed and could negatively impact Fund performance. Further, any focus of the Fund’s alternative lending-related investments in one or more regions would have a disproportionate effect on the Fund if governmental authorities in any such region took action against any of the participants in the alternative lending industry doing business in that region.

Foreign Securities Risk

The Fund may invest directly or indirectly in the alternative lending-related securities of foreign issuers. Such investments may involve risks not ordinarily associated with exposure to alternative lending-related securities of U.S. issuers. The foreign alternative lending industry may be subject to less governmental supervision and regulation than exists in the U.S.; conversely, foreign regulatory regimes applicable to the alternative lending industry may be more complex and more restrictive than those in the U.S., resulting in higher costs associated with such investments, and such regulatory regimes may be subject to interpretation or change without prior notice to investors, such as the Fund. Foreign platforms may not be subject to accounting, auditing, and financial reporting standards and practices comparable to those in the U.S. Due to difference in legal systems, there may be difficulty in obtaining or enforcing a court judgment outside the U.S. For example, bankruptcy laws may differ across the jurisdictions in which the Fund may invest and it may be difficult for the servicer to pursue borrowers who borrow through non-U.S. platforms. In addition, to the extent that investments are made in a limited number of countries, events in those countries will have a more significant impact on the Fund. The Fund’s investments in foreign securities may be subject to risks of increased transaction costs, potential delays in settlement or unfavorable differences between the U.S. economy and foreign economies.

The Fund’s exposure to alternative lending-related securities issued by foreign issuers may be subject to withholding and other foreign taxes, which may adversely affect the net return on such investments. As described further under “Currency Risk,” fluctuations in foreign currency exchange rates and exchange controls may adversely affect the market value of the Fund’s investments in alternative lending-related securities of foreign issuers. The Fund is unlikely to be able to pass through to its shareholders foreign income tax credits in respect of any foreign income taxes it pays.

Currency Risk

Currency risk is the risk that fluctuations in exchange rates will adversely affect the market value of the Fund’s investments. Currency risk includes the risk that the foreign currencies in which the Fund’s investments are traded, in which the Fund receives income or in which the Fund has taken a position will decline in value relative to the U.S. dollar. Currency risk also includes the risk that a currency to which the Fund has obtained exposure through hedging declines in value relative to the currency being hedged, in which event the Fund may realize a loss both on the hedging instrument and on the currency being hedged. There can be no assurances or guarantees that any efforts the Fund makes to hedge exposure to foreign exchange rate risks that arise as a result of its investments will successfully hedge against such risks or that adequate hedging arrangements will be available on an economically viable basis, and in some cases, hedging arrangements may result in additional costs being incurred or losses being greater than if hedging had not been used. Currency exchange rates can fluctuate.
significantly for many reasons. Derivative transactions in foreign currencies (such as futures, forwards, options and swaps) may involve leverage risk in addition to currency risk. The Fund’s Shares are priced (purchased and redeemed) in U.S. dollars and the distributions paid by the Fund are paid in U.S. dollars. However, a portion of the Fund’s assets may be denominated in foreign (non-U.S.) currencies and income received by the Fund from a portion of its investments may be paid in foreign currencies. In purchasing or selling local currency to fund trades denominated in that currency, the Fund will be exposed to the risk that the value of the foreign currency will increase or decrease, which may impact the value of the Fund’s investments in foreign currencies, securities denominated in foreign currencies, derivatives that provide exposure to foreign currencies and the Fund’s income available for distribution. Some countries have and may continue to adopt internal economic policies that affect their currency valuations in a manner that may be disadvantageous for U.S. investors or U.S. companies seeking to do business in those countries. For example, a foreign government may unilaterally devalue its currency against other currencies, which typically would have the effect of reducing the U.S. dollar value of investments denominated in that currency. In addition, a country may impose formal or informal currency exchange controls. These controls may restrict or prohibit the Fund’s ability to repatriate both investment capital and income, which could undermine the value and liquidity of the Fund’s portfolio holdings and potentially place the Fund’s assets at risk of total loss. As a result, if the exchange rate for any such currency declines after the Fund’s income has been earned and converted into U.S. dollars but before payment to shareholders, the Fund could be required to liquidate portfolio investments to make such distributions. Similarly, if the Fund incurs an expense in U.S. dollars and the exchange rate declines before the expense is paid, the Fund would have to convert a greater amount to U.S. dollars to pay for the expense at that time than it would have had to convert at the time the Fund incurred the expense.

**Investments in Other Pooled Investment Vehicles**

Direct or indirect investing in another pooled investment vehicle, such as securitization vehicles that issue asset-backed securities, exposes the Fund to all of the risks of that vehicle’s investments. The Fund will bear its pro rata share of the expenses of any such vehicle, in addition to its own expenses. The values of other pooled investment vehicles are subject to change as the values of their respective component assets fluctuate. To the extent the Fund invests in managed pooled investment vehicles, the performance of the Fund’s investments in such vehicles will be dependent upon the investment and research abilities of persons other than the Adviser. The securities offered by such vehicles typically are not registered under the securities laws because they are offered in transactions that are exempt from registration.

**Market Risk**

The value of the Fund’s investments may decline, sometimes rapidly or unpredictably, due to general economic conditions that are not specifically related to a particular issuer or borrower, such as real or perceived adverse economic or political conditions throughout the world, changes in interest or currency rates or adverse investor sentiment generally. The value of the Fund’s investments also may decline because of factors that affect a particular industry or industries. For example, the financial crisis that began in 2008 caused a significant decline in the value and liquidity of many securities. These risks may be particularly acute for the Fund, as alternative lending is a new and evolving industry.

**Volatility Risk**

The market value of the alternative lending-related securities to which the Fund has exposure may increase or decrease, sometimes rapidly and unpredictably, based upon changes in an issuer’s financial condition and/or overall market and economic conditions. Because many of the Fund’s investments may be illiquid and/or below investment grade (or unrated, but of a similar quality; debt securities that are below investment grade are commonly called “junk bonds”), the Fund may be subject to increased volatility risk. In addition, the Fund’s use of leverage will increase the volatility of the Fund’s value.
Management and Operational Risk

The Fund is subject to management risk because it relies on the Adviser’s ability to achieve its investment objective. The Fund runs the risk that the Adviser’s investment techniques will fail to produce desired results and cause the Fund to incur significant losses. The Adviser may fail to use derivatives effectively, may select investments that do not perform as anticipated by the Adviser and may choose to hedge or not to hedge positions at disadvantageous times.

Any imperfections, errors, or limitations in quantitative analyses and models used by the Adviser as part of its investment process could affect the Fund’s performance. Models that appear to explain prior market data can fail to predict future market events. Further, the data used in models may be inaccurate or may not include the most recent information about a company or a security.

The Fund also is subject to the risk of loss as a result of other services provided by the Adviser and other service providers, including pricing, administrative, accounting, tax, legal, custody, transfer agency and other services. Operational risk includes the possibility of loss caused by inadequate procedures and controls, human error and cyber attacks, disruptions and failures affecting, or by, a service provider. For example, trading delays or errors (both human and systematic) could prevent the Fund from benefiting from potential investment gains or avoiding losses.

Alternative Lending Operational and Technology Risk

Alternative lending-related securities are typically originated and documented in electronic form and there are ordinarily no tangible written documents evidencing such loans or any payments owed thereon. Because the Fund depends on electronic systems maintained by the custodian and the platforms or their affiliates to maintain records, evidence ownership of the Fund’s investments, appropriately safeguard such investments and to service and administer alternative lending-related securities (as applicable), the Fund is vulnerable to the risks associated with such electronic systems, including, among others: power loss, computer systems failures and internet, telecommunications or data network failures; operator negligence or improper operation by, or supervision of, employees; physical and electronic loss of data or security breaches, misappropriation and similar events; computer viruses; cyber attacks, intentional acts of vandalism and similar events; and hurricanes, fires, floods and other natural disasters.

In addition, platforms rely on software that is highly technical and complex and depend on the ability of such software to store, retrieve, process and manage immense amounts of data. Such software may contain errors or flaws. Some errors may only be discovered after the code has been released for external or internal use. Errors or other design defects within the software on which a platform relies may result in a negative experience for borrowers who use the platform, delay introductions of new features or enhancements, result in errors or compromise the platform’s ability to protect borrower or investor data or its own intellectual property. Any errors, flaws or defects discovered in the software on which a platform relies could negatively impact operations of the platform and the ability of the platform to perform its obligations with respect to the loans associated with the platform. The electronic systems on which platforms rely may be subject to cyber attacks that could result, among other things, in data breaches and the release of confidential information and thus expose the platform to significant liability. A security breach could also irreparably damage a platform’s reputation and thus its ability to continue to operate its business.

In addition, despite any security measures established to safeguard the information in these systems, the highly automated nature of a platform or other service providers involved in the alternative lending process may make it an attractive target and potentially more vulnerable to cyber attacks, computer viruses, physical or electronic break-ins, employee error, malfeasance and similar disruptions, which could negatively affect the Fund. If a platform or other service provider were unable to prevent such malicious activity, the breach could compromise the systems and result in the theft, loss or public dissemination of the information stored therein. As a result, the platform or other service provider could suffer, among other things, financial loss, the disruption of its business,
liability to third parties, regulatory intervention or reputational damage and the platform’s or other service provider’s ability to fulfill its servicing or other obligations would be adversely affected, which may adversely affect the Fund. Because techniques used to sabotage or obtain unauthorized access to systems change frequently and generally are not recognized until they are launched against a target, the platforms or other service providers may be unable to anticipate these techniques or to implement adequate preventative measures. In addition, certain legal or regulatory provisions may require companies to notify individuals of data security breaches involving their personal data. If security measures are breached because of third-party action, employee error, malfeasance or otherwise, or if design flaws in software are exposed and exploited, relationships with borrowers and investors could be severely damaged. Any failure of the systems technology on which the Fund relies or other similar issues could have a material adverse effect on the ability of the Fund to acquire, monitor or otherwise transact in alternative lending-related securities and, therefore, may impact the performance of the Fund.

All of these potential risks may cause a decrease in the amount of loans acquired by the platforms, which may directly affect the Fund and its ability to achieve its investment objective. The potential for security breaches may also adversely affect the Fund due to its reputational impact on the platforms and wider effect on the alternative lending industry as a whole. Any of the foregoing failures or disruptions could have a material adverse effect on the performance of the Fund.

Equity Investment Risk

Equities fluctuate in price, and their short-term volatility at times may be great. To the extent that the Fund obtains exposure to equity securities, the value of the Fund’s portfolio will be affected by changes in the stock markets. Market risk can affect the Fund’s net asset value per share, which will fluctuate as the values of the Fund’s portfolio securities change. The prices of individual equity securities do not all move in the same direction uniformly or at the same time. Different stock markets may behave differently from one another.

Derivatives Risk

The Fund may invest directly or indirectly in a variety of derivatives, including futures contracts, forwards, swaps and other exchange-traded and over-the-counter (OTC) derivatives contracts. Derivatives are financial contracts the value of which depends on, or is derived from, an asset or other underlying reference. Derivatives involve the risk that changes in their value may not move as expected relative to changes in the value of the underlying reference asset they are designed to track. The Fund may invest in derivatives for investment purposes and for hedging and risk management purposes. See the Statement of Additional Information for additional information of the various types and uses of derivatives in the Fund’s strategy.

The use of derivatives involves risks that are in addition to, and potentially greater than, the risks of investing directly in securities and other more traditional assets. In particular, the Fund’s use of OTC derivatives exposes it to the risk that the counterparties will be unable or unwilling to make timely settlement payments or otherwise honor their obligations. An OTC derivatives contract typically can be closed only with the consent of the other party to the contract. If the counterparty defaults, the Fund will still have contractual remedies but may not be able to enforce them. Because the contract for each OTC derivative is individually negotiated, the counterparty may interpret contractual terms differently than the Fund and, if it does, the Fund may decide not to pursue its claims against the counterparty to avoid incurring the cost and unpredictability of legal proceedings. The Fund, therefore, may be unable to obtain payments the Adviser believes are owed to it under OTC derivatives contracts, or those payments may be delayed or made only after the Fund has incurred the costs of litigation.

The Fund may invest in derivatives that (i) do not require the counterparty to post collateral (e.g., foreign currency forwards), (ii) require collateral but that do not provide for the Fund’s security interest in it to be perfected, (iii) require a significant upfront deposit by the Fund unrelated to the derivative’s intrinsic value or (iv) do not require that collateral be regularly marked-to-market. When a counterparty’s obligations are not fully secured by collateral, the Fund runs the risk of having limited recourse if the counterparty defaults. Even when
obligations are required by contract to be collateralized, the Fund often will not receive the collateral the day the collateral is required to be posted.

The Fund may invest in derivatives with a limited number of counterparties and events affecting the creditworthiness of any of those counterparties may have a pronounced effect on the Fund. During periods of market disruptions or stress, the Fund may have a greater need for cash to provide collateral for large swings in its mark-to-market obligations under the derivatives in which it has invested.

Derivatives also present other risks described herein, including market risk, illiquidity risk, currency risk and credit risk. Many derivatives, in particular OTC derivatives, are complex and their valuation often requires modeling and judgment, which increases the risk of mispricing or improper valuation. The pricing models used may not produce valuations that are consistent with the values the Fund realizes when it closes or sells an OTC derivative. Valuation risk is more pronounced when the Fund enters into OTC derivatives with specialized terms because the value of those derivatives in some cases is determined only by reference to similar derivatives with more standardized terms. As a result, incorrect valuations may result in increased cash payments to counterparties, undercollateralization and/or errors in the calculation of the Fund’s NAV.

The Fund’s use of derivatives may not be effective or have the desired results. Moreover, suitable derivatives will not be available in all circumstances. The Adviser may decide not to use derivatives to hedge or otherwise reduce the Fund’s risk exposures, potentially resulting in losses for the Fund.

Swap contracts and other OTC derivatives are highly susceptible to illiquidity risk (see “Illiquidity Risk”). Because many derivatives have a leverage component (i.e., a notional value in excess of the assets needed to establish and/or maintain the derivative position), adverse changes in the value or level of the underlying reference asset may result in a loss substantially greater than the amount invested in the derivative itself. (See “Leverage Risk.”)

There is little case or other law interpreting the terms of most derivatives or characterizing their tax treatment. The Fund’s use of derivatives may be subject to special tax rules and could generate additional taxable income for shareholders. See “Distributions and Federal Income Tax Matters” below.

**Futures Risk.** A purchase or sale of a futures contract may result in losses in excess of the amount invested in the futures contract. There can be no guarantee that there will be a correlation between price movements in the futures and in the underlying reference asset positions covering them. Futures exchanges may limit the amount of fluctuation permitted in certain futures contract prices during a single trading day. Once the daily limit has been reached in a futures contract subject to the limit, no more trades may be made on that day at a price beyond that limit. The daily limit governs only price movements during a particular trading day and therefore does not limit potential losses because the limit may work to prevent the liquidation of unfavorable positions. There can be no assurance that a liquid market will exist at a time when the Fund seeks to close out a futures contract, and the Fund would remain obligated to meet margin requirements until the position is closed.

**Forwards Risk.** Forward contracts are subject to some of the same risks as futures described above. However, forwards are not traded on exchanges and are not standardized; rather, banks and dealers act as principals in these markets negotiating each transaction on an individual basis. Trading in forward contracts is generally unregulated. There is no limitation on the daily price movements of forward contracts. Principals in the forward markets have no obligation to continue to make markets in the forward contracts traded. There have been periods during which certain banks or dealers have refused to quote prices for forward contracts or have quoted prices with an unusually wide spread between the price at which they are prepared to buy and that at which they are prepared to sell. Disruptions can occur in the forward markets because of unusually high trading volume, political intervention or other factors. For example, the imposition of credit controls by governmental authorities might limit forward trading, to the possible detriment of the Fund.
Swaps Risk. The use of swaps involves investment techniques and risks that are different from those associated with portfolio security transactions. These instruments typically are not traded on exchanges; under recently adopted rules and regulations, however, transactions in some types of swaps (including interest rate swaps and credit default swaps on North American and European indices) are required to be centrally cleared (“cleared swaps”). For OTC swaps, there is a risk that the other party to certain of these instruments will not perform its obligations to the Fund or that the Fund may be unable to enter into offsetting positions to terminate its exposure or liquidate its position under certain of these instruments when it wishes to do so. Such occurrences could result in losses to the Fund. For cleared swaps, the Fund’s counterparty is a clearinghouse rather than a bank or broker. Since the Fund is not a member of the clearinghouses and only members of a clearinghouse (“clearing members”) can participate directly in the clearinghouse, the Fund holds cleared swaps through accounts at clearing members. In cleared swaps, the Fund makes payments (including margin payments) to and receives payments from a clearinghouse through its account at clearing members. Clearing members guarantee performance of their clients’ obligations to the clearinghouse.

In some ways, cleared swap arrangements are less favorable to mutual funds than bilateral arrangements. For example, the Fund may be required to provide more margin for cleared swaps positions than for bilateral derivatives positions. Also, in contrast to a bilateral derivatives position, following a period of notice to the Fund, a clearing member generally can require termination of an existing cleared swap position at any time or an increase in margin requirements above the margin that the clearing member required at the beginning of a transaction. Clearinghouses also have broad rights to increase margin requirements for existing positions or to terminate those positions at any time. Any increase in margin requirements or termination of existing cleared derivatives positions by the clearing member or the clearinghouse could interfere with the ability of the Fund to pursue its investment strategy. Further, any increase in margin requirements by a clearing member could expose the Fund to greater credit risk to its clearing member because margin for cleared swaps positions in excess of a clearinghouse’s margin requirements typically is held by the clearing member. Also, the Fund is subject to risk if it enters into a derivatives transaction that is required to be cleared (or that the Adviser expects to be cleared), and no clearing member is willing or able to clear the transaction on the Fund’s behalf. In those cases, the position might have to be terminated, and the Fund could lose some or all of the benefit of the position, including loss of an increase in the value of the position and loss of hedging protection. In addition, the documentation governing the relationship between the Fund and clearing members is drafted by the clearing members and generally is less favorable to the Fund than typical bilateral derivatives documentation.

These and other new rules and regulations could, among other things, further restrict the Fund’s ability to engage in, or increase the cost to the Fund of, derivatives transactions, for example, by making some types of derivatives no longer available to the Fund, increasing margin or capital requirements, or otherwise limiting liquidity or increasing transaction costs. These rules and regulations are new and evolving, so their potential impact on the Fund and the financial system is not yet known. While the new rules and regulations and central clearing of some derivatives transactions are designed to reduce systemic risk (i.e., the risk that the interdependence of large derivatives dealers could cause them to suffer liquidity, solvency or other challenges simultaneously), there is no assurance that they will achieve that result, and in the meantime, as noted above, central clearing and related requirements expose the Fund to new kinds of costs and risks.

Swap agreements may be subject to contractual restrictions on transferability and termination and they may have terms of greater than seven days. The Fund’s obligations under a swap agreement will be accrued daily (offset against any amounts owed to the Fund under the swap).
Subsidiary Risk

By investing through its Subsidiaries, the Fund is exposed to the risks associated with the Subsidiaries’ investments. Subsidiaries will not be registered as investment companies under the 1940 Act and will not be subject to all of the investor protections of the 1940 Act, although each Subsidiary will be managed pursuant to the compliance policies and procedures of the Fund applicable to it. Changes in the laws of the United States and/or the jurisdiction in which a Subsidiary is organized could result in the inability of the Fund and/or the Subsidiary to operate as described in this prospectus and could adversely affect the Fund.

Short Sale Risk

Short sales are transactions in which the Fund sells directly or indirectly an asset it does not own to a third party by paying a premium to borrow the asset in anticipation of purchasing the same asset at the market price on a later date to close out the short position. The Fund may incur a loss if the market price of the asset underlying the short sale increases between the date of the short sale and the date on which the Fund must replace the borrowed asset or otherwise close out the transaction and such loss may exceed the initial investment. Under adverse market conditions, the Fund may have difficulty purchasing an asset to meet its short sale delivery obligations, and may have to sell portfolio assets to raise sufficient capital to fulfill its short sale obligations at a disadvantageous time. Entering into short sales where the Fund does not own the underlying asset creates a form of investment leverage, which can magnify the Fund’s exposure to changes in the value of the asset. Because the Fund may enter into short sales with respect to assets that it does not already own, the loss to the Fund from a short sale is theoretically unlimited, as the potential increase in the market price of the asset is unlimited. The amount of any gain will be decreased, and the amount of any loss increased, by the amount of the premium, dividends, interest, or expenses the Fund may be required to pay in connection with a short sale. There can be no assurance that the Fund will be able to close out a short sales position at an advantageous time or price. To the extent that the Fund enters into short sales for hedging purposes, there can be no guarantee that the investment will be effective; any lack of correlation between the assets used in the short position and the exposure the Fund sought to hedge could result in losses.

Small and Mid-Capitalization Investing Risk

The Fund may gain exposure to the securities of small capitalization companies, mid-capitalization companies, recently organized companies and derivative instruments related to those securities. For example, the Fund may invest in equity or debt securities of companies in or related to the alternative lending industry or may gain exposure to the borrowings of such issuers facilitated through an alternative lending platform. Historically, such securities, and particularly securities of smaller capitalization companies, have been more volatile in price than those of larger capitalized, more established companies. Many of the risks that apply to small capitalization companies apply equally to mid-capitalization companies, and such companies are included in the term “small capitalization companies” for the purposes of this risk factor. The securities of small capitalization and recently organized companies pose greater investment risks because such companies may have limited product lines, distribution channels and financial and managerial resources. In particular, small capitalization companies may be operating at a loss or have significant variations in operating results; may be engaged in a rapidly changing business with products subject to substantial risk of obsolescence; may require substantial additional capital to support their operations, to finance expansion or to maintain their competitive position; and may have substantial borrowings or may otherwise have a weak financial condition. In addition, these companies may face intense competition, including competition from companies with greater financial resources, more extensive development, manufacturing, marketing, and other capabilities and a larger number of qualified managerial and technical personnel. The equity securities of alternative lending platforms or other issuers in this industry that are small capitalization companies are often traded over the counter or on regional exchanges and may not be traded in the volumes typical on a national securities exchange. Consequently, the Fund or entities in which the Fund obtains exposure may be required to dispose of such securities or remain in a short position over a longer (and potentially less favorable) period of time than is required to dispose of or close out of a short position with respect to the securities of larger, more established companies. Investments in equity or debt instruments issued
by small capitalization companies may also be more difficult to value than other types of securities because of
the foregoing considerations as well as, if applicable, lower trading volumes. Investments in companies with
limited or no operating histories are more speculative and entail greater risk than do investments in companies
with an established operating record.

**Tax Risk**

The Fund intends to qualify for treatment as a RIC under the Code. In order to qualify for such treatment, the
Fund must derive at least 90% of its gross income each taxable year from qualifying income, meet certain asset
diversification tests at the end of each fiscal quarter, and distribute at least 90% of its investment company
taxable income. The Fund’s investment strategy will potentially be limited by its intention to qualify for
treatment as a RIC. The tax treatment of certain of the Fund’s investments under one or more of the qualification
or distribution tests applicable to RICs is not certain. An adverse determination or future guidance by the IRS
might affect the Fund’s ability to qualify for such treatment.

If, in any year, the Fund were to fail to qualify for treatment as a RIC under the Code for any reason, and were
not able to cure such failure, the Fund would be subject to tax on its taxable income at corporate rates, and all
distributions from earnings and profits, including any distributions of net tax-exempt income and net long-term
capital gains, would be taxable to shareholders as ordinary income.

**Non-Diversification Risk**

The Fund is classified as a “non-diversified” fund under the 1940 Act. Accordingly, the Fund may invest a
greater portion of its assets in the securities of a single issuer than if it were a “diversified” fund. To the extent
that the Fund invests a higher percentage of its assets in the securities of a single issuer, the Fund is subject to a
higher degree of risk associated with and developments affecting that issuer than a fund that invests more widely.

**Repurchase Offers Risk**

As described under “Periodic Repurchase Offers” below, the Fund is an “interval fund” and, in order to provide
liquidity to shareholders, the Fund, subject to applicable law, will conduct quarterly repurchase offers of the
Fund’s outstanding Shares at NAV per quarter, subject to approval of the Board. In all cases such repurchases
will be for at least 5% and not more than 25%, and are currently expected to be for 5%, of its outstanding Shares
at NAV, pursuant to Rule 23c-3 under the 1940 Act. The Fund believes that these repurchase offers are generally
beneficial to the Fund’s shareholders, and repurchases generally will be funded from available cash or sales of
portfolio securities, which are substantially illiquid. However, repurchase offers and the need to fund repurchase
obligations may affect the ability of the Fund to be fully invested or force the Fund to maintain a higher
percentage of its assets in liquid investments, which may harm the Fund’s investment performance. Moreover,
diminution in the size of the Fund through repurchases may result in untimely sales of portfolio securities (with
associated imputed transaction costs, which may be significant), and may limit the ability of the Fund to
participate in new investment opportunities or to achieve its investment objective. In compliance with its
procedures, the Fund will, to the extent possible, hold at least 5% of net assets in cash or other liquid assets at all
times in order to meet its repurchase obligations. The Fund may accumulate cash by holding back (i.e., not
reinvesting) payments received in connection with the Fund’s investments. The Fund believes that payments
received in connection with the Fund’s investments will generate sufficient cash to meet the maximum potential
amount of the Fund’s repurchase obligations. If at any time cash and other liquid assets held by the Fund are not
sufficient to meet the Fund’s repurchase obligations, the Fund intends, if necessary, to sell investments. Although
the Fund’s investments are illiquid and the secondary market for its investments is limited, the Fund believes that
it would be able to find willing buyers for investments if such sales were ever necessary to supplement such cash
generated by payments received in connection with the Fund’s investments. If the Fund employed investment
leverage, repurchases of Shares would compound the adverse effects of leverage in a declining market. In
addition, if the Fund borrows to finance repurchases, interest on that borrowing will negatively affect
shareholders who do not tender their Shares by increasing the Fund’s expenses and reducing any net investment
income. If a repurchase offer is oversubscribed the Fund will repurchase the Shares tendered on a pro rata basis, and shareholders will have to wait until the next repurchase offer to make another repurchase request. As a result, shareholders may be unable to liquidate all or a given percentage of their investment in the Fund during a particular repurchase offer. Some shareholders, in anticipation of proration, may tender more Shares than they wish to have repurchased in a particular quarter, thereby increasing the likelihood that proration will occur. A shareholder may be subject to market and other risks, and the NAV of Shares tendered in a repurchase offer may decline between the Repurchase Request Deadline and the date on which the NAV for tendered Shares is determined. In addition, the repurchase of Shares by the Fund may be a taxable event to shareholders.

**Portfolio Turnover**

A change in the securities held by the Fund is known as “portfolio turnover.” If the Fund realizes capital gains when it sells investments, it generally must pay those gains to shareholders, increasing its taxable distributions, including distributions of short-term capital gain, which are taxable as ordinary income to shareholders. Increased portfolio turnover may also result in higher brokerage fees or other transaction costs, which can reduce the Fund’s performance. Portfolio turnover will not be a limiting factor should the Adviser deem it advisable to purchase or sell securities.

**Temporary Defensive and Interim Investments**

For temporary defensive purposes in times of adverse or unstable market, economic or political conditions, the Fund can invest up to 100% of its assets in investments that may be inconsistent with its principal investment strategies. Generally, the Fund would invest in money market instruments or in other short-term U.S. or non-U.S. government securities. The Fund might also hold these types of securities as interim investments pending the investment of proceeds from the sale of its Shares or the sale of its portfolio securities or to meet anticipated redemptions of its Shares. To the extent the Fund invests in these securities, it might not achieve its investment objective.

**Expense Risk**

Your actual costs of investing in the Fund may be higher than the expenses shown in “Annual Fund Operating Expenses” for a variety of reasons. For example, expense ratios may be higher than those shown if overall net assets decrease. The Fund’s expense limitation agreements, which generally remain in effect for a period of one year, mitigate this risk. However, there is no assurance that the Adviser will renew such expense limitation agreements from year-to-year.

**Reporting Requirements**

Shareholders who beneficially own Shares that constitute more than 5% of the Fund’s Shares may be subject to certain requirements under the Securities Exchange Act of 1934, as amended, and the rules promulgated thereunder. These may include requirements to file certain reports with the SEC. The Fund has no obligation to file such reports on behalf of such shareholders or to notify shareholders that such reports are required to be made. Shareholders who may be subject to such requirements should consult with their legal advisors.

**Anti-Takeover Provisions**

The Fund’s Declaration of Trust, together with any amendments thereto, includes provisions that could limit the ability of other entities or persons to acquire control of the Fund or convert the Fund to open-end status.

**Limited History**

The Fund has a limited history of operations and thus has limited meaningful operating or financial data on which potential investors may evaluate the Fund and its performance, and is designed for long-term investors and not as a short-term trading vehicle.
MANAGEMENT OF THE FUND

Board of Trustees

The Board oversees the conduct of the Fund’s affairs and the Adviser’s management of the Fund.

The Adviser


Under the general oversight of the Board, the Adviser will carry out the investment and reinvestment of the assets of the Fund, will furnish continuously an investment program with respect to the Fund, will determine which investments should be purchased, sold or exchanged and will implement such determinations by causing the Fund to make investments directly or through its Subsidiaries. The Adviser will compensate all trustees and officers of the Fund who are members of the Adviser’s organization and who render investment services to the Fund. The Fund pays a portion of the salary of the chief compliance officer to the Fund. The Fund has agreed to pay the Adviser as compensation under the Advisory Agreement a fee in the amount of 1.50% of the average daily net assets of the Fund. Stone Ridge may voluntarily reimburse additional fees and expenses but is under no obligation to do so. Any such voluntary reimbursements may be terminated at any time.

A discussion regarding the considerations of the Fund’s Board for approving the Fund’s Advisory Agreement was included in the Fund’s semi-annual report for the period ended August 31, 2016.

Pursuant to the Advisory Agreement, the Adviser agrees to manage the investment and reinvestment of the Fund’s assets, determine what investments will be purchased, held, sold or exchanged by the Fund and what portion, if any, of the assets of the Fund will be held uninvested, and continuously review, supervise and administer the investment program of the Fund. The Adviser bears its own operating and overhead expenses attributable to its duties under the Advisory Agreement (such as salaries, bonuses, rent, office and administrative expenses, depreciation and amortization, and auditing expenses), except that the Fund bears travel expenses (or an appropriate portion thereof) of Trustees or Fund officers who are partners, directors, trustees, or employees of the Adviser to the extent that such expenses relate to attendance at meetings of the Board or any committees thereof or advisers thereto, and the Fund bears all or a portion of the expenses related to the Fund’s chief compliance officer, as may be approved by the Board from time to time.

The Fund bears all other costs of its operations, including, without limitation, the compensation of the Independent Trustees; ordinary administrative and operating expenses, including the management fee and all expenses associated with the pricing of Fund assets; risk management expenses; ordinary and recurring investment expenses, including all fees and expenses directly related to portfolio transactions and positions for the Fund’s account (including brokerage, clearing and settlement costs), custodial costs and interest charges; professional fees (including, without limitation, expenses of consultants, experts, and specialists); fees and expenses in connection with repurchase offers and any repurchases or redemptions of Fund shares; legal expenses (including legal and other out-of-pocket expenses incurred in connection with the organization of the Fund and the offering of its shares); accounting and auditing expenses incurred in preparing, printing and delivering all reports (including such expenses incurred in connection with any Fund document) and tax information for shareholders and regulatory authorities, and all filing costs, fees, travel expenses and any other expenses directly related to the investment of the Fund’s assets. The Fund will pay any extraordinary expenses it may incur, including any litigation expenses.
Portfolio Managers

James Egan. James Egan, Portfolio Manager of the Fund, is responsible for the day-to-day management of the Fund and its investments jointly with Mr. Germain, Mr. Gutmann, Mr. Seifan and Mr. Stevens. Prior to joining Stone Ridge in 2016, Mr. Egan was the Vice President of Research and Strategy at Evolution Capital Management, where he worked from 2013 to 2016. He started his career at Bridgewater Associates in the Research Department. Mr. Egan earned his BSE from Princeton University in Electrical Engineering.

Paul Germain. Paul Germain, Portfolio Manager of the Fund, is responsible for the day-to-day management of the Fund and its investments jointly with Mr. Egan, Mr. Gutmann, Mr. Seifan and Mr. Stevens. Prior to joining Stone Ridge in 2015, Mr. Germain was the Global Head of Prime Services at Credit Suisse, where he worked from 2010 to 2015. He was previously a Partner at Goldman Sachs and Co-Head of the US Client Franchise in Prime Brokerage. Mr. Germain earned an MBA from Harvard Business School and BSE in Management from University of Pennsylvania (Wharton).

Robert Gutmann. Robert Gutmann, Portfolio Manager of the Fund, is responsible for the day-to-day management of the Fund and its investments jointly with Mr. Egan, Mr. Germain, Mr. Seifan and Mr. Stevens. Mr. Gutmann is a co-founder of Stone Ridge. Prior to joining Stone Ridge in 2012, Mr. Gutmann was the Head of Delta-One Synthetic Solutions at RBC Capital Markets from 2010 to 2012. He started his career at Morgan Stanley, where he became a senior trader in the Delta-One Structured Products group. Mr. Gutmann received his B.A. in Mathematics and Music from Columbia University.

Tomer Seifan. Tomer Seifan, Portfolio Manager of the Fund, is responsible for the day-to-day management of the Fund and its investments jointly with Mr. Egan, Mr. Germain, Mr. Gutmann and Mr. Stevens. Prior to joining Stone Ridge in 2015, Mr. Seifan was the Head of Structuring and Solutions for Global Markets in the Americas at BNP Paribas and led a number of structuring and structured products groups at BNP Paribas from 2008 to 2015. Mr. Seifan started his career in the Financial Institutions Group at Davis Polk & Wardwell after receiving his JD from Georgetown University and his BA from Yale University.

Ross Stevens. Ross Stevens, Portfolio Manager of the Fund, is responsible for the day-to-day management of the Fund and its investments jointly with Mr. Egan, Mr. Germain, Mr. Seifan and Mr. Gutmann. Mr. Stevens is the Founder of Stone Ridge. Prior to founding Stone Ridge in 2012, Mr. Stevens was a member of the Investment Committee and Co-Head of the Portfolio Managers Committee at Magnetar Capital from 2008 through 2012. Previously, he was Global Co-Head of Equities at Jefferies and Global Head of Electronic Trading at Bank of America. Mr. Stevens started his career in quantitative research at Goldman Sachs Asset Management after receiving his PhD in Finance and Statistics from University of Chicago (Booth) and his BSE in Finance from University of Pennsylvania (Wharton).

In addition, Stone Ridge performs initial and ongoing due diligence to evaluate the legal and regulatory frameworks and reputational aspects of the platforms from which the Fund purchases alternative lending-related securities. In that effort, the Portfolio Managers are supported by Benjamin Lawsky, Stone Ridge’s Head of Regulatory Affairs, and James Rothwell, Stone Ridge’s Head of Legal.

Benjamin Lawsky. Benjamin Lawsky, Head of Regulatory Affairs for Stone Ridge, supports Mr. Egan, Mr. Germain, Mr. Gutmann, Mr. Seifan and Mr. Stevens in performing legal and regulatory diligence in connection with the Fund’s investment activities. Prior to joining Stone Ridge in 2015, Mr. Lawsky was New York State’s Superintendent of Financial Services from 2011 to 2015. He previously served as New York State Governor Andrew Cuomo’s Chief of Staff and in a senior role in the New York State Attorney General’s office. Before that he spent more than five years as an Assistant United States Attorney for the Southern District of New York, where he prosecuted white collar crime, organized crime, and terrorism. Previously, he served as Chief
Counsel to Senator Charles Schumer on the Senate Judiciary Committee and as a Trial Attorney at the United States Department of Justice. Mr. Lawsky received his JD from Columbia Law School and his BA from Columbia University.

James Rothwell. James Rothwell, Head of Legal for Stone Ridge, supports Mr. Egan, Mr. Germain, Mr. Gutmann, Mr. Seifan and Mr. Stevens in performing legal and regulatory diligence in connection with the Fund’s investment activities. Prior to joining Stone Ridge in 2015, Mr. Rothwell was a partner in the Securities and Derivatives Group at Davis Polk & Wardwell LLP, where he worked from 1992 to 2015. Mr. Rothwell received his JD from Harvard Law School and his BS in Biochemistry and Molecular Biology from Harvard University.

Additional Information Regarding Portfolio Managers

The Statement of Additional Information provides additional information about the portfolio managers’ compensation, other accounts managed by the portfolio managers, and the portfolio managers’ ownership of securities in the Fund. The Statement of Additional Information is available free of charge by calling (855) 609-3680. The information contained in, or that can be accessed through, the Fund’s website is not part of this prospectus or the Statement of Additional Information.

Control Persons

A control person is a person who beneficially owns more than 25% of the voting securities of a company. As of February 28, 2017, the Fund did not know of any persons or entity who “controlled” the Fund.

The Fund’s Service Providers

Custodians. U.S. Bank, NA, located at 1555 N. RiverCenter Drive, Suite 302, Milwaukee, Wisconsin 53212, is the Fund’s co-custodian. Millennium Trust Company, LLC located at 2001 Spring Rd #700, Oak Brook, IL 60523 serves as the co-custodian for assets held by the Fund and also as the custodian for assets held by the Funds’ Subsidiaries.

Transfer Agent. U.S. Bancorp Fund Services, LLC, located at 615 East Michigan Street, Milwaukee, Wisconsin 53202, is the Fund’s transfer agent.

Administrator. U.S. Bancorp Fund Services, LLC (the “Administrator”), located at 615 East Michigan Street, Milwaukee, Wisconsin 53202, is the Fund’s administrator and accounting agent, performing general administrative tasks for the Fund, including, but not limited to, keeping financial books and records of the Fund. The Fund compensates the Administrator at rates that are determined based on the aggregate net assets of the funds in the Stone Ridge fund complex, with each fund paying a pro rata portion of the fee allocated on the basis of the funds’ net assets.

Independent Registered Public Accounting Firm. Ernst & Young, LLP, 5 Times Square, New York, New York 10036, serves as the Fund’s Independent Registered Public Accounting Firm, and is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board.

Legal Counsel. Ropes & Gray LLP, located at 800 Boylston Street, Boston, Massachusetts, acts as legal counsel to the Fund.

Distributions

The Fund intends to declare and pay dividends of substantially all net investment income and net realized capital gains at least annually, although the Fund may declare and pay dividends more frequently (e.g., quarterly). Unless shareholders specify otherwise, dividends will be reinvested in Shares of the Fund. The Fund may pay distributions from sources that may not be available in the future and that are unrelated to the Fund’s
performance, such as from offering proceeds, borrowings and amounts from the Fund’s affiliates that are subject to repayment by investors.

SHAREHOLDER GUIDE

PLAN OF DISTRIBUTION

Quasar Distributors, LLC, located at 615 East Michigan Street, Milwaukee, Wisconsin 53202 (the “Distributor”), is the principal underwriter of Shares of the Fund. Shares may be purchased only through the Distributor. The Distributor acts as the distributor of Shares for the Fund on a best efforts basis, subject to various conditions, pursuant to the terms of its contract with the Fund. The Distributor is not obligated to sell any specific amount of Shares of the Fund. The Distributor will also act as agent for the Fund in connection with repurchases of Shares.

Shares of the Fund will be continuously offered through the Distributor, as the exclusive distributor. The Fund has authorized one or more intermediaries (e.g., brokers, investment advisers, etc. collectively “Intermediaries”) to receive orders on its behalf. Such Intermediaries are authorized to designate other Intermediaries to receive orders on the Fund’s behalf. The Fund will be deemed to have received an order when an authorized broker or, if applicable, a broker’s authorized designee, receives the order. The Shares will be offered at NAV per share calculated each regular business day.

The Fund and the Distributor will have the sole right to accept orders to purchase Shares and reserve the right to reject any order in whole or in part.

Investors may be charged a fee if they effect transactions through an Intermediary.

No market currently exists for the Fund’s Shares. The Fund will not list its Shares for trading on any securities exchange. There is currently no secondary market for its Shares and the Fund does not anticipate that a secondary market will develop for its Shares. Neither the Adviser nor the Distributor intends to make a market in the Fund’s Shares.

The Distributor is not obligated to buy any of the Shares and does not intend to make a market in the Shares. The Fund has agreed to indemnify the Distributor and certain of the Distributor’s affiliates against certain liabilities, including certain liabilities arising under the Securities Act of 1933 Act, as amended. To the extent consistent with applicable law, the Distributor has agreed to indemnify the Fund and each Trustee against certain liabilities under the Securities Act of 1933, as amended, and in connection with the services rendered to the Fund.

HOW TO BUY SHARES

Shareholders who invest in the Fund through an Intermediary should contact their financial Intermediary regarding purchase procedures. Shares generally are available for investment only by clients of registered investment advisers and a limited number of certain other Eligible Investors. All investments are subject to approval of the Adviser, and all investors must complete and submit the necessary account registration forms in good order. The Fund reserves the right to reject any initial or additional investment and to suspend the offering of Shares. Purchase through an Intermediary does not affect these eligibility requirements.

A purchase of Shares will be made at the NAV per share next determined following receipt of a purchase order in good order by the Fund, its authorized agent, its Distributor’s authorized agent, or authorized Intermediary or the Intermediary’s authorized designee if received at a time when the Fund is open to new investments. A purchase order is in “good order” when the Fund, its Distributor’s agent, an authorized Intermediary or, if applicable, an Intermediary’s authorized designee, receives all required information, including properly completed and signed documents, and the purchase order is approved by the Adviser. Once the Fund (or one of its authorized agents) accepts a purchase order, you may not cancel or revoke it. The Fund reserves the right to cancel any purchase order it receives if the Fund believes that it is in the best interest of the Fund’s shareholders to do so.
Clients of investment advisory organizations may also be subject to investment advisory fees under their own arrangements with such organizations.

Shares are offered to the following groups of investors (“Eligible Investors”):

1. Institutional investors, including registered investment advisers (RIAs);
2. Clients of institutional investors;
3. Tax-exempt retirement plans of the Adviser and its affiliates and rollover accounts from those plans;
4. Certain other Eligible Investors as approved from time to time by the Adviser. Eligible Investors include employees, directors and affiliates of the Adviser and the Fund; and
5. Other fiduciaries investing for their own accounts or for the account of their clients.

Some Intermediaries may impose different or additional eligibility requirements. The Adviser has the discretion to further modify or waive their eligibility requirements.

Shares of the Fund generally may be sold only to U.S. citizens, U.S. residents, and U.S. domestic corporations, partnerships, trusts or estates. The Fund reserves the right to refuse any request to purchase Shares. The Shares are subject to the investment minimums described below.

**Investment Minimums**

The minimum initial account size is $15 million. This minimum investment requirement may be modified or reduced as follows:

For eligibility groups 3, 4 and 5 described above under “How to Buy Shares,” there will be no minimum investment requirement.

Investment minimums may be waived by the Board or pursuant to procedures adopted by the Board.

**Other Policies**

**No Share Certificates.** The issuance of Shares is recorded electronically on the books of the Fund. You will receive a confirmation of, or account statement reflecting, each new transaction in your account, which will also show the total number of Shares of the Fund you own. You can rely on these statements in lieu of certificates. The Fund does not issue certificates representing Shares of the Fund.

**Customer Identification Program**

To help the government fight the funding of terrorism and money laundering activities, federal law requires all financial institutions to obtain, verify and record information that identifies each person that opens a new account, and to determine whether such person’s name appears on government lists of known or suspected terrorists and terrorist organizations. As a result, the Fund must obtain the following information for each person that opens a new account:

- Name;
- Date of birth (for individuals);
- Residential or business street address (although post office boxes are still permitted for mailing); and
- Social Security number, taxpayer identification number, or other identifying number.
You may also be asked for a copy of your driver’s license, passport or other identifying document in order to verify your identity. In addition, it may be necessary to verify your identity by cross-referencing your identification information with a consumer report or other electronic database. Additional information may be required to open accounts for corporations and other entities.

Federal law prohibits the Fund and other financial institutions from opening a new account on behalf of a natural person unless they receive the minimum identifying information listed above. After an account is opened, the Fund may restrict your ability to purchase additional Shares until your identity is verified. The Fund may close your account or take other appropriate action if it is unable to verify your identity within a reasonable time. The Fund and its agents will not be responsible for any loss in an investor’s account resulting from the investor’s delay in providing all required identifying information or from closing an account and redeeming an investor’s Shares when an investor’s identity is not verified.

In addition, the Fund may be required to “freeze” your account if there appears to be suspicious activity or if account information matches information on a government list of known terrorists or other suspicious persons.

eDelivery

eDelivery allows you to receive your quarterly account statements, transaction confirmations and other important information concerning your investment in the Fund online. Select this option on your account application to receive email notifications when quarterly statements and confirmations are available for you to view via secure online access. You will also receive emails whenever a new prospectus, semi-annual or annual fund report is available. To establish eDelivery, call (855) 609-3680.

Fund Closings

The Fund may close at any time to new investments and, during such closings, only the reinvestment of dividends by existing shareholders will be permitted. The Fund may re-open to new investment and subsequently close again to new investment at any time at the discretion of the Adviser. During the time the Fund is closed to new investments, Fund shareholders will continue to be able to participate in periodic repurchase offers, as described below.

In addition, the Fund is made available for investment on a priority basis to a group of investors (the “Consortium”) who have participated in educational sessions regarding the Fund and the asset class in which it invests. If capacity allows, once orders are fulfilled for the Consortium, the Fund will then be available for investment by other investors. The Fund may also prioritize and allocate capacity to the Consortium upon any subsequent re-opening of the Fund. The Consortium members do not have any special rights to offering price, dividends or liquidation. The Consortium is expected to consist of a selected group of registered investment advisers who have discretionary authority to invest on their clients’ behalf and a fiduciary duty to their clients, and with whom the Adviser has a previous relationship. Members of the Consortium and their clients are not obligated to invest in the Fund.

PERIODIC REPURCHASE OFFERS

The Fund is a closed-end interval fund and, to provide liquidity and the ability to receive NAV on a disposition of at least a portion of your Shares, makes periodic offers to repurchase Shares. Except as permitted by the Fund’s interval structure, no shareholder will have the right to require the Fund to repurchase its Shares. No public market for Shares exists, and none is expected to develop in the future. Consequently, shareholders generally will not be able to liquidate their investment other than as a result of repurchases of their Shares by the Fund.

The Fund has adopted, pursuant to Rule 23c-3 under the 1940 Act, a fundamental policy, which cannot be changed without shareholder approval, requiring the Fund to offer to repurchase at least 5% and up to 25% of its Shares at NAV on a regular schedule. Although the policy permits repurchases of between 5% and 25% of the
Fund’s outstanding Shares, for each quarterly repurchase offer, the Fund currently expect to offer to repurchase 5% of the Fund’s outstanding Shares at NAV subject to approval of the Board. The schedule requires the Fund to make repurchase offers every three months. The Fund expects the first repurchase offer to be issued in November 2016.

Repurchase Dates

The Fund will make quarterly repurchase offers in the months of February, May, August and November. As discussed below, the date on which the repurchase price for Shares is determined will be generally on or about the 15th day of the following month, but shall occur no later than the 14th day after the Repurchase Request Deadline (or the next business day, if the 14th day is not a business day).

Repurchase Request Deadline

The date by which shareholders wishing to tender Shares for repurchase must respond to the repurchase offer typically falls approximately seven days before the Repurchase Pricing Date (defined below).

When a repurchase offer commences, the Fund sends, at least 21 days before the Repurchase Request Deadline, written notice to each shareholder setting forth, among other things:

• The percentage of outstanding Shares that the Fund is offering to repurchase and how the Fund will purchase Shares on a pro rata basis if the offer is oversubscribed.
• The date on which a shareholder’s repurchase request is due (the repurchase deadline).
• The date that will be used to determine the Fund’s NAV applicable to the repurchase offer (the “Repurchase Pricing Date”). See “Repurchase Dates” above.
• The date by which the Fund will pay to shareholders the proceeds from their Shares accepted for repurchase.
• The NAV of the Shares as of a date no more than seven days before the date of the written notice and the means by which shareholders may ascertain the NAV.
• The procedures by which shareholders may tender their Shares and the right of shareholders to withdraw or modify their tenders before the Repurchase Request Deadline.
• The circumstances in which the Fund may suspend or postpone the repurchase offer.

This notice may be included in a shareholder report or other Fund document. The Repurchase Request Deadline will be strictly observed. If a shareholder fails to submit a repurchase request in good order by the Repurchase Request Deadline, the shareholder will be unable to liquidate Shares until a subsequent repurchase offer, and will have to resubmit a request in the next repurchase offer. Shareholders may withdraw or change a repurchase request with a proper instruction submitted in good form at any point before the Repurchase Request Deadline.

Determination of Repurchase Price and Payment for Shares

The date on which the repurchase price for Shares is determined will be generally on or about the 15th day of the month that follows the repurchase offer (the “repurchase pricing date”), but shall occur no later than the 14th day after the Repurchase Request Deadline (or the next business day, if the 14th day is not a business day). The Fund expects to distribute payment to shareholders between one and three business days after the repurchase pricing date and will distribute such payment no later than seven (7) calendar days after such date. The Fund’s NAV per share may change materially between the date a repurchase offer is mailed and the Repurchase Request Deadline, and it may also change materially between the Repurchase Request Deadline and repurchase pricing date. The method by which the Fund calculates NAV is discussed below under “Determination of Net Asset Value.” During
the period an offer to repurchase is open, shareholders may obtain the current NAV by calling the Fund’s transfer agent at (855) 609-3680.

The Fund does not currently charge a repurchase fee.

**Suspension or Postponement of Repurchase Offers**

The Fund may suspend or postpone a repurchase offer in limited circumstances set forth in Rule 23c-3 under the 1940 Act, as described below, but only with the approval of a majority of the Trustees, including a majority of Trustees who are not “interested persons” of the Fund, as defined in the 1940 Act.

The Fund may suspend or postpone a repurchase offer only: (1) if making or effecting the repurchase offer would cause the Fund to lose its status as a regulated investment company under Subchapter M of the Code; (2) for any period during which the New York Stock Exchange (“NYSE”) or any other market in which the securities owned by the Fund are principally traded is closed, other than customary weekend and holiday closings, or during which trading in such market is restricted; (3) for any period during which an emergency exists as a result of which disposal by the Fund of securities owned by it is not reasonably practicable, or during which it is not reasonably practicable for the Fund fairly to determine the value of its net assets; or (4) for such other periods as the SEC may by order permit for the protection of shareholders of the Fund.

**Oversubscribed Repurchase Offers**

There is no minimum number of Shares that must be tendered before the Fund will honor repurchase requests. However, the Fund’s Trustees set for each repurchase offer a maximum percentage of Shares that may be repurchased by the Fund. In the event a repurchase offer by the Fund is oversubscribed, the Fund may repurchase, but is not required to repurchase, additional Shares up to a maximum amount of 2% of the outstanding Shares of the Fund. If the Fund determines not to repurchase additional Shares beyond the repurchase offer amount, or if shareholders tender an amount of Shares greater than that which the Fund is entitled to repurchase, the Fund will repurchase the Shares tendered on a pro rata basis. The Fund does not currently expect to offer to repurchase additional Shares in the event a repurchase offer is oversubscribed.

If any Shares that you wish to tender to the Fund are not repurchased because of proration, you will have to wait until the next repurchase offer and resubmit a new repurchase request, and your repurchase request will not be given any priority over other shareholders’ requests. Thus, there is a risk that the Fund may not purchase all of the Shares you wish to have repurchased in a given repurchase offer or in any subsequent repurchase offer. In anticipation of the possibility of proration, some shareholders may tender more Shares than they wish to have repurchased in a particular quarter, increasing the likelihood of proration.

There is no assurance that you will be able to tender your Shares when or in the amount that you desire.

**Consequences of Repurchase Offers**

From the time the Fund distributes or publishes each repurchase offer notification until the repurchase pricing date for that offer, the Fund must maintain liquid assets at least equal to the percentage of its Shares subject to the repurchase offer. For this purpose, “liquid assets” means assets that may be sold or otherwise disposed of in the ordinary course of business, at approximately the price at which the Fund values them, within the period between the Repurchase Request Deadline and the repurchase payment deadline, or which mature by the repurchase payment deadline. The Fund will, to the extent possible, hold at least 5% of net assets in cash or other liquid assets at all times in order to meet its repurchase obligations. The Fund is also permitted to borrow up to the maximum extent permitted under the 1940 Act to meet repurchase requests.

If the Fund borrows to finance repurchases, interest on that borrowing will negatively affect shareholders who do not tender their Shares by increasing the Fund’s expenses and reducing any net investment income. There is no assurance that the Fund will be able sell a significant amount of additional Shares so as to mitigate these effects.
These and other possible risks associated with the Fund’s repurchase offers are described under “Principal Risks of Investment in the Fund—Repurchase Offers Risk” above. In addition, the repurchase of Shares by the Fund will be a taxable event to shareholders, potentially even to those shareholders that do not participate in the repurchase. For a discussion of these tax consequences, see “Distributions and Federal Income Tax Matters” below and “Tax Status” in the Statement of Additional Information.

SERVICES AGREEMENT

The Fund has entered into a “Services Agreement” with the Adviser pursuant to which the Fund has appointed the Adviser as “servicing agent” to compensate financial industry professionals for providing ongoing services in respect of clients with whom they have distributed Shares of the Fund. These financial industry professionals may provide varying investment products, programs, platforms and accounts, through which investors may purchase, redeem and exchange Shares of the Fund. Shareholder servicing arrangements may include electronic processing of client orders, electronic fund transfers between clients and the Fund, account reconciliations with the Fund’s transfer agent, facilitation of electronic delivery to clients of Fund documentation, monitoring client accounts for back-up withholding and any other special tax reporting obligations, maintenance of books and records with respect to the foregoing, and such other information and liaison services as the Fund or the Adviser may reasonably request. Under the Services Agreement, the Fund pays the Adviser, quarterly in arrears, an investor services fee computed at an annual rate of 0.10% of the average daily net assets of the Fund, computed on a monthly basis.

PAYMENTS TO FINANCIAL FIRMS

The Fund or the Adviser also may enter into agreements with certain Intermediaries under which the Fund makes payments to the Intermediaries in recognition of the avoided transfer agency costs to the Fund associated with the Intermediaries’ maintenance of customer accounts or in recognition of the services provided by Intermediaries through fund platforms. Payments made by the Fund or the Adviser under such agreements are generally based on either (1) a percentage of the average daily net asset value of the customer Shares serviced by the Intermediary, up to a set maximum, or (2) a per account fee assessed against each account serviced by such Intermediary, up to a set maximum. These payments are in addition to other payments described in this prospectus such as the Services Agreement. Investors who invest through financial firms are subject to the eligibility requirements set out herein.

DETERMINATION OF NET ASSET VALUE

The NAV per share of the Fund’s Shares is determined by dividing the total value of the Fund’s portfolio investments, cash and other assets, less any liabilities (including accrued expenses or dividends), by the total number of Shares outstanding. The Fund’s Shares are valued as of a particular time (the “Valuation Time”) on each day that the New York Stock Exchange (“NYSE”) opens for business. The Valuation Time is ordinarily at the close of regular trading on the NYSE (normally 4:00 p.m. Eastern time). Current net asset values per share of the Fund may be obtained by contacting the Transfer Agent by telephone at (855) 609-3680.

In accordance with the regulations governing registered investment companies, the Fund’s transactions in portfolio securities and purchases and sales of Fund Shares (which bear upon the number of Fund Shares outstanding) are generally not reflected in the NAV determined for the business day on which the transactions are effected (the trade date), but rather on the following business day.

The Board has approved procedures pursuant to which the Fund will value its investments (the “Valuation Procedures”). The Trustees have established a Valuation Committee comprised of employees of the Adviser to

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1 The NYSE is open from Monday through Friday, 9:30 a.m. to 4:00 p.m., Eastern time. NYSE, NYSE Arca, NYSE Bonds and NYSE Arca Options markets will generally close on, and in observation of the following holidays: New Year’s Day, Martin Luther King, Jr. Day, Washington’s Birthday, Good Friday, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, and Christmas Day.
which they have delegated responsibility for overseeing the implementation of the Valuation Procedures and fair value determinations made on behalf of the Board.

Listed below is a summary of certain of the methods generally used currently to value investments of the Fund under the Valuation Procedures:

Pursuant to the Fund’s policies and procedures, most of the Fund’s holdings in alternative lending-related securities are fair valued based on prices provided by a third-party pricing service. The Fund accounts for whole and fractional loans at the individual loan level for valuation purposes, and whole loans and fractional loans are fair valued using inputs that take into account borrower-level data (e.g., payment history) that is updated periodically as often as the NAV is calculated to reflect new information regarding the borrower or loan.

Short-term debt instruments, such as commercial paper, bankers’ acceptances and U.S. Treasury Bills, having a maturity of 60 days or less, are generally valued at amortized cost.

Other debt securities, including corporate and government debt securities (of U.S. or foreign issuers) and municipal debt securities in each case having a remaining maturity in excess of 60 days, loans, mortgage-backed securities, collateralized mortgage obligations and other asset-backed securities are valued by an independent pricing service at an evaluated (or estimated) mean between the closing bid and asked prices.

For investments in open-end management companies that are registered under the 1940 Act, the value of the shares of such funds will be calculated based upon the net asset value of such funds. The prospectuses for such funds explain the circumstances under which they will use fair value pricing and its effects.

Equity securities are valued at the last sale, official close or if there are no reported sales at the mean between the bid and asked price on the primary exchange on which they are traded. The values of the Fund’s investments in publicly traded foreign equity securities generally will be determined by a pricing service using pricing models designed to estimate likely changes in the values of those securities between the times in which the trading in those securities is substantially completed and the close of the NYSE.

Exchange-traded derivatives, such as options and futures contracts, are valued at the settlement price on the exchange or mean of the bid and asked prices.

Non-exchange traded derivatives, including OTC options, are generally valued on the basis of valuations provided by a pricing service or using quotes provided by a broker/dealer (typically the counterparty).

If market quotations are not readily available or available market quotations or other information are deemed to be unreliable by the Valuation Committee, and if the valuation of the applicable instrument is not covered by the valuation methods described above or if the valuation methods are described above, but such methods are deemed unreliable by the Valuation Committee, then such instruments will be valued as determined in good faith by the Valuation Committee. In these circumstances, the Fund determines fair value in a manner that seeks to reflect the market value of the security on the Valuation Date based on consideration by the Valuation Committee of any information or factors it deems appropriate. For purposes of determining the fair value of securities, the Valuation Committee may generally consider, without limitation: (i) indications or quotes from brokers or other third-party sources (ii) valuations provided by a third-party pricing agent, (iii) internal models that take into consideration different factors determined to be relevant by the Adviser; or (iv) any combination of the above.
Fair value pricing may require subjective determinations about the value of a portfolio instrument. Fair values used to determine the Fund’s NAV may differ from quoted or published prices, or from prices that are used by others, for the same investments. Also, the use of fair value pricing may not always result in adjustments to the prices of securities or other assets or liabilities held by the Fund. It is possible that the fair value determined for a security may be materially different than the value that could be realized upon the sale of such security. Thus, fair valuation may have an unintended dilutive or accretive effect on the value of shareholders’ investments in the Fund. Information that becomes known to the Fund or its agents after the NAV has been calculated on a particular day will not be used to retroactively adjust the price of a security or the NAV determined earlier that day.

It is expected that a substantial portion of the Fund’s investments will be U.S. dollar denominated investments. Investments initially valued in currencies other than the U.S. dollar are converted to U.S. dollars using exchange rates obtained from pricing services. As a result, the NAV of the Fund’s Shares may be affected by changes in the value of currencies in relation to the U.S. dollar. International markets are sometimes open on days when U.S. markets are closed, which means that the value of foreign securities owned by the Fund could change on days when Fund Shares cannot be bought or sold. The value of investments traded in markets outside the U.S. or denominated in currencies other than the U.S. dollar may be affected significantly on a day that the NYSE is closed, and the NAV of the Fund’s Shares may change on days when an investor is not able to purchase, redeem or exchange Shares. The calculation of the Fund’s NAV may not take place contemporaneously with the determination of the prices of foreign securities used in NAV calculations.

**DISTRIBUTIONS AND FEDERAL INCOME TAX MATTERS**

It is the Fund’s policy to make distributions at least annually of all or substantially all of its net investment income and net realized capital gains, if any. Unless you elect to receive your distributions in cash, your ordinary income and capital gain distributions will be reinvested in additional Shares of the same share class of the Fund at the NAV calculated as of the payment date. The Fund will pay distributions on a per-share basis. As a result, on the ex-dividend date of such a payment, the NAV of the Fund will be reduced by the amount of the payment.

This section summarizes some of the important U.S. federal income tax consequences of investing in the Fund. This discussion does not address all aspects of taxation that may apply to shareholders or to specific types of shareholders such as tax-deferred retirement plans and persons who are not “U.S. persons” within the meaning of the Code. You should consult your tax adviser for information concerning the possible application of federal, state, local or non-U.S. tax laws to you. Please see the Statement of Additional Information for additional information regarding the tax aspects of investing in the Fund.

The Fund intends to elect to be treated and to qualify each year as a “regulated investment company” (“RIC”) under Subchapter M of Chapter 1 of the Internal Revenue Code of 1986, as amended (the “Code”). A RIC generally is not subject to federal income tax at the fund level on income and gains that are timely distributed to shareholders. To qualify for treatment as a RIC, the Fund must meet certain income, asset diversification and distribution requirements.

The Fund’s investment strategy will potentially be limited by its intention to qualify for treatment as a RIC. The tax treatment of certain of the Fund’s investments under one or more of the qualification or distribution tests applicable to RICs is not certain. An adverse determination or future guidance by the IRS might affect the Fund’s ability to qualify for such treatment. Failure of the Fund to qualify and be eligible to be treated as a RIC would result in fund-level taxation and, consequently, a reduced return on your investment. The Fund could in some cases cure such failure, including by paying a Fund-level tax or interest, making additional distributions, or disposing of certain assets.

The Fund may invest in one or more wholly-owned Subsidiaries. It is currently expected that any such Subsidiary will be a disregarded entity for U.S. federal income tax purposes. In the case of a Subsidiary that is a disregarded entity for such purposes (i) the Fund is treated as owning the Subsidiary’s assets directly; (ii) any income, gain,
loss, deduction or other tax items arising in respect of the Subsidiary’s assets will be treated as if they are realized or incurred, as applicable, directly by the Fund; and (ii) any distributions the Fund receives from the Subsidiary will have no effect on the Fund’s U.S. federal income tax liability.

The tax treatment of the Fund’s investments in the securities of special purpose entities that acquire and hold alternative lending-related securities will depend on the terms of such investments and may affect the amount, timing or character of income recognized by the Fund.

The Fund’s investment in foreign securities may be subject to foreign withholding or other taxes, which may decrease the Fund’s yield on those securities.

In addition, the Fund’s investments in debt instruments, foreign securities, foreign currencies, and options and other derivatives may increase or accelerate the Fund’s recognition of income or gain and may affect the amount, timing, amount or character of the Fund’s distributions.

For federal income tax purposes, distributions of net investment income are generally taxable to shareholders as ordinary income. The tax treatment of Fund distributions of capital gains is determined by how long the Fund owned (or is deemed to have owned) the investments that generated them, rather than how long you owned your Shares. Distributions of net capital gains (the excess of the Fund’s net long-term capital gains over its net short-term capital losses) that are properly reported by the Fund as capital gain dividends (“Capital Gain Dividends”) will be taxable as long-term capital gains, which are taxed to non-corporate shareholders at reduced rates. Distributions of net gains from the sale or deemed disposition of investments that the Fund held or is treated as having held for one year or less will be taxable as ordinary income.

Distributions of investment income properly reported by the Fund as derived from “qualified dividend income,” if any, will be taxed in the hands of individuals at the rates applicable to long-term capital gains, provided that certain holding period and other requirements are met at both the shareholder and Fund level.

If, in and with respect to any taxable year, the Fund makes a distribution to a shareholder in excess of the Fund’s current and accumulated earnings and profits, the excess distribution will be treated as a return of capital to the extent of such shareholder’s tax basis in its shares, and thereafter as capital gain. A return of capital is not taxable, but it reduces a shareholder’s tax basis in its shares, thus reducing any loss or increasing any gain on a subsequent taxable disposition by the shareholder of its shares.

A 3.8% Medicare contribution tax is imposed on the “net investment income” of certain individuals, estates and trusts to the extent their income exceeds certain threshold amounts. “Net investment income” generally includes dividends, interest, and net gains from the disposition of investment property (including the Fund’s ordinary income dividends, Capital Gain Dividends, and capital gains recognized on the sale, repurchase, or exchange of Fund Shares). Shareholders should consult their own tax advisers regarding the effect, if any, that this provision may have on their investment in Fund Shares.

A dividend will be treated as paid on December 31 of the current calendar year if it is declared by the Fund in October, November or December with a record date in such a month and paid by the Fund during January of the following calendar year.

Distributions are taxable to you even if they are paid from income or gains earned by the Fund prior to your investment (and thus were included in the price you paid for your Shares). For example, if you purchase Shares on or just before the record date of a Fund distribution, you will pay full price for the Shares and could receive a portion of your investment back as a taxable distribution. In general, you will be taxed on the distributions you receive from the Fund, whether you receive them as additional Shares or in cash.

Any gain or loss resulting from the sale or exchange of your Shares in the Fund generally will be treated as a capital gain or loss for federal income tax purposes, which will be long-term or short-term depending on how long you have held your Shares.
Shareholders who offer all of the Shares they hold or are deemed to hold in response to a Periodic Repurchase Offer (see “Periodic Repurchase Offers” above) generally will be treated as having sold their Shares and generally will recognize a capital gain or loss. If a shareholder tenders fewer than all of its common Shares, it is possible that any amounts that the shareholder receives in such repurchase will be taxable as a dividend to such shareholder, and there is a risk that shareholders who do not tender any of their Shares for repurchase will be treated as having received a dividend distribution as a result of their proportionate increase in the ownership of the Fund. The Fund’s use of cash to repurchase Shares could adversely affect its ability to satisfy the distribution requirements for treatment as a RIC. The Fund could also recognize income in connection with its liquidation of portfolio securities to fund Share repurchases. Any such income would be taken into account in determining whether the distribution requirements are satisfied.

In general, dividends (other than Capital Gain Dividends) paid by the Fund to a person who is not a “U.S. person” within the meaning of the Code (a “foreign shareholder”) are subject to withholding of U.S. federal income tax at a rate of 30% (or lower applicable treaty rate). However, the Code provides a withholding tax exemption, if the Fund so elects for certain interest-related dividends and short-term capital gain dividends paid to foreign shareholders.

Sections 1471-1474 of the Code, and the U.S. Treasury Regulations and IRS guidance issued thereunder (collectively, “FATCA”), generally require the Fund to obtain information sufficient to identify the status of each of its shareholders under FATCA or under an applicable intergovernmental agreement (an “IGA”). If a shareholder fails to provide this information or otherwise fails to comply with FATCA or an IGA, the Fund or its agent may be required to withhold under FATCA 30% of ordinary dividends the Fund pays to shareholders, and, on or after January 1, 2017 (which date, under recent Treasury guidance, is expected to be delayed until on or after January 1, 2019), 30% of the gross proceeds of share repurchases and certain Capital Gain Dividends it pays. If a payment by the Fund is subject to FATCA withholding, the Fund or its agent is required to withhold even if the payment would otherwise be exempt from withholding under rules applicable to non-U.S. shareholders (e.g., Capital Gain Dividends). Each prospective shareholder is urged to consult its tax adviser regarding the applicability of FATCA and any other reporting requirements. In addition, foreign countries are considering, and may implement, laws similar in purpose and scope to FATCA, as more fully described above.

The discussion above is very general. Please consult your tax adviser about the effect that an investment in the Fund could have on your own tax situation, including possible foreign, federal, state, or local tax consequences, or about any other tax questions you may have.

DIVIDEND REINVESTMENT PLAN

Dividends and capital gains distributions are automatically reinvested, unless otherwise noted. You may notify the Transfer Agent in writing to:

• Choose to receive dividends or distributions (or both) in cash; or
• Change the way you currently receive distributions.

Shares may be distributed in lieu of cash. The number of Shares that will be distributed in lieu of cash is determined by dividing the dollar amount of the distribution to be reinvested by the NAV as of the close of business on the day of the distribution.

Your taxable income is the same regardless of which option you choose. For further information about dividend reinvestment, contact the Transfer Agent by telephone at (855) 609-3680.

DESCRIPTION OF THE FUND

The Fund is an investment portfolio of Stone Ridge Trust V (the “Trust”), a statutory trust established under the laws of State of Delaware by the Certificate of Trust dated November 4, 2015. The Trust’s Declaration of Trust
authorizes the issuance of an unlimited number of common Shares of beneficial interest, par value, unless the Trustees shall otherwise determine, $0.001 per share. All Shares have equal rights to the payment of dividends and other distributions and the distribution of assets upon liquidation. Shares will, when issued, be fully paid and non-assessable by the Fund and will have no pre-emptive or conversion rights or rights to cumulative voting.

Shareholders are entitled to share equally in dividends declared by the Board payable to holders of Shares and in the net assets of the Fund available for distribution to holders of Shares upon liquidation after payment of the preferential amounts payable to holders of any outstanding preferred shares.

The Declaration of Trust provides for indemnification out of Fund property for all loss and expense of any shareholder or former shareholder held personally liable for the obligations of the Fund solely by reason of such person’s status as a shareholder or former shareholder. Thus, the risk of a shareholder incurring financial loss on account of shareholder liability is limited to circumstances in which the Fund would be unable to meet its obligations.

Shareholders have no pre-emptive or conversion rights. Upon liquidation of the Fund, after paying or adequately providing for the payment of all liabilities of the Fund, and upon receipt of such releases, indemnities and refunding agreements as they deem necessary for their protection, the Trustees may distribute the remaining assets of the Fund among the holders of the Shares.

The Board may classify or reclassify any issued or unissued Shares of the Fund into shares of any class by redesignating such Shares or by setting or changing in any one or more respects, from time to time, the preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends, qualifications, or terms or conditions of repurchase of such Shares. Any such classification or reclassification will comply with the provisions of the Declaration of Trust and the 1940 Act.

As of February 28, 2017, the following amount of Shares of the Fund was authorized for registration and outstanding:

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<th>(2)</th>
<th>(3)</th>
<th>(4)</th>
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<td>Title of Class</td>
<td>Amount Authorized</td>
<td>Amount Held by the Fund for its Account</td>
<td>Amount Outstanding Exclusive of Amount Shown Under (3)</td>
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<td>Common Shares of Beneficial Interest</td>
<td>350,000,000</td>
<td>0</td>
<td>193,776,634</td>
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**Anti-Takeover Provisions.** The Declaration of Trust includes provisions that could have the effect of limiting the ability of other entities or persons to acquire control of the Trust or to change the composition of the Board by discouraging a third party from seeking to obtain control of the Trust. These provisions may have the effect of discouraging attempts to acquire control of the Trust, which attempts could have the effect of increasing the expenses of the Fund and interfering with the normal operation of the Fund. The Trustees are elected for indefinite terms and do not stand for reelection. A Trustee may be removed from office without cause only by a written instrument signed or adopted by a majority of the remaining Trustees or by a vote of the holders of at least two-thirds of the class of Shares of the Trust that are entitled to elect a Trustee and that are entitled to vote on the matter. The Declaration of Trust does not contain any other specific inhibiting provisions that would operate only with respect to an extraordinary transaction such as a merger, reorganization, tender offer, sale or transfer of substantially all of the Fund’s assets, or liquidation. Reference should be made to the Declaration of Trust on file with the SEC for the full text of these provisions.

**REPORTS TO SHAREHOLDERS**

The Fund will send to common shareholders unaudited semi-annual and audited annual reports, including a list of investments held.
ADDITIONAL INFORMATION

The prospectus and the Statement of Additional Information do not contain all of the information set forth in the Registration Statement that the Fund has filed with the SEC. The complete Registration Statement may be obtained from the SEC upon payment of the fee prescribed by its rules and regulations. The Statement of Additional Information can be obtained without charge by calling (855) 609-3680.

Statements contained in this prospectus as to the contents of any contract or other document referred to are not necessarily complete, and, in each instance, reference is made to the copy of such contract or other document filed as an exhibit to the Registration Statement of which this prospectus forms a part, each such statement being qualified in all respects by such reference.
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Stone Ridge’s Commitment to Its Customers

Stone Ridge recognizes and respects the privacy expectation of each of its customers. Stone Ridge believes that the confidentiality and protection of its customers’ non-public personal information is one of its fundamental responsibilities. This means, most importantly, that Stone Ridge does not sell customers’ non-public personal information to any third parties. Stone Ridge uses its customers’ non-public personal information primarily to complete financial transactions that its customers request or to make its customers aware of other financial products and services offered by a Stone Ridge affiliated company.

Information Stone Ridge Collects About Its Customers

Stone Ridge collects non-public personal information about its customers from the following sources:

• Account Applications and Other Forms, which may include a customer’s name and address, social security number or tax identification number, total assets, income, and accounts at other institutions;
• Account History, which may include information about the transactions and balances in accounts with Stone Ridge; and
• Correspondence, which may include written, telephonic or electronic communications.

How Stone Ridge Handles Its Customers’ Personal Information

As emphasized above, Stone Ridge does not sell non-public personal information about current or former customers to third parties. Below are the details of circumstances in which Stone Ridge may disclose non-public personal information to third parties:

• In order to complete certain transactions or account changes that a customer directs, it may be necessary to provide certain non-public personal information about that customer to companies, individuals, or groups that are not affiliated with Stone Ridge. For example, if a customer asks Stone Ridge to transfer assets from another financial institution, Stone Ridge will need to provide certain non-public personal information about that customer to the company to complete the transaction.

• In order to alert a customer to other financial products and services that a Stone Ridge affiliated company offers, Stone Ridge may share non-public personal information it has about that customer with a Stone Ridge affiliated company.

• In certain instances, Stone Ridge may contract with non-affiliated companies to perform services for or on behalf of Stone Ridge. Where necessary, Stone Ridge will disclose non-public personal information it has about its customers to these third parties. In all such cases, Stone Ridge will provide the third party with only the information necessary to carry out its assigned responsibilities and only for that purpose. In addition, Stone Ridge requires these third parties to treat Stone Ridge customers’ non-public information with the same high degree of confidentiality that Stone Ridge does.

• Finally, Stone Ridge will release non-public information about customers if directed by that customer to do so or if Stone Ridge is authorized by law to do so.


2 For purposes of this notice, the term “customer” or “customers” includes both individuals who have investments with a Stone Ridge-affiliated company and individuals who have provided non-public personal information to a Stone Ridge affiliated company, but did not invest with a Stone Ridge affiliated company.
How Stone Ridge Safeguards Its Customers’ Personal Information

Stone Ridge restricts access to information about customers to its employees and to third parties, as described above. Stone Ridge maintains physical, electronic, and procedural safeguards reasonably designed to protect the confidentiality of its customers’ non-public personal information.

Keeping Its Customers Informed

As required by federal law, Stone Ridge will notify customers of Stone Ridge’s Privacy Policy annually. Stone Ridge reserves the right to modify this policy at any time, but in the event that there is a change, Stone Ridge will promptly inform its customers of that change.
Stone Ridge Alternative Lending Risk Premium Fund

For More Information

To obtain other information and for shareholder inquiries:

By telephone: (855) 609-3680

By mail: Stone Ridge Alternative Lending Risk Premium Fund
c/o U.S. Bancorp Fund Services, LLC
615 East Michigan Street
Milwaukee, Wisconsin 53202

On the Internet: SEC EDGAR database —
www.sec.gov

The Fund’s investment company registration number is 811-23120.